

2020


SDMAC
SAN DIEGO MILITARY ADVISORY COUNCIL

SAN DIEGO MILITARY ECONOMIC IMPACT REPORT



UC San Diego

RADY SCHOOL OF MANAGEMENT

A close-up photograph of two military personnel in uniform. The person on the left is wearing a white cap with a gold emblem and a dark uniform with red piping and gold buttons. The person on the right is wearing a white cap with a black band and a dark uniform with red piping and gold buttons. A rifle is visible between them. The image is overlaid with white text on a blue background.

It's all about the
courageous men and
women in uniform
and their families who
serve so honorably
and sacrifice so much.



INDEX

04 About

05 Sponsors

06 Executive Summary

07 San Diego – Rooted In The Military

08 Military Spending And Job Creation

12 United States Navy

16 United States Marine Corps

20 United States Coast Guard

22 Navy Medicine

24 The U.S. Department Of Veterans Affairs

26 Conclusion

27 Acknowledgements

27 End Notes

About

SDMAC

The San Diego Military Advisory Council (SDMAC) is a not-for-profit 501(c)(6) organization established in 2004 to advocate on behalf of the military, veterans, and their families in the San Diego region. SDMAC's advocacy efforts include facilitating the partnership among our military, elected officials, civic leaders, and the business community to improve the understanding of the important contributions made by the military.

SUPPORT SDMAC and BECOME A MEMBER
www.SDMAC.org

RADY

The Rady School of Management at the University of California San Diego is the region's premier business school, internationally recognized for the intellectual contributions of its faculty and quality of its academic programs. The Rady School offers a Full-Time MBA program, a FlexMBA program for working professionals, a Ph.D. program, a Master of Finance program, a Master of Science in Business Analytics program, a Master of Professional Accountancy program, Executive Education, and undergraduate courses. To find out more about the Rady School visit, www.rady.ucsd.edu.

About the Military Economic Impact Report

SDMAC's annual Military Economic Impact Report highlights the positive impact of federal defense budgets, veteran benefits, and community involvement by our local military, veterans, and their families on our local and state economies. Through a new partnership with SDMAC, the 2020 MEIR report is a product of the rigorous work of Professor Sally Sadoff and MBA students at the Rady School of Management. Leveraging insights from the frontier of academic research, the team's experts applied data tools that calculate the impact of military dollars on the San Diego region. The team focused on increased transparency in data and methodology in this year's report, pioneering a new blueprint for the project going forward. In addition to the data analysis in the 2020 report, the perspectives of both military servicemembers and private sector business leaders have been included to measure both the quantitative and qualitative impact of the military on the community. A separate document that details the report methodology, and the report itself, are available on the SDMAC website, www.sdmac.org, and Rady website, www.rady.ucsd.edu.

RADY STAFF

Dr. Sally Sadoff *Rady Faculty Sponsor*
Andrew J. Ovrom *MBA Student Lead*
Daniel J. Reed *MBA Student*
Danson Nguyen *MBA Student*
Brian J. McArthur *MBA Student*
Joseph A. Bains *MBA Student*
Samuel Jordi *MBA Student*

SPONSORS

RDML (Ret) Mark Balmert
SDMAC Executive Director

Mark Wernig
SDMAC MEIR Chair



Sponsors

SDMAC would like to thank the following companies and organizations for their strong and generous support of the Annual SDMAC Military Impact Report (MEIR) which allows for this study to be developed and provided to the military and the San Diego region.

TITLE SPONSOR



BANK OF AMERICA

PRESS CONFERENCE



PLATINUM SPONSORS



GOLD SPONSORS



SILVER SPONSORS



EXECUTIVE SUMMARY

2020 saw COVID-19 devastate local, national, and global economies. The pandemic resulted in a loss of vital businesses and services; unemployment rates rose, and communities suffered. San Diego faced dramatic job loss and cuts in spending across all industries. However, although the region's GDP contracted, steady military spending, sustained employment, and community support helped stabilize the region.

San Diego is home to the nation's largest military community, housing one out of every four U.S. Marines and one out of every six Sailors; and it contains a large part of Southern California's premier training ranges where more than 75% of U.S. operating military forces prepare for deployment. In FY2020, an estimated 25% of San Diego's gross regional product resulted from military spending, an increase of 2.5 percentage points over initial projections for the year. The military maintained its level of operations throughout 2020 and, in doing so, contributed greatly to the region's ability to endure unprecedented economic uncertainty. The region is vital to the nation's identity and defense, and the military continues to serve as a pillar of strength for the area.



San Diego's regional economy is fueled in large part by the military and defense partnerships we forged over the past century, and the tremendous contributions to our community from the men and women who serve our country and call San Diego home," Mayor Kevin L. Faulconer said. "This report illustrates how they make our city stronger and more resilient, and they will play a major role as we work together to help our economy rebound and recover from this global pandemic.

In this extraordinary environment, the partnership between San Diego and the military remains imperative.

Exhibit 1. Military Supercluster Drives San Diego Economy

	DIRECT SPENDING	JOBS	GROSS REGIONAL PRODUCT (GRP)
FY2020 (Change from FY2019)	\$33.6 Billion (+5.7%)	342,486 (+7.7%)	\$52.4 Billion (+5.7%)
% of SD Economy ^{1,2}	N/A	23%	25%

Defense funds flow into the San Diego economy through defense contracts to local businesses, compensation and benefits provided to military personnel and federal civilian employees, retirement and veteran benefits, and government credit cards used for direct purchases. When considered together, the Department of Defense, the Coast Guard through the Department of Homeland Security, and the associated Department of Veteran Affairs spending are considered an economic supercluster (Exhibit 1). The strength of this economic force is particularly apparent in Fiscal Year (FY) 2020, with a conservatively estimated 5.7% increase over fiscal year FY2019. Driving the growth is an increase in defense contracts and the addition of two aircraft carriers. The rise in military related employment, combined with reduced regional employment in the current economic conditions during the COVID-19 pandemic, results in the military supporting a conservatively estimated 23% of San Diego county jobs, up from 19% of jobs in FY2019.

SAN DIEGO: ROOTED IN THE MILITARY

The area's relationship with the military was strong long before the region came to be known as San Diego. Juan Rodriguez Cabrillo first landed in the port of what was then called San Miguel in 1542 and immediately recognized the strategic value of the area. However, it was not until 1769 that Spanish military detachments began to port in San Diego. The next 150 years experienced increases in the military presence and, in

1908, William Kettner started widely promoting the economic benefits afforded by the U.S. Navy presence. The 1915 Panama-California Exposition expanded the area's appeal as a military hub. In the coming years, multiple military investments helped San Diego recover from the Great Depression. During this time, the Navy spent \$1.4 million, and the Army spent \$1.8 million on construction projects in our region (\$22m and \$28m in 2020 dollars, respectively)³. Consolidated Aircraft Corporation (CAC) moved its main manufacturing facility to San Diego in September of 1935, producing many aircraft used in WWII³. By the fall of 1941, CAC was the largest employer in San

Diego with 25,000 employees, expanding to 45,000 employees in 1942, about 22% of the city population^{4,5,6}. Military spending contributed to San Diego's tremendous growth during the 1940s. At the time, the Navy represented more than \$2.5 million in monthly payroll and expenditures in San Diego. The military presence continued growing over time and now includes over 20 installations in the region. Today, the military is a top employer in San Diego and continues to provide significant economic value to the region. As COVID-19 contracts the U.S. economy, San Diego remains strong, not only as a hub for military forces but also as a place to visit and experience the nation's proud military heritage.

San Diego Public Military Events and Places to Visit

- » Fleet Week (November, Downtown)
- » MCAS Miramar Air Show (September, MCAS Miramar)
- » Veterans Day Parade (November, Waterfront)
- » USS Midway Museum (Downtown)
- » Air and Space Museum (Balboa Park)
- » Flying Leatherneck Aviation Museum (Miramar)
- » Liberty Station (Point Loma)
- » CAF Air Group One WWII Museum (El Cajon)
- » Veterans Museum and Memorial Center (Balboa Park)
- » Mt. Soledad Veterans Memorial (La Jolla)
- » Waterfront Homecoming Sculpture (Downtown)
- » Fort Rosecrans National Cemetery (Point Loma)



MILITARY SPENDING & JOB CREATION

Military Spending

The San Diego economy is driven by several large sectors including tourism, technology, and defense. But only the defense sector has demonstrated dependable resiliency through both recession and mandated pandemic closures. The diversity of the components of FY2020 defense spending (Exhibit 2 and 3) in our region also strengthen other economic sectors, through small business targeted contract awards, spending by active duty and retired military families, and direct purchases of products through the government charge cards. Employee compensation includes the direct wages and benefits provided to active duty military personnel, federal civilian employees, and military reservists in the region across the U.S. Navy (USN), U.S. Marine Corps (USMC), U.S. Coast Guard (USCG), and other Department of Defense (DoD) organizations. Military branches distribute retirement funds to previous military employees across the entire San Diego County. The Veterans Affairs (VA) office distributes key resources to San Diego veterans, including education benefits



and health care. The most significant contribution to the local economy is the estimated \$17 billion in contracts expected to be awarded to 2,075 different companies in San Diego County during FY2020. Exhibit 4 depicts the top recipients of contract dollars, with an estimated 29% of the total funds awarded to small businesses.

Exhibit 2.
\$52.4 Billion Impact to San Diego GRP^{8,10,11}

(\$ in millions)	FY2019	FY2020
Employee Compensation	\$11,929	\$12,341
Retirement & VA Benefits	\$3,577	\$3,688
Contracts & Procurement	\$16,194	\$17,474
Government Purchase Cards	\$65	\$67
TOTAL DIRECT	\$31,765	\$33,570
Multiplier Impact	\$17,789	\$18,799
GRP IMPACT	\$49,554	\$52,369

MULTIPLIER EFFECT

In addition to direct spending, defense spending in the San Diego region also has indirect spillover effects on the gross regional product (GRP) and job creation. Defense spending supports development, which can then be leveraged for alternative revenue, creating a multiplier effect. A first of its kind study of local fiscal multipliers found that \$1 of defense spending contributes up to \$1.56 to GRP and every \$100,000 creates 1.08 jobs per year⁷. Research also indicates the impact of defense spending is even greater during economic downturns, such as the COVID-19 pandemic, suggesting a conservative estimate with application of the Auerbach study results⁸. As a result of the multiplier effect, the total economic impact of the military in San Diego is \$52.4 billion, an estimated 25% of the San Diego GRP⁹. Throughout the report, the indirect job impact and GDP multiplier are applied to determine full economic impact.

Exhibit 3.
Spending into San Diego Economy Flows Through Many Channels (\$ in millions)

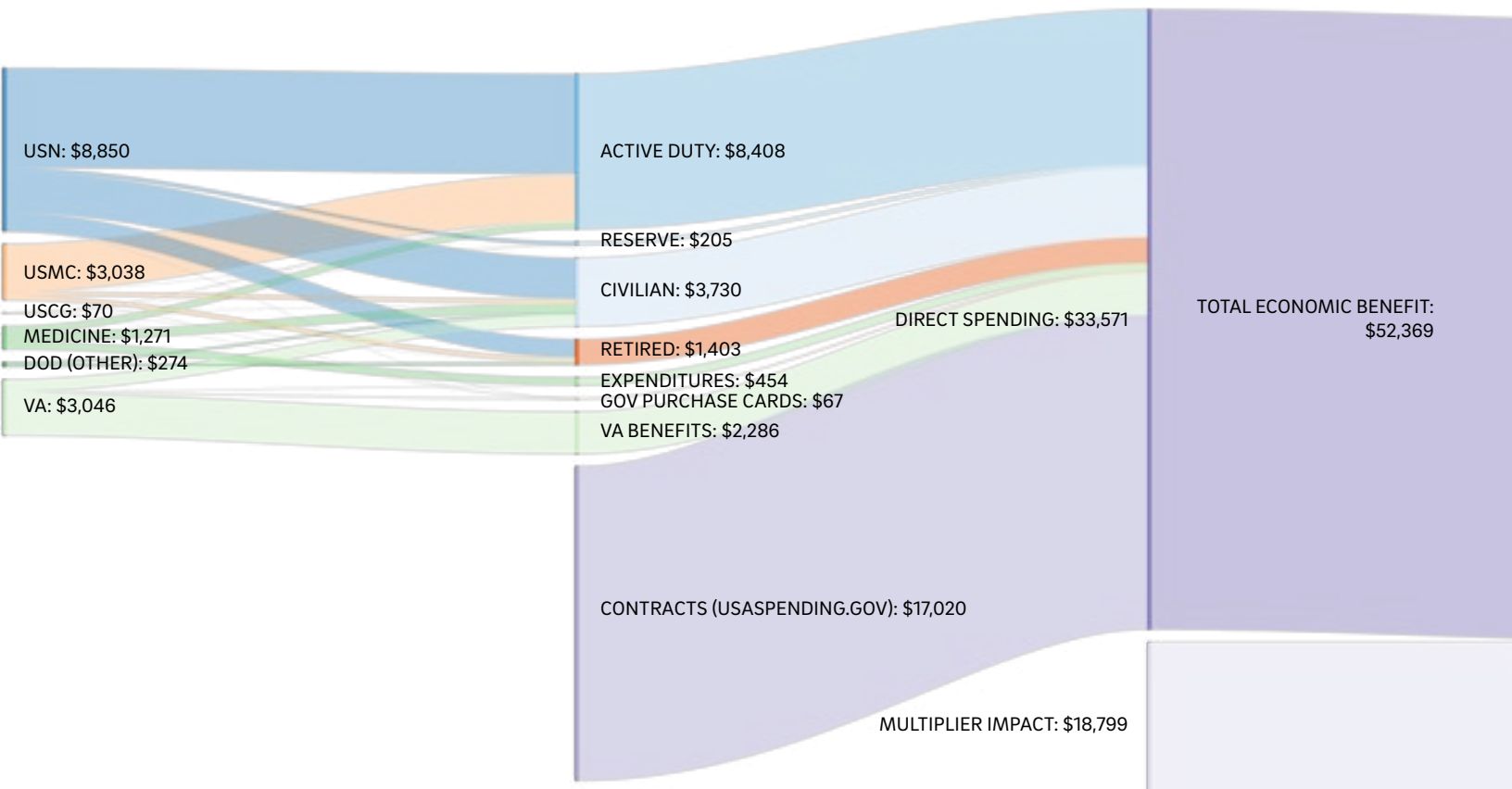
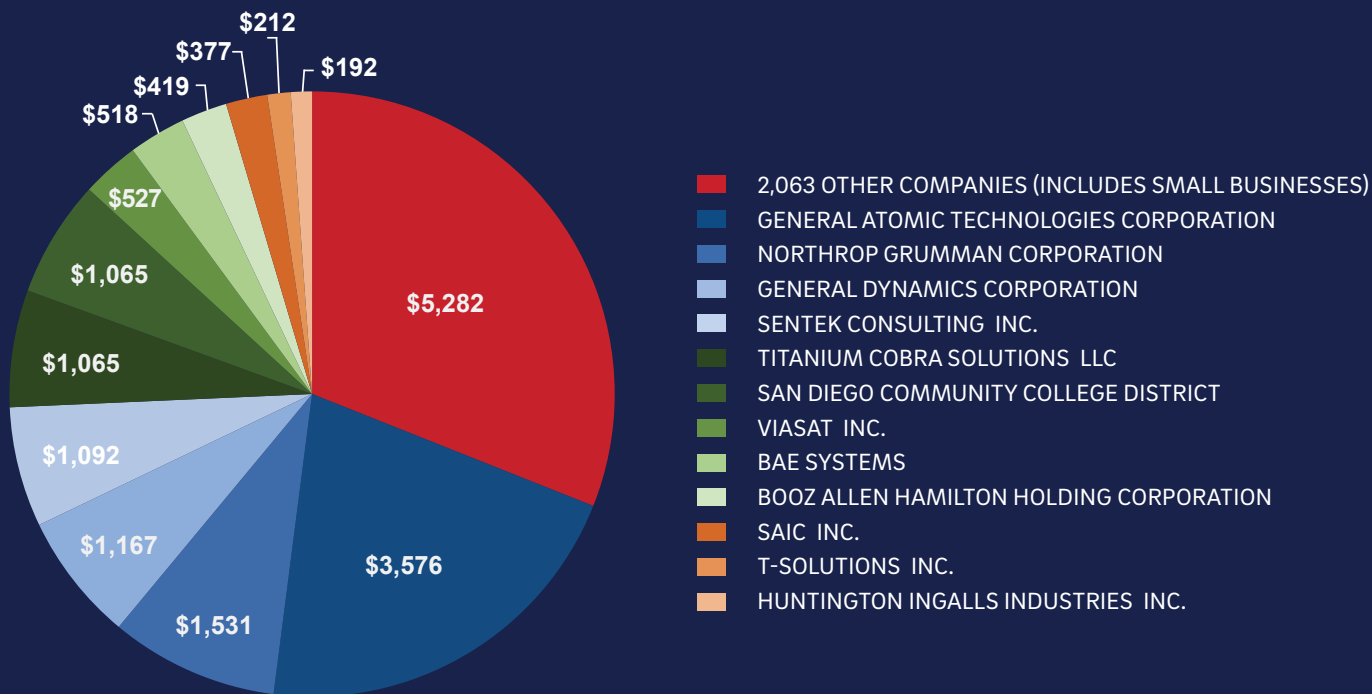


Exhibit 4.
2000+ Companies Receive Defense Contracts (\$ in millions) ¹¹





Job Creation

The military, through the DoD, Department of Homeland Security (DHS), and the VA, employs over 153,000 San Diego residents in FY2020. The majority is comprised of 74% active duty (AD) military personnel, and 20% civilians (CIV), (Exhibit 5) with distribution across more than 20 installations (Exhibit 6). In addition to direct employment, the \$17.5 billion in contracts and procurement dollars generate an estimated 189,426 jobs in San Diego, given estimates that \$100,000 creates 1.08 jobs per year⁷.

Exhibit 5.
342k Jobs Supported in San Diego^{7,10,11}

	FY2019	FY2020
USN (AD)	51,850	57,937
USMC (AD)	46,189	48,240
USCG (AD)	927	927
Medical (AD)	5,391	5,513
CIV	28,498	30,430
Reserve	5,352	5,831
VA	4,175	4,193
TOTAL DIRECT	142,382	153,060
Indirect (Result of DoD contracts)	175,617	189,426
TOTAL JOBS	317,999	342,486



Exhibit 6.
Wide Distribution of Active Duty and Civilian Employment across Military Bases¹⁰

	USN	USMC	USCG	MEDICINE	CIV	TOTAL*
Naval Base San Diego	27,022	63	269	-	7,180	34,534
Naval Base Coronado	22,981	189	-	-	6,521	29,691
Naval Base Point Loma	4,252	31	22	-	6,716	11,010
MCB & MCAS Camp Pendleton & Naval Hospital Camp Pendleton	3,115	38,348	-	1,319	3,281	46,063
MCAS Miramar	294	8,022	-	-	63	8,379
MCRD San Diego	198	1,351	127	-	321	1,997
USCG San Diego	-	-	429	-	10	439
Naval Medical Center San Diego	-	-	-	4,128	2,174	6,302
Naval Health Research Center	-	-	-	18	57	75
Other	75	236	80	-	4,053	4,444
TOTAL DIRECT	57,937	48,240	916	5,465	30,376	138,885

*Does not include reservists, contractors, and veteran affairs employees.

UNITED STATES NAVY

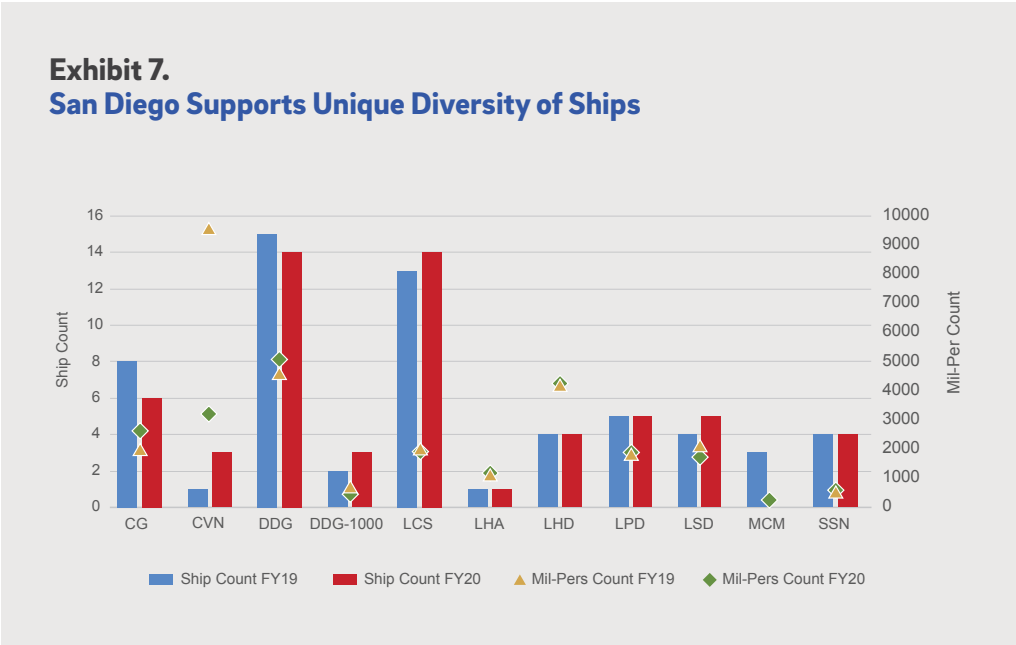
San Diego is the Navy's most strategic port, and the location for numerous operational and administrative headquarters, including Naval Special Warfare Command (oversight and training of SEALs), the Navy's Third Fleet (operational control of all ships and aircraft), Naval Surface Forces (oversight of all surface ships in the Navy), Naval Air Forces (oversight of all aircraft and aircraft carriers in the Navy), Navy Region Southwest (administrative responsibility for all bases in six states), Naval Information Warfare Command (headquarters for the design and production of all Navy command and control systems), Naval Medical Forces Pacific (all western hospitals, clinics, and laboratories), and Naval Surface and Mine Warfare Development Command (training and doctrine headquarters). San Diego is also the operational home to numerous Carrier Strike Group headquarters and Expeditionary Strike Group, each led by an Admiral. As the home port for about 20% of Navy vessels and 17% of Active Duty personnel, San Diego has the second largest naval personnel concentration in the country¹².



control systems), Naval Medical Forces Pacific (all western hospitals, clinics, and laboratories), and Naval Surface and Mine Warfare Development Command (training and doctrine headquarters). San Diego is also the operational home to numerous Carrier Strike Group headquarters and Expeditionary Strike Group, each led by an Admiral. As the home port for about 20% of Navy vessels and 17% of Active Duty personnel, San Diego has the second largest naval personnel concentration in the country¹².

San Diego is homeport to a wide variety of Navy ship classes, including Aircraft Carriers (CVN), Amphibious Ships (LHA, LHD, LPD, and LSD), Cruisers (CG), Destroyers (DDG and DDG-1000), Littoral Combat Ships (LCS), Mine Countermeasure Ships (MCM), and Fast Attack Submarines (SSN). While the total ship count in San Diego decreased by one from FY19 to FY20, the loss of smaller, older ships was more than offset by the arrival of newer capital ships, resulting in a 26% increase in ship-based Sailors. From 22,795 to 28,667.¹⁰

A breakdown of the ship count and assigned personnel is shown in Exhibit 7.¹⁰





NAVAL BASE POINT LOMA

- » Naval Submarine Base (Est. 1981)
 - 4 Los Angeles-class submarines and a floating dry-dock
- » Naval Surface and Mine Warfare Development Command
- » Commander, Third Fleet Headquarters Complex
- » Naval Information Warfare Systems Command (NAVWAR)
 - Designs and develops communications and information systems
- » Information Warfare Training Command (IWTC) (Est. 1955)
- » Military Sealift Command Pacific
- » Naval Health Research Center

NAVAL BASE SAN DIEGO (EST. 1922)

- » Largest employer in the city representing 5.8% and 2.7% of total city and county employment respectively¹³
- » Comprehensive fleet support for 60 homeported ships in San Diego
- » Broadway Complex: Headquarters for Commander, Navy Region Southwest
- » Naval Medical Center San Diego
- » Naval Medical Forces Pacific
- » Admiral Baker Golf Course and Recreation Center
- » Housing management is centralized at NBSD, with over 30 units and 9,000 plus homes for military families located throughout the county

NAVAL BASE CORONADO

- » Naval Air Station North Island, Coronado (NASNI) (Est. 1917)
 - “Birthplace of Naval Aviation”
 - 16 helicopter squadrons, 2 fixed-wing squadrons, and 3 aircraft carriers
- » Naval Amphibious Base, Coronado (NAB) (Est. 1943)
 - Home base of the Navy SEALs (Sea-Air-Land Team)
- » Naval Outlying Landing Field, Imperial Beach (NOLF IB) (Est. 1943)
 - Handles 95% of North Island helicopter squadron operations
- » Naval Auxiliary Landing Field, San Clemente Island (NALF SCI) (Est. 1937)
 - Training facility as the Navy’s only remaining live fire range
- » Silver Strand Training Complex-South, Coronado (SSTC-South)
 - Training facility for the Navy’s special forces
- » Camp Michael Monsoor Mountain Warfare Training Center, La Posta
- » Camp Morena, La Posta and the Remote Training Site, Warner Springs (RTSWS)

Silver Strand Training Complex-South

IMPERIAL BEACH

Naval Outlying Landing Field

SPOTLIGHT AIRCRAFT CARRIERS

The nuclear-powered aircraft carrier is the central component of the Navy's operational force, with immense capabilities to provide security around the globe. As anyone who has visited the USS Midway museum knows, the floating city supports a vast network of sailors. FY2020 saw the arrival of CVN-72 and CVN-70 to San Diego, for a total of three of the Navy's eleven aircraft carriers stationed in San Diego. Each of these nuclear-powered aircraft carriers brings more than 3,000 Sailors. Taken together, that makes the three aircraft carriers, alone, a top 10 employer in San Diego, directly after Qualcomm, Inc.¹³ An individual aircraft carrier is estimated to contribute \$767 million to the San Diego region¹⁴ (Exhibit 8).

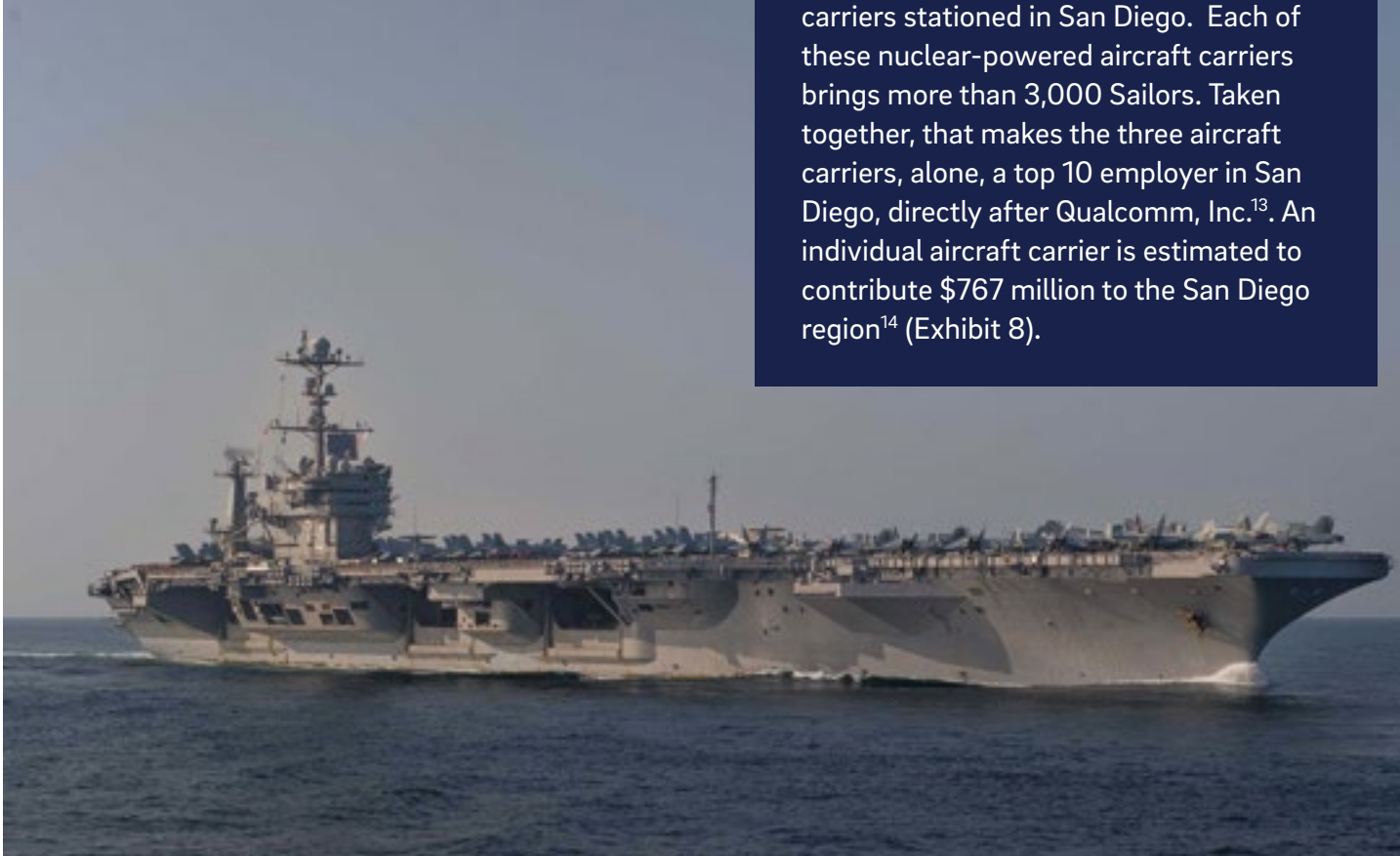
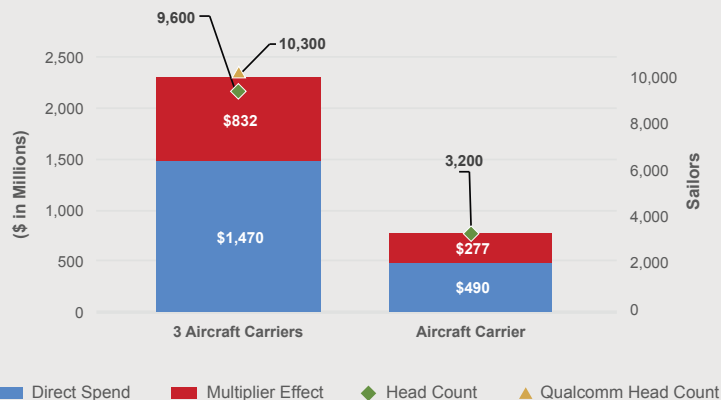


Exhibit 8.
Aircraft Carriers Top 10 Employer in San Diego



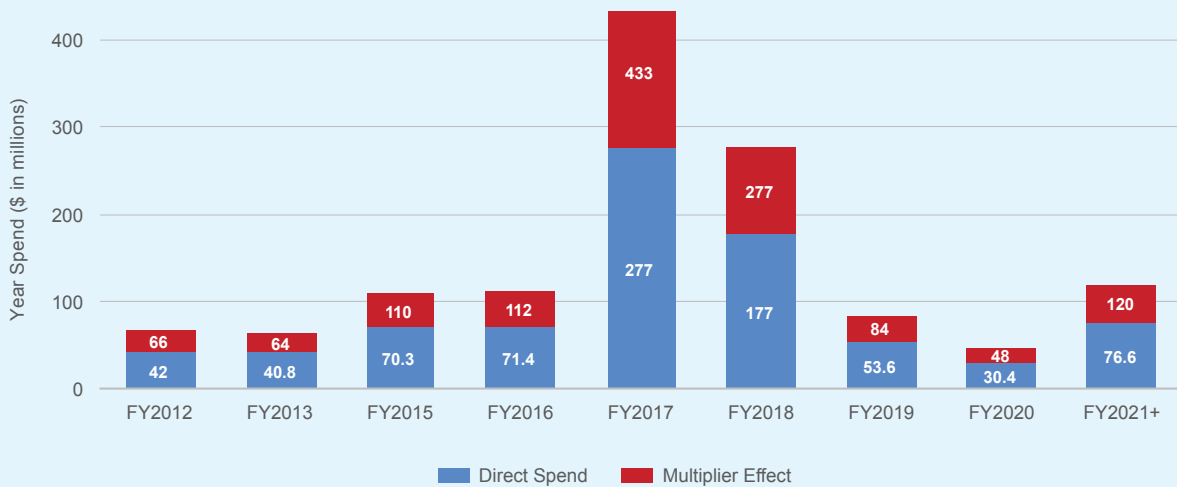
SPOTLIGHT

SILVER STRAND TRAINING COMPLEX

The Silver Strand Training Complex is the premier training facility for the Navy's special forces with 450 acres and access to the Pacific Ocean and the San Diego Bay. The Navy is currently completing a state-of-the-art campus as an addition to the Silver Strand Training Complex, known as the "Coastal Campus." The new Coastal Campus will replace and consolidate obsolete and fragmented buildings formerly located in northern Coronado. This new facility will house logistical, operational, training, and administrative support functions to meet the Navy's privacy, primacy, and proximity goals.



Exhibit 9.
Coastal Campus Project Contributes \$1.3 Billion to San Diego GRP¹⁵



UNITED STATES MARINE CORPS

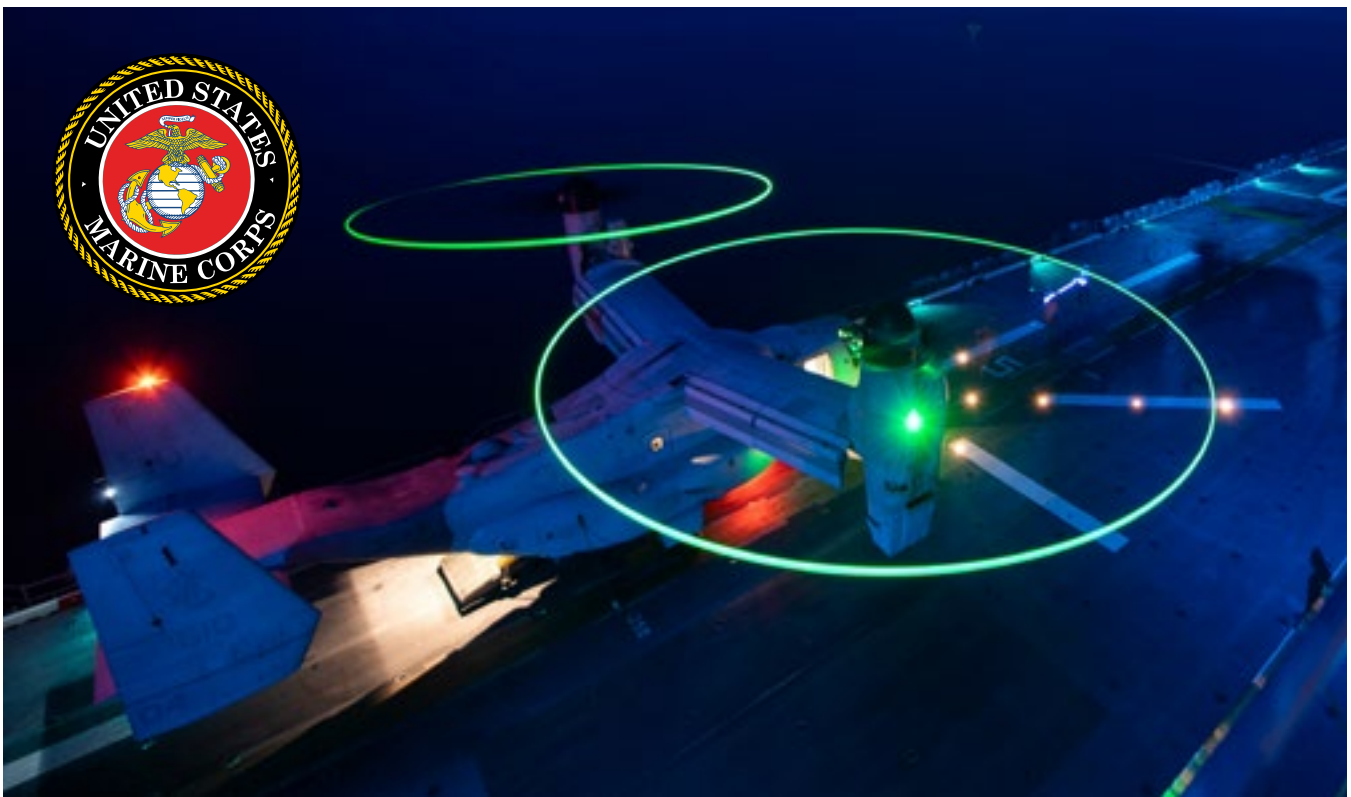


The San Diego region hosts the largest concentration of Marine Corps operational and support commands in the United States. Camp Pendleton is home to I Marine Expeditionary Force (I MEF), Marine Corps Installations West, School of Infantry West, and the Marine Corps Tactical System Support Activity. I MEF is home to over 45,000 Marines and Sailors, the largest war fighting organization in the Marine Corps.

The Marine Corps fulfills a vital role in national security as a Fleet Marine Force, capable of combat operations from air, land, or sea. The

Marine Corps' infrastructure and training ranges in the San Diego area, combined with proximity to Navy installations and expeditionary units for integration and joint training, are essential to the readiness of the Marine Corps. The varied terrain and climate of the southwest make it an ideal place to prepare Marines for combat. With San Diego as the epicenter, roughly 40% of the Marine Corps' combat power resides in the southwest, along with 85% of its landholdings. Even more significant, 95% of Marines train in the region before deploying overseas.

The Marine Corps actively partners with the San Diego community through school volunteer programs while also training alongside and supplementing the San Diego Fire Departments during wildfire and rescue operations. Marines value their community and know there is "no better place in the United States Marine Corps or Navy to be stationed than San Diego." Col. Charles B. Dockery, MCAS Miramar's commanding officer notes, "This is the most supportive community that I have seen in my 26 years in the Marine Corps."





MARINE CORPS BASE (MCB) AND MARINE CORPS AIR STATIONS (MCAS) CAMP PENDLETON

ESTABLISHED 1942

- » Largest west coast amphibious assault training facility
- » Host large-scale training exercises involving naval, ground, and aviation forces
- » Largest north county employer for over 60 years¹⁶



MARINE CORPS AIR STATION (MCAS) MIRAMAR

ESTABLISHED 1997

- » Area formally established in 1917 as a WWI training area as Camp Elliot
- » Home of the 3rd Marine Aircraft Wing - the largest of four Marine Air Wings
- » Location provides access to 66% of available training airspace of continental US¹⁰



MARINE CORPS RECRUIT DEPOT (MCRD) SAN DIEGO

ESTABLISHED 1921

- » Provides basic training for Marine recruits west of the Mississippi
- » Exercises the Western Recruiting Region's operational control of enlisted recruiting operations in the 8th, 9th, and 12th Marine Corps Districts
- » Graduates over half of all Marine recruits annually: 17,174 (FY2019); -15,731 (FY2020)¹⁰



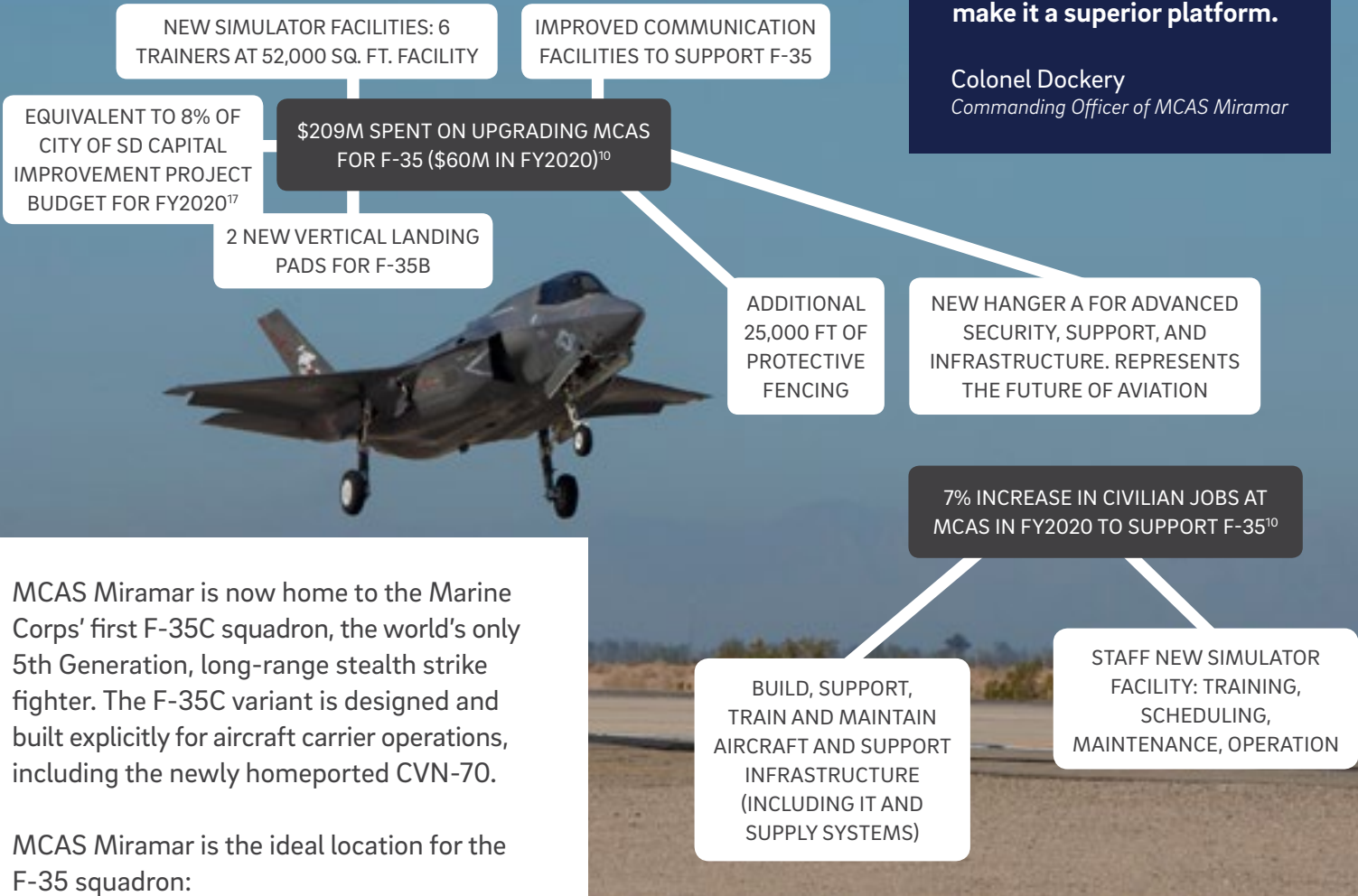
SPOTLIGHT

F-35 LIGHTNING II CALLS SAN DIEGO HOME



F-35 brings much more capability to the fight regarding the weapons it can use, its electronic countermeasures, and lower detection threshold which make it a superior platform.

Colonel Dockery
Commanding Officer of MCAS Miramar

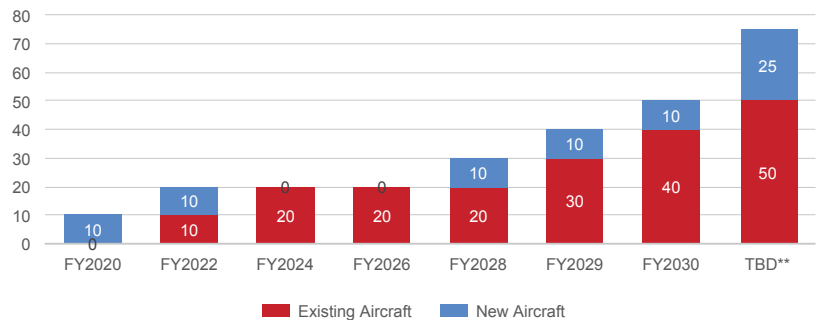


MCAS Miramar is now home to the Marine Corps' first F-35C squadron, the world's only 5th Generation, long-range stealth strike fighter. The F-35C variant is designed and built explicitly for aircraft carrier operations, including the newly homeported CVN-70.

MCAS Miramar is the ideal location for the F-35 squadron:

- » Supports the I Marine Expeditionary Force training throughout Southern California
- » Provides access to the joint force for large airspaces required for air-to-air combat training
- » Provides proximity to one of the U.S. Navy's largest home ports for aircraft carrier operations and training
- » Ideal west coast location for joint force deployment and support to the Indo-PaCom theater
- » Has onsite maintenance facilities, and access to extensive maintenance support at Naval Air Station North Island

F-35 Count Planned for MCAS Miramar¹⁰



**Primary Assigned Aircraft build to 25 a/c and potential relocation will be assessed in the future to determine the optimal year of execution.

SPOTLIGHT

JUAN E. ROSE III LTCOL (SELECT) USMCR | MANAGING DIRECTOR, CBRE

Like so many, Juan E. Rose III was inspired by a family member's service; his uncle served in the United States Marine Corps for 23 years and deployed to Operation Desert Storm during Juan's formative years.

Juan grew up in Oceanside, CA, graduated from the Naval Academy in 2004 and went on to become a distinguished Marine, and UCLA MBA graduate.

Now a leading figure in the San Diego business community, Juan continues to serve as a Marine Corps reservist, overseeing Emergency Operations for Marine Corps Installations in the Western U.S.. "I went to middle school and El Camino High School in Oceanside, and have been stationed on various Marine bases here, and have recently been afforded an opportunity to lead as a real estate professional for CBRE

in the private sector across the San Diego Region. What a blessing it is to serve others, grow business, provide opportunities as well as prosperity, and give it back to the community in San Diego," states Rose. Juan is a strong contributor to the extensive network of military professionals in the San Diego region and passionately supports those service members transitioning from active duty. "Truly, I am humbled at the opportunity to lead, coach, mentor, and inspire within the private sector, and also the military, within our San Diego community - very proud to selflessly pay forward daily what so many have done for me in the past."

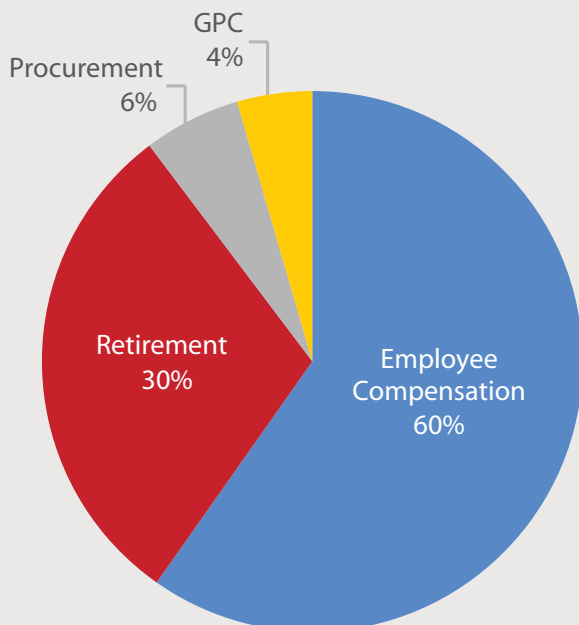
UNITED STATES COAST GUARD

Organized under the Department of Homeland Security, Coast Guard Sector San Diego is a key law enforcement agency, as well as a security partner to the Navy and Marine Corps, a member of the U.S. Intelligence Community, and provides first responders for military and civilian crises. San Diego is home to the first Coast Guard Air Station and remains unique for its integration of aviation into a Coast Guard sector. Its prime location gives these "Guardians of the Southwest" immediate access to guard



and protect the Southwest Maritime border. In addition, the Coast Guard's Joint Harbor Operations Center includes offices from the Department of Homeland Security, the Navy, and the Harbor Police. This unique arrangement allows for special coordination that ensures quality emergency response services.

Exhibit 10.
90% of SDCG \$75.7M (FY2020) Spending Goes Directly to Employees¹⁰



ON AN AVERAGE DAY IN THE UNITED STATES, THE COAST GUARD¹⁰:

- » Investigates **14** marine casualties involving commercial vehicles
- » Escorts **5** high capacity passenger vehicles
- » Facilitates **\$8.7 billion** worth of goods and commodities through the nation's Maritime Transportation System
- » Seizes **874** pounds of cocaine
- » Saves **10** lives
- » Conducts **14** fisheries conservation boardings
- » Conducts **105** marine inspections
- » Conduct **45** search and rescue cases
- » Investigates **35** pollution incidents
- » Screens **360** merchant vessels before arrival in U.S. ports
- » Conducts **57** waterborne patrols of critical maritime infrastructure
- » Conducts **24** security boardings in and around U.S. ports

SPOTLIGHT COCAINE SEIZURE



The threat of illicit drugs in the U.S. is always present and continues to grow. The U.S. Coast Guard provides a key defense against maritime smugglers bringing cocaine into the country. The Coast Guard seized over 220 tons of cocaine over FY2019, which is a 5% increase over 2018 . According to LCDR Jerod Hitzel, the increase

is due to "game-changing" National Security Cutters (NSC), coming online. "The abilities that they have, between the onboard aviation assets, the small boats that get launched from it, and the sensors onboard... We're basically able to interdict at will what we want when we're in the position." The NSCs are the largest and most

technologically advanced of the Coast Guard's newest classes of cutters, designed to provide greater endurance and range, as well as aviation flight decks for helicopters and unmanned aerial vehicles. As the Coast Guard upgrades its fleet, we can expect to see more contraband interdictions and a safer border and community at home.

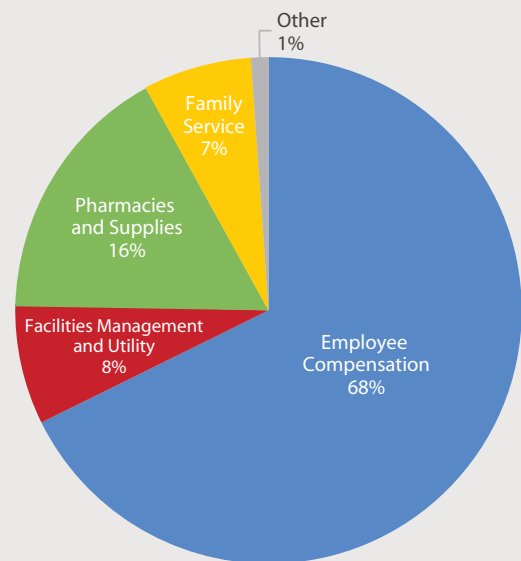
NAVY MEDICINE

Navy Medicine provides care for service members, retirees, and their families, including at two key facilities in the San Diego area: Naval Medical Center San Diego (NMCS) at Balboa Park and Naval Hospital Camp Pendleton (NHCP). These facilities employ 8,462 people, provide 298 staffed beds, and serve 166 inpatients daily¹⁰. Their primary mission is to ensure the health and readiness of the region's operational forces and they are "truly honored to care for service members, their families, and all other beneficiaries," according to RDML Tim Weber, commander of Naval Medical Forces Pacific, the regional command with oversight of these facilities. The hospitals also provide graduate medical education, residency and internship programs for doctors, dentists, and pharmacists, training future generations of medical personnel.

Navy Medicine conducts extensive research and development activities in San Diego at the Naval Health Research Center (NHRC) in Point Loma. NHRC received \$50.3 million in grant money last fiscal year, part of which impacted the local economy¹⁰. Most recently, funding supported the infectious disease directorate that focuses on surveillance to protect the forces. RDML Weber describes their work to "monitor military populations for the presence of infectious disease" as a crucial "early warning" system to prevent or mitigate infectious disease threats. Military medicine discovered the first two cases of H1N1 in the U.S. NHRC's extensive background and expertise in this area led to it becoming one of the first labs in California with testing capabilities for both the Zika virus and COVID-19 public health threats. NHRC high capacity testing capabilities support the local fight against COVID-19.

San Diego enjoys a mutually beneficial relationship with Navy Medicine's institutions. The hospitals and NHRC have access to a high concentration of Navy Fleet and Fleet Marine Forces, biotechnology companies, and world-class local universities, including UC San Diego and San Diego State, enhancing collaborative efforts. Meanwhile, the skills, expertise, and experience the Navy's doctors, nurses, hospital corpsmen, researchers, and other medical professionals gain in support of combat, disaster relief, and humanitarian missions abroad are brought to San Diego and shared with local colleagues through partnerships and knowledge exchanges. Navy Medicine's health care and research personnel offer a continual tide of fresh ideas that help ensure San Diego's hospitals and labs are at the cutting edge of innovation.

Exhibit 11.
68% of Navy Medicine \$1.24B (FY2020)
Spending Goes Directly to Employees¹⁰



SPOTLIGHT USNS MERCY



In the face of a global health crisis, the U.S. Navy assisted the national response to the COVID-19 pandemic by deploying its hospital ship, USNS MERCY, in support of state and local agencies' efforts to protect the health of the American people. USNS MERCY docked in Los Angeles from March 23 to May 5, 2020, to serve as a relief valve for local hospitals. The ship handled procedures for non-COVID patients, including surgeries, skin grafts, and the ship's first pacemaker replacement, to allow local hospitals to focus on COVID-19 cases¹⁸.



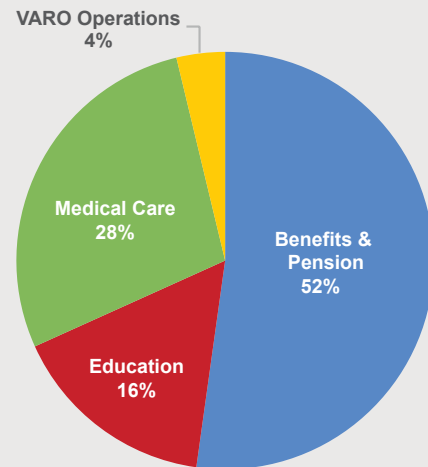
THE U.S. DEPARTMENT OF VETERANS AFFAIRS

The San Diego Veterans Affairs Regional Office (VARO) administers a wide array of benefits to veterans living in San Diego. These veterans have served the nation in various conflicts, dating back to World War II. The 297,000 local veterans comprise about 9% of the total San Diego population and own 9% of San Diego businesses^{10, 19}. The VA provides comprehensive inpatient and outpatient medical care at the medical center, and six community clinics, through the nation's largest integrated health care network, employing over 4,000 people in San Diego in FY2020¹⁰. The VA aids soldiers' transition from battle and supports their families through education benefits, home loans, life insurance, and much more. The VA ensures that those who serve the nation are never forgotten through Fort Rosecrans National Cemetery (est. 1934) and Miramar National Cemetery (est. 2010).

GI Bill

Juan E. Rose III explains there is "no greater benefit" than the GI Bill that has facilitated growth and opportunities for millions of veterans providing over \$309 million in FY2019 to San Diego veterans¹⁰ (Exhibit 13). Since 1944, the GI Bill benefits have been helping qualifying veterans, and their family members pay for college, graduate school and training programs, by supplying some or all of the funds necessary to complete their education and training.

Exhibit 12.
VA Provides \$3 Billion Directly to San Diego in FY2020^{10, 20}



The COVID-19 pandemic further highlights the importance of the GI Bill. With fewer job opportunities available, the GI Bill helps veterans and their families gain skills to better meet employers' changing needs. GI Bill funding also provides critical support to help sustain the rich array of over 50 public and private colleges and universities in San Diego, which are now facing significant budget shortfalls.

9%

VETERANS COMPRISE ABOUT 9% OF THE TOTAL SAN DIEGO POPULATION AND OWN 9% OF SAN DIEGO BUSINESSES



SPOTLIGHT VA BENEFITS IN ACTION



After retiring from the Marine Corps, I went to culinary school at the Art Institute of San Diego and graduated with Honors through the Baking and Pastry program. Being able to use the GI Bill gave me the education and confidence to start my own cake artist business that continues to grow.

- Stacie B.



Exhibit 13.
GI Bill Distribution in San Diego - FY2019¹⁰ (\$ in millions)

Tuition and Fees	\$108.8
Housing	\$184.3
Books and Supplies	\$10.6
Work-Study	\$1.5
Yellow Ribbon	\$3.4
Other	\$1.0
Total	\$309.60



26 | CONCLUSION

The military presence in San Diego is vital to its economic and community stability. The synergistic relationship supports and reinforces resilience and growth throughout the entire region. San Diego is not immune from the economic impacts of the COVID-19 pandemic or civil unrest. However, the San Diego military ecosystem provides promise and much-needed strength in this time of

unprecedented disorder. The vast network that contributes to that ecosystem includes Sailors, Marines, Coast Guard members, Reservists, Veterans, retirees, civilian employees, aerospace firms, shipbuilders, electronics companies, colleges and universities, software developers, researchers, along with their families, without whom much of this would not be possible. Beyond economic

impacts, service members and their families are vital to local communities, neighborhoods, and schools. They contribute more as individuals than any economic impact report can represent. In short, San Diego continues to flourish under severe circumstances due in great part to its economic and community partnership with the American military.

The values upheld by San Diego's military service branches set high standards for the region:

THE U.S. NAVY AND MARINE CORPS

Honor, Courage, and Commitment

THE U.S. COAST GUARD

Honor, Respect, and Devotion to Duty

THE U.S. DEPARTMENT OF VETERANS AFFAIRS

Integrity, Commitment, Advocacy, Respect, and Excellence

ACKNOWLEDGEMENTS

SDMAC and the Rady School of Management at UC San Diego would like to thank our local Marine Corps, Navy, Coast Guard, and VA and San Diego community for their enormous support in making this report possible. In particular, members of the following organizations provided data used in this report: Commander Navy Region Southwest, Commander Marine Corps Installation West, Commander Naval Medical Forces Pacific, Sector Commander Coast Guard Sector San Diego, Marine Corps Air Station Miramar, Marine Corps Recruit Depot San Diego, the San Diego Department of Veterans Affairs Regional Office (VARO), the VA San Diego Healthcare System (VASDHS), Blue Star Families, and the San Diego Association of Governments (SANDAG).

END NOTES

1. U.S. Bureau of Economic Statistics; <https://www.bea.gov/system/files/2019-12/lagdp1219.pdf>
2. U.S. Bureau of Labor Statistics; https://www.bls.gov/regions/west/ca_sandiego_msa.htm
3. Yenne, Bill. *Convair Deltas from SeaDart to Hustler*. Specialty Press: North Branch, MN, 2009. ISBN 978-1-58007-118-5. p. 18
4. Linder, Bruce (2001). *San Diego's Navy*. Annapolis, Maryland: Naval Institute Press. p. 122. ISBN 1-55750-531-4.
5. Herman, Arthur. *Freedom's Forge: How American Business Produced Victory in World War II*, pp. 219–34, 242–3, Random House, New York, NY. ISBN 978-1-4000-6964-4.
6. Kevin Starr, "Gibraltar of the Pacific: San Diego Joins the Navy," in Starr, *The Dream Endures: California Enters the 1940s* (1997) pp 90–92, 114–15
7. Auerbach, Alan J., Yuriy Gorodnichenko, and Daniel Murphy. Local Fiscal Multipliers and Fiscal Spillovers in the USA. *IMF Economic Review* (2020) 68:195-229.
8. Chodorow-Reich, Gabriel. Geographic Cross-Sectional Fiscal Spending Multipliers: What Have We Learned? *American Economic Journal: Economic Policy* (2019), 11(2): 1-34
9. Calculation per Bureau of Economic Statistics. See supplementary document for more detail.
10. Data provided directly from military sources. See supplementary documentation for more detail.
11. USASPENDING.GOV
12. Navy Fact File; https://www.navy.mil/navydata/nav_legacy.asp?id=146
13. City of San Diego Comprehensive Annual Fiscal Report 2019; <https://www.sandiego.gov/sites/default/files/cafr-2019.pdf>
14. GAO Report to Congressional Committees; <https://www.gao.gov/assets/690/684771.pdf>
15. https://www.cnic.navy.mil/regions/cnrsw/installations/navbase_coronado/about/nbc-coastal-campus--under-construction-.html
16. <https://www.pendleton.marines.mil/About/Introduction/>
17. City of San Diego Adopted Budget FY2020; https://www.sandiego.gov/sites/default/files/fy20ab_full.pdf
18. <https://www.military.com/daily-news/2020/05/15/usns-mercy-returning-san-diego-after-assisting-covid-19-response.html>
19. U.S. Census Bureau; <https://www.census.gov/quickfacts/fact/table/sandiegocountycalifornia,CA/PST045219>
20. U.S. Department of Veteran Affairs; <https://www.va.gov/vetdata/stateSummaries.asp>



409 Camino del Rio S
Suite #302
San Diego, CA 92108
(619) 299-3763

executivedirector@sdmac.org
www.sdmac.org

For information about our Master's Programs, please contact us at:
RadyGradAdmissions@ucsd.edu

For all other questions or interest in connecting with Rady, please contact us at:
CorporateEngagement@rady.ucsd.edu