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UPDATE: “Military & Defense Sector”

OEA Grant and Defense Industry Adjustment Program

Presentation to the Washington Economic Development Association

4 February 2015

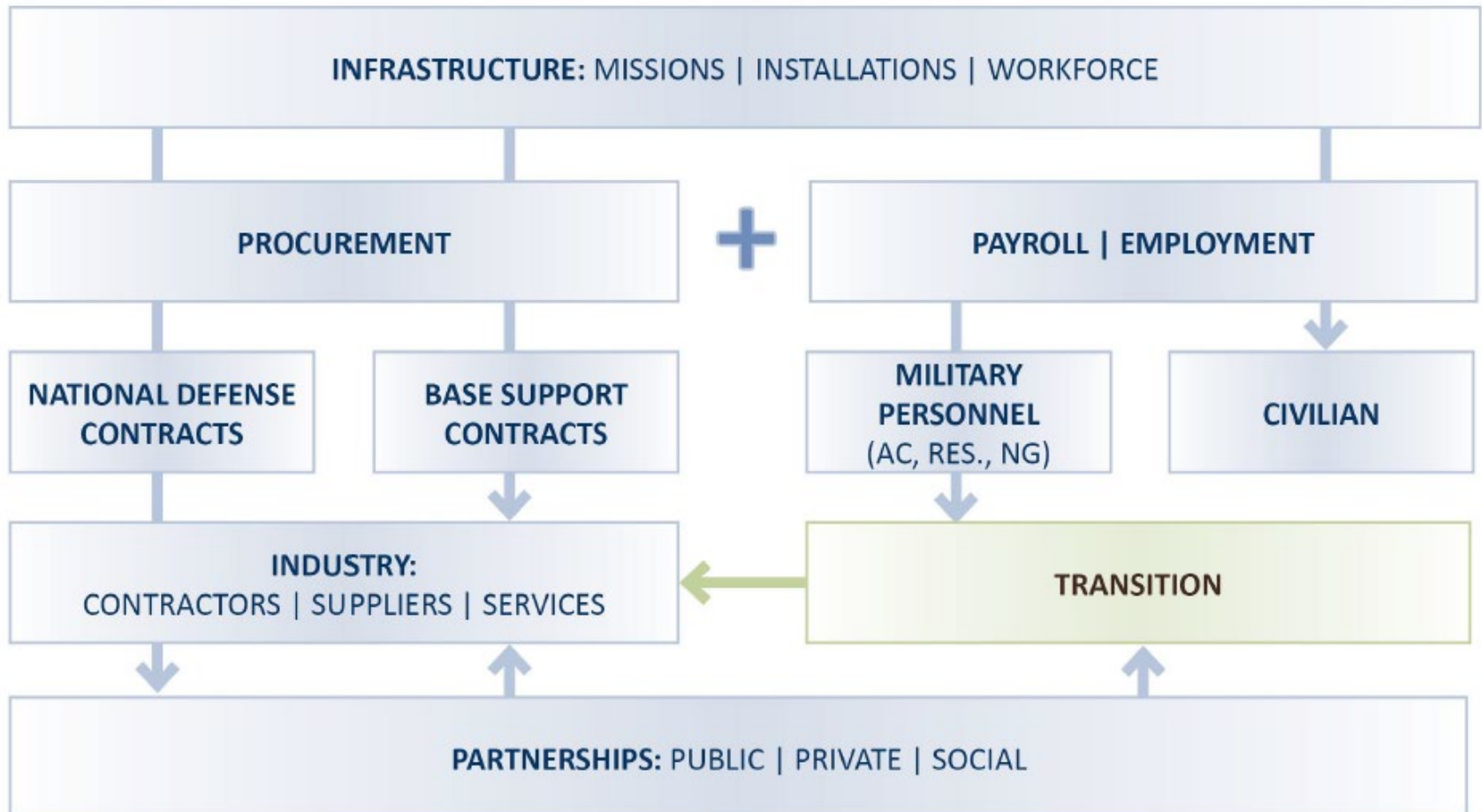


The Sector

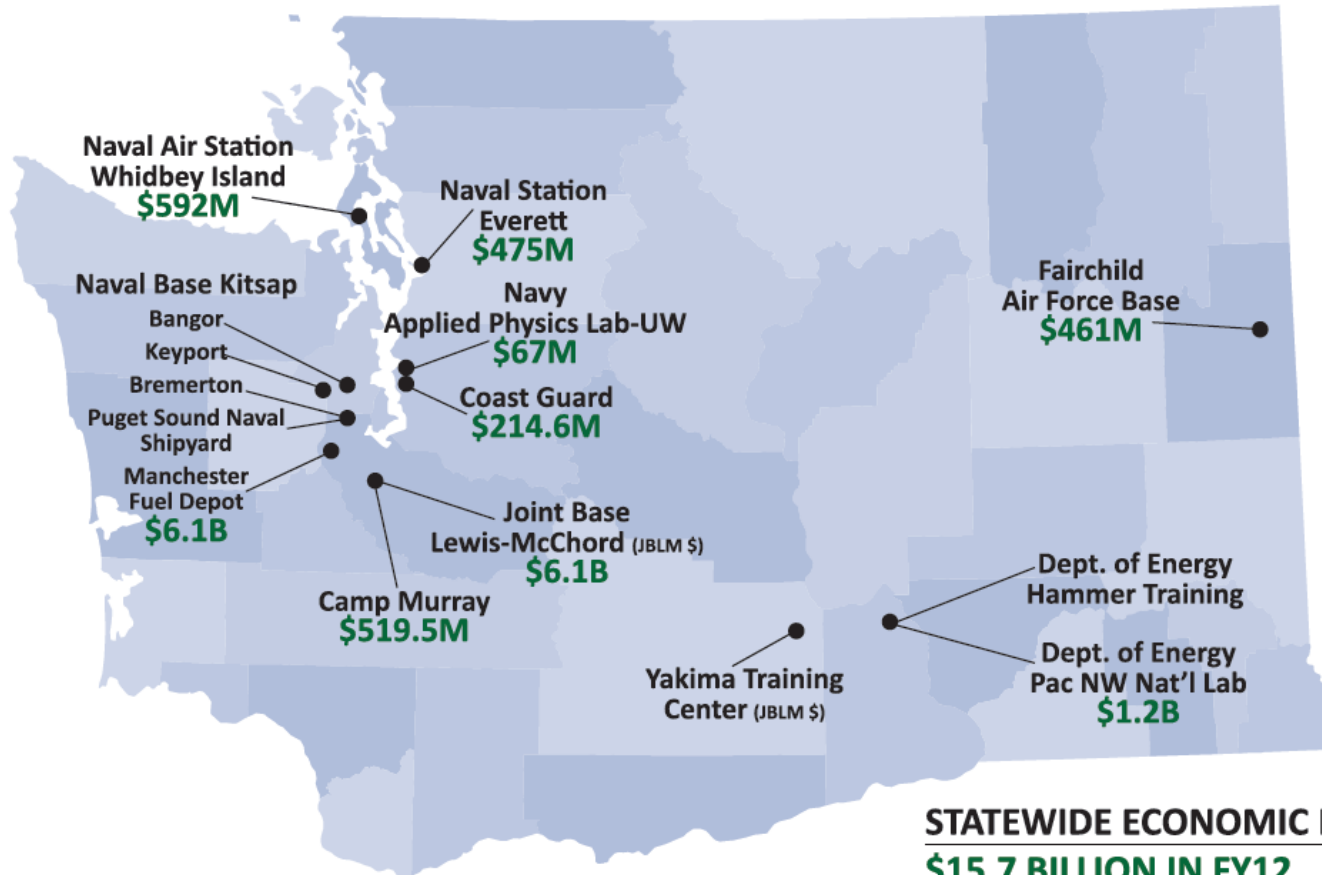
Overview of Military & Defense Sector



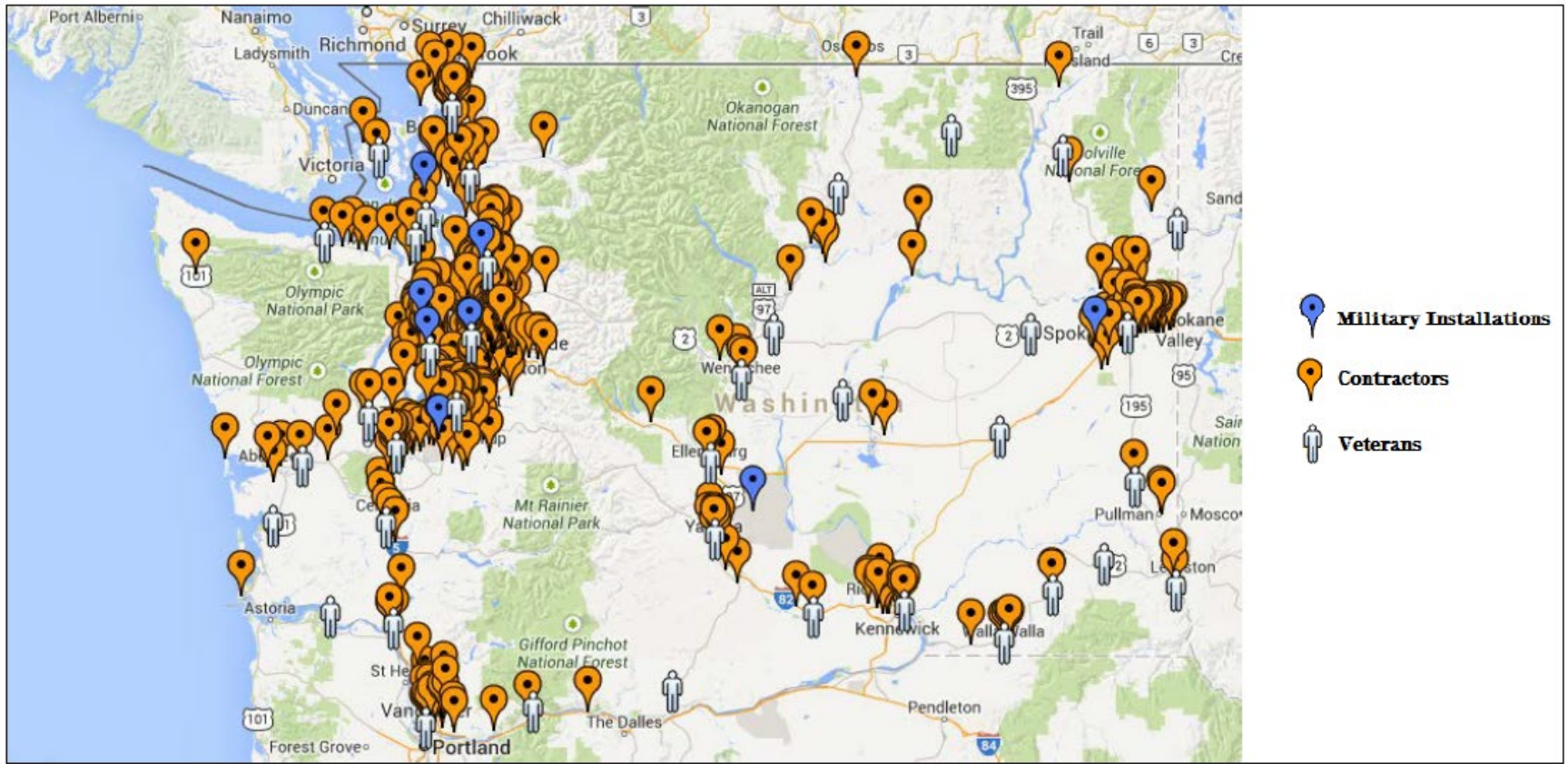
How We Define “Military & Defense Sector” in WA



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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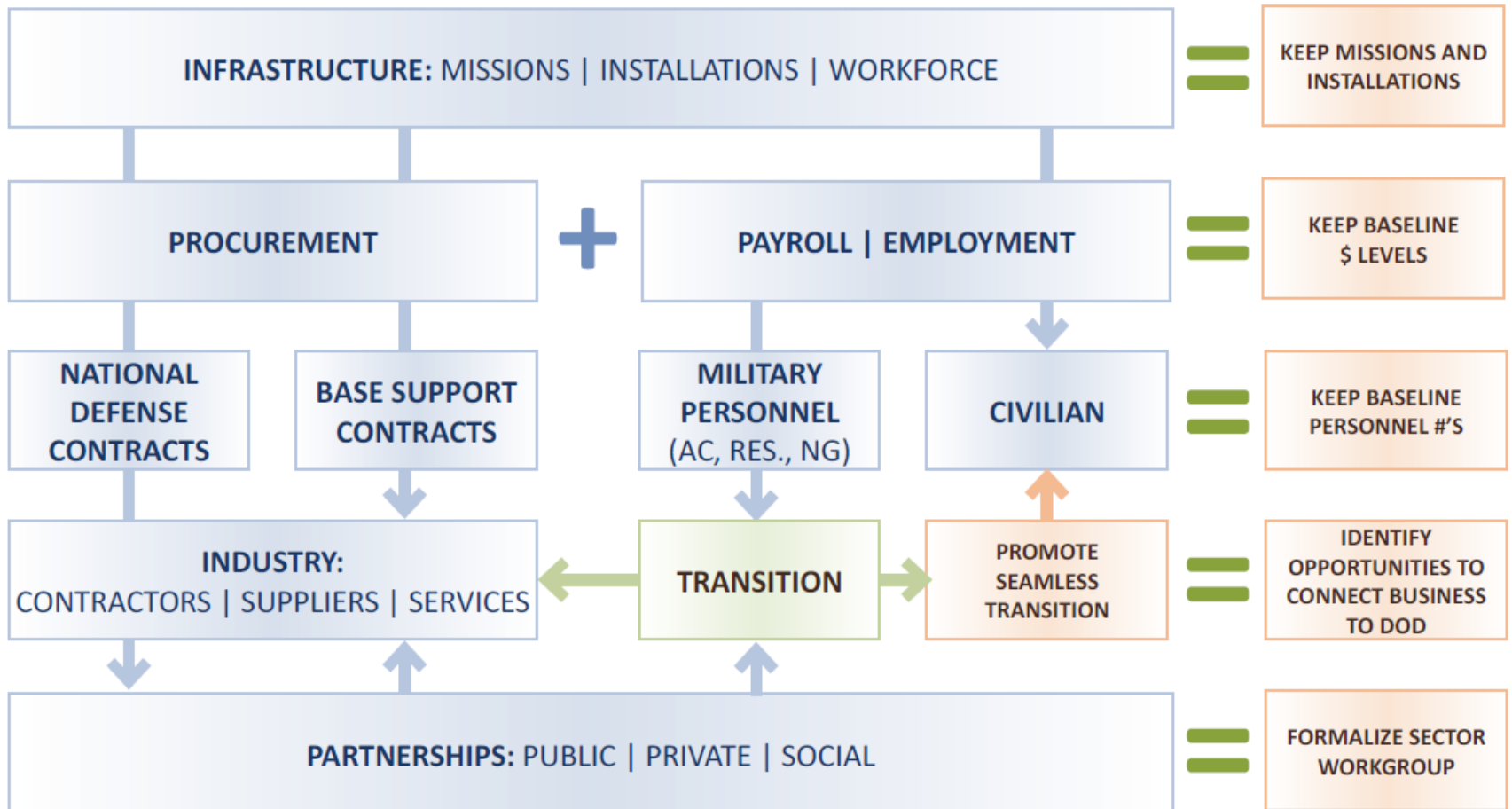
Progress Report:

*How Are We Measuring Success on **Economic Development**?*



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SECTOR: Key Performance Indicators



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

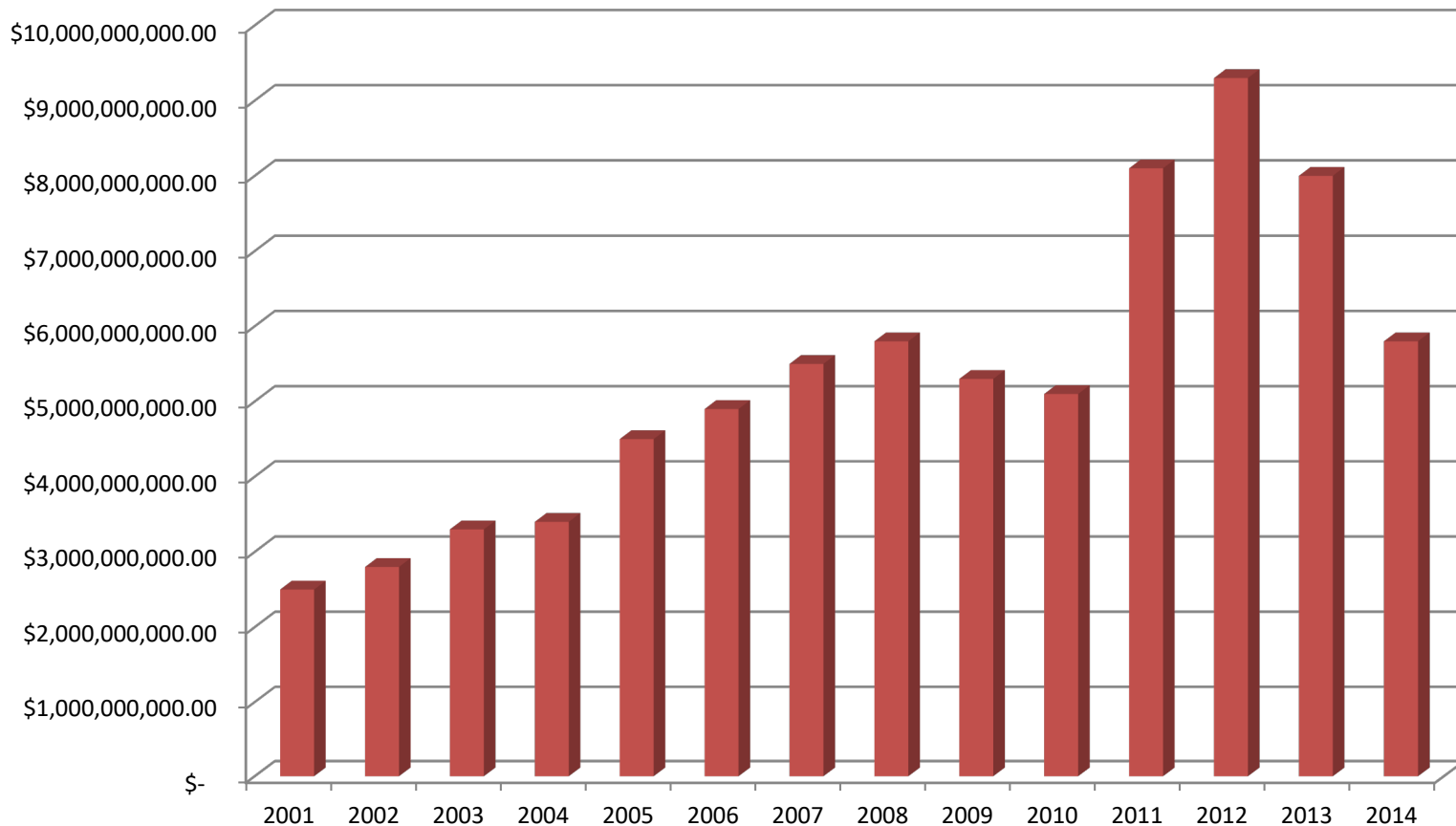


Opportunities

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



DOD SPENDING: Where is the Baseline in WA?



KPI: Formalize Sector Workgroup



Washington
MilitaryAlliance

Challenges

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

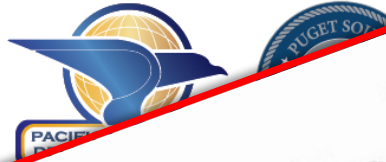
Opportunities

- 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



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KPI: Formalize Sector Workgroup - **COMPLETED**



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Progress Report:

What Do Our Future Efforts Look Like?



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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?



TWO WAYS YOU COULD HELP IMMEDIATELY:



Community engagement during assessment and forecasting...

- One of the pivotal pieces of this grant is Section 2: Assessment and Forecasting, which will give us the information we need to arm our future discussions.
- We don't know your areas as well as you, and, we need economic development professionals to be responsive to our contractor so that we get the best possible data.

Support and participate in the Washington Military Alliance...

- If you are engaged in defense work, have defense related companies in your communities, or rely on defense spend, we want you to be involved!





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QUESTIONS?

Additional Resources Available:

www.commerce.wa.gov

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

www.wamilitaryalliance.org

4 February 2015