

**DEFENSE SPENDING
IN SAN DIEGO: A PROVIDER
OF STABILITY DURING
CHALLENGING TIMES**



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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 living 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

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RADY SCHOOL

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 Flex MBA program for working professionals, a Ph.D. program, a Master of Finance program, a Master of Science in Business Analytics program, a Flex 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.

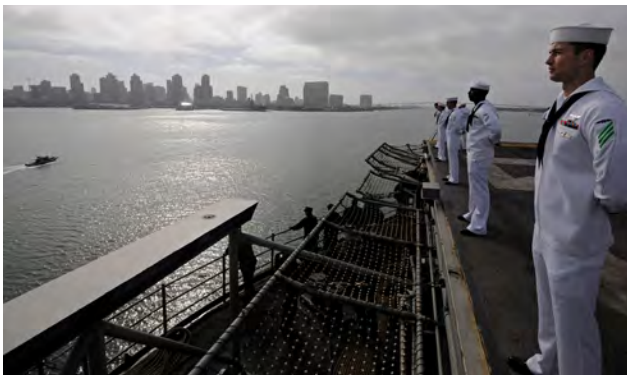
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THE MILITARY ECONOMIC IMPACT REPORT



SDMAC's annual Military Economic Impact Report (MEIR) highlights the positive impact of federal Defense budgets, veteran benefits, and community involvement by our local military, veterans, and their families on our local economy. Through the partnership formed at the start of 2020, the 2022 MEIR report is a product of the rigorous work of MBA students at the Rady School of Management. Leveraging insights from the frontier of academic research, the team's data analysts applied tools to calculate the impact of military dollars on the San Diego region.

The team focused on continued transparency in data collection and presentation, using clear methodology again in this year's report. In addition to the data analysis in the 2022 report, the perspectives of both military servicemembers and private sector business leaders are included to measure both the quantitative and qualitative impact of the military upon the San Diego community. A separate document that details the report methodology, and the report itself, are available on the SDMAC website, www.sdmac.org, and the Rady School website, www.rady.ucsd.edu.

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SDMAC could not accomplish our mission of advocacy for our local military without the support of our members and the generous contributions from our sponsors of this report. The Military Economic Impact Report is our most important form of advocacy, and we thank the sponsors below for making this report possible.

Executive Summary



In our 2021 Military Economic Impact Report we highlighted how the Defense budget significantly lessened our local economic decline during the pandemic. During the depths of the pandemic recession our local Defense economy was thriving, growing 5.4% while other sectors declined 7.7%. As our local economy emerged from the pandemic, we recognized a second benefit from the resiliency created by these Defense dollars as the San Diego Region recovered faster than many other regions.

Our 2022 Military Economic Impact Report shows that Defense spending is providing stability for the San Diego region in a volatile and uncertain period, while the economic recovery from the pandemic battles with inflationary pressures damping down that recovery.

More than 115,000 active-duty service men and women now call San Diego home; they work alongside 3,000 military reservists, and 29,000 civilians directly employed in federal Defense jobs. This year, Defense-related contract spending in San Diego grew by 4% to \$19.3 B, funding another 209,000 jobs. Significantly, all of these people generate additional economic activity as they live and spend within San Diego. As you can see

within this report, when we consider the multiplier effect from this spending we can say that the total Defense contribution to the Gross Regional Product (GRP) grew by 1.8% to \$56.2 B and is responsible for 356,000 jobs. Because of the volatility in our economy through 2022, the best estimates of the San Diego's GRP place it between 0-4% growth, which means that the Defense contribution remains a stabilizing 24.5 +/- 0.5% of total GRP. Strong, dependable, and resilient; the Defense economic sector is a vital component of our local economy.

Exhibit 1.
Defense Spending and Jobs in San Diego Grew in FY 2022

	DIRECT SPENDING	JOBS	GROSS REGIONAL PRODUCT (GRP)
FY 2022 (%Δ from FY21)	\$36.0 Billion (+1.8%)	356,058 (+2.1%)	\$56.2 Billion (+1.8%)
% of SD Economy	N/A	23.2%	24.5%

Defense funds flow into the San Diego economy through a multitude of different avenues – compensation and benefits provided to military personnel and federal civilian employees, retirement and veteran benefits, government purchase cards used for direct spending, and Defense contracts to more than 1,700 local businesses.

The strength of our local community, supported and intertwined with the steadfast efforts and operations of local military personnel and businesses, has been crucial to San Diego's continued growth, innovative outlook, and ability to successfully weather a period of tremendous economic uncertainty. This is SDMAC's 16th annual economic report and once again quantifies the incredible economic impact that Defense spending



has on our local economy. But what makes the San Diego region so great is the relationship that exists between our community the military loves to call home and the many residents here that serve or have served in the military. We like to call this the "synergy beyond the numbers" and while in past reports we have spotlighted examples of the benefits of this relationship, this year we are dedicating a portion of the report to highlight our communities as a way to recognize and thank them for their unsurpassed support for our military.

Today's military is characterized by the call-to-serve, an all-volunteer force that is willing to make sacrifices so that our Nation remains strong and free. This spirit stays with them and can be seen in their families, in their community involvement, and in the work they seek when they transition from active duty service. And our communities warmly welcome them by supporting families while their service member deploys, honoring their service through community events, flags, and banners, by helping them find work when they transition from active duty. Whether a large event like the Blue Angels Air Show or a Military Day at Petco Park or a quiet effort such as laying wreaths at the Fort Rosecrans Cemetery, our community embraces the military like no other and for this, we say THANK YOU SAN DIEGO.

FROM OUR MAYOR TODD GLORIA



The military is woven into the fabric of San Diego and is a critical driver of our economic strength.

This year's report shows continued growth in our military/Defense sector, which not only supports good-paying jobs in our region, but also uplifts many other industries that make our city great. I thank the San Diego Military Advisory Council for highlighting the positive impact of the military and for their ongoing advocacy for the national Defense community in San Diego.

San Diego & The Military: Synergy Beyond the Numbers

Our region's collaborative relationship with the military began even before it came to be known as San Diego. Many of us recall from our history lessons that late in 1542 explorer Juan Cabrillo arrived at what he described as 'a very good enclosed port' that today is known as San Diego Bay. And while the Spanish Fleet may have ported here many times, it was a more recent event that shaped the relationship with the military. One of our city's key leaders, William Kettner, established an insurance business in San Diego and in 1908 helped welcome the Navy's famous "Great White Fleet", which anchored off Coronado as our harbor was too shallow for the ships to enter. Kettner was later elected to Congress where he served on the Rivers & Harbors and Naval Affairs Committees. It was there that he helped secure federal funding to dredge San Diego Bay so that deep draft ships could enter the port, and the dredged materials created valuable lands including along what is now Harbor Drive. Kettner was instrumental in bringing the Marine Corps Recruit Depot to San Diego along with The Naval Training Center, and the Balboa Naval



Hospital. By the time he retired in 1921, Kettner had also secured the land for what are now MCAS Miramar, the Navy's Broadway Complex, and Naval Base San Diego. In the decades since, the Defense Budget has become one of the largest and consistently growing sectors of the San Diego economy.

Multiple military investments helped San Diego recover from the Great Depression, when the Navy spent \$1.4 million and the Army spent \$1.8 million (\$37m and \$43m in 2021 dollars), on construction projects in our region. Later, Consolidated Aircraft Corporation (CAC) moved its main manufacturing



facility to San Diego in September of 1935, producing many aircraft used in World War II, and by the fall of 1941 CAC was the largest employer in San Diego, expanding to 45,000 employees in 1942, about 22% of the City population. 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.

But beyond the economic impact, from "Purple Star Schools" to military spouses working as teachers and nurses, our military and civilian communities blend together to form a community like no other in our Nation. The San Diego Regional economy is incredibly strong due in large part from the dependable and growing Federal Defense Dollars that flow into our regional economy. These dollars do not exist in an isolated economic sector, but rather are integrated throughout the local economy through supporting jobs

and spending on products and services. But beyond these numbers what makes the San Diego region so great is the synergistic relationship that exists between our military and our communities that make them feel both welcome and involved.

The San Diego Military Advisory Council (SDMAC) lives in this collaborative space, and we want you to see what we see each and every day: our neighbors make the military feel welcome, and our service members and veterans love to call this region home. Today's military is characterized by the call-to-serve, an all-volunteer force that is willing to make sacrifices so that our Nation remains strong and free. This spirit stays with them and can be seen in their families, in their community involvement, and in the work they seek when they transition from active duty service.

There is no better example of the effort to welcome our military than the establishment of a "California Purple Star School." This designation recognizes schools that work to reduce the burden on military family students facing challenges from frequent military relocations. Of the 29 schools across the state that have been awarded this designation, 17 are in our region. San Onofre School principal, Lillian Perez, shared "I am so proud of our school's commitment to

this heroic career path presents to families and their school-aged children."

The gratitude for military service shown by our universities and organizations across our region reaches many who serve now or have served in the past. In 1995, the San Diego Padres were the first professional sports team to have a military department, and have earned recognition as the most military friendly professional sports enterprise in the country. Every Sunday home game the Padres recognize a branch of service and offer large discounts to military, veterans, and their families. Many of our local universities and colleges have signed on to the Department of Veterans Affairs' "Yellow Ribbon Program" where tuition and fees are capped at the level covered by the GI Bill, and the university funds the cost difference. "The Rady School is proud to be part of the Yellow Ribbon Program," said Rady School Dean Lisa Ordóñez. "Veterans are valued members of the Rady School community, bringing the unique skills learned in the military to the classroom. Our hope is that the school's participation in the Yellow Ribbon Program enables more veterans to attend the Rady School and receive an education that can accelerate their post-



SAN DIEGO COUNTY PURPLE STAR SCHOOLS FOR 2021-22

- » Bonsall Elementary
- » Bonsall High
- » Bonsall West Elementary
- » Cabrillo Elementary
- » Canyon Hills High School
- » Compass Charter Schools
- » Dana Middle School
- » Dewey Elementary
- » Hage Elementary
- » Jonas Salk Elementary
- » Mary Fay Pendleton Elementary
- » Miller Elementary
- » Montgomery Middle School
- » Ocean View Hills Elementary
- » San Onofre Elementary
- » Sessions Elementary
- » Stuart Mesa Elementary
- » Vivian Banks Charter

our nation's military community. It is an honor to serve our students and families aboard Camp Pendleton." Mary Fay Pendleton School principal, Brian Frost stated "Military connected students in our country deal with a very unique set of circumstances. We are proud to offer support through the many challenges

military careers." Charlotte Johnson, Vice President for Student Affairs of the University of San Diego said "This additional investment in the Yellow Ribbon Program deepens our commitment to our active-duty military, veterans and other military-connected students. USD honors the sacrifice of these students



and their families and I am so pleased we are able to support their education in this way."

Communities across the San Diego Region find their own ways to make our military feel welcome. As the birthplace of Naval aviation, Coronado and the military have been intricately intertwined since 1910, and the gratitude of Coronado for those who serve is manifest in many ways. The Hometown Banner program honors servicemembers who have lived in Coronado with annual ceremonies celebrating their military careers and banners along the City's Avenue of Heroes near North Island. The Coronado Chamber of Commerce hosts active duty members and spouses each year for a formal evening at the Hotel del Coronado. Each day, employees traveling to the local bases more than double the local population, and by hosting a monthly public meeting with elected city leaders, city staff, and Navy leaders issues are worked together. This teamwork between Coronado and the Navy helps coordinate planning. Each May Oceanside celebrates Armed Forces Day, where the Oceanside Chamber of Commerce brings the business community and local residents together to recognize the contributions of the Marines based at Camp Pendleton. Thousands of active duty military, veterans, and their families enjoy a day of free food and entertainment. Since 1964 the Point Loma Optimist Club has honored the military by a patriotic display of American flags. Every Sunday more than 160 flags are placed along Rosecrans Street by a group of volunteers wishing to recognize and honor military servicemembers. From San Diego's designation as a "Coast Guard City," to our local demonstration of support to the military during Fleet Week, no region does more each day to honor and recognize military service.

Sometimes those who served in the military face struggles after leaving the service, and San Diego honors and assists these veterans through community events. The homeless crisis in our region affects our veterans more than any other segment of the population, and since the first "Stand Down" in San Diego in 1988 this program has become a national model for reaching out to our homeless veterans to provide services from hygiene to medical and dental care to legal service to information on shelters and meals. About 50 local organizations participated in this year's event, including Family Health Centers of San Diego, the Legal Aid Society of San Diego, Humanity Showers, the VA, the San Diego Red Cross, Father Joe's Villages and Bayview Behavioral Health Center.

Our local military, veterans, and their families deeply appreciate this great community. It can be seen in both visible and subtle ways as those who serve the Nation also found ways to serve the community. Military spouses are teachers, nurses, store workers and more, all proudly becoming part of the community. From large public events like the Blue Angels Air Show or a fly-over during Military Day at Petco Park to quiet efforts such as volunteering to help our school reading programs or youth sports, the military is here, and we say THANK YOU SAN DIEGO!



Military Spending & Job Creation

MILITARY SPENDING



San Diego's economy historically flourishes thanks to several key sectors including tech, travel, tourism, and Defense. As our economy recovers from the shock of the pandemic, individual sectors and businesses have experienced uncertainty in demand, constraints in supply, and fluctuating pressures of growth and inflation. Defense spending, in contrast, tends to change more predictably due to the military's large investment in personnel and infrastructure, and its duty to maintain a constancy of service to the nation.

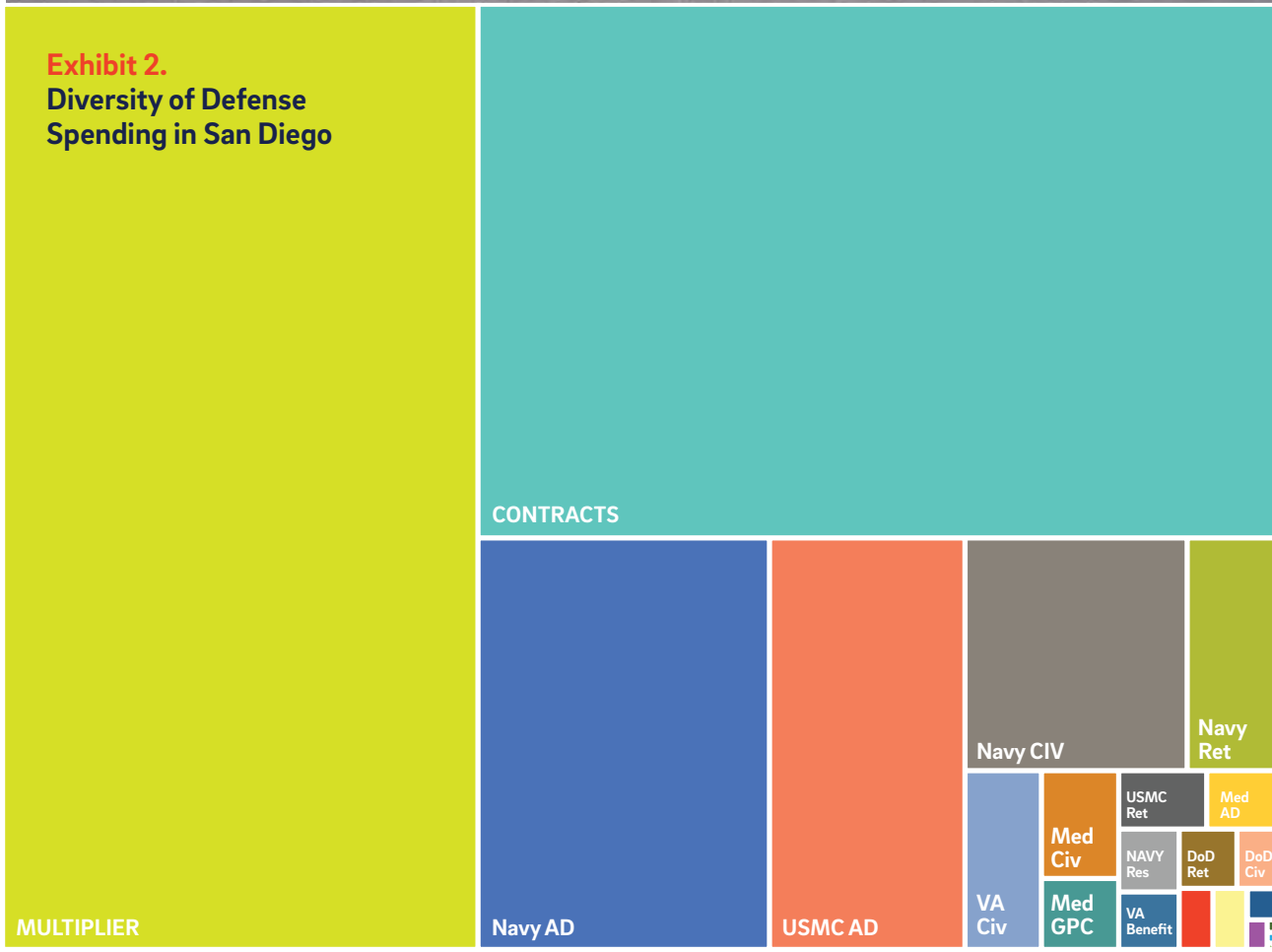
The diverse components of FY 2022 Defense spending in our region help strengthen other economic sectors, through small business targeted contract awards,

spending by active duty and retired military families, and direct purchases of products through 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 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, health care, and disability benefits. Exhibit 2 depicts the multiple different sources of spending, and the relative size of difference groupings of funding within each branch's contribution. Another major contribution to the local economy is the estimated \$19.3 billion in Defense contracting dollars across more than 1,700 different companies in San Diego County during FY 2022. Exhibit 3 depicts the companies in receipt of the greatest percentages of these dollars and Exhibit 4 shows what types of programs these Defense contracting dollars are funding in the area.





Exhibit 2.
Diversity of Defense Spending in San Diego



- Navy AD
- USMC AD
- USGC AD
- Med AD
- Navy Civ
- USMC Civ
- USGC Civ
- Med Civ
- Navy Res
- USMC Res
- USGC Res
- Med GPC
- Navy Ret
- USMC Ret
- USGC Ret
- VA Civ
- VA Benefit
- DoD Ret
- DoD Civ
- Navy GPC
- USMC GPC
- USGC GPC
- VA GPC

Exhibit 3.
Funds Obligated in San Diego by Company

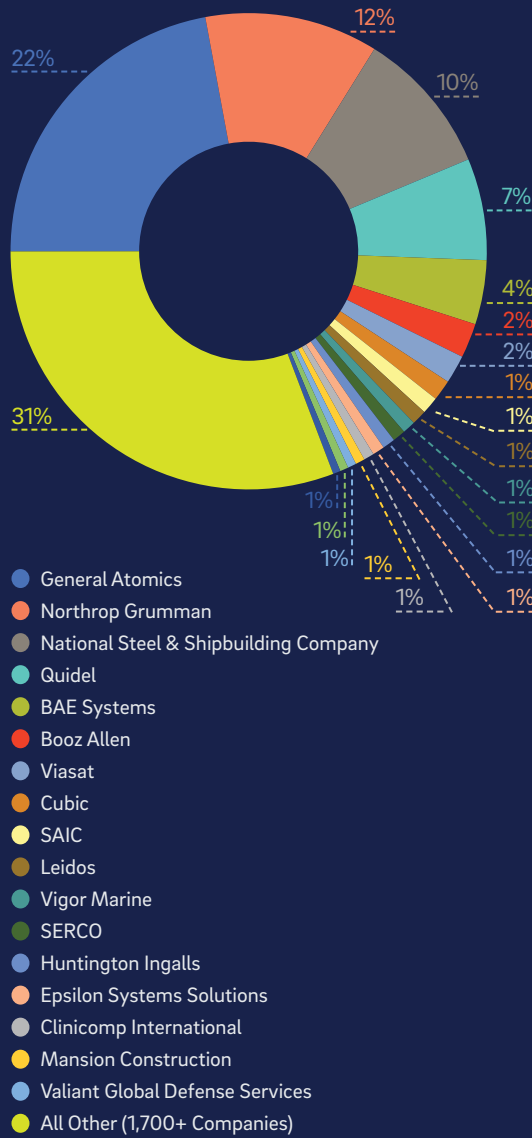
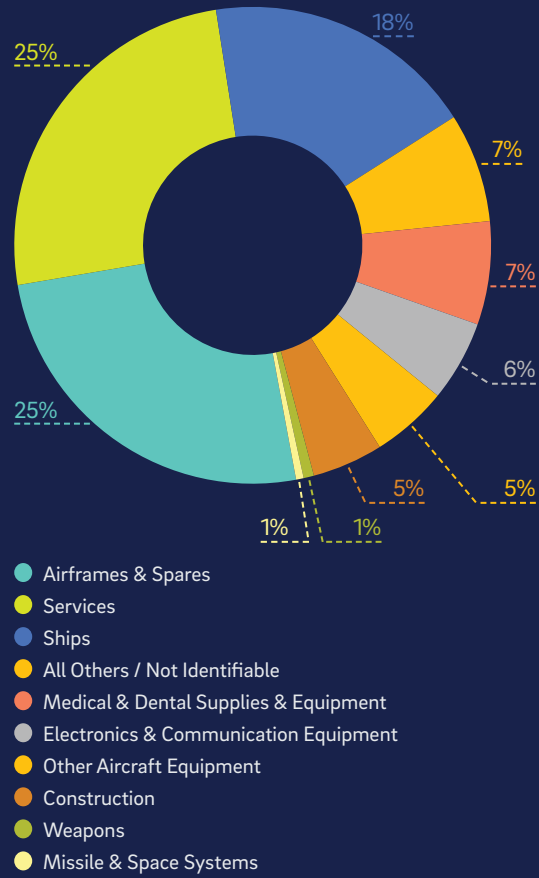


Exhibit 4.
Funds Obligated in San Diego by Program Type



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 year (FN8). 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 results (FN9). As a result of the multiplier effect, the total economic impact of the military in San Diego in 2022 is \$56.2 billion (Exhibit 5). Because of the volatility in our economy through 2022, and the delay inherent in measurements of GRP, we compare the Defense contribution to San Diego's GRP to a range of credible estimates of 0-4% growth, which shows that the Defense contribution remains a stabilizing 24.5 +/- 0.5% of total GRP. Throughout the report, the indirect job impact and GRP multiplier are applied to determine full economic impact.

Exhibit 5.
\$56.2 Billion Impact to San Diego GRP

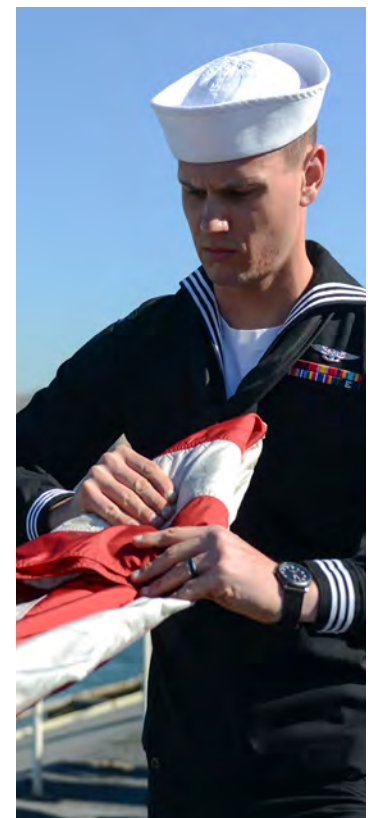
(\$ in millions)	FY2019	FY2020	FY2021	FY2022	%Δ OVER FY21
Employee Compensation	\$11,929	\$12,341	\$13,094	\$12,852	-1.8%
Retirement & VA Benefits	\$3,577	\$3,688	\$3,568	\$3,507	-1.7%
Contracts & Procurement	\$16,194	\$17,474	\$18,594	\$19,338	4.0%
Government Purchase Cards	\$65	\$67	\$85	\$267	214.1%
TOTAL DIRECT	\$31,765	\$33,570	\$35,341	\$35,964	1.8%
Multiplier Impact	\$17,789	\$18,799	\$19,862	\$20,211	1.8%
GRP IMPACT	\$49,554	\$52,369	\$55,203	\$56,176	1.8%

JOB CREATION

The military, through the DoD, DHS, and the VA, employed 147,200 San Diego residents in FY 2022. Approximately 78% of those are active duty (AD) military personnel, 20% civilians (CIV), and 2% reserve military personnel (Exhibit 6). In addition to direct employment, the \$19.3 billion in government contract and procurement dollars generate approximately 200,000 more jobs in San Diego, given estimates that \$100,000 creates 1.08 jobs per year (FN8). Together the total direct and indirect employment make up 23% of the current labor force in San Diego (FN10).

Exhibit 6.
360k Jobs Supported in San Diego

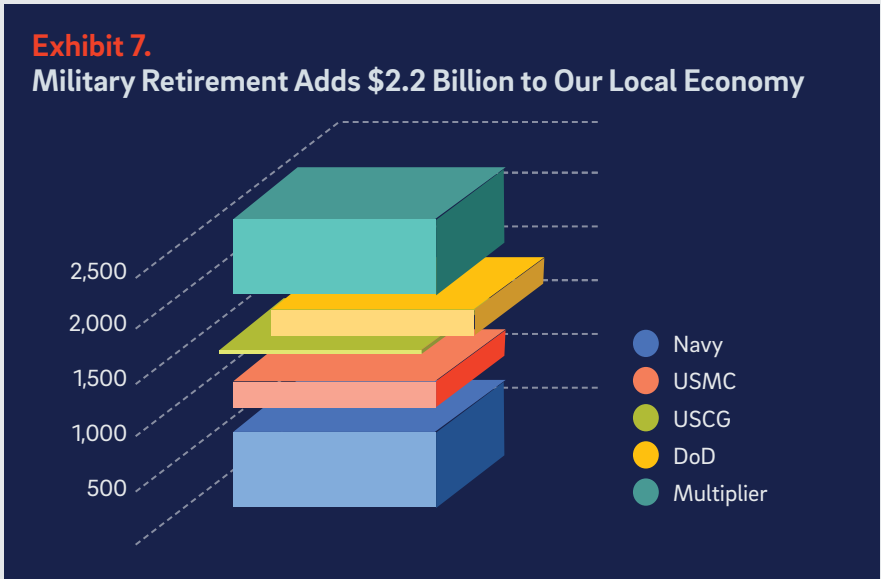
(\$ in millions)	FY2019	FY2020	FY2021	FY2022
USN (AD)	51,850	57,937	59,071	63,747
USMC (AD)	46,189	48,240	46,680	46,063
USCG (AD)	927	927	916	916
Medical (AD)	5,391	5,513	4,806	4,439
CIV	28,498	30,430	29,699	29,290
Reserve	5,352	5,831	2,950	2,745
VA	4,175	4,193	4,177	4,142
TOTAL DIRECT	142,382	153,071	148,299	151,342
Indirect (Result of DoD contracts)	175,617	189,426	200,813	208,815
TOTAL JOBS	317,999	342,497	349,112	360,200





RETIREES

San Diego remains home to many long after their orders are complete. FY 2022 is seeing over 37,000 retired military personnel decide to stay for the long term (FN2). The net effect of these men and women choosing to make America's Finest City their long-term home is a bolstering \$1.4 billion dollar impact to San Diego's economy from retirement dollars alone (Exhibit 7).



SPOTLIGHT FUTURE NAVAL CYBER INITIATIVES COULD CALL SAN DIEGO HOME

In the year 2023, to achieve the Pentagon's ambition for Joint All-Domain Command and Control, the Navy will deploy a carrier strike group with sophisticated networking capabilities (JADC2). The projected advancements are the product of Project Overmatch, the Navy's contribution to JADC2, which promises seamless information sharing and accelerated threat response across land, air, sea, space, and cyber. While exact financial information on the program could not be located, it is anticipated that the Navy's JADC2 contribution will become a program of record with a direct line of government support. This program of

record might reside in San Diego among other PORs at NAVWAR Headquarters. According to a Defense News report dated September 12, 2022, Undersecretary of the Navy Erik Raven states that funding is being allocated to Overmatch, indicating that the program is unlikely to disappear very soon. If all goes according to plan with the carrier strike group in the beginning of 2023, the sophisticated information-sharing technologies will be transferred to more Navy branches. According to the report in Defense News, Project Overmatch remains the second priority of the Chief of Naval Operations.



Demarest, C. (2022, September 12). Navy to deploy Carrier Strike Group with Project Overmatch Networking. Defense News. Retrieved September 29, 2022, from <https://www.Defensenews.com/naval/2022/09/08/navy-to-deploy-carrier-strike-group-with-project-overmatch-networking/>



United States Navy

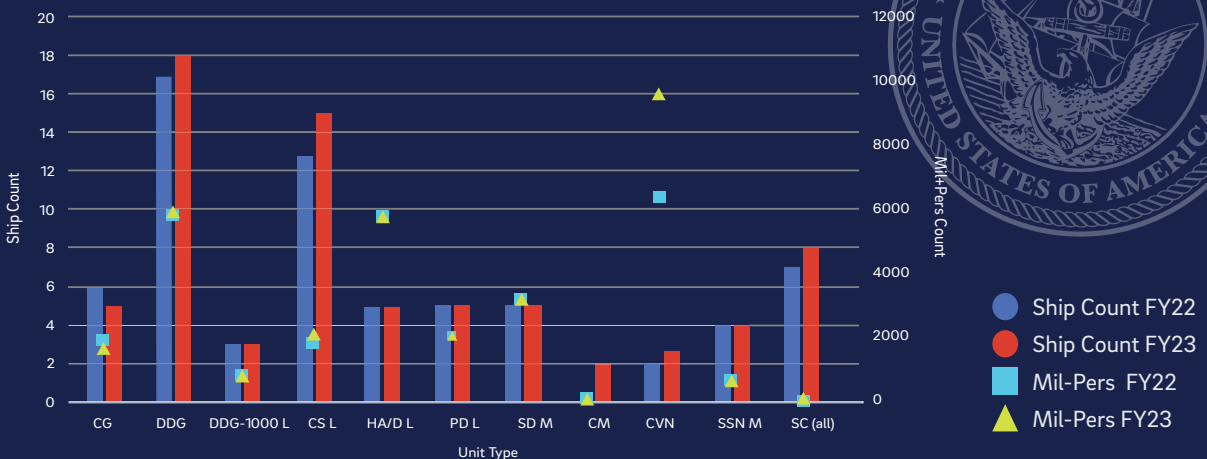
San Diego is a unique Port for the U.S. Navy. It is designated as a National Strategic Port by the Secretary of Defense because of transportation hubs and cargo handling capacity vital for military readiness and response. Our Port is also home to one of the largest concentrations of seapower in the world, where more than one of every six Sailors is assigned. Finally, San Diego is home to numerous operational and administrative commands, including Naval Special Warfare Command (oversight and training of SEALs), the Navy's Third Fleet (operational control of all Navy activities in the Eastern Pacific Ocean), Naval Surface Force (responsible for manning, training, and equipping all surface ships), Naval Air Forces (responsible for manning, training, and equipping all aircraft and aircraft carriers in the Navy), Navy Region Southwest (oversight of Base Operating Shore Support for ten Naval Installations across six states), Naval Information Warfare Systems Command (headquarters for the development and production of all Naval command and control systems), Naval Medical Forces Pacific (oversight of Navy Medicine's Western U.S. and Pacific operational medical capability within hospitals and Navy Medicine's medical research and development laboratories), and Naval Surface and Mine Warfare Development Command (training and doctrine headquarters). San Diego is also the operational home to Carrier Strike

Group headquarters and Expeditionary Strike Group, each led by an Admiral.

As the home port for about 24% of all Navy vessels and 17% of Active Duty personnel, San Diego has one of the largest naval personnel concentrations in the country (FN2, FN18).

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). Additionally, several classes of ships owned by Military Sealift Command and manned by Civilian Mariners are home ported in San Diego. Ship information are estimates based on Strategic Laydown and Dispersal efforts and can result in an increase and decrease due to homeporting or home-basing of platforms year over year. To that point, ship count did not reach the expected high of 72 projected in our 2021 report as the Navy decided to begin a significant decommissioning plan that retires older or under-performing ships. In particular, the LCS Class began early decommissionings (4 in San Diego) and retirement of the MCM and TAO classes (total of 5 San Diego ships). Counteracting this are the continued arrivals of newer ships, but not as one-for-one replacements of the ships being retired.

Exhibit 8.
San Diego is Homeport to 66 Ships and Growing



SPOTLIGHT - NAVY SHIPBUILDING

A christening marks one of the first significant milestones in the lifetime of a ship. In FY2022, San Diego witnessed two christenings of ships built locally at the General Dynamics NASSCO shipyard. These were the future USNS John Lewis and USNS Harvey Milk, the first two of the T-AO 205 Class Fleet Replenishment Oilers. Design and construction of these ships began in 2016 when NASSCO was



awarded a contract to build the first six of the class. NASSCO's local team of highly skilled engineers, trades workers, and support staff went to work immediately to ensure all the needs of the sailor were incorporated into these ships. With the vast majority of work being completed in San Diego, over two million labor hours have gone into each ship with many local suppliers also contributing equipment to their build. Additionally, over 50 different suppliers from around the country contribute to providing equipment of varying sizes and functions that requires an intricate supply chain network to be coordinated to ensure on-time delivery to meet construction deadlines. Work will continue on the remaining ships of the contract through 2026, providing a steady backlog of work for the over 3,000 employee NASSCO workforce. NASSCO is proud to be providing ships to the Navy and also jobs to the local community.



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. San Diego's active-duty Marines total over 48,000 service men and women (FN2).

Marine Corps Air Station Miramar, located about 14 miles north of downtown San Diego, is home to the 3rd Marine Aircraft Wing which is the aviation element of I MEF.

Marine Corps Recruit Depot (MCRD) San Diego, one of two MCRDs in the United States, is located in Point Loma and is home to the Western Recruiting Region Headquarters. MCRD San Diego/Western Recruiting Region is responsible for recruiting and providing basic training for 17,000-18,000 young men and women recruits who come from states west of the Mississippi river.

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' training ranges and infrastructure 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.

SPOTLIGHT - AFCEA WEST CONFERENCE

In insightful panels, workshops, and networking events, leaders from government, military, academia, and industry often come together at conferences to discuss critical policy, programs, and maritime service issues to identify how to meet DoN needs with cutting-edge solutions. Across various venues and various sectors, attendees love coming to San Diego to host their events. The DoN co-sponsored Gold Coast conference connects over 200 government agencies and industry organizations, including Acquisition Professionals from the ten Navy Systems Commands (acquisition commands).

The WEST event, co-sponsored by AFCEA International and the U.S. Naval Institute, is the most notable regional conference designed to help explore the latest platforms, technologies, and networking capabilities that support the Sea Services' operations. Leaders



convene to discuss how technologies will impact Sea Service operations. Registration is free for military and government personnel. More than 150,000 professionals in the U.S. Navy, Marine Corps, and Coast Guard who live in the San Diego area to complete their missions successfully depend on the open discussions and valuable networking WEST provides. Senior military and government officials talk directly to the operators to gain valuable feedback. Industry leaders attend because they can connect with decision makers and operators over the three-day event.

The 2022 WEST conference drew 8,468 total attendees over three days (this includes all attendee types, plus exhibitors, staff, speakers, and press), with more than half of these attendees from outside California and more than 5,000 from outside the San

Diego metro. 5,390 hotel rooms were booked at the industry rate, and 1,271 hotel rooms were booked at the government rate. With an average revenue per available room (RevPAR) of \$176 per night (as of 2021), the expected revenue from hotel bookings alone totals \$1,172,336. The Naval Institute and AFCEA also reserve the San Diego Convention Center for three days. Additionally, local contractors are hired for catering (over \$250k), booth set-up and break-down (for more than 850 booths), security, furnishings, cleaning, and storage. Lastly, audio/visual needs throughout the event and on the exhibit floor are contracted from local vendors, and union labor is used for most of these contracts. The estimated stimulus from a three-day WEST conference is over \$19M.

These conferences and other similar events bring together U.S. small businesses and military experts



and serve as a catalyst for economic development, provide employment opportunities, and drive new ideas and innovations. To nurture their essential role in the economy, the Federal Government has established programs and annual small business contracting goals for prime and subcontract dollars. The intent is to ensure that small businesses have opportunities to fulfill the public policy objectives of the Federal government and provide warfighters access to a source of innovative products and services. For the San Diego community, these conferences provide opportunities for local vendors and contractors to support the government, military, academia, and industry and significantly contribute to the regional economy.

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 provider of first responders for military and civilian crises. San Diego is home to the first Coast Guard Air Station and is the only Sector that couples aviation with Captain of the Port authorities. 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 officers from the Department of Homeland Security, California National Guard, San Diego Port Authority, and the San Diego Harbor Police. This unique arrangement strengthens partnerships and allows for rapid

coordination that ensures effective emergency response services.

Each day, the men and women of the 43,000 plus active duty Coast Guard, over 8,000 Reservists, and 30,000 Auxiliarists provide services over 3.4 million square miles of Exclusive Economic Zones.



ON ANY GIVEN DAY IN THE UNITED STATES, THE COAST GUARD (FN17):

- » Responded to 19,790 Search and Rescue cases, saved 3,560 lives and more than \$77 million in property.
- » Removed 107 metric tons of cocaine bound toward the U.S. via the Transit Zone.
- » Continued the deployment of six Patrol Boats and 400 personnel to protect Iraqi critical maritime oil infrastructure and train Iraqi naval forces.
- » Conducted 919 escorts and patrols to support 190 domestic U.S. military cargo out-loads.
- » Conducted 25,500 container inspections, 5,000 facility safety and marine pollution related inspections, and 1,195 cargo transfer monitors to ensure safety and environmental stewardship of the maritime domain.
- » Conducted 1,424 boardings of high interest vessels designated as posing a greater-than-normal risk to the United States.
- » Interdicted nearly 3,000 undocumented migrants attempting to illegally enter the United States.
- » Conducted over 3,700 safety and security exams on vessels operating on the U.S. Outer Continental Shelf.
- » Conducted over 11,600 annual inspections on U.S. flag vessels inspected and certificated in accordance with 46 Code of Federal Regulation (CFR) 2.01-7.
- » Conducted 4,603 investigations for reportable marine casualties involving commercial vessels.
- » Conducted over 49,000 recreational vessel boardings, issued over 12,000 citations, and visited 1,150 recreational boat manufacturers in conjunction with state efforts to provide education and ensure compliance with federal regulations.
- » Conducted over 6,000 fisheries conservation boardings.
- » Investigated and responded to over 3,300 pollution incidents.
- » Verified more than 70,000 Transportation Worker Identification Credentials.
- » Screened over 436,000 vessels, including over 117,000 commercial vessels and 29.5 million crew members and passengers

SPOTLIGHT - FISHERIES MANAGEMENT MISSION

The fishing industry has enriched the San Diego economy for many years, especially the vibrant tuna industry dating back to the early 20th century. Currently, the San Diego commercial fishing fleet consists of approximately 270 vessels. Some of the species that are sought are lobster, groundfish, tuna, swordfish, coastal pelagic, sea urchin and rock crabs. The United States Coast Guard (USCG) Sector San Diego is a part of the larger District Eleven which also includes the ports of Los Angeles, Long Beach and San Francisco. One of the statutory missions of the USCG is the protection of Living Marine Resources including fisheries law enforcement in partnership with the National Marine Fisheries Service. Last year alone over 12,000 mission hours were expended within the Eleventh District jurisdiction on the enforcement of this mission. Typical violations include failure to carry Highly Migratory Species logbooks, fishing in closed areas, fishing during closed periods and violations of Observer regulations.



Navy Medicine



Navy Medicine has an extensive presence in San Diego headed up by its regional command, Naval Medical Forces Pacific (NMFP), located on Naval Base San Diego. In a collaborative relationship with the Defense Health Agency (DHA) which oversees the delivery of health care in military treatment facilities (MTF), NMFP provides command and control of all subordinate Navy Medicine Readiness and Training Commands (NMRTC), Readiness Training Units (NMRTU) and assigned operational platforms in the western U.S. and Pacific regions (including two in San Diego County) to ensure they are fully trained, properly manned, and capably equipped to be forward deployable and ready to execute operational medicine responsibilities in support of warfighter requirements. Additionally, NMFP oversees eight Navy Medicine Research and Development Commands around globe, including Naval Health Research Center here in Point Loma.

In 2021, authority and oversight of healthcare delivery to all eligible beneficiaries at San Diego-based MTFs were transferred to DHA's newly established San Diego Market Office, which is managed on behalf of DHA by the Commander, NMFP. The San Diego Market is comprised of Naval Medical Center San Diego (NMCSDD) and Naval Hospital Camp Pendleton (NHCP), along with their 24-branch medical and 11 dental clinics that, when

coupled with DoD's TRICARE health insurance program, are responsible for 357,000 eligible beneficiaries locally. All told, in FY2022 military medicine employs 7,330 people in San Diego, with 4,439 of them being active duty. NMFP, NMCSDD, NHCP, and NHRC contribute a combined total of over \$825M in direct support of the San Diego community (FN2).

The focus of NMCSDD and NHCP is to deliver optimized medical readiness tailored to operational requirements, enhance the readiness of the medical force to sustain expeditionary medical capability, and train and develop the Navy Medicine force. This is accomplished by delivering high-quality and



safe patient-centered care to active duty, retirees and associated family members. Both MTFs are teaching hospitals responsible for developing the next generation of Navy medical professionals. NHCP offers a residency program in Family Medicine



and a fellowship in Sports Medicine. NMCS D offers physician internships, residencies, and fellowships in many specialties, and is a training site for enlisted Hospital Corpsmen, as well as nurses, dentists and allied health professionals.

Navy Medicine conducts extensive research and development activities in San Diego at NHRC. NHRC's team is a mix of active duty service members, federal civil service employees, and contractors and includes researchers and scientists whose expertise ranges across physiology, microbiology, biomedical engineering, psychology, epidemiology, and software engineering. NHRC science conducted in both field and laboratory settings spans the spectrum from physical readiness to joint medical planning to wounded warrior recovery and behavioral health needs. The focus is on research that is operationally relevant, driven by fleet requirements, and essential to the health, readiness, and well-being of our nation's military members and their families. NHRC's core research divisions include Operational Readiness and Health, Military Population Health, and Operational Infectious Diseases.

As a part of the San Diego community, these two Navy hospitals and NHRC have access to a high concentration of the 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, corpsmen, researchers, and other medical professionals gain through their incomparable experiences 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 presence ensures not only a medically ready force and a ready medical force, but also that service members, families, and retirees in the area receive exceptional care in a setting with broad DoD engagement in the rich healthcare and life science environment of San Diego.



U.S. Department of Veterans Affairs

The U.S. Department of Veteran's Affairs (VA), and specifically 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 230,507 local Veterans comprise about 17% of the total San Diego population (FN2, FN13).

The Veterans Benefits Administration (VBA), part of the VA, aids service members in their transition from battle and help support 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).

During Fiscal Year 2022, San Diego VA Regional Office administered approximately \$37 million for non-service-connected pension benefits for Veterans and survivors based on wartime service. \$383 million in total education benefits, \$191 million in total medical care in San Diego County alone and \$1.7 billion in VA Compensation benefits (Exhibit 11). The San Diego VA Regional Office's approximate \$2.3 billion spending in FY 2021 is up 5.3% from last year.



VA San Diego Healthcare System provides comprehensive medical inpatient and outpatient services through their facility in La Jolla and outpatient services in six different clinics across the county, through the nation's largest integrated health care network, employing over 4,000 people in San Diego in FY 2022 (FN2).





Summary

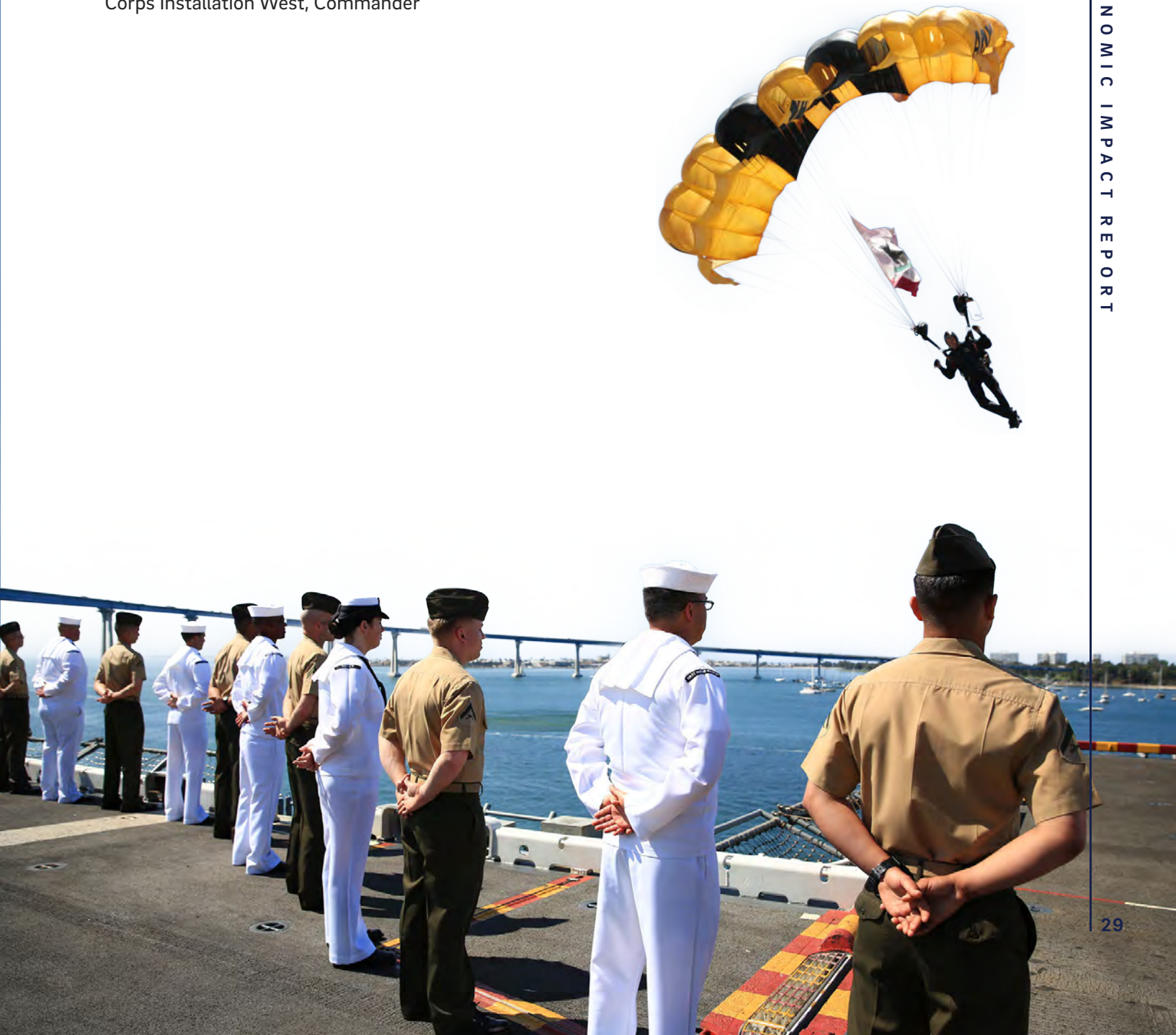
This past year represents an important transition in our history; as a country we've made tremendous medical advances and rallied behind continually advancing vaccines to enable a return to normalcy. While San Diego and the nation have both enjoyed and endured an uneven recovery, the steadying influence of the military on our local economy remains a constant. Between job security provided at a time when jobs weren't secure, to direct spend and spillover dollars when business certainty was not certain, the military community and its needs have helped to meet the needs of our communities. Across all branches, the Sailors, Marines, Coast Guard members, Reservists, Veterans, Retirees, civilian employees, aerospace and Defense firms, shipbuilders, electronics and software companies, and technology companies, the benefit and contribution to the community have been apparent, and each has done their part in helping propel our San Diego economy forward.



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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).





Foot Notes

FN1 - https://www.sandag.org/uploads/publicationid/publicationid_4712_28193.pdf

FN2 - Data provided directly from military sources. See supplementary documentation for more detail.

FN3 – Bureau of Economic Statistics data. See supplementary document for more detail on calculations.

FN4 – inflation dollars: <https://www.in2013dollars.com/us/inflation/1915?amount=1400000>

FN5 - Linder, Bruce (2001). *San Diego's Navy*. Annapolis, Maryland: Naval Institute Press. p. 122. ISBN 1-55750-531-4.

FN6 - 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.

FN7 - 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

FN8 - Auerbach, Alan J., Yuriy Gorodnichenko, and Daniel Murphy. *Local Fiscal Multipliers and Fiscal Spillovers in the USA*. *IMF Economic Review* (2020) 68:195-229.

FN9 - Chodorow-Reich, Gabriel. *Geographic CrossSectional Fiscal Spending Multipliers: What Have We Learned?* *American Economic Journal: Economic Policy* (2019), 11(2): 1-34

FN10 – Bureau of Labor Statistics; San Diego Labor Force https://www.bls.gov/regions/west/ca_sandiego_msa.htm#eag_ca_sandiego_msa1.f.p

FN11 - <https://sandiego.tricare.mil/About-Us>

FN13 - SD population <https://www.census.gov/quickfacts/fact/table/sandiegocitycalifornia/PST045219>

FN14 - <https://news.usni.org/2021/04/20/fleet-exercise-includes-live-missile-shoot-as-navy-pairs-crews-with-unmanned-systems>

FN15 - Navy Large Unmanned Surface and Undersea Vehicles: Background and Issues for Congress <https://crsreports.congress.gov/product/pdf/R/R45757>

FN16 - https://www.navy.mil/Portals/1/Strategic/20210315%20Unmanned%20Campaign_Final_LowRes.pdf

FN17 - [About the U.S. Coast Guard \(uscg.mil\)](https://www.uscg.mil/)

FN18 - <https://www.csis.org/analysis/us-military-forces-fy-2021-navy>



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