

Report to ECR on ESOP Government Contractors Data Project

June 21, 2022

We are pleased to present ECR with our database of ESOP government contractors, attached. A report of our work on this project follows. A codebook for the data is included as a tab in the spreadsheet.

We are grateful for the support of ECR and your member companies. Thank you for the opportunity to conduct this important work! We are happy to adjust the presentation of the data to suit your needs.

Project Description

Our objective was to provide ECR with data on the full universe of ESOP companies in the federal government contracting space. To do this, we identified ESOP companies that have contracted with the federal government over the past five years, connected them with data on their contract awards and ESOP plan characteristics, and conducted web research to gather more information.

We first used Department of Labor Form 5500 [filing data](#) to identify every ESOP company and bring in relevant information about the ESOP from their Form 5500. We then identified which ESOP companies have received federal contracts since 2017, using a multi-step matching process on company names and addresses to check every existing ESOP company for federal contract activity. Our data source was the [archive of federal contract awards](#) from USAspending.gov, a Treasury Department website which provides comprehensive federal spending data from across agencies to researchers and the public.

After identifying ESOP companies that received contracts, we used USAspending.gov data to calculate the dollar amount of contract awards for each company for each fiscal year, and the aggregate total awards for the company by each major federal agency. We also merged relevant data on preference certifications (minority-, woman-, veteran-owned, etc.) from USAspending.gov.

Finally, we conducted web searches on every ESOP contractor to determine their percentage ESOP ownership where reported, whether they mention having an ESOP, public/private status, and how large a part of their business federal contracting appears to make up. We classified companies according to whether they self-identify as a federal contractor on their website, as follows:

- “Yes, primarily”: The company’s website indicates that their primary line of business is in federal contracting. (E.g. it is prominent on their landing page or in their branding)
- “Yes, not primarily”: The company’s website mentions contracting, but it is not their sole or primary line of business. (E.g. the federal government is listed as one among several other clients/markets)
- “No”: The company’s website does not mention contracting prominently. (E.g. the federal government is not featured on their landing page and is not included in their list of clients/markets)

Results

We identified a total of 1,368 ESOP companies receiving a total of \$1.1 trillion in federal contracts from 2017 to present. Many of the largest federal contractors, such as Raytheon, Lockheed Martin, and GE, are publicly traded companies which sponsor ESOPs. Restricting to privately held companies, we identified 1,189, receiving a total of \$72 billion.

Category	Number of companies	Total federal contract awards since 2017
All U.S. ESOP companies	6,257	\$1.1 trillion
• Total with recent federal contract activity	1,368	\$1.1 trillion
• Total privately held	1,189	\$72 billion
• Total confirmed 100% ESOPs	468	\$46 billion
• Total confirmed 100% S ESOPs	410	\$41 billion
• Total identifying as primarily a contractor	212	\$45 billion
• Total with \$500k+ in contract awards	598	\$72 billion

Notes on Methodology and Interpreting the Data

Dollar award amounts / federal action obligation. Consistent with USAspending.gov’s reporting practices, we use *federal action obligation* as the data field for contract award amount. This refers to the total promised outlay on contracts from the federal government to a given company.

The action obligation can be adjusted upward or downward throughout the life of a contract, to reflect adjustments to the scope of work, cost over-/underruns, or error corrections. With this in mind, the fiscal year award totals do not represent only new awards received that year. Instead, they are the sum of changes to the government’s total contract obligations to the company—including new contracts, but also incorporating adjustments to existing contracts, whether positive or negative. It is possible for a company’s total action obligation for a given year to be negative, indicating that downward adjustments in that year exceeded upward adjustments and new awards.

Unique identifier. The unique identifier for companies doing business with the federal government is the Unique Entity ID (UEI), which recently replaced the DUNS number in the federal award data system. We have included the legacy DUNS number in the data, as it could serve as an identifier to connect Dun & Bradstreet data at a later date. More information about an individual company can be found by entering their UEI into [USAspending.gov’s recipient search](https://www.usaspending.gov/recipient-search).

A single company may have multiple UEIs for different locations, and any subsidiary companies receiving contracts would also have a separate UEI. We matched each ESOP company with its parent-level UEI so that all locations and/or subsidiaries of the ESOP company would have their contract awards included in the totals.

Agency totals. We broke out the twenty largest federal agencies in terms of total dollar awards to ESOP companies over 2017-2022, and labeled the rest "Other."

Note on new ESOPs. ESOPs created in 2021 or later may not yet have filed their first Form 5500 and so may not appear in the data.

Percentage ESOP ownership. We identified 468 confirmed 100% ESOP government contractors. The true number is higher, as companies are not required to report their percentage ESOP ownership and not all self-report on their website.

Terminated/acquired ESOPs. We included ESOPs that have been terminated and/or acquired by a non-ESOP company, since they did receive federal contracts as ESOPs and their awards should be counted in backwards-looking statistics. These are marked in the "ESOP terminated" column.

Multiple ESOPs. For companies sponsoring multiple ESOPs, we included only their largest ESOP in terms of total participants, so that each row in the data corresponds to a single company. The "multiple plans" field indicates whether the company sponsors multiple ESOPs.