SAN DIEGO MILITARY ECONOMIC IMPACT STUDY 2019

DOD BUDGET INCONSISTENT. SAN DIEGO REGION CONTINUES TO GROW.
SDMAC would like to thank the following companies and organizations for their strong and generous support of the Annual SDMAC Military Economic Impact Study (MEIS) which allows for this study to be developed and provided to the military and the San Diego region.

SDMAC would like to especially thank Bank of America for being the lead sponsor for the last 9 years and for their unwavering support of the military and the San Diego region.

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SAN DIEGO AND THE MILITARY

SAN DIEGO IS CRITICAL TO NATIONAL SECURITY

The existing and planned infrastructure and training ranges in or in close proximity to the San Diego Region allow the military to train and prepare operationally for all mission in support of the Country’s National Security.

This infrastructure and the training ranges are irreplaceable and unavailable anywhere else in the nation.

LARGEST CONCENTRATION OF MILITARY IN THE WORLD

There are over 143,000 active duty personnel in the San Diego Region and that is expected to increase to over 160,000 by 2025. The San Diego Region is also home to approximately 240,000 veterans.

THE MILITARY’S ECONOMIC IMPACT ON THE SAN DIEGO REGION CONTINUES TO GROW

Despite inconsistent DOD budgets over the last 10 years, with a dramatic decrease in 2010-2014, the San Diego Region has shown consistent growth in DOD direct dollars, related jobs and Gross Regional Product (GRP).

THE MILITARY IS THE LARGEST ECONOMIC CLUSTER IN THE SAN DIEGO REGION BY A FACTOR OF 2 TO 1 OVER THE NEXT LARGEST (Travel and Entertainment)

In 2019 the military was responsible for over $28Billion in direct spending to the Region which resulted in a Gross Regional Product of over $51 Billion and over 354,000 jobs.

Over 22% of the region’s GRP and jobs come from military spending.

2020 forecast is for a 7% growth over 2019 to approximately $30 Billion direct dollars equating to a Gross Regional Product (GRP) of approximately $54.3 Billion and approximately 378,000 jobs.

THE MILITARY AND THE SAN DIEGO REGION HAVE GREAT MUTUAL BENEFIT FROM THE LARGE MILITARY PRESENCE IN THE REGION

The relationship between the San Diego Region and the Military is the best in the Nation and a model for how this great synergistic relationship can benefit both in the job market, technology, innovation and community service.

SIGNIFICANT CHALLENGES FOR THE MILITARY AND THE REGION GOING FORWARD

- Military families dealing with the high cost of living in the Region trying to maintain an acceptable quality of life standard
- Affordable housing for military members and their families in reasonable proximity to their duty station
- Transportation for military members who live in the community to get to and from their duty stations
- Child care for military members and their families allowing spouses to work to help with the high cost of living and maintaining an acceptable quality of life
- Employment opportunities for military spouses to help them offset the high cost of living in the area. California Accreditation for nurses and teachers and other professional occupations are cumbersome and accreditation acceptance from other states as we see with other states with high military populations would help alleviate this situation.
Defense spending increases and the continued rebalancing of the Navy’s fleet towards the Indo-Asia-Pacific Region are now key forces driving San Diego’s economy forward. This thrust could be particularly important in the year ahead should the national or global economy slow.

The partnership that has been forged over many years between the military and San Diego is truly synergistic, providing benefits to both entities and making each stronger together than alone. Not only does San Diego enable the nation to achieve its security objectives, but the military delivers a wide range of benefits to San Diego. The region’s military and civilian employees, its geography, integrated supply chains, universities, and community support mean that defense dollars deliver a higher return in San Diego than in any other area.

San Diego’s military ecosystem represents its largest economic driver, with military-linked spending accounting for one-fifth of the region’s total economy in terms of gross regional product (GRP). The region is home to the largest concentration of military in the world, as well as large numbers of Veterans and military retirees. Because it spans a number of the region’s major sectors, including technology, health care, shipbuilding, manufacturing, and tourism, it represents a “mega cluster”.

This report aims to give the most comprehensive picture possible of the military’s economic influence on San Diego by including the total effects of the Department of Defense (DOD), the Coast Guard and the Department of Veterans Affairs (VA).

An estimated total of $28.1 billion in direct spending related to defense flowed into San Diego County during Fiscal Year (FY) 2019, an amount equal to nearly $25,000 for each household. (See Exhibit A)

Defense-related activities and spending contributed approximately $51 billion to San Diego County’s GRP in FY 2019. (See Exhibit B)

The military sector was responsible for about 354,000 of the region’s total jobs in FY 2019 after accounting for all of the ripple effects of defense-connected spending. This represented 22% of all jobs existing in the County.

A total of 143,000 Active Duty and civilians work as members of the Navy, Marines Corps, Reserves, Coast Guard, or VA. San Diego is home to one of every six of the Nation’s Sailors and over one-quarter of the total U.S. Marines Corps.

The jobs created as a direct and indirect result of defense spending cover a wide range, including engineering, shipbuilding, construction, health care, real estate, education, transportation, food services, retailing, and wholesale trade. (See Exhibit C)

Income generated as a result of all direct and multiplier effects of military-linked spending equaled almost $24 billion in FY 2019. This included wages, salaries, other compensation, and small business owners’ income.

In FY 2019 San Diego was home port for 60 U.S. Navy ships compared with fewer than 50 ships just four years earlier. These ships alone accounted for an estimated direct spending of $2.3 billion and a total economic impact of $6.8 billion. A single aircraft carrier generates more than $800 million of GRP.
The Naval Information Warfare Systems Command (NAVWAR), previously known as SPAWAR, is the U.S. Navy command responsible for the development, delivery, and maintenance of the Navy’s communications, networks, information, and space capabilities. This year’s SDMEIS features a special analysis of NAVWAR, which has nearly half of its 11,000 global workforce in San Diego and generates about $3.2 billion of GRP for the region.

Navy Medicine, with its two major San Diego hospitals and other facilities, employed over 8,700 individuals and brought an estimated $1.3 billion of DOD dollars directly into the region in FY 2019.

The Marine Corps maintains eight installations and two training ranges in the west which provide the infrastructure to enable Marine Corps air and ground forces to develop and sustain operational readiness. San Diego’s three major Marine Corps installations (Camp Pendleton, Miramar, and MCRD) are home not only to 52,000 Marines, but to 3,600 Navy personnel and about 4,000 civilian employees.

The Coast Guard is a key partner to the Navy and Marine Corps in San Diego in its roles as a law enforcement agency, member of the U.S. Intelligence Community, and first responder. The Coast Guard employed nearly 1,100 Active Duty and civilian employees in FY 2019 and, with an estimated direct spending base of $112 million, contributed nearly $300 million to San Diego’s GRP.

The VA in San Diego provides a wide range of services, including health care, education and training assistance, and loans. It has placed a major focus on reducing homelessness. In FY 2019 the VA employed nearly 3,100 individuals. With total direct spending of about $3.5 billion, it provided the region with approximately $3.7 billion in GRP.

Total spending funded by the DOD, Coast Guard, and VA is expected to advance by 6.0% in FY 2020, providing a major thrust to the region’s economy. The total number of employees is projected to reach 151,000, a jump of about 7,500 over FY 2019. This rise will be primarily driven by the addition of five ships to the Navy’s fleet homeported in San Diego, especially with the addition of two aircraft carriers. (See Exhibit D)

Total GRP connected to the military’s direct or indirect influence on the region is forecast to advance 7% in FY 2020. This could take the military from its traditional role as a steady source of support to one as a key growth catalyst. This growth spark could be particularly important should consumer spending, business investment, or exports begin to slow in the year ahead.
SMDAC was founded in 2004 with the mission to facilitate and advance the partnership between the military, elected officials, civic leaders, and the business community in order to enhance the understanding of the military’s many contributions to the San Diego region. Annually, SDMAC commissions an economic impact study showing the considerable benefits from defense-related spending and presence of the military in San Diego. In 2019, San Diego benefitted from $28.1 billion in direct spending which equates to $51 billion in GRP and 354,000 jobs within the military sector of our local economy.

MEMBERSHIP

SDMAC is not just for people in the military and defense industries—anyone who lives or works in San Diego is a stakeholder, and can become a member. Benefits of membership include exclusive networking opportunities and events, as well as staying ahead of the latest military and defense issues impacting our region. Become a member of SDMAC, today: www.sdmac.org.

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