



For Immediate Release
February 14, 2018

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Study: San Diego defense contractors receive \$9.2B in federal contracts

Study and web tool showcase San Diego defense ecosystem; contractor deal flow

San Diego — Amid landmark federal defense spending adjustments, San Diego Regional EDC released "[Mapping San Diego's Defense Ecosystem](#)," the first of its kind regional study that focuses on the industrial composition of the defense supply chain and quantifies the number of firms and jobs that are impacted by defense spending. Launched as part of the Propel San Diego initiative, a new interactive web tool – [SanDiego.DoDspend.com](#) – analyzes and provides free access to defense spending patterns.

As the **second largest recipient of defense procurement dollars in the country**, San Diego's regional economy is heavily dependent on defense spending. Today, there are more than 5,600 defense contractors that collectively employ more than 62,000 people. This is most concentrated in the manufacturing, professional, scientific, and technical services, and construction industries, which together receive more than 95 percent of the region's total contract awards.

"San Diego's military presence puts people to work and ensures our City remains among the safest in the country," said San Diego Mayor Kevin L. Faulconer. **"The City of San Diego is proud to support this new initiative to help defense contractors and their employees continue to succeed."**

This project was executed as part of phase one of Propel San Diego, a Department of Defense funded grant initiative awarded to the City of San Diego. The study quantifies San Diego's defense contractors, employment and industrial composition, and analyzes the region's defense contract and payroll procurement dollars relative to other U.S. regions.

"San Diego is a military town at its core. Our innovation economy has been continually shaped and strengthened by the local defense ecosystem, and this report and web tool further prove it," said Mark Cafferty, president & CEO, San Diego Regional EDC. **"With increased visibility of defense contractors, large and small, San Diego can continue to remain competitive amid changing budget priorities."**

Key study findings include:

- A strong network of suppliers and access to customers are key reasons that 71 percent of firms have a favorable view of San Diego as a place to do business.
- Defense contractor jobs have grown 6.3 percent over the last three years, and are expected to grow another 9.3 percent over the next year.
- Since 2012, the majority of contract dollars received by the region were awarded by the Department of the Navy, each year awarding between 44 and 55 percent of total awards.
- The majority of contract dollars were awarded to companies in the manufacturing industry, each year receiving anywhere between 47 and 68 percent of total contract dollars.

“As a retired Navy helicopter pilot and the co-founder of a local defense-oriented startup, it is incredibly important to have accurate information about defense spending trends in our region,” said Sumner Lee, president, Fuse Integration. **“This tool will be an effective way for us to gain insights into trends that present both opportunities and challenges for our business.”**

“Defense companies operating across San Diego County provide capabilities, support and services for all branches of the military,” Randy Bogle, Executive Director, SDMAC. **“Through this research and the Propel San Diego grant, we are working to ensure companies have access to resources that will help them thrive.”**

The study was launched at the ADC Installation Innovation Forum 2018. To view the full study, [click here](#).

Following the successful execution of Propel San Diego’s phase one, the City of San Diego has been awarded a phase two grant for an additional \$1.7 million. Phase two programs seek to increase the resiliency of the local defense supply chain with new services and resources to assist these companies’ ability to diversify defense contracts and find new commercial markets. For more information, please visit sdmac.org/propel.

About San Diego Regional Economic Development Corporation

San Diego Regional Economic Development Corporation’s (EDC’s) mission is to maximize the region’s economic prosperity and global competitiveness. As an independently funded non-profit fueled by more than 160 companies and organizations, EDC takes a data-driven approach to attracting, retaining and expanding companies and the talent pool across the region’s three traded economies: military, tourism and innovation. sandiegobusiness.org

About Propel San Diego

Propel San Diego is a DoD funded grant initiative led by the City of San Diego, South County Economic Development Council, San Diego Regional Economic Development Corporation, East County Economic Development Council and the San Diego Military Advisory Council. The goal of this effort is to better understand the needs and opportunities for regional businesses that conduct defense-related work. Additionally, Propel San Diego aims to develop a resilient defense supply chain in the San Diego region that remains stable, despite changing budget priorities, and addresses both regional economic and DoD readiness priorities.

This project is funded with Community Economic Adjustment Assistance for Reductions in Defense Industry Employment funds provided by the U.S. Department of Defense Office of Economic Adjustment to the City of San Diego.



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