



ECONOMIC
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Compensation Trends for Government Contractors

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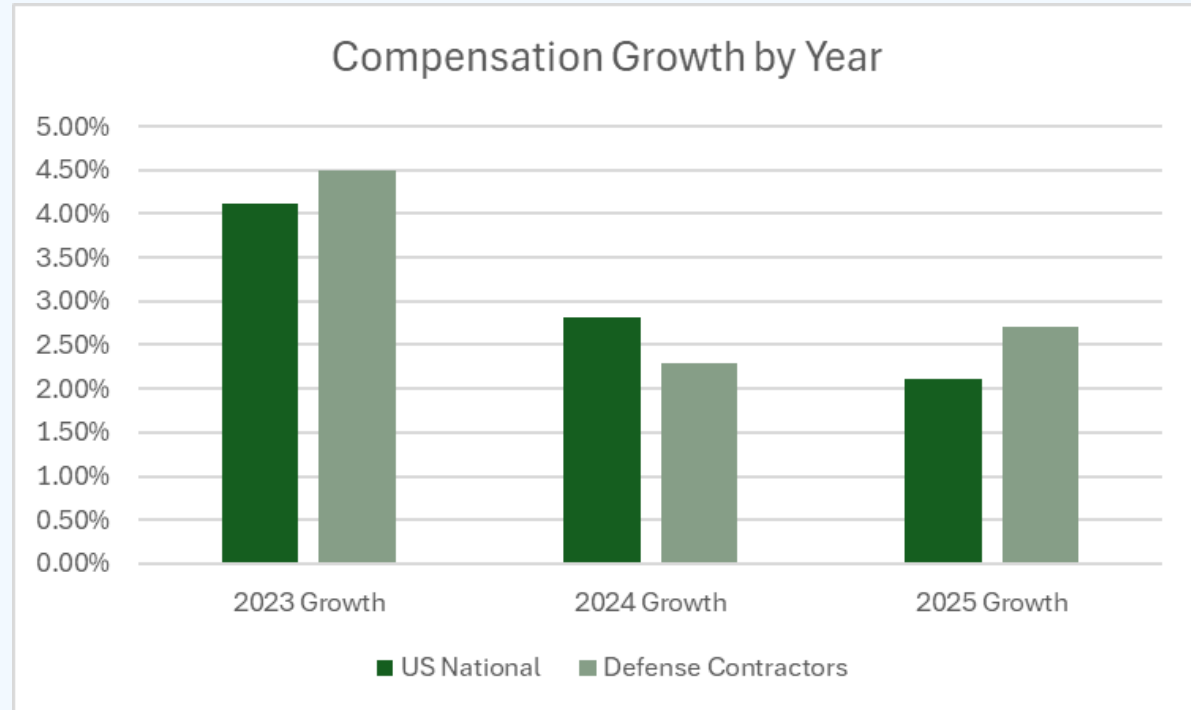
Overview

- Recent growth
 - Growth by sector
 - Defense
 - Information Technology
 - Healthcare
- Future Growth
 - Labor Market
 - Contract Terminations
- Market Targets by Contract
- Conclusions



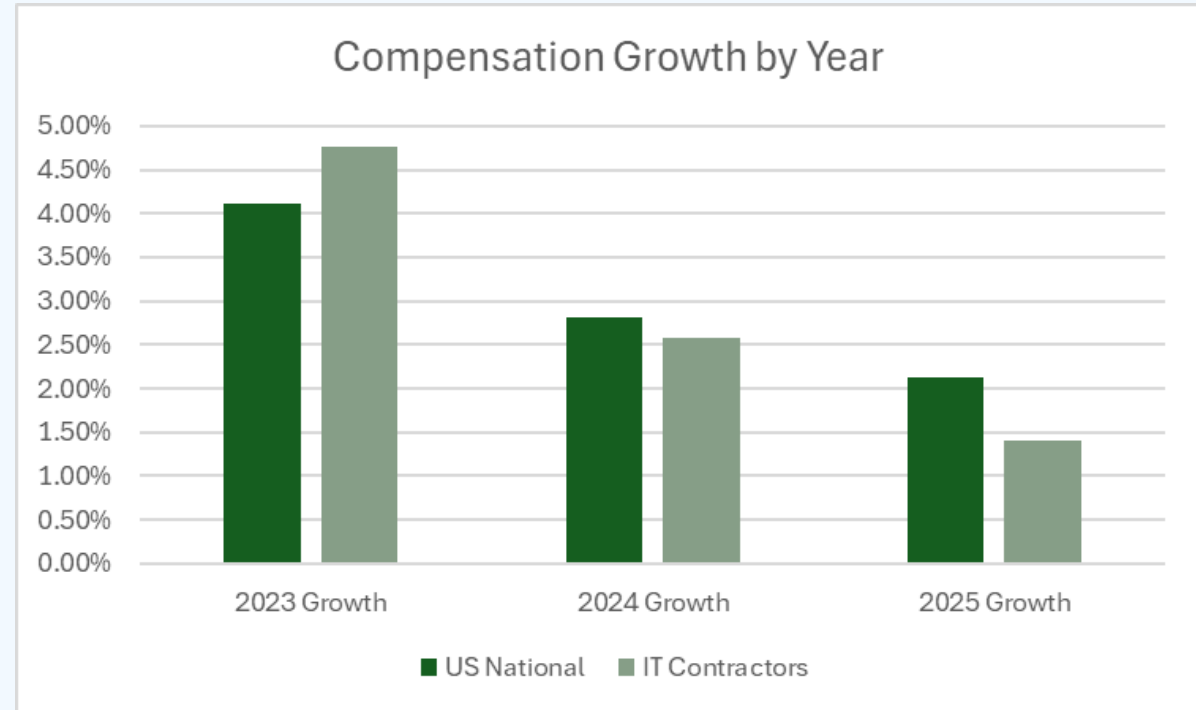
Defense Contractors

- Compensation Growth
 - 2025 Growth: 2.70%
 - 2024 Growth: 2.29%
 - 2023 Growth: 4.50%
- US National Growth
 - 2025 Growth: 2.12%
 - 2024 Growth: 2.82%
 - 2023 Growth: 4.12%



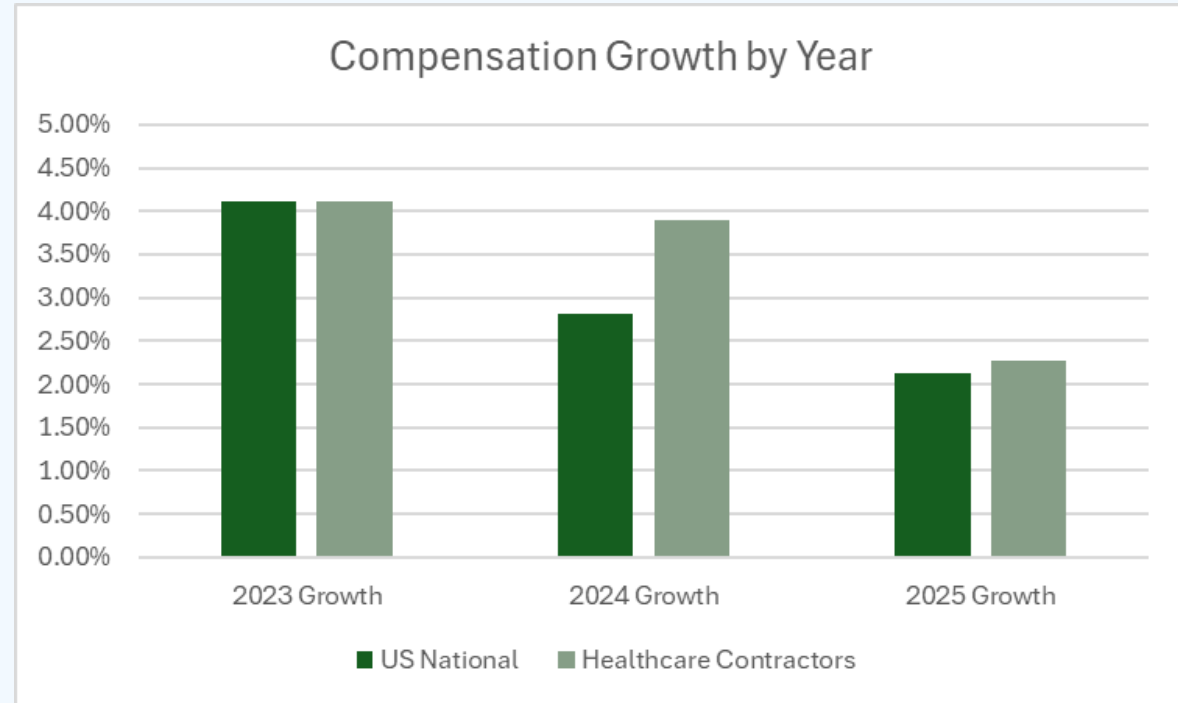
Information Technology Contractors

- Compensation Growth
 - 2025 Growth: 1.41%
 - 2024 Growth: 2.57%
 - 2023 Growth: 4.76%
- US National Growth
 - 2025 Growth: 2.12%
 - 2024 Growth: 2.82%
 - 2023 Growth: 4.12%



Healthcare Contractors

- Compensation Growth
 - 2025 Growth: 2.27%
 - 2024 Growth: 3.90%
 - 2023 Growth: 4.11%
- US National Growth
 - 2025 Growth: 2.12%
 - 2024 Growth: 2.82%
 - 2023 Growth: 4.12%

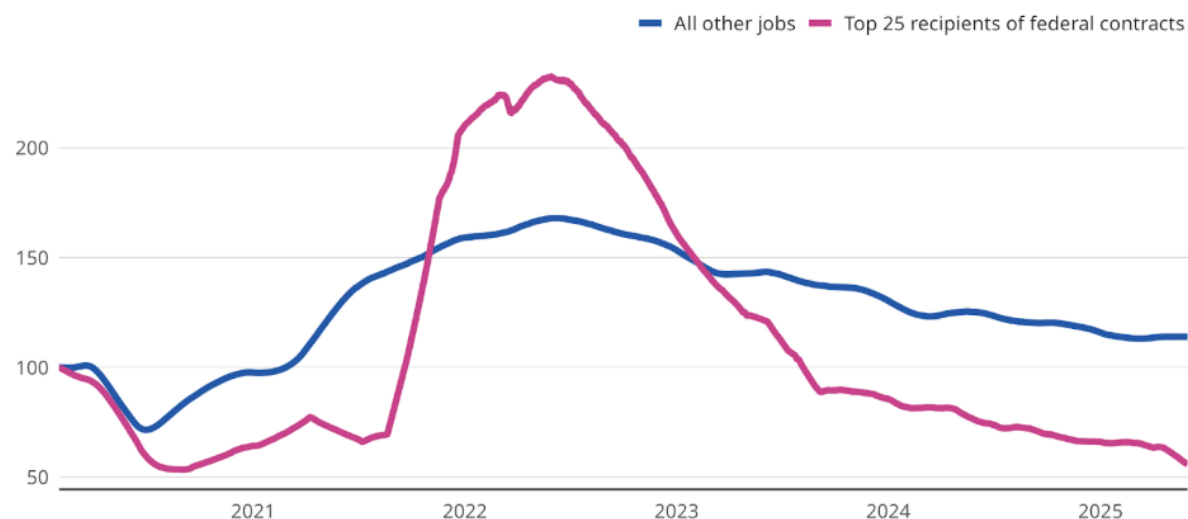


Labor Market – Job Postings

- Contactor postings: -15.00%
- All Postings: -0.60%

Postings for employers with large federal contracts spiked after the pandemic but have cooled dramatically since

U.S. job postings, Index (Feb 2020 = 100)



Source: Indeed, SAM.gov data bank. 3-month moving average



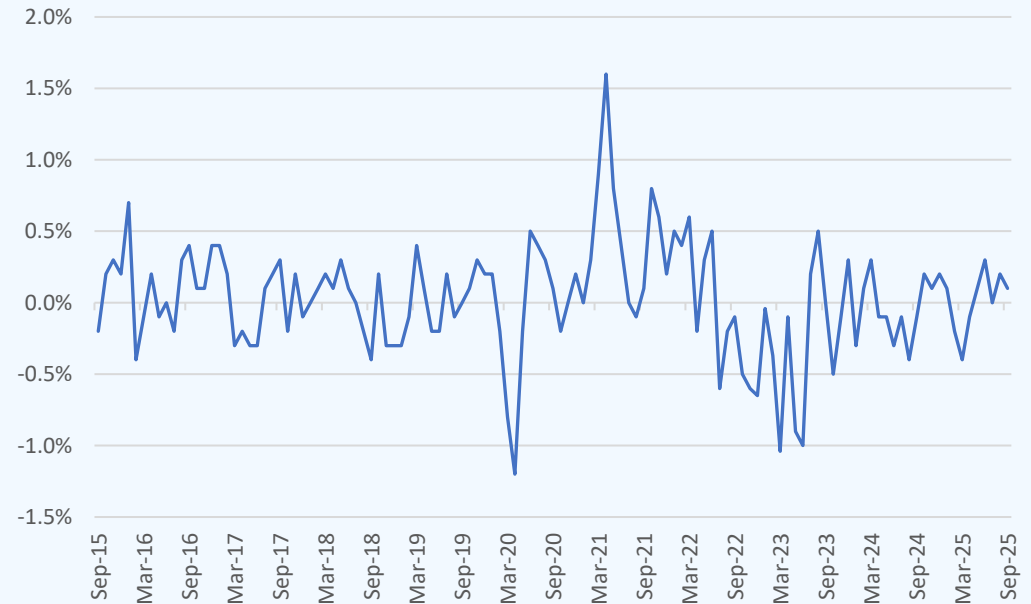
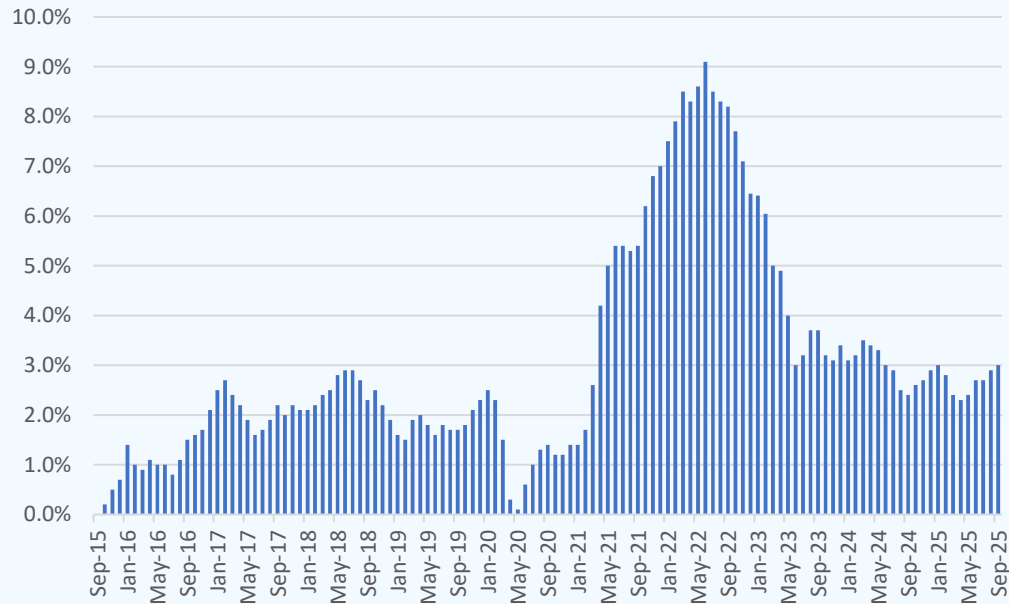
Openings, Hires, and Quits

- Open Jobs Rate: 4.6%
 - Up from 4.3% last quarter
 - 4.9% - 10-year average
- Hires: 3.2%
 - Down from 3.3% last quarter
 - 3.9% – 10-year average
- Quits: 1.8%
 - Down from 2% last quarter
 - 2.29% - 10-year average
- Unemployment Rate
 - 4.4% in September 2025
 - October: 47,000 job addition
 - November: 32,000 job reduction



Inflation

- Inflation: 3.0%
- 10-year Inflation: 3.1%



Contract Terminations

- Overall Contracts terminated
 - Approximately 9,500
 - 32 Billion
- ASBCA saw 371 appeals
 - 34% YOY increase
 - 67% of appeals sustained
- CBCA saw 390 appeals
 - 22% YOY increase
 - 61% of appeals sustained
- Sample of 1,050 large contracts
 - 10.1 Billion



Contracts Terminated – 2025 (Over 10 Million)

Agency Name	Contract Count	Total Value
U.S. Agency for International Development	233	\$7,378,814,579
Department of Energy	129	\$1,088,152,008
General Services Administration	64	\$440,790,888
Department of Health and Human Services	176	\$408,767,512
Department of State	28	\$265,924,960
Department of Agriculture	75	\$117,913,835
Department of Defense	7	\$101,820,292
Department of Homeland Security	32	\$81,136,872
Department of Commerce	69	\$75,886,192
Department of Transportation	55	\$62,212,321
Department of Housing and Urban Development	33	\$59,590,955
Department of the Treasury	41	\$18,319,024
Department of Labor	9	\$14,683,263
Securities and Exchange Commission	3	\$11,265,530



Contracts Terminated – 2025 (1 – 10 Million)

Agency Name	Contract Count	Total Value
Department of the Interior	36	\$8,455,597
Office of Personnel Management	1	\$7,211,760
Federal Mediation and Conciliation Service	5	\$4,487,820
Consumer Financial Protection Bureau	7	\$2,553,008
Department of Veterans Affairs	6	\$1,892,104
Institute of Museum and Library Sciences	2	\$1,406,505
National Science Foundation	2	\$1,262,388
Government Accountability Office	2	\$1,256,890
Nuclear Regulatory Commission	2	\$1,003,576
Environmental Protection Agency	4	\$1,001,041
Department of the Interior	36	\$8,455,597



Contracts Terminated – 2025 (Under 1 Million)

Agency Name	Contract Count	Total Value
Social Security Administration	3	\$755,477
Small Business Administration	2	\$482,256
Executive Office of the President	9	\$294,555
Federal Communications Commission	1	\$261,580
Commodity Futures Trading Commission	1	\$255,863
National Labor Relations Board	1	\$192,000
Export-Import Bank of the United States	1	\$184,645
National Geospatial Intelligence Agency	1	\$177,110
Department of Justice	6	\$169,424
Railroad Retirement Board	1	\$157,500
Pension Benefit Guaranty Corporation	1	\$89,370



Contract Types & Labor Cost

- **Fixed Labor Rate**
 - LPTA
 - Time and Materials
 - Lower labor cost targets
- **Variable Labor rate**
 - Cost-Plus
 - Sole-Source
 - Higher labor cost targets



Conclusions

- Compensation growth appears to be slowing
 - Largest decreases among IT Contractors
 - Higher growth among Defense Contractors
- Looking forward
 - Compensation growth is expected to remain low
 - Slowing hires rate
 - Weakening Labor market
 - Terminated Contracts



Questions

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