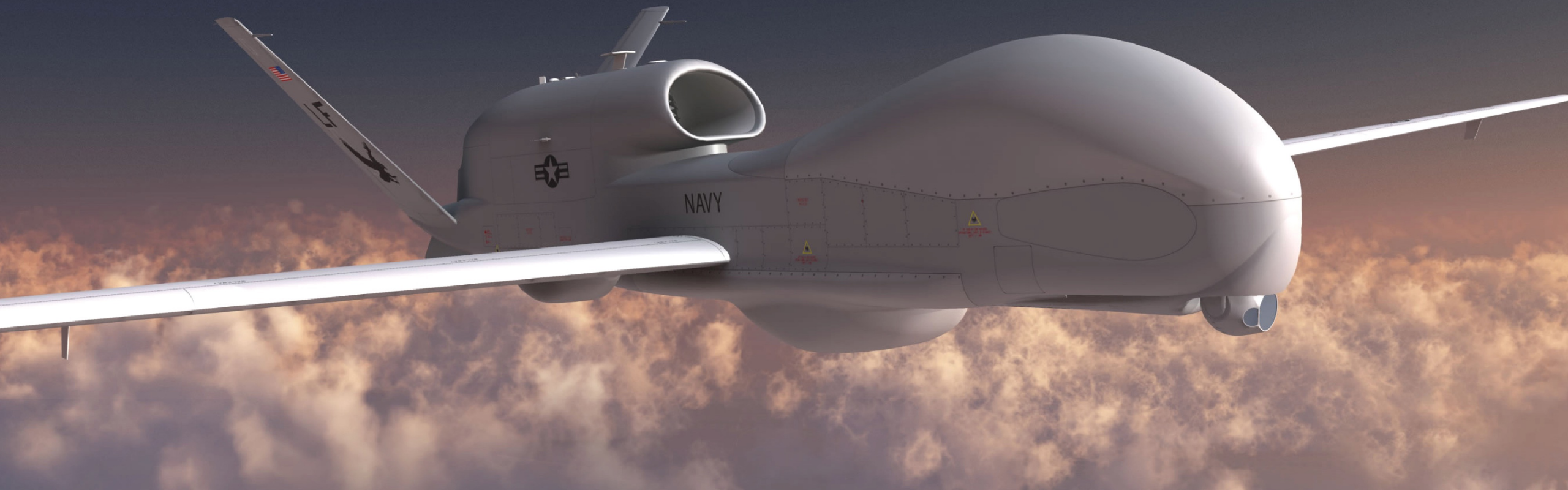


MISSISSIPPI'S DEFENSE ECONOMY



Mississippi's Defense Economy By The Numbers (2021)

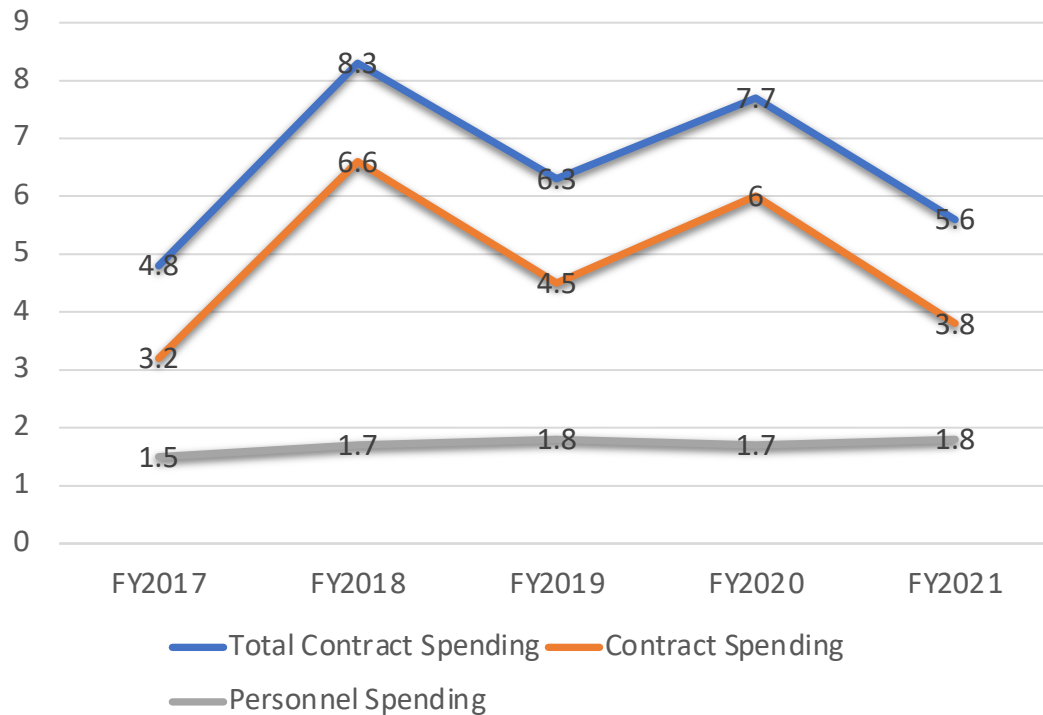
- \$5.6 Billion in DOD spending, Ranked #28
- 4.3% Of State GDP – Ranked #9
- \$3.8 B Contract Spending, Ranked #26
- 36,538 DOD personnel, Ranked #23
- \$1.8 B in DOD payroll, Ranked #26

Mississippi is currently #35 in State Population

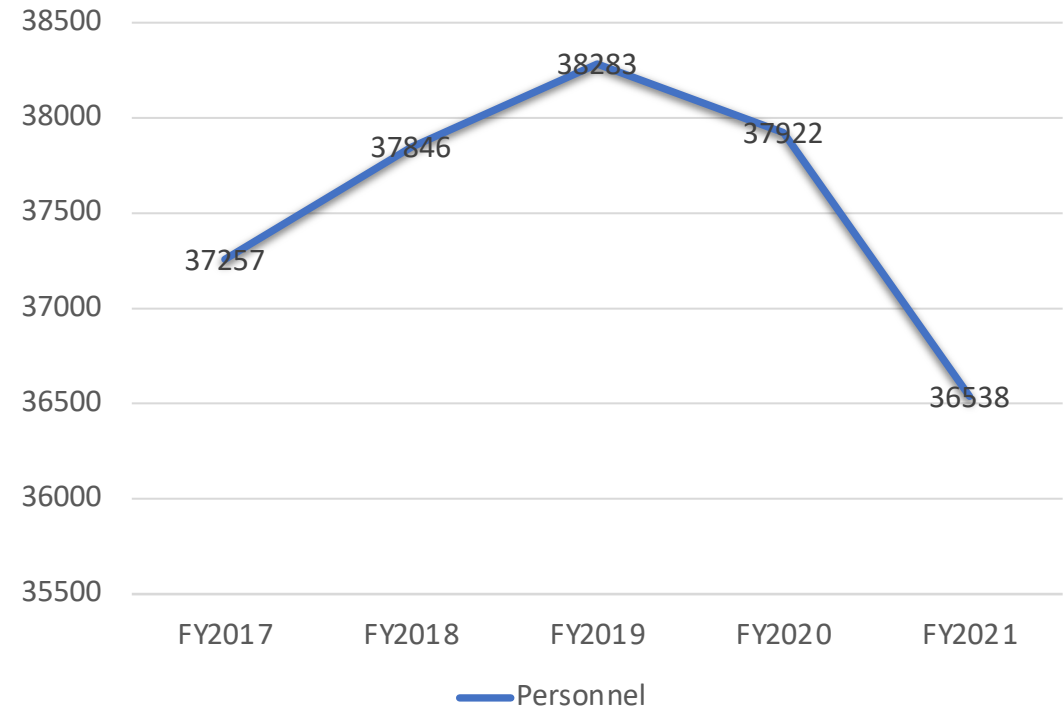


5-year Trends

Defense Spending In Mississippi 2017-2021

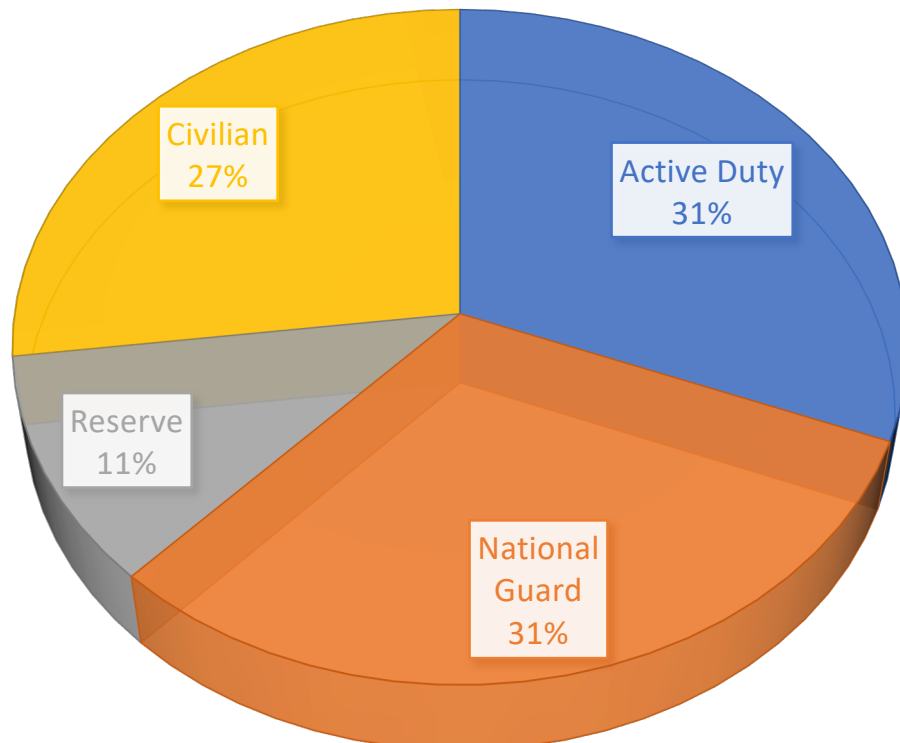


Defense Personnel in Mississippi

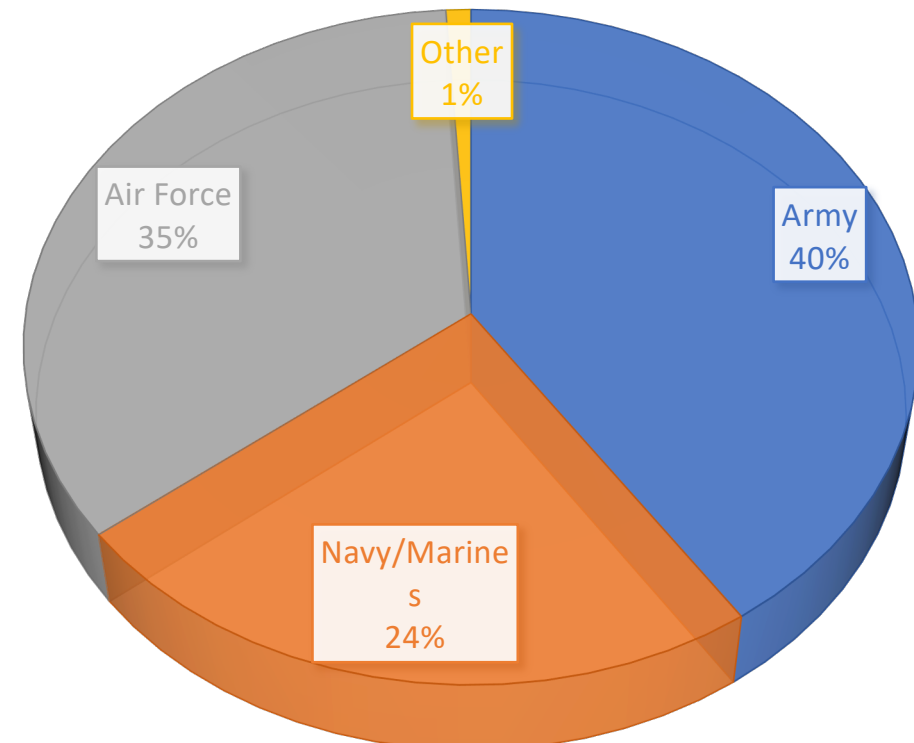


Defense Personnel

PERSONNEL BY TYPE

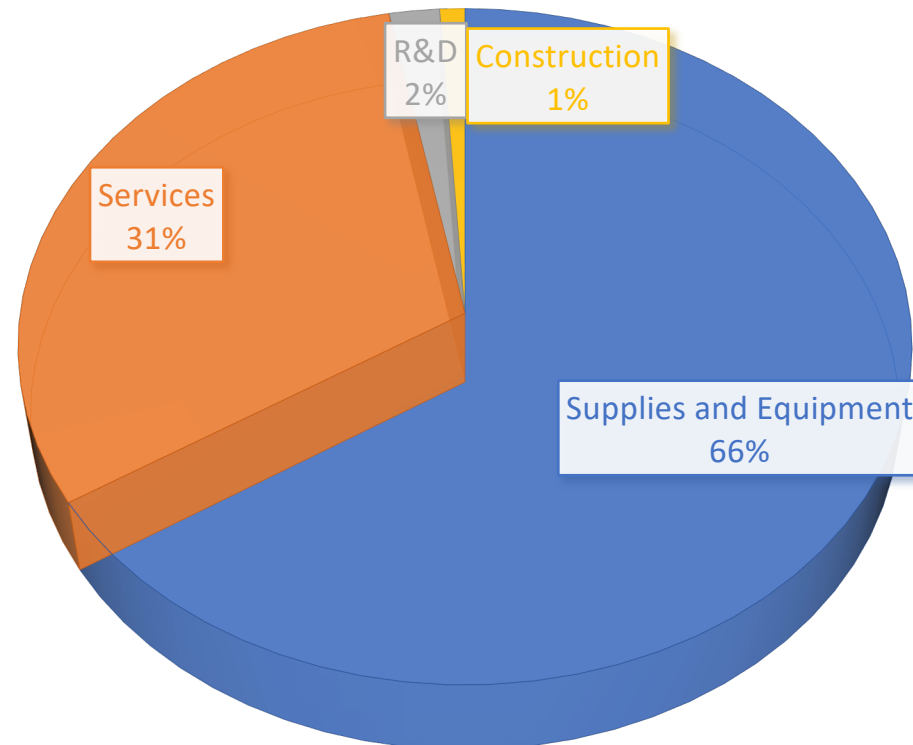


PERSONNEL BY SERVICE

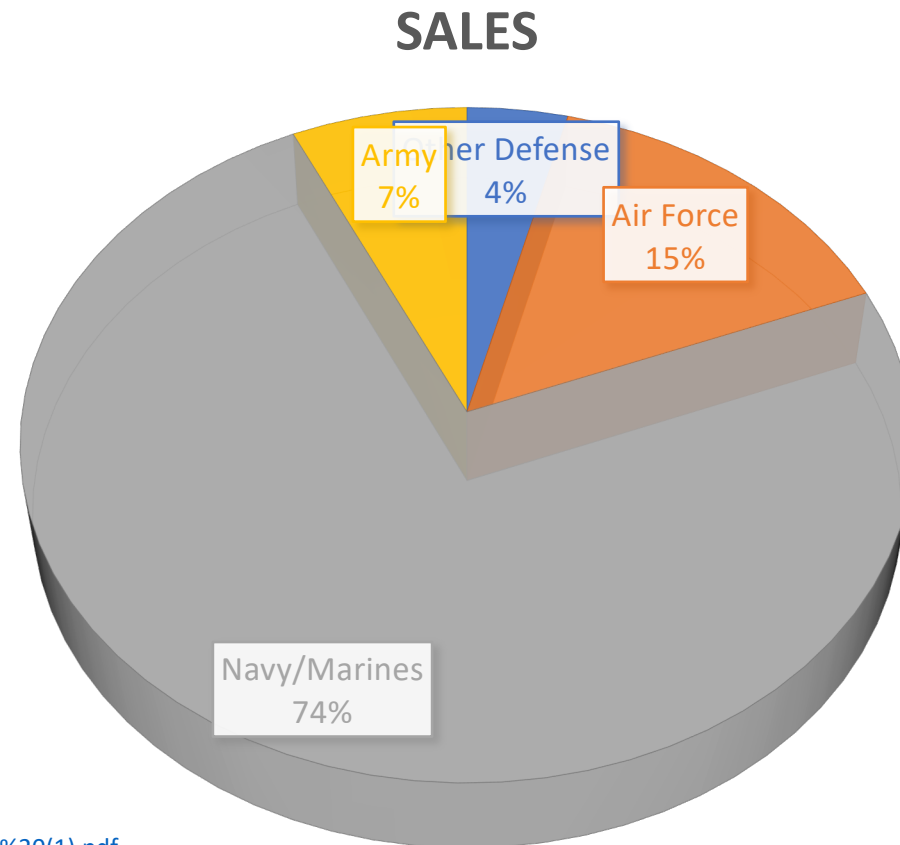


Defense Contract Spending

VALUE OF CONTRACTS BY TYPE

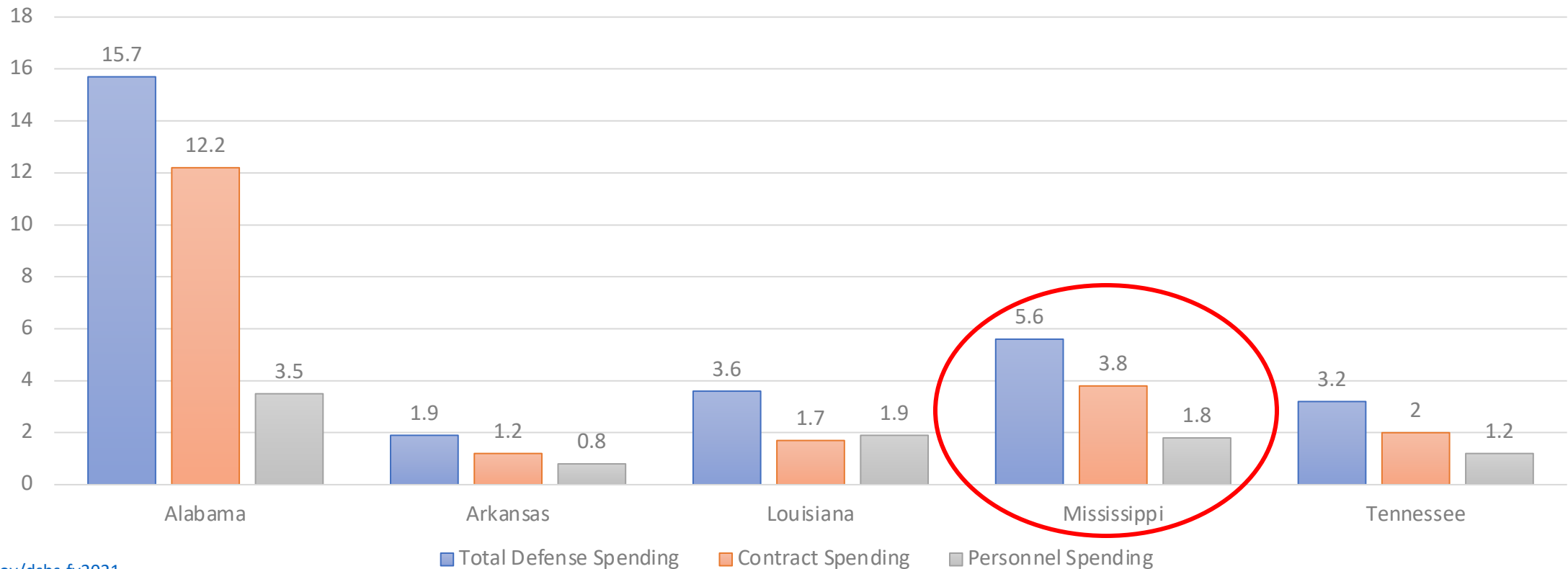


Purchases/Contracts



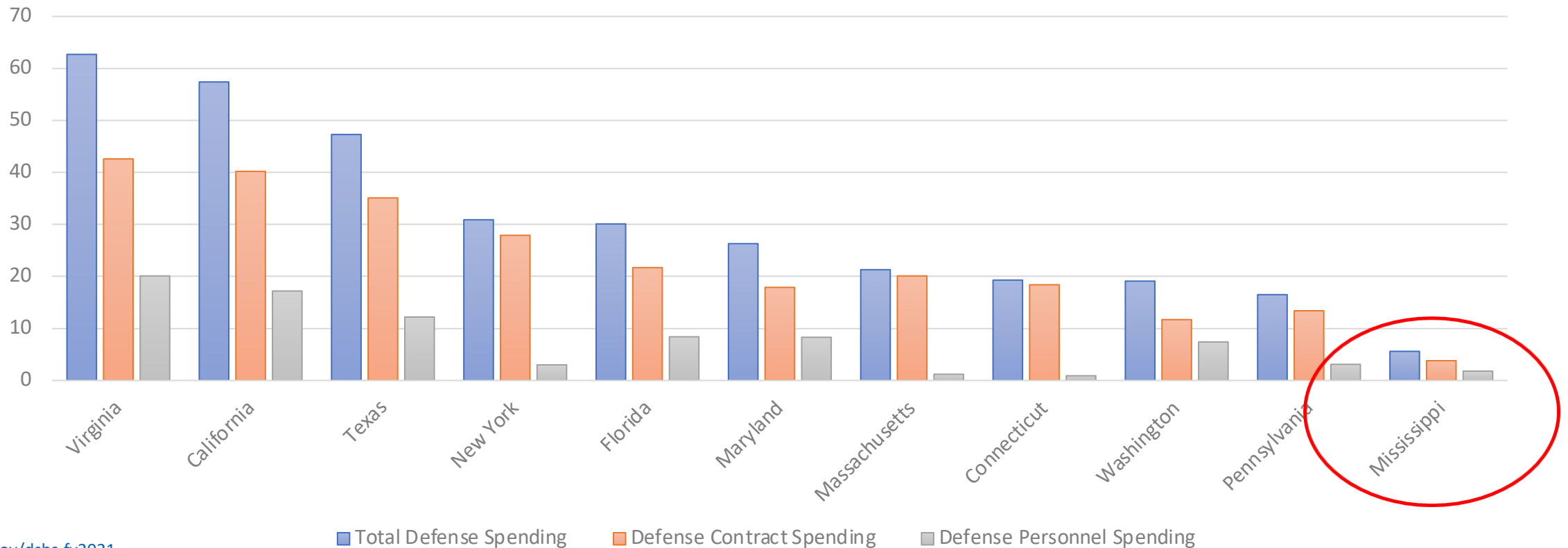
Defense Spending in Neighboring States

Defense Spending Comparisons



How do we compare to the Top 10?

Defense Spending Top 10 States And Mississippi

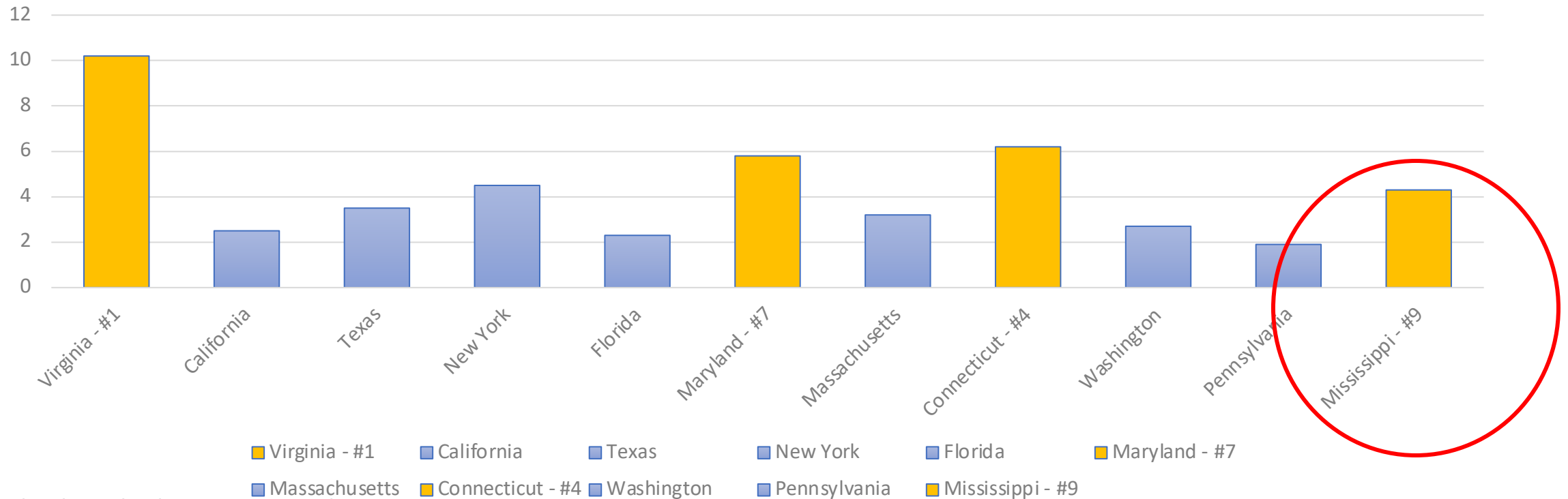


Top Ten States by Defense Spending as Percentage of State GDP

Rank	State	Percentage
1	Virginia	10.2%
2	Hawaii	8.3%
3	District of Columbia	6.3%
4	Connecticut	6.2%
5	Alaska	6.2%
6	Alabama	6.1%
7	Maryland	5.8%
8	Kentucky	5.7%
9	Mississippi	4.3%
10	Maine	4.1%

Defense Economies Compared

Defense Spending as a Percentage of State GDP,
Top 10 States and Mississippi



Mississippi

Top 10 Defense Contract Spending Locations	Top 10 Defense Personnel Spending Locations
Jackson	Harrison
Madison	Warren
Harrison	Hancock
Warren	Lowndes
Scott	Lauderdale
Hancock	Hinds
Lowndes	Forrest
Lafayette	Jackson
Oktibbeha	Rankin
Forrest	Lee

2 Top Defense States

Florida

Maryland

Top 10 Defense Contract Spending Locations	Top 10 Defense Personnel Spending Locations
Orange	Okaloosa
Brevard	Duval
Hillsborough	Hillsborough
Duval	Escambia
Okaloosa	Bay
Pinellas	Brevard
Bay	Orange
Miami-Dade	Miami-Dade
Escambia	Santa Rosa
Broward	Monroe

Top 10 Defense Contract Spending Locations	Top 10 Defense Personnel Spending Locations
Anne Arundel	Anne Arundel
Montgomery	St. Mary's
St. Mary's	Harford
Harford	Montgomery
Howard	Prince George's
Baltimore	Frederick
Prince George's	Charles
Baltimore City	Baltimore
Frederick	Baltimore City
Queen Anne's	Allegany

Other Economies for Comparison

Louisiana

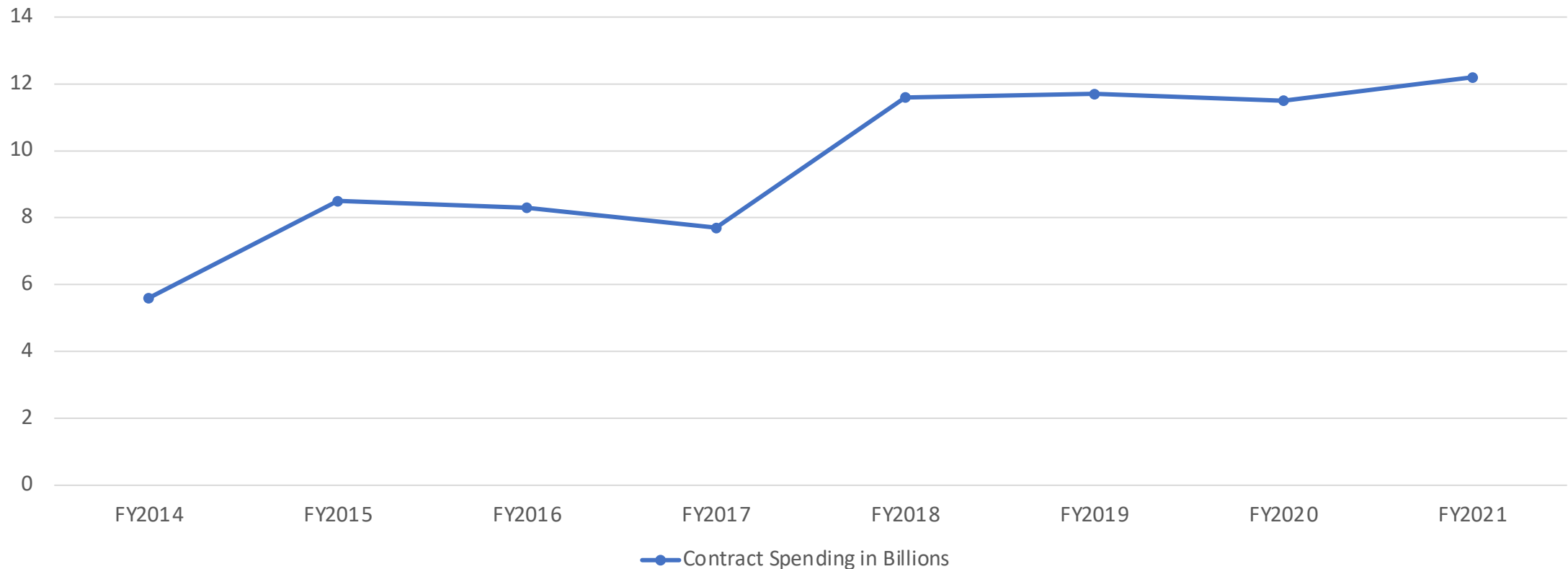
Top 10 Defense Contract Spending Locations	Top 10 Defense Personnel Spending Locations
Vernon	Vernon
Orleans	Bossier
LaFourche	Orleans
Plaquemines	Rapides
Bossier	East Baton Rouge
St. Tammany	Plaquemines
West Baton Rouge	Iberville
St. Mary	Tangipahoa
East Baton Rouge	Lafayette
Terrebonne	Caddo

Alabama

Top 10 Defense Contract Spending Locations	Top 10 Defense Personnel Spending Locations
Madison	Madison
Dale	Montgomery
Mobile	Dale
Montgomery	Calhoun
Calhoun	Jefferson
Baldwin	Mobile
Jefferson	Coffee
Coffee	Tuscaloosa
Tuscaloosa	Lee
Talladega	Houston

Defense Spending in Alabama – Ramp up in FY2018

Contract Spending in Billions



—●— Contract Spending in Billions

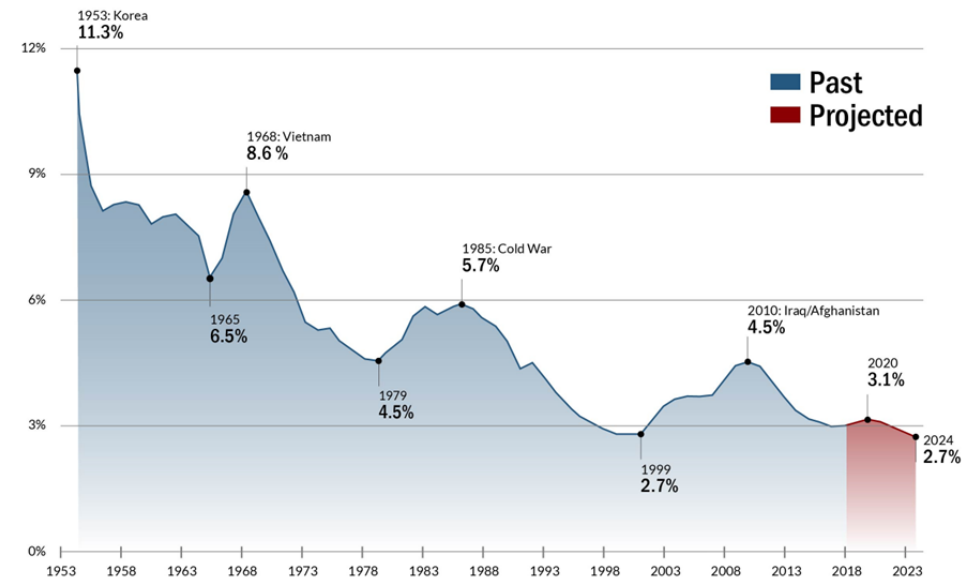
What does this data tell us?

1. Mississippi is a Defense State
2. DOD Spending Is Integral To Our Economy
3. Installations are Important to Defense Contract Spending
4. Defense Manufacturing is our Biggest Strength
5. Trends Show Loss of Personnel, Wide Swings in Contract Spending

Macro Trends and Headlines

- Defense funding increasing, but continues downward trend when measured as a % of GDP
- Current DOD focus on ‘wartime stockpiles’
- Rethinking our military training programs
- Resumption of upward trend in sales to foreign partners
- Military personnel is flat/slight uptick
- Administration has labeled China as a “pacing threat”
- Federal and commercial spending on space
- Global supply chain issues

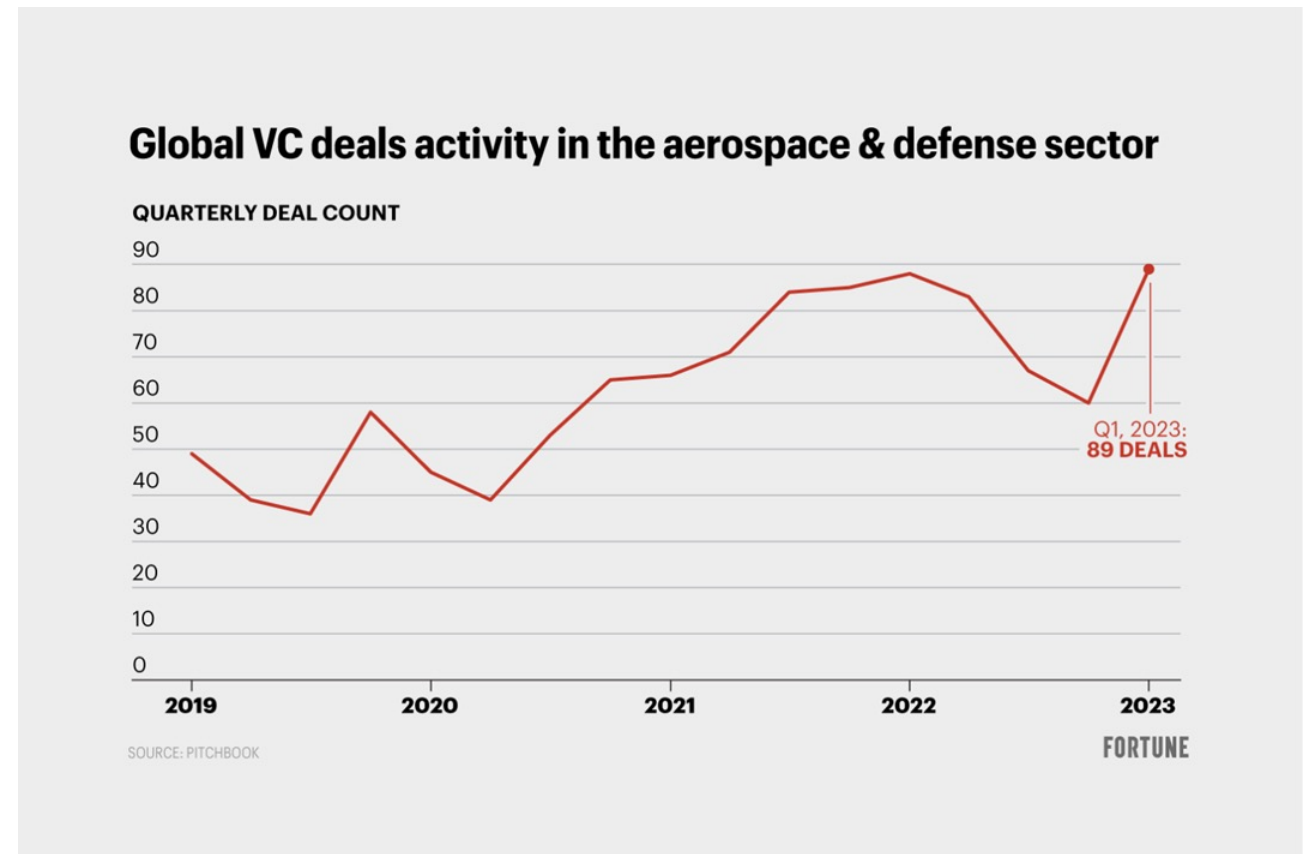
Defense Spending as a % of Gross Domestic Product (GDP)



Source: National Defense Budget Estimates for FY 2019 (Table 6-13); historical and projected GDP from both the FY 2019 and FY 2020 Budget of the United States Government.

Additional funds in the system?

- Venture interest in Defense Tech is bouncing back
- Defense Production Act for Hypersonics
- Private equity is now half of M&A activity for Aerospace and Defense (acquisitions)
- Military Aid (and Budgets) in Europe



2022 National Defense Strategy

1. Defending the homeland, **paced to the growing multi-domain threat posed by the PRC**
2. Deterring strategic attacks against the United States, Allies, and partners
3. Deterring aggression, while being prepared to prevail in conflict when necessary, **prioritizing the PRC challenge in the Indo-Pacific, then the Russia challenge in Europe**
4. Building a resilient Joint Force and defense ecosystem

What are our opportunities?

- Strengthen our Defense Manufacturing
- Defense Technology
- Grow and Enhance our Defense/National Security Missions



FMS, A&D Cluster, Mission Growth

Who is the customer? The DOD?

- For Fiscal Year 2022 the US sold \$51 B in arms through the three purchase programs (FMS, FMF, BCP)
- For Fiscal Year 2022 Direct Commercial Sales of arms was \$153.7 B
- The United States trained 38,500 foreign military students through 28 DOD and State Department training programs in Fiscal Year 2021.

Mississippi FMS and Foreign Partner Training

- NAVAIR International Sustainment Center at NCBC Gulfport
- Stennis International Airport
- Naval Small Craft Instruction And Technical Training School (Naval Special Warfare at Stennis Space Center)
- Mississippi National Guard (Southern Strike)
- Defense Industry

NCBC plays role in supporting U.S. international partners through the Foreign Military Sales program



Value of Aerospace and Defense Consortiums

Other Transaction Authority

- In 2015 the DOD used OTAs to purchase **\$0.76B** worth of products and services.
- In 2020 OTAs accounted for **\$16.18B** in purchases.

Consortiums and Clusters

- Continued expansion of the authority given to DOD makes this acquisition tool an attractive economic development strategy for States.
- Consortiums and clusters are often associated with OTAs.

Landscape of Mississippi Military

Active Duty and Reserves

- Columbus Air Force Base – Undergraduate Pilot Training
- Naval Air Station Meridian – Advanced Pilot Training
- Keesler Air Force Base – HQ 2nd Air Force, Air and Space Force Cyber Training, Keesler Medical, Hurricane Hunters
- Naval Construction Battalion Center Gulfport – Naval Construction Force Units and multiple additional tenant missions
- Stennis Space Center – Command for Naval Meteorology and Oceanography, Naval Special Warfare
- Coast Guard - shipbuilding and coastal/riverine units

National Guard

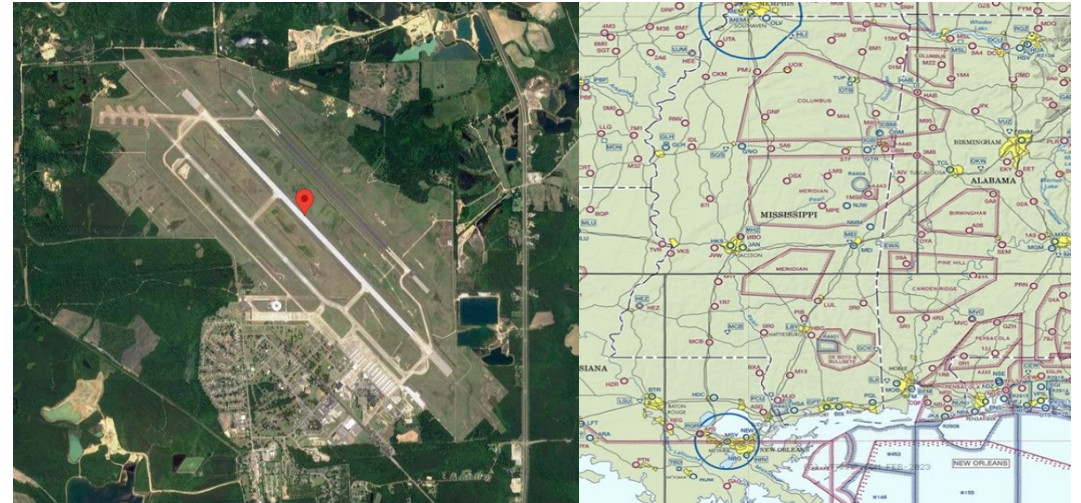
- Camp Shelby – Joint Forces Training Center
- Camp McCain – National Guard Training Center
- Combat Readiness Training Center – one of four National Guard specialized air facilities/ranges
- Thompson Field – Air Lift
- Key Field – Air Refueling

Research, Development, Engineering and Test

- Army Corps of Engineers/Engineer Research and Development Center
- Naval Research Lab
- NASA

Mississippi is home to significant military air assets

- Columbus Air Force Base
- Meridian Naval Air Station
- Keesler Air Force Base
- Thompson Field
- Key Field
- Camp Shelby
- Stennis Space Center
- Combat Readiness Training Center
- Army Aviation Classification and Repair Depot
- Multiple contracted MRO facilities



How do you grow a mission or attract a new one?

- Take care of Military Families
- Alignment
 - Political
 - Academic
 - Workforce/Economy
 - Etc.
- Awareness of Opportunities



What are we doing now?

- Mississippi Defense Initiative
- Governor's Office of Military Affairs
- Mississippi Defense Communities Development Council
- Installation Commanders Council
- The Future Fight, Mississippi Defense Economy Strategic Plan
- MS-SHIPS via AccelerateMS
- Mississippi Cyber Initiative – Partnerships with Keesler AFB and Air Force Education and Training Command (AETC)
- State has invested \$75+ million in military projects



Military Support in MS

- | <u>Direct</u> | <u>State</u> | <u>National</u> |
|---|--|---|
| <ul style="list-style-type: none">• Governor's Office of Military Affairs• Installation Commanders Council• Mississippi Defense Communities Development Council | <ul style="list-style-type: none">• Mississippi National Guard• Mississippi Development Authority• Mississippi Veterans Affairs• Accelerate MS• Research Universities• Community Colleges | <ul style="list-style-type: none">• OLDCC• Association of Defense Communities• Navy League, AUSA, AFA, Etc. |
| <u>University Initiatives</u> | <u>Local</u> | |
| <ul style="list-style-type: none">• Mississippi Defense Initiative• Mississippi Cyber Initiative• Mississippi Forge | <ul style="list-style-type: none">• Chambers• EDOs• Other | |

Our Current Strategy

Our Approach – recent history

- Mississippi Defense Initiative (MDI) creates first defense strategic plan for the state through funding from a Defense Diversification Grant from the Office of Economic Adjustment, Office of the Secretary of Defense (now OLDCC).
- Governor Reeves creates the Governor's Office of Military Affairs in June of 2021
- Governor's Office of Military Affairs and MDI partner on second strategic plan.

The Future Fight - Strategy

Recognize the priorities, reorient to changing circumstances, scale to become competitive.

- 1) We will: recognize the changing priorities of the DOD and the challenges of military families
- 2) We will: be attuned to the new priorities of defense industry and how each of our installations and units are positioned in the new great power competition
- 3) We will: utilize and develop our defense assets; position our installations, defense communities, and military families for success

The Future Fight

- This plan represents the State of Mississippi's Defense Economy Strategic Plan – not GOMA or MDI's Strategic Plan.
- Success is dependent on:
 - Stakeholder Actions
 - Community Buy-in
 - Installation Buy-in
 - Long-term Mindset
- Continuity is key.



THE FUTURE FIGHT
MISSISSIPPI'S DEFENSE ECONOMY
STRATEGIC PLAN 2022-2026



The Future Fight - Areas

Area 1 – the relationship between the community and the installation

- Establish MS DCDC
- Community/Commander Best Practices
- Installation-specific plans

Area 2 – Defense Industry

- Defense/Industry Assessments
- Create and Market our Strengths
- and Resources

Area 3 – Veteran Employment and Collaboration Activities

- MSVWC
- Consortia/Clusters/Other

What's Happening Now?

- Area 1 – Objective 1 is complete – The Mississippi Defense Communities Development Council has been created and is functioning. **Creating Best Practices Guide**
- Area 2 – Research and marketing efforts underway on key areas. Unmanned and Autonomous Systems, Research Development Test and Evaluation, Military and Military-like Training, Defense Logistics and MRO. **Partnership Survey beginning soon.**
- Area 3 – MSVWC, MDI, MSET, and Accelerate MS are focused on veteran growth and consortium building

Conclusions

- Awareness of Defense Industry Trends and DOD purchasing
- Opportunities
 - FMS
 - Consortium Building
 - Mission Growth
 - Strengthen our current industry
- Focus on Military Families