Economic Development Planning, Summary 25

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Title: Arizona Aerospace, Defense and Security Enterprise: Strategic Plan 2011-2013

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Source: Science Foundation Arizona


Prepared for: Arizona Governor’s Office of Economic Recovery and Science Foundation Arizona

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Summary: Arizona’s military and defense sectors generate 190,000 jobs and contribute an annual $18 billion to the state’s economy, or almost 10 percent of the state’s economy. Arizona is home to 37 defense-related companies, which employ 94,000 and contribute $8.8 billion to the economy. The military employ another 96,000 in Arizona with an annual economic impact of $9.2 billion. The Arizona Aerospace, Defense and Security Enterprise was conceived to sustain and grow this critically important part of the Arizona economy. The aim is to build upon Arizona’s strong foundation in aerospace, defense and security and transform the state into the preferred choice for research, testing and high-technology manufacturing for these sectors. Another goal is to attract the next generation of weapons systems and personnel to Arizona’s military installations. The bottom, measurable line is to improve Arizona’s competitiveness and generate more high-paying jobs in science and industry.

Sectors: Aerospace, defense, security, and economic development.

Geographical impact: Arizona.

**Major challenges:** Defense budget cuts, competition from other states for scarce federal and private contracts, military’s changing technological needs and an evolving economic landscape.

**Progress to date:** Arizona, under the leadership of the Arizona Commerce Authority, has submitted its proposal to the FAA to become one of six national test sites for unmanned aircraft systems. Such a designation would position Arizona to become a leader in UAS research and testing and possibly manufacturing, but significant planning and funding would be required to realize that vision of leadership. The ACA document includes a proposal to form a research consortium of universities, community colleges and technical institutes.

Luke Air Force Base and the Marine Corps Air Station Yuma have been assigned the new F-35 aircraft. A decision on whether to assign the F-35 to the National Guard training mission in Tucson will not be made for some time. Also, the 612th Air Operations Center, which was under consideration to be moved out of state, remains at Davis-Monthan Air Force Base in Tucson.

In another major victory for Arizona, the classified Air Force Research Laboratory, consisting of 6.5 acres and 10 buildings on the former Williams Air Force Base in Mesa, has been operated by the City of Mesa under an interim lease since mid-2011. Mesa is negotiating with the Air Force to acquire the laboratory through an Economic Development Conveyance. The renamed Arizona Laboratories for Security and Defense Research is intended for companies doing aerospace and defense research requiring high-level security.

Recommendations to form an advocacy group for the aerospace and defense industry in Arizona have not found much traction. A recommendation to form the Arizona Aerospace, Defense and Security Trade Association remains up in the air with no significant effort to undertake it. The proposed Arizona Aerospace Defense
and Security Enterprise remains grounded without a strong base of stakeholders and funding.

**Major implications:** Arizona has a very strong presence in national defense, but with greater coordination and focused leadership it has the opportunity to establish itself as the Center for Excellence for global aerospace, defense and security. Up until recently, Arizona has been criticized for not being as proactive as other states in either protecting or seeking to expand its role in national defense and to ensure the vitality of its aerospace and defense industries. The Arizona Aerospace, Defense and Security Enterprise represents an aggressive initiative by the state to sustain and expand Arizona’s defense and national security sectors.

**Opportunities for alignment:** Public and private leaders coming together to establish the Arizona Aerospace, Defense and Security Enterprise to advocate for the sector. A consortium of universities, community colleges and technical institutes working with defense, aerospace and security companies to identify workforce needs and provide skilled talent. Many opportunities exist for research between the state’s universities, industry and the military. Collaboration between state and federal representatives, research universities, K-12 and Science Foundation Arizona to advance STEM programs.

**Background:** The Arizona Aerospace, Defense and Security Enterprise grew out of a grant from the Governor’s Office of Economic Recovery to form the Aerospace and Defense Institute under the umbrella of Science Foundation Arizona. It’s recommended that the Arizona Aerospace, Defense and Security Enterprise will be designated by the governor as having the authority, on behalf of the state and the Arizona Commerce Authority, to foster the expansion of Arizona’s economy across the sectors of aerospace, defense and security sectors. Its three main strategic goals are:

- Sustain and build upon Arizona’s rich legacy in aerospace, defense and security.
- Transform Arizona into the location of choice for research, testing and high-technology manufacturing.
- Increase Arizona revenues and jobs.

The study identifies 11 goals and many more objectives in support of the three strategic goals. They include:

**Goal 1:** Base the next generation of weapon systems at existing Arizona military installations. Objectives include: Secure the active duty F-35 training mission for Luke Air Force Base in Glendale, the Marine Corps Air Station in Yuma and the National Guard training mission at Tucson International Airport. Secure the Army's future Aerial Exploitation Brigade at Fort Huachuca in Sierra Vista.
Goal 2: Smartly absorb excess Department of Defense facilities as an Arizona asset. Objectives include: Transfer the Air Force Research Lab facility to the city of Mesa. Mesa will secure a lease with the Air Force to operate the lab, and maintain uninterrupted operations during the transfer and beyond.

Goal 3: Position Arizona's military organizations for continued operation following budget reductions and Base Realignment and Closure Commission. Objectives include: Secure decision for the 612th Air Operations Center to remain at Davis-Monthan Air Force Base in Tucson. Advise the governor and Legislature on strategies and impacts of budget reductions and BRAC. Work with Arizona federal delegations on budget and BRAC impacts and strategies.

Goal 4: Nurture existing defense industry and strengthen the foundation of Arizona assets. Objectives include: Establish contacts and dialogue with each company and compile their needs for continuing in Arizona. Form the Arizona Aerospace, Defense and Security Trade Association.

Goal 5: Leverage Arizona aerospace and defense foundation to address national security issues. Objectives include: Apply military cyberspace advances to national security issues and challenges.


Goal 7: Expand related academic research with industry and government partners. Objectives: Initiate and continue dialogue with Aerospace & Defense Research Collaboratory, academic consortium, industry and government to prioritize, fund and conduct research.

Goal 8: Influence education systems to meet needs of aerospace, defense and security workforce. Objectives include: Assist Science Foundation Arizona to expand STEM programs. Expand dialogue between industry and academic consortia on workforce development.

Goal 9: Promote identity of Arizona as the Center of Excellence for global aerospace, defense and security. Objectives include: Nationally and globally market Arizona's synergy and strengths to government and industry. Semi-annually update Arizona's federal delegations on Arizona as the Center of Excellence, both its strengths and potential.
Goal 10: Be in sync with emerging high-tech requirements from Department of Defense, Department of Homeland Security and commercial ventures. Objectives include: Communicate emerging high-tech requirements with consortia and industry; secure agreement on which to invest dollars for research and submittal of requests for proposals.


Metrics will be applied to numerous categories, including tracking military installations, reserve military installations, National Guard military installations, personnel, infrastructure, economic impact, state revenue, and jobs; defense contractor size, scope, dollars, economic impact, state revenue, jobs; industry-academic research projects; industry-academic workforce development; STEM updates; targeted requests for proposals for Department of Defense, Department of Homeland Security, and commercial ventures; and marketing of requests for proposals with government, federal delegations, and state.