

NAVAL INFORMATION WARFARE SYSTEMS COMMAND ECONOMIC IMPACT STUDY 2019



NAVWAR



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.

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NAVWAR ECONOMIC IMPACT ON THE SAN DIEGO REGION



I FROM SPAWAR TO NAVWAR

NAVWAR changed its name from Space and Naval Warfare Systems Command (SPAWARSYSCOM) to **Naval Information Warfare Systems Command (NAVWARSYSCOM)** in June of 2019 to recognize the power that information warfare brings to the fight and to better align the command with its mission to **identify, develop, deliver and sustain information warfare capabilities and services** that enable naval, joint, coalition and other national missions.

II ECONOMIC CONTRIBUTION

NAVWAR contributed **\$3.2 billion** to the San Diego Region GRP and generated **26,300 jobs** for the region in FY2018 and is projected to grow to **\$3.5 billion** and **29,000 jobs** in FY2019.

III NAVWAR IS ESSENTIAL

NAVWAR is critical to ensuring information superiority for the warfighter and **leads the Nation** in addressing and developing cybersecurity capabilities.

IV ENHANCED INFRASTRUCTURE

In 2017, NAVWAR, in conjunction with Navy Region Southwest and Naval Base Point Loma, embarked upon an ambitious plan for the complete redevelopment of the Naval Base Point Loma Old Town Complex. The possible public-private venture could result in a **new, modern, 1.5 million square foot NAVWAR facility**. This redevelopment could bring huge economic benefit to the region not only through the redevelopment of 70 acres at the Old Town Complex but through the construction and operation of planned new commercial, transportation and housing facilities.

V NAVWAR & SAN DIEGO SYNERGIES

The exceptional synergy between NAVWAR and the San Diego Region which results in great mutual benefit is evidenced in:

FOR NAVWAR:

- Co-located with Navy and Marine Corps commands which enables close coordination with NAVWAR's customers to develop, test and evaluate capabilities.
- Proximity to ranges and training areas facilitates development, testing and evaluation of NAVWAR capabilities and reduces cost of those developments.
- Many universities, colleges and research institutions that support NAVWAR in its development of capabilities.
- High tech workforce in the region facilitates the ability to develop capabilities rapidly and accurately providing cost savings for NAVWAR.

FOR SAN DIEGO:

- High paying jobs and work force development which benefits the region.
- Business growth for both large and small businesses in the region.
- Development of a cybersecurity workforce which greatly benefits the region in both government and commercial business.
- Several innovative high-tech startups have resulted from NAVWAR's presence which benefits the Region's economy.



EXECUTIVE SUMMARY

The Naval Information Warfare Systems Command (NAVWAR) is the U.S. Navy command responsible for the development, delivery and maintenance of the Navy's communications, networks, information, and space capabilities operating in warfighting domains from seabed to space.

NAVWAR, headquartered in San Diego, is an Echelon II organization, operating under the Chief of Naval Operations.

As one of the Department of the Navy's major acquisition commands, NAVWAR's expertise is in information technology, specifically in networks and communications, warfare systems, and business systems, all with a strong focus on cybersecurity.

In FY 2018, NAVWAR contributed an estimated \$3.2 billion (See Exhibit 1) to San Diego region's GRP. It was responsible, directly and indirectly, for more than 26,000 jobs and \$2.2 billion in total income. NAVWAR's economic footprint on the region is estimated to expand even further in FY 2019, with a forecasted \$3.5 billion in GRP, nearly 29,000 jobs, and \$2.4 billion in total personal income. (See Exhibit 2)

DOD funding reflecting this strategic shift, as well as increased spending by all government agencies on cybersecurity, have added significantly to NAVWAR's contracting budget during the past two years (See Exhibit 3). In FY 2018, NAVWAR awarded \$1.6 billion to firms with operations in San Diego County, a more than 30% jump over the prior fiscal year. An estimated \$1.8 billion in contracts were awarded regionally in FY 2019, representing an additional 16% increase.

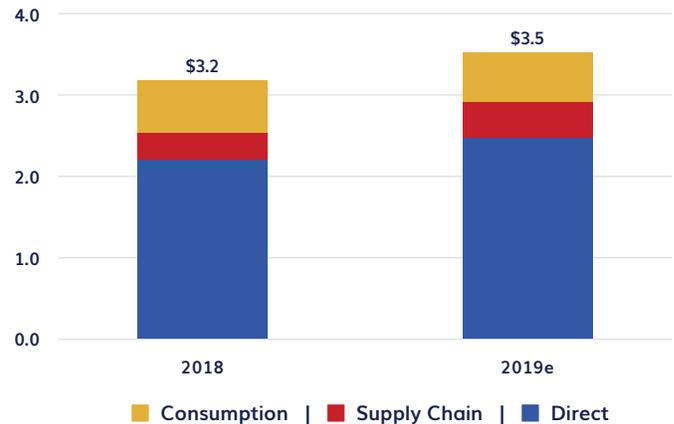
NAVWAR employed a total of nearly 5,200 people in San Diego in FY 2018, with about 270 military members and 4,900 civilian employees. Their combined compensation, including wages and benefits, totaled nearly \$800 million (See Exhibit 4). NAVWAR's workforce is highly educated. More than four-fifths of its personnel hold at least a four-year college degree. About two-fifths hold a Master's or Doctorate degree. (See Exhibit 5)

Nearly 40% of NAVWAR's employees work in engineering or science, while almost another 30% are supporting information technology (IT) (See Exhibit 6).

EXHIBIT 1

NAVWAR Generated Over \$3 Billion in FY18 and FY19 GRP

BILLIONS OF DOLLARS, FISCAL YEARS



e=estimate

SOURCE: FBEI

EXHIBIT 2

NAVWAR Ripples Across San Diego Economy

FISCAL YEARS

	2018	2019e
DIRECT SPENDING (\$ BILLIONS)	2.2	2.5
JOBS (\$ THOUSANDS)	26.2	28.8
INCOME (\$ BILLIONS)	2.2	2.4
GROSS REGIONAL PRODUCT (\$ BILLIONS)	3.2	3.5

e=estimate

SOURCE: NAVWAR; FBEI



NAVWAR AND SAN DIEGO REGION HAVE GREAT SYNERGY AND ARE OF MUTUAL BENEFIT

NAVWAR LOCATION IN SAN DIEGO IS GOOD FOR NAVWAR:

- ➔ Provides NAVWAR with access to primary Navy and Marine Corps customers and their platforms for requirement development, testing and evaluation of capabilities and access to training facilities and ranges that they cannot get anywhere else in the Nation.
- ➔ Provides NAVWAR access to a high-tech IT workforce at all levels from recent college graduates to extremely experienced IT professionals to support NAVWAR's workforce and the workforce of the many companies that support NAVWAR in its research and development efforts and its product development and in its cybersecurity emphasis.

NAVWAR LOCATION IN SAN DIEGO IS GOOD FOR SAN DIEGO:

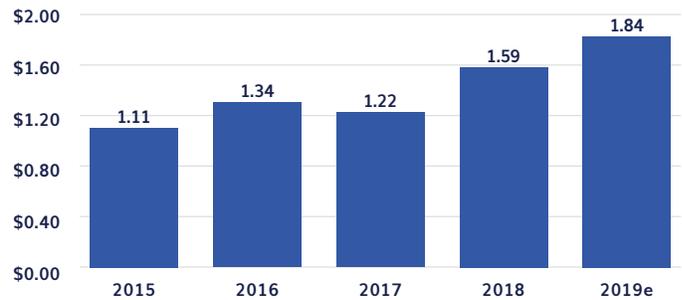
- ➔ NAVWAR provides jobs to a high-tech work force both in NAVWAR employment and the companies that support NAVWAR.
- ➔ NAVWAR contracts inject billions of dollars into the local economy (largest benefactor of NAVWAR contracts of any region in the Nation) that have generated growth in many large and small businesses that support NAVWAR and strengthens the local economy through the ripple effect of the dollars resulting in a substantial GRP impact.



EXHIBIT 3

Cybersecurity Boosts Recent NAVWAR Contracting

BILLIONS OF DOLLARS, FISCAL YEARS



e=estimate

SOURCE: NAVWAR; FBEI

EXHIBIT 4

NAVWAR Important Catalyst to San Diego's Cyber Economy

FY 2018

5,200 employees in San Diego – half of global workforce
Total direct spending = \$2.2 billion
15 th largest employer in San Diego County
Total payroll of \$800 million
2/3 of workforce is in cybersecurity
Contracts of \$1.3 billion to San Diego firms
Over 250 patent filings, disclosures, or issuances
\$1.0 million of STEM volunteer hours
\$35 million contribution to tourism
Total economic impacts of \$3.2 billion GRP
Over 26,000 jobs created

SOURCE: FBEI

EXHIBIT 6

Engineering and IT Lead NAVWAR's Hiring

SHARE OF EMPLOYMENT, FY 2018

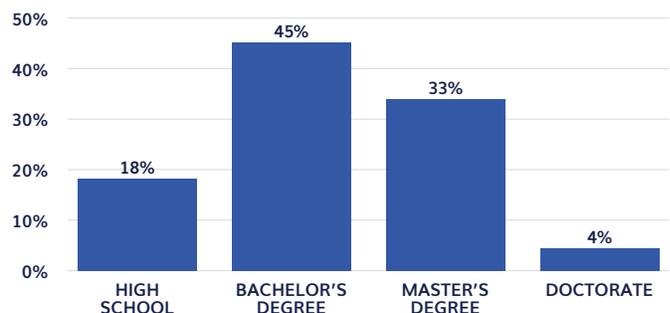


SOURCE: NAVWAR; FBEI

EXHIBIT 5

NAVWAR Employees Represent Educated Talent Pool

SHARE OF EMPLOYMENT, FY 2018



SOURCE: NAVWAR; FBEI



SAN DIEGO MILITARY ADVISORY COUNCIL

SAN DIEGO MILITARY ADVISORY COUNCIL

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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