



COMPTROLLER OF MARYLAND

IMPACT OF THE FEDERAL GOVERNMENT ON MARYLAND'S ECONOMY

JUNE 2025

Background

Impact of Federal Government Spending and Jobs on the Maryland Economy is the first report of a joint project between the Office of the Comptroller of Maryland and the University of Maryland Robert H. Smith School of Business to better understand the direct economic impact of federal government spending and employment in Maryland.

The project is intended to be a resource for public and private sector organizations that rely on federal funding and are seeking to adapt to federal spending and job cuts. Future phases of the project will measure the direct impact of specific federal actions that have been implemented, announced, or proposed.

Key Findings

The federal government directed \$150 billion to the State of Maryland, according to the most recent annual data, through federal wage and retirement income, contracts, grants, and direct payment spending. Maryland is the 18th most populated state but has the **third most federal jobs** and the **fifth most federal defense spending** among U.S. states.

An estimated **229,000 Maryland residents were employed by the federal government** in fiscal year 2023 in the defense and non-defense civilian workforce (not including active-duty service members, contract workers, or certain classified positions) and had total annual earnings of \$27 billion. Federal jobs located in Maryland represent 6% of the state's overall employment and 10% of overall wages.

In fiscal year 2024, federal agencies awarded **\$46 billion in contracts** for work to be performed in the state that supports thousands of Maryland-based firms and represents about 10% of Maryland's Gross Domestic Product. The Departments of Defense and Health and Human Services are responsible for 60% of contracts dollars awarded in Maryland.

In fiscal year 2024, federal agencies awarded **\$31 billion in grants** to state and local governments, nonprofits, universities, and hospitals in Maryland. Health and Human Services is responsible for 50% of grant dollars awarded in Maryland.



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Jobs

Federal jobs support a thriving middle class in Maryland, where the median household income of \$102,000 is third highest in the U.S. Charles County is the nation's wealthiest majority Black county, where 29% of adjusted gross income for residents comes from federal government wages and retirement.

There are an estimated **160,000 civilian federal government jobs located in Maryland**. The average federal government **salary is \$126,000**, which outpaces the private sector where wages average \$73,000. **67% of federal government jobs are held by individuals with a bachelor's degree or higher** compared to 44% of all job holders.

Federal government **employment in Maryland has grown by 11.5%** since 2018, outpacing the growth of federal jobs in Washington, D.C. and Virginia.

Montgomery and Prince George's Counties are each home to an estimated 54,000 Maryland residents who work for the federal government. The **top five federal agencies** where Marylanders are employed are Defense, Health and Human Services, Homeland Security, Commerce, and Justice.

Spending

Federal spending in Maryland in the form of contracts, grants, and direct payments (such as Social Security payments and veterans benefits) totaled \$114.5 billion in fiscal year 2024.

Six federal agencies account for more than 80% of total contract spending

in Maryland: Defense, Health and Human Services, Veterans Affairs, NASA, Commerce, and Treasury. In 2024, the federal government awarded over 12,000 contracts to thousands of Maryland companies. Maryland ranks 3rd among all states for federal contract spending per capita.

Federal grant funding in Maryland doubled from 2019 to 2024

, driven by COVID stimulus funds, the Inflation Reduction Act, and other legislative and budgetary measures. Health and Human Services accounts for about half of all grant funding in Maryland, followed by the Environmental Protection Agency and Department of Transportation. State agencies and universities and hospital systems are among the largest federal grant recipients in the state.

Maryland is less reliant on federal direct payments than most states

, ranking 36th in direct payments per capita. However, Maryland is one of nine states where the average monthly Social Security income direct payment is greater than \$2,000.



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