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UPDATE: “Military & Defense Sector”

*Progress Report on Economic Development, OEA Grant,
BRAC & Future Efforts*

*Presentation to the Joint Committee on Military & Veterans Affairs,
Washington State Legislature*

8 January 2015

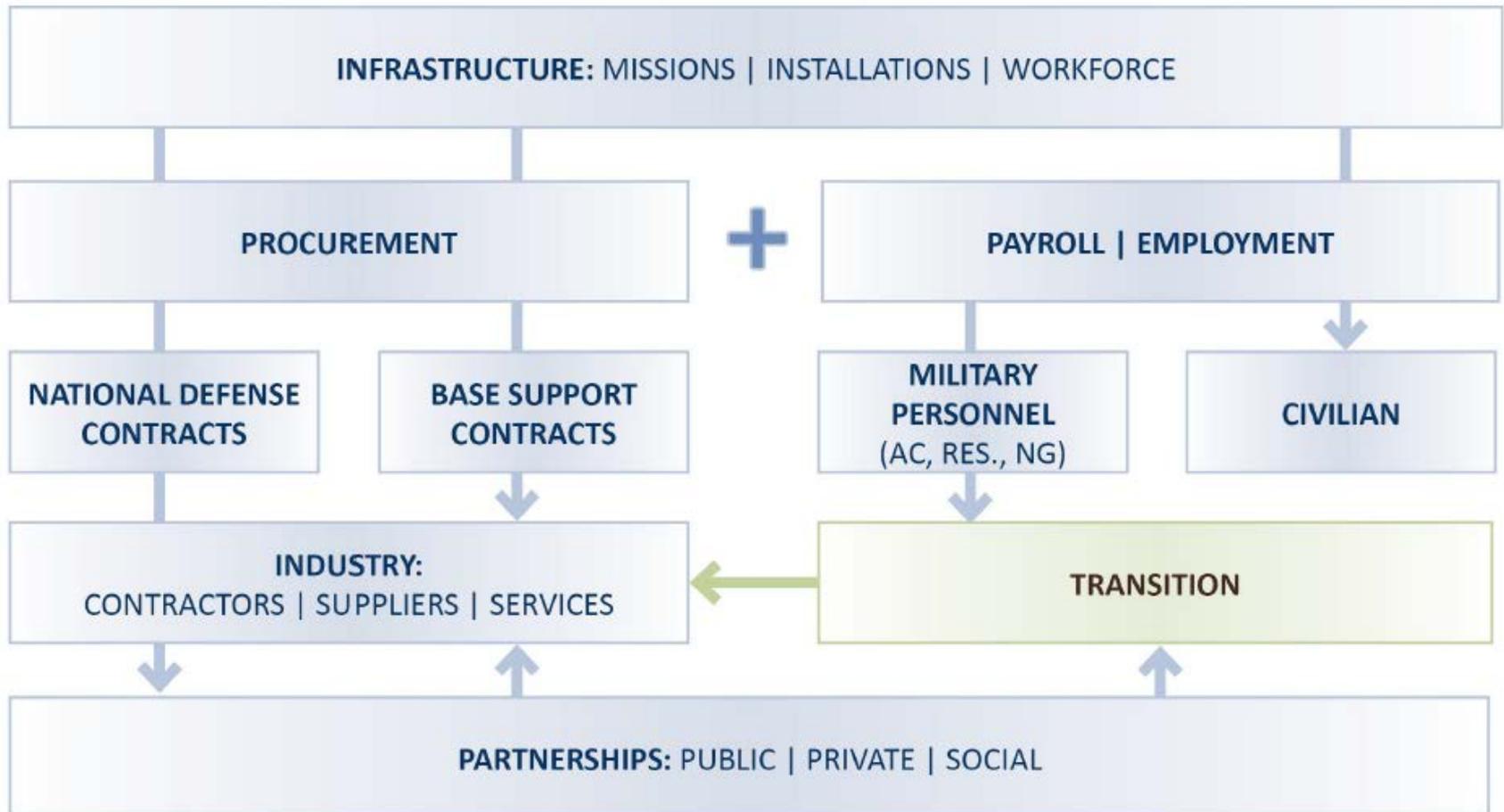


The Sector

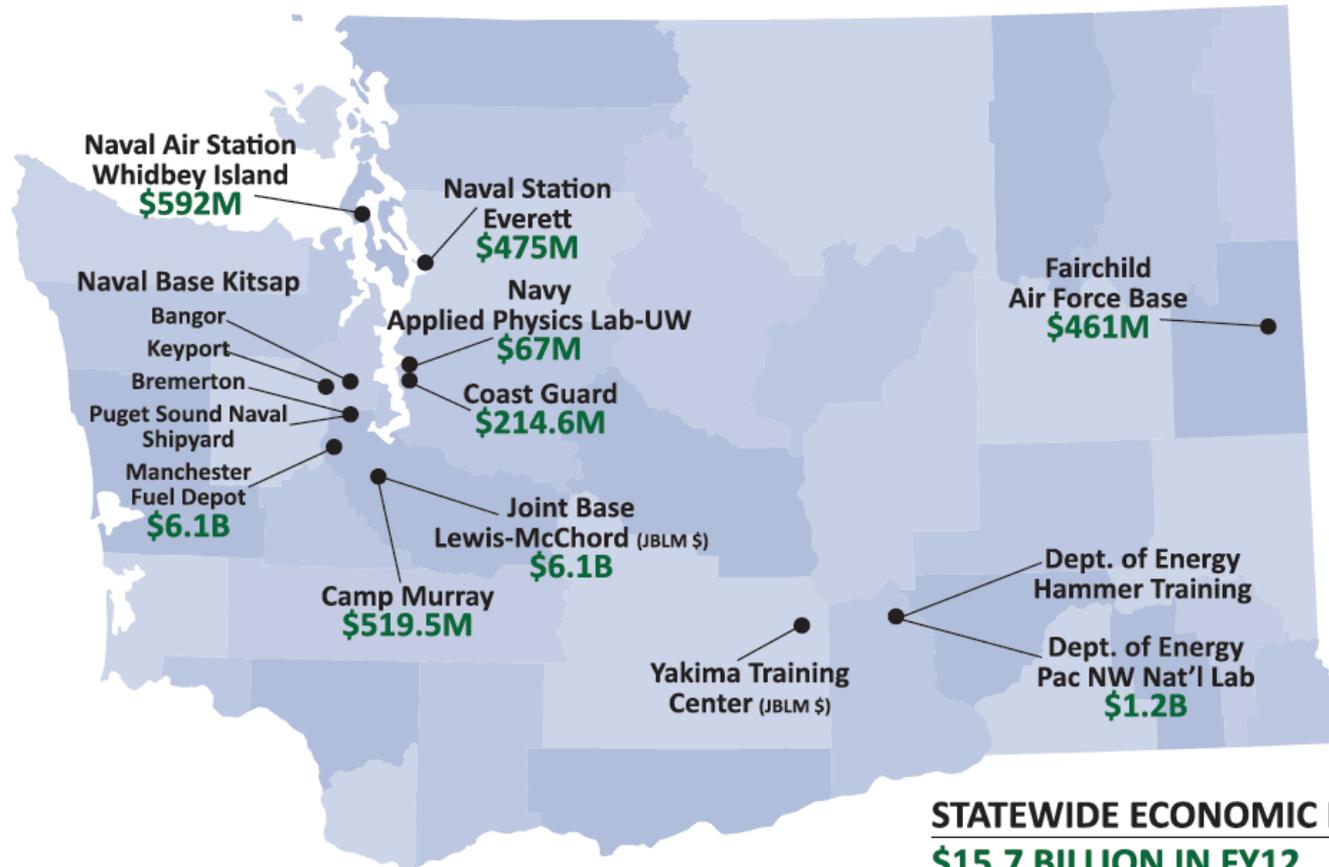
Overview of Military & Defense Sector



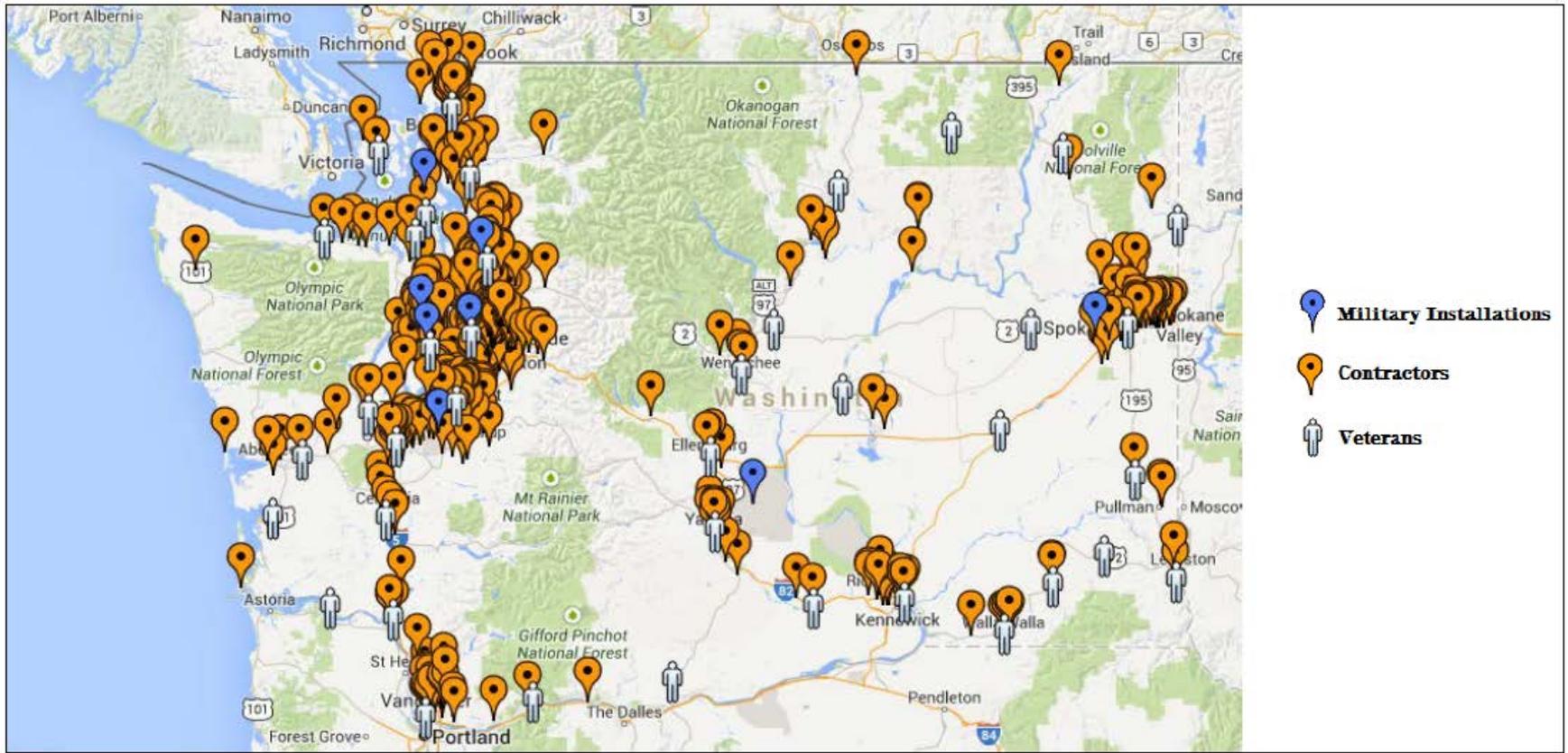
How We Define “Military & Defense Sector” in WA



INFRASTRUCTURE: What Are We Protecting?



INDUSTRY: What Are We Promoting?



PARTNERSHIPS: What Are We Fostering?



National Defense
Industrial Association (NDIA)



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Naval Air Station
Whidbey Task Force (NASWTF)



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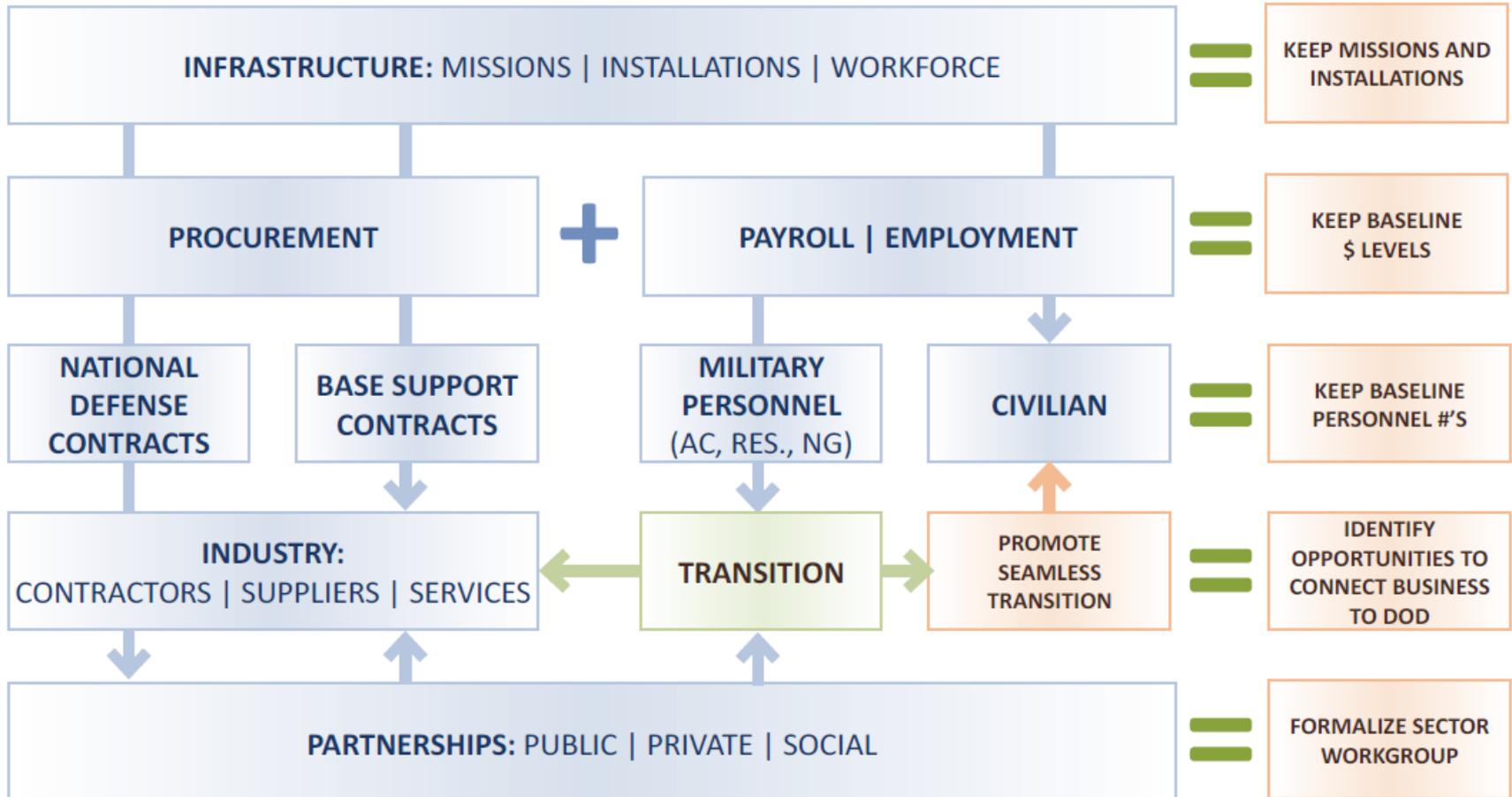


Progress Report:

How Are We Measuring Success on Economic Development?



SECTOR: Key Performance Indicators



KPI: Keeping Missions & Installations - **ONGOING**

Challenges

- Compromising Military Training Ranges
- Naval Air Station Whidbey Island Outlying Landing Field, Navy Lawsuit
- McChord Field Encroachment
- Fairchild AFB Encroachment

Opportunities

- JBLM is conducting a Joint Land Use Study (JLUS)
- NBK is conducting a Joint Land Use Study (JLUS)



KPI: Keeping Baseline DOD Spending Levels - **ONGOING**



Challenges

- DOD must decrease spending
- Without reforms to legacy personnel programs, must look to contract spending levels, missions and acquisition programs

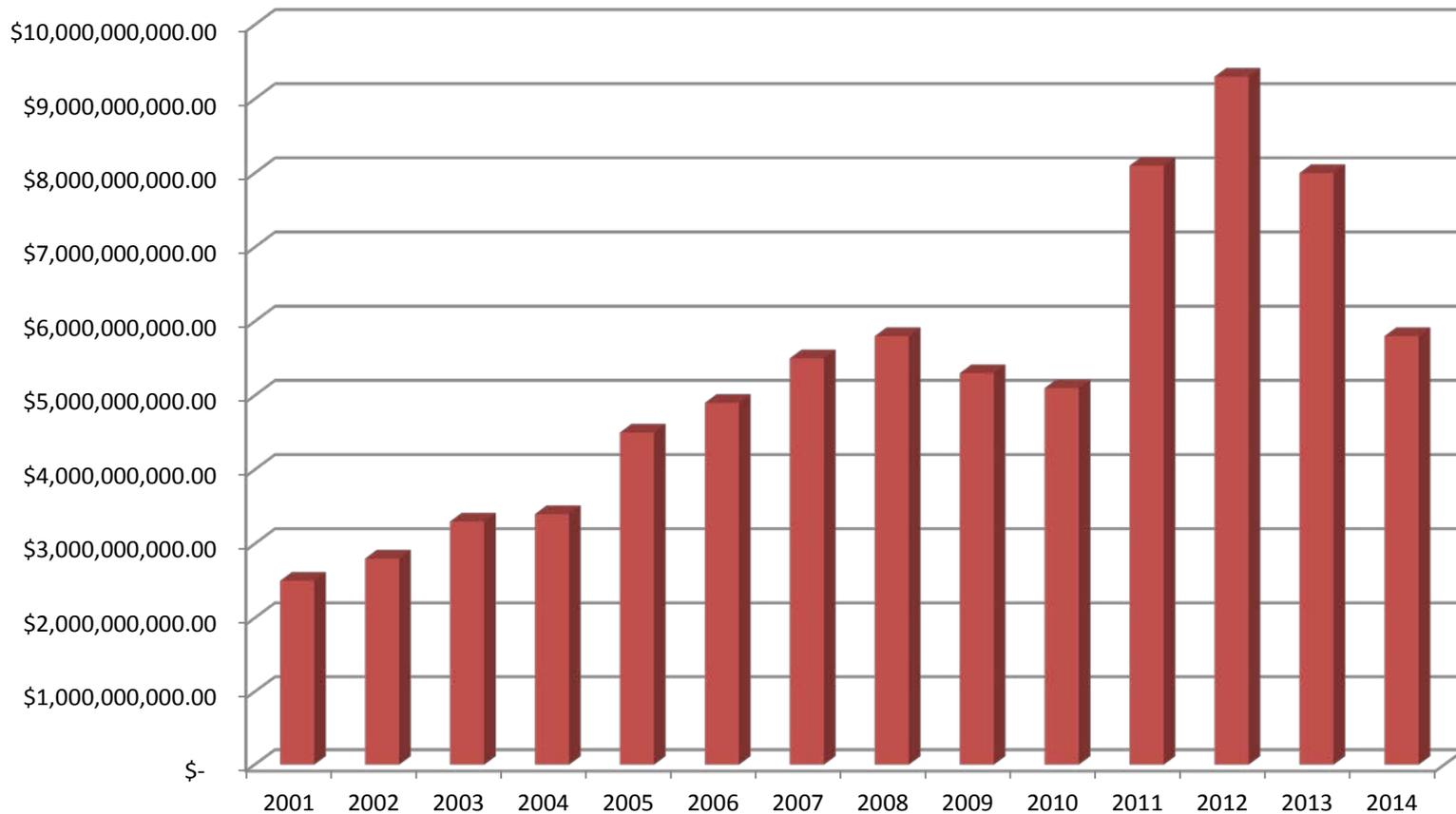


Opportunities

- Demonstrate efficiencies in public-private partnerships
- Demonstrate efficiencies in joint-service operations



DOD SPENDING: Where is the Baseline in WA?



KPI: Keeping Baseline Personnel #'s - **ONGOING**

Challenges

- Army Force Structure Reductions
- Air Force Force Structure Reductions

Opportunities

- Coordinated state-level responses to the Pentagon
- Focus on Civilian & Contractor transition proactively



KPI: Promoting Seamless Transition by Connecting Industry to DOD Talent Pool - **ONGOING**

Challenges

- Increased “push-out” of personnel given need to decrease spending
- Furloughs/Sequestration

Opportunities

- WA is leading the way on transition efforts, with strategic investments, could generate a national model for supporting DODs efforts
- Demonstrate WA is a good place to locate soldiers because of our military friendly communities and state policies/legislation.



KPI: Formalize Sector Workgroup



Challenges

- Over 20+ different stakeholder groups spread across the state
- Differing interests and needs by various location
- Differing levels of experience in military affairs

Opportunities

- To speak with one voice on common issues
- To strengthen state level response to emerging issues
- To provide clear advocacy agenda to federal and state decision makers



KPI: Formalize Sector Workgroup - **COMPLETED**



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Progress Report:

*How Are We Measuring Success on **BRAC**?*



BRAC VS. “STEALTH” BRAC

BRAC (Base Realignment & Closure)

- No BRAC is currently planned for in Congress
- Rumors about a potential 2017 BRAC, but lack of willingness from Congress to pursue

“STEALTH” BRAC

- Under National Defense Strategy, military must decrease defense spending
- Further pressure under impending return of Sequestration
- Without a BRAC authorization, military will look to alternative ways to decrease spending – including personnel reductions, moth-balling installations, and cutting procurement contracts.





Progress Report:

What Do Our Future Efforts Look Like?



KPI: Growing Future Missions - **ONGOING**



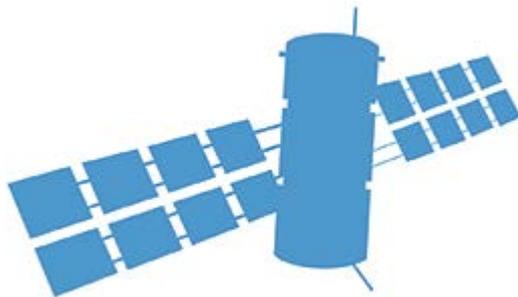
Arctic Security



CyberSecurity



Defense Health



Unmanned Systems &
Space Exploration



Renewable Energy

MORE INFO: <http://wamilitaryalliance.org/projects/future-missions/>



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THE OEA GRANT: Why It Matters to WA



The military and defense industry provides **tens of thousands of jobs** for Washington families and **contributes billions of dollars** to our economy each year.

Washington is **home to over 1,500 businesses** supporting and supplying the DOD & DHS.

Another **1,500 businesses outside WA** are getting WA based contracts and taking that money back to their home states.



THE OEA GRANT: Why It Matters to WA

PROBLEM: What is not clear to the state, is to what extent of the hundreds of companies that are doing business with the DOD or DHS:

- exactly what portion of the company's revenue is reliant on military and defense spending,
- what skills and knowledge are required by the companies' workforce to be able to meet the military's or national defense needs and
- given the current strategy to reduce defense spending, what it would mean for these companies and thus Washington's economy.

Of equal concern, is the need for Washington State to be prepared to support the defense industry in our region as this planned reduction in defense spending at the national level continues to play out, thus requiring both short-term operations plan and a long-term strategic plan.



THE OEA GRANT: Why It Matters to WA



PURPOSE: To develop a proactive response that will significantly mitigate the potential catastrophic impact of federal defense budget cuts and sequestration on a region which has become increasingly dependent on military and defense contracts.

REPRESENTS:

- **\$4.3M from DOD to WA**
- **Two year grant award period**



OEA GRANT: What It Does Not Do



- DOES NOT focus on BRAC-proofing
- DOES NOT create long-term funding
- DOES NOT solve industry's needs



OEA GRANT: What It Would Do - GOALS

- Understand the extent of the **military and defense contracting footprint** in the state,
- Reduce the exposure of regional businesses to a reliance on military and defense spending and **develop a diversification strategy** and support system for those companies that are overly reliant on defense spending,
- Support capability for **technology transfers** and advanced commercial spin-off to the private sector,
- Generate a **“seamless” transition** or “soft-landing” for dislocated defense contract employees,
- Understand **future opportunities for industry growth** in both the public and private sector in order to meet defense needs,
- Focus on retaining and **strengthening the defense sector businesses and workforce** that make Washington their home and support national defense interests.



OEA GRANT: What It Would Do – EXPECTED RESULTS

1. **Assessment and Forecasting Capacity** to understand the extent of the military and defense contracting footprint in the state,
2. **Identified diversification strategy** for companies overly reliant on defense spending, with clear alternative solutions and resources identified to support such diversification,
3. Identified **feasibility study** outlining capability for technology transfers and advanced commercial spinoff into the private sector,
4. Identified **defense contractor transition process** that connects employees to growth industry and provides a technology tool to support their transition process,
5. Clearly identified **strategic plan** for understanding and **seizing opportunities for industry growth**,
6. Identified **retention and support strategy for military and defense business** and workforce talent in Washington.





Where Do We Need Your Help?



3 WAYS THE STATE & YOU COULD HELP:

Continue Funding Military Sector Lead Position - \$300k

- This position provides for state level support & resource coordination to the federal, state and local partners.
- In the 10 months this position has been “up and running”, the sector has accomplished over 60% of its stated goals for the first year.

Support Development of “BRAC-proofing” Strategy & Solutions

- Provide funding for a “Military Compatible Land Use Comparative Analysis” Strategy Report - \$250k
- Provide funding for “Military Compatible Land Use” Community Based Solutions via the ‘Emerging Issues Fund’ proposed by Commerce

Support Seamless Transition of Military Members via VETNET – \$300k

- This “high-tech, high-touch” technology solution will maximize efficiencies across state agencies in WA and allow for better data sharing with federal partners to ensure transitioning military members get the “warm hand-off” they deserve to civilian life in WA.





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QUESTIONS?

Additional Resources Available:

www.commerce.wa.gov

www.governor.wa.gov/issues/economy/militarydefense

www.wamilitaryalliance.org

8 January 2015