

Defense *advocate*

The QDR and 2011 defense budget

The Department of Defense released its Quadrennial Defense Review (QDR) on February 1, the same day that President Barack Obama sent Congress his proposed budget for fiscal year 2011.

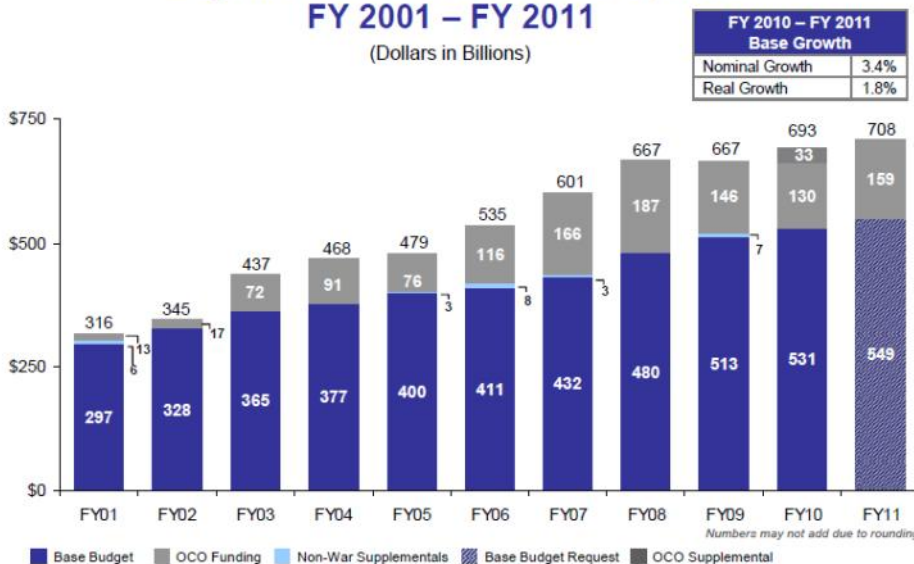
The QDR is a legislatively-mandated review of DoD strategy and priorities, designed to “set a long-term course for DoD as it assesses the threats and challenges that the nation faces and re-balances DoD’s strategies, capabilities, and forces to address today’s conflicts and tomorrow’s threats.”

The implications of the QDR for Virginia are many, but perhaps most importantly to the Commonwealth is the review’s call to homeport an East Coast carrier at Naval Station Mayport, Fla. As all five of the East Coast’s carriers are currently assigned to Norfolk, this could mean a loss of billions of dollars in economic benefit to Virginia. The Virginia delegation, led by Sen. Jim Webb, has been fighting the move since it was first proposed by the Navy, on the grounds that it will cost nearly a billion dollars to complete, money the Navy needs to spend on shipbuilding and facility modernization.



Secretary of Defense Robert M. Gates testifies to the House Armed Services Committee about the fiscal year 2011 DoD budget request, February 3, 2010. *DoD photo*

Department of Defense Topline FY 2001 – FY 2011 (Dollars in Billions)



Note: FY 2009 Non-War Supplemental was appropriated through the American Recovery and Reinvestment Act of 2009
Source: Department of Defense Appropriation Acts, FY 2001 – FY 2010; FY 2011 President’s Budget documents; OMB Historical Tables, FY 2011

DoD graphic

In a statement, Sen. Webb called the QDR “a valuable planning tool” but added that it does not have the force of law and that he still believes moving an aircraft carrier from Norfolk “would not be justified on either a strategic or fiscal level.”

The president’s budget calls for a \$549 billion base budget, plus nearly \$160 billion for the wars in Afghanistan and Iraq. Included in the base budget are \$15.7 billion for Navy shipbuilding and conversion, and a 1.4 percent pay raise for service members. The budget also includes funding for procurement of 42 F-35 Joint Strike Fighter tactical aircraft in fiscal year 2011. The budget will now be subject to Congress’s defense authorization and appropriations process.

Helping in Haiti

Thousands of Virginia-based service members and civilian defense workers have deployed to Haiti or have been assisting in relief efforts from home following the January 12 earthquake.

The DoD's efforts, called [Operation Unified Response](#), is another example of a real-world use for the substantial training that individuals and units receive in transportation, logistics, water purification, medicine, search and rescue and other disciplines.

The DoD has a comprehensive collection of information, photography and reports on Operation Unified Response at:

<http://www.dodlive.mil/index.php/category/haiti/>

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GMU Study on DoD impact to Virginia

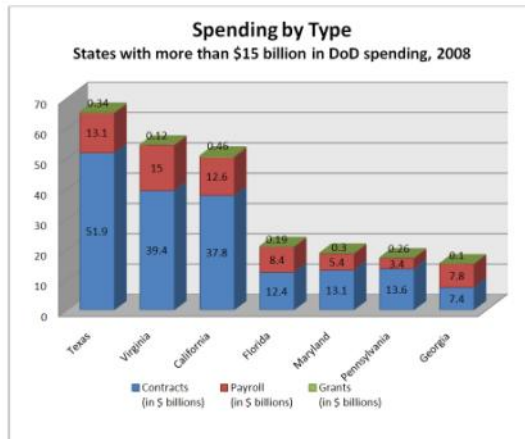
A George Mason University study commissioned by VNDIA last year has quantified the huge role that the Department of Defense plays in Virginia's economy.

To answer the question of how the \$50-plus billion spent by the DoD each year in Virginia affects the Commonwealth's economy, VNDIA turned to Dr. Stephen Fuller, director of eorge Mason University's Center for Regional Analysis and an expert in federal spending and regional economies.

What the GMU study shows is eye-opening. "DoD spending in Virginia is a major source of employment, income and economic activity," says Fuller, "and it generates a significant net fiscal benefit for the state's treasury." In fact, Defense Department spending in 2008 amounted to 15.6 percent of Virginia's gross state product, and supported nearly 20 percent of the state's jobs, both more than any industry sector.

Virginia has the highest number of DoD civilian employees and one of the largest concentrations of active-duty service members. Although these are stable, well paid jobs, the real economic benefit of the defense presence comes from contracts and manufacturing. Businesses located in the Commonwealth captured more than 10.5 cents of every dollar in total DoD contracting worldwide in 2008. It's these contracts and the related private industry jobs that helped push an additional net \$1.1 billion to the Commonwealth's coffers in 2008.

An important added benefit that the study doesn't quantify is the stability that the DoD adds to Virginia's economy, particularly in tough financial times. The department's direct spending in the state has increased an average of \$4 billion each of the past five years, and no private sector entity employs more Virginians than the DoD. And although the 2005 Base Realignment and Closure (BRAC) process will cause some jobs to shift, in the end it will be a 5,000-job net gain for the Commonwealth.



Virginia has the highest DoD payroll in the nation, and is second only to Texas in overall spending. With nearly \$40 million in contracting, a dime of every dollar spent by the DoD on contracts ends up in the Commonwealth.

Welcome Aboard!

The Honorable James S. Cheng, Virginia's

Secretary of Commerce & Trade, has joined the VNDIA board effective with his appointment by Gov. Bob McDonnell. Cheng has more than 20 years of experience in information technology and government contracting, and was most recently president of Totus Lighting Solutions, a startup efficient-energy firm.

Cheng holds a bachelor's degree in computer science from Old Dominion University, an M.B.A. from the Colgate Darden Graduate School of Business at the University of Virginia, and a J.D. from Georgetown University Law Center.

