



MICHIGAN
DEFENSE CENTER
MICHIGAN ECONOMIC
DEVELOPMENT CORPORATION

STATE OF PROTECT & GROW

Executive Director Sean Carlson
Deputy Director Vicki Selva

AGENDA

- Arsenal of Democracy
- Michigan Defense Center
- Protect & Grow - Update & Results
- Moving Forward

Arsenal of Democracy

The Defense of our nation and Michigan has been linked since 1940 when FDR called on U.S. Industry to create the armaments needed for WWII. Chrysler opened the Warren Tank Plant in 1941 creating a Government-Owned, Contractor Operated (GOCO) facility.a





MICHIGAN ECONOMIC
DEVELOPMENT
DIVISION

Michigan Defense Center

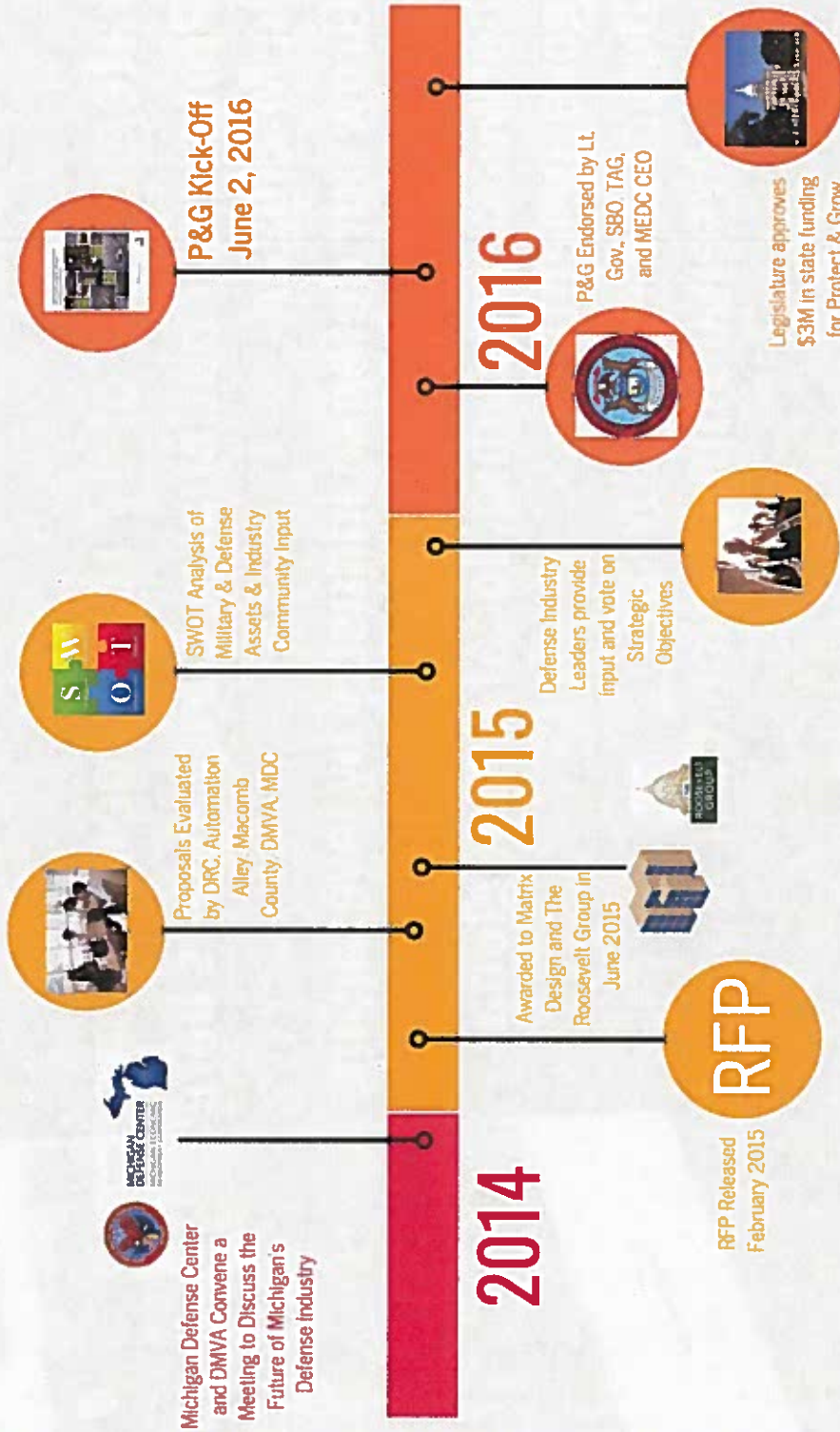
- Created by Statute in 2006
- Attached to MEDC
- Work Closely with DMVA, Detroit Arsenal, and other DoD missions
- Coordinating organization for defense industry strategy for the state
- Working closely with economic development partners around the state
- Manage relationships with defense community and associations

Concerns that sparked a statewide initiative

- Sequestration and BRAC discussions
- Retiring Senator Levin Chairman of the Senate Armed Services Committee
- Macomb County Executive Hackel's interest in protecting the Detroit Arsenal and Selfridge ANG
- Battle Creek Unlimited interest in protecting Battle Creek ANG and Fort Custer
- TAG Vadnais concerns of Unity of Effort among defense industry groups
- New and emerging technologies

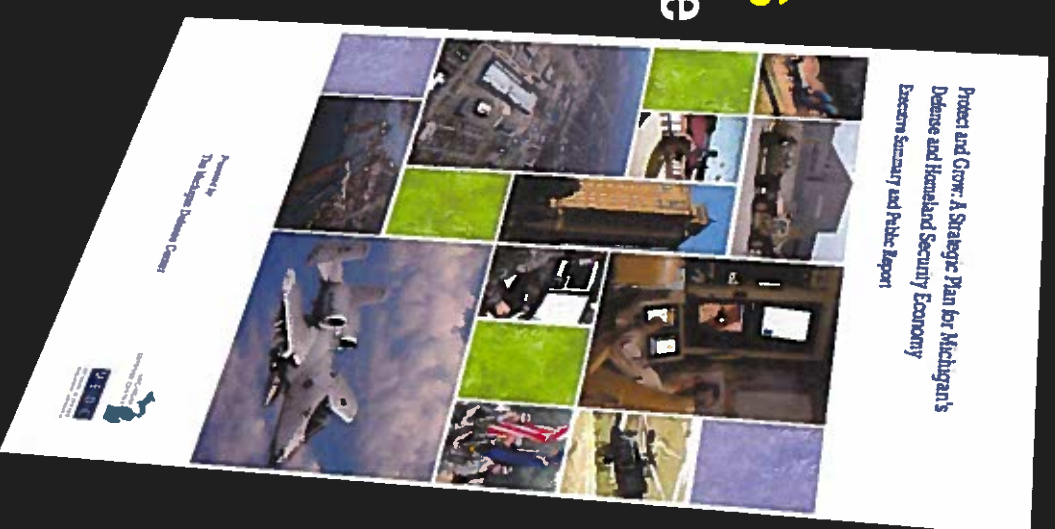
Getting P&G Started

Concern for vulnerability of Michigan's defense industry and assets led to a statewide strategic initiative.

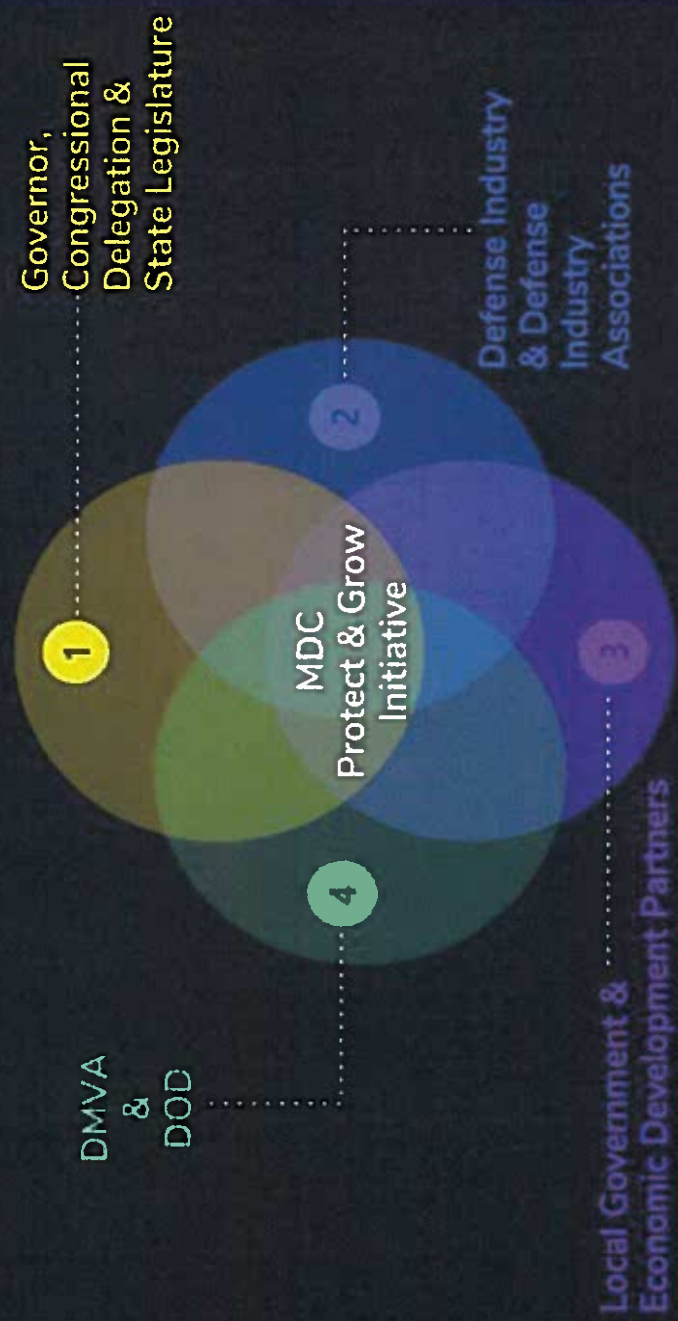


About Protect and Grow

- **Strategic plan of 17 recommendations**
- Protect our national security assets here in Michigan
- Grow our defense industry by leveraging our assets, building partnerships between academia, local and regional governments
- Download the report at www.ArsenalOfInnovation.com

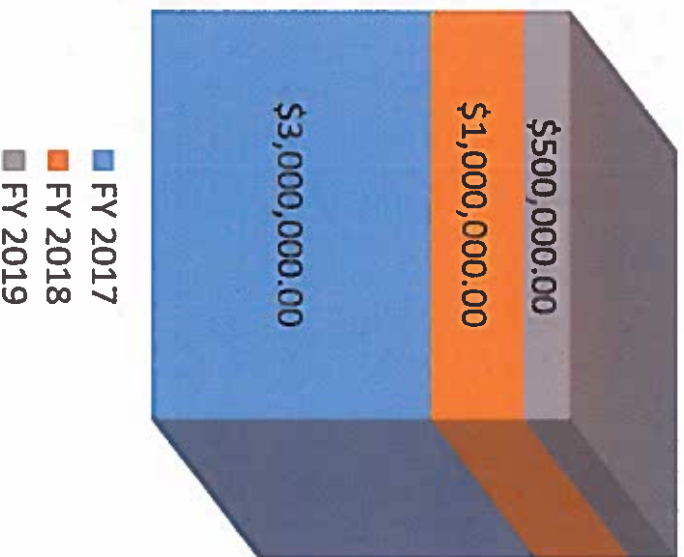


Protect & Grow Helping to Drive Unity of Effort

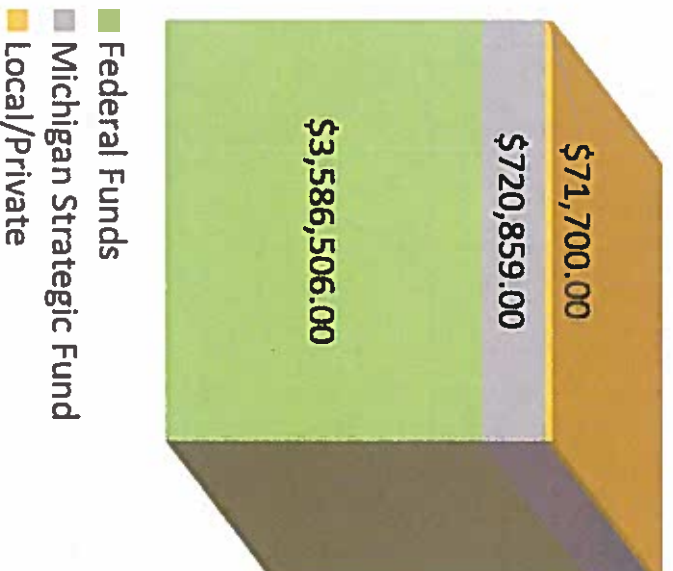


2017-2019 REVENUE = \$8.8 MILLION

**SOM GF/GP \$4.5M
2017-2019**

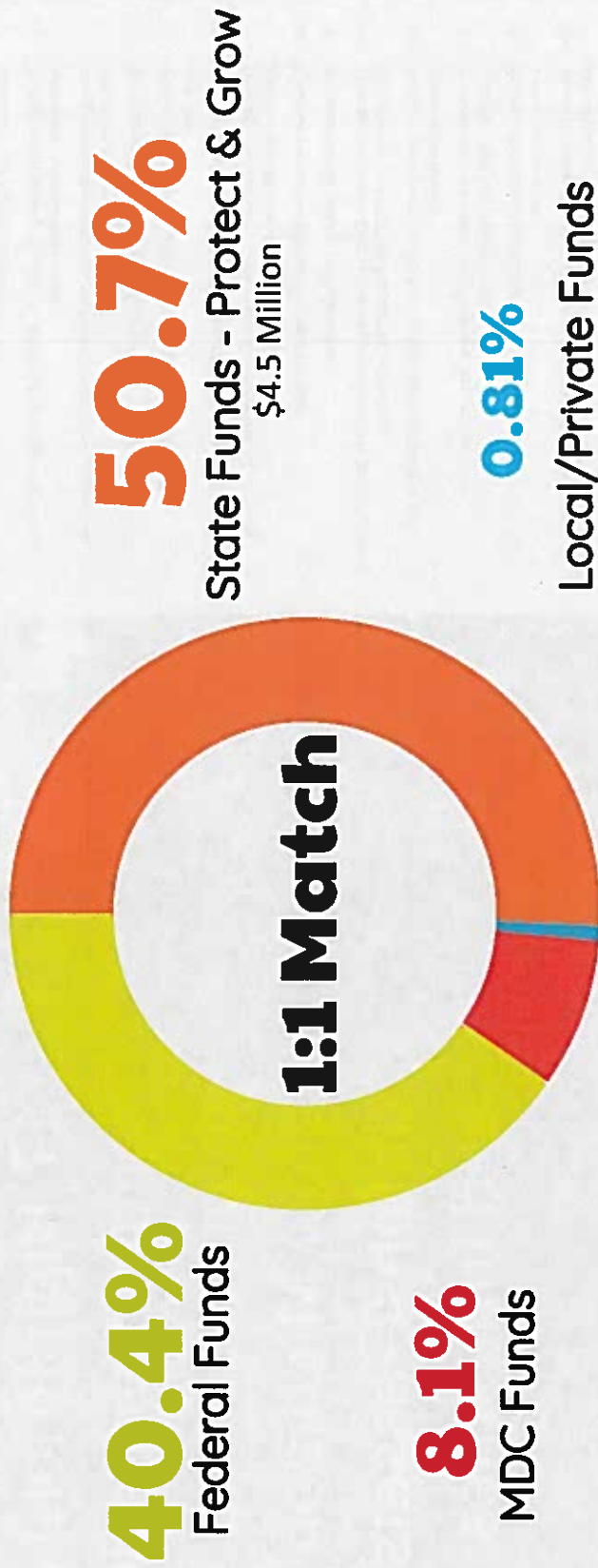


**Enabling Funds \$4.38M
2017-2019**



Protect & Grow Revenue Sources

\$8.8 Million Investment in Protect & Grow



- State Funds
- Local/Private Funds
- MDC Funds
- Federal Funds

PROTECT AND GROW RECOMMENDATIONS

1. Maximize the Michigan Congressional Delegation's Federal Influence and Support for Military Installations
2. Promote and Safeguard Acquisition, Technology, and Logistics (ATL) Capabilities at the Detroit Arsenal
3. Invest State Resources to Enhance Military Installations and Defense and Homeland Security Missions
4. Expanding Training Ranges and Opportunities
5. Pursue Opportunities and Branding to Lead the Nation in DOD and State
6. Leading the Nation in DOD/State Cyber Operations Integration
7. Strengthen and Promote Link Between Defense and Domestic Auto; Establish Autonomous Vehicle Corridor on I-69
8. Establish Innovation Center at the Detroit Arsenal
9. Connect Veteran Talent to Michigan Industry
10. Leverage Partnership Opportunities Between Academia, Industry, Local Government and DOD/DHS Entities Within the State
11. Publicize the Importance of the Soo Locks to National Security and Advocate for Funding
12. Promote and Expand Economic Gardening Tools for Michigan Companies (BTS & Proposal Writing)
13. Build and Promote an Asset Database to Leverage In-State Testing and Evaluation Capabilities
14. Secure East Coast Missile Defense Ground Based Interceptor Site at the Fort Custer Training Center
15. Study the Fiscal Impacts of Reinstating R&D Tax Credits
16. Sponsored Renewable Energy Solutions
17. Target and Invest Resources in the following areas of growth: Aerospace, Advanced Manufacturing, 3-D Printing, and Autonomous Systems



**17 High Priority
recommendations
to protect and
grow Michigan's
defense assets
and industries.**



Want to know more?
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PROTECT AND GROW

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Protect Objectives Investment \$2.9M



Expand Training Ranges & Opportunities

8.49%



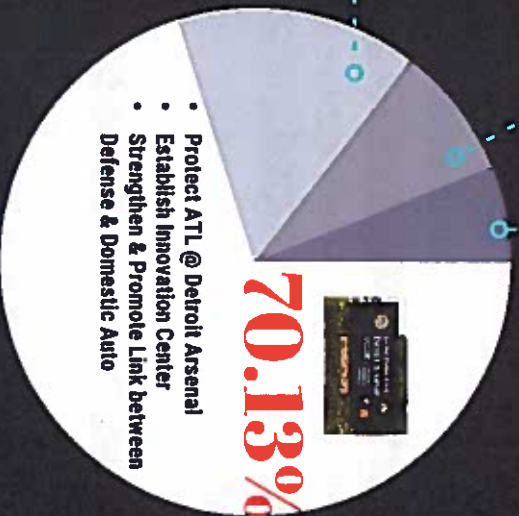
Soq Locks

6.06%



Invest State Resources to Enhance
Military Installations & Missions

15.32%



70.13%

PROTECT AND GROW

RECOMMENDATIONS

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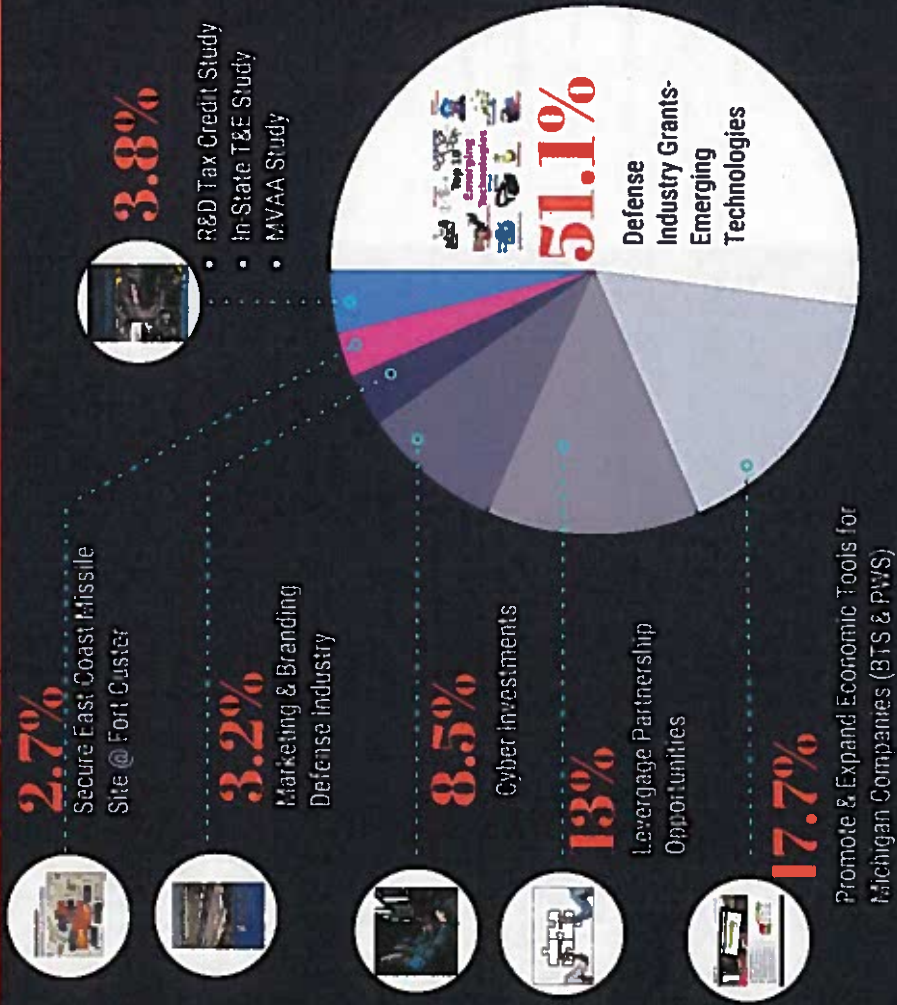
17 High Priority recommendations to protect and grow Michigan's defense assets and industries.

PROTECT AND GROW

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Grow Objectives

Grow Investment= \$5.8M



PROTECT AND GROW RECOMMENDATIONS

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**17 High Priority
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Want to know more?
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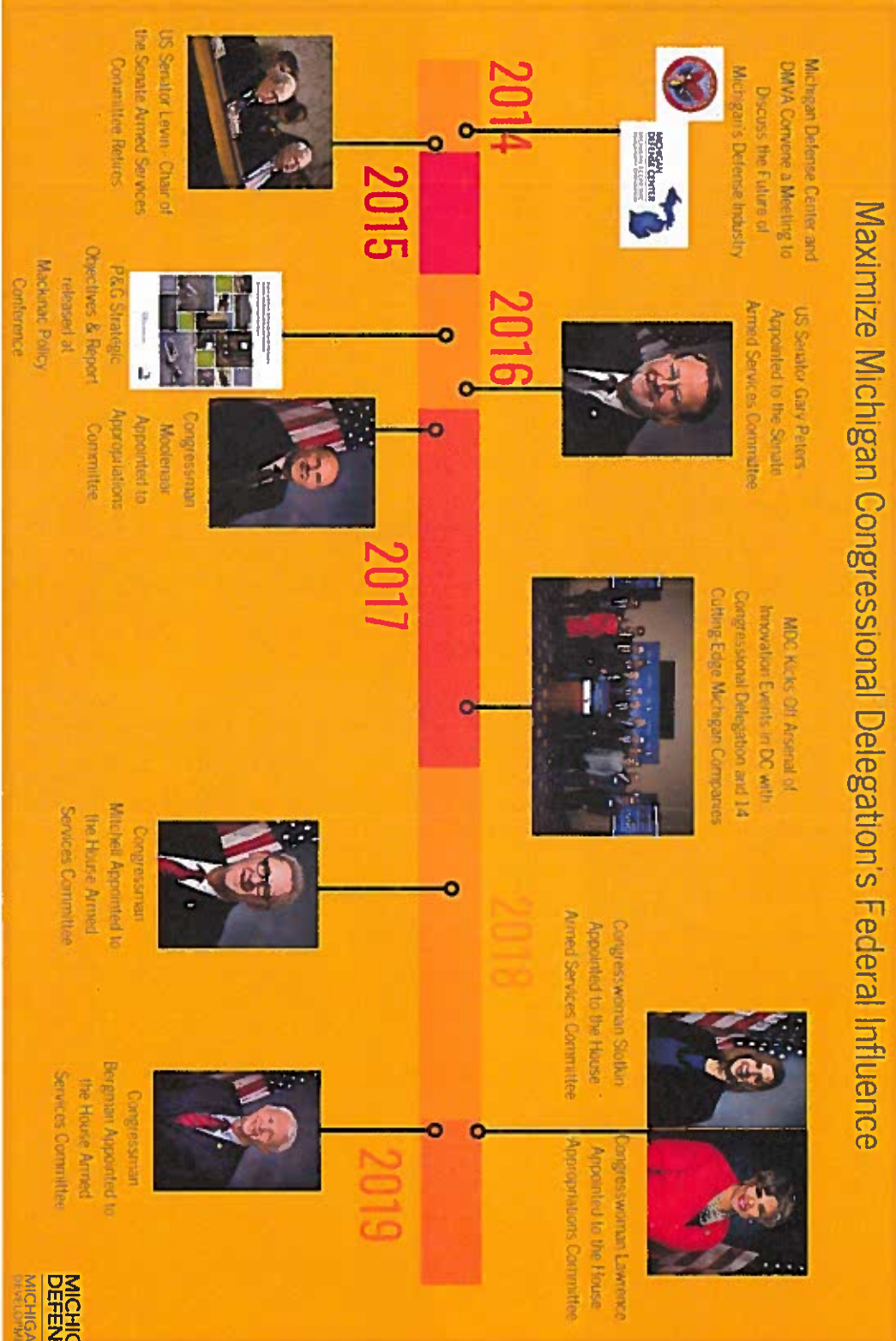


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- 1. Maximize the Michigan Congressional Delegation's Federal Influence and Support for Military Installations**

Protect & Grow

Maximize Michigan Congressional Delegation's Federal Influence



CONGRESSIONAL DELEGATION AND PROTECT AND GROW FUELING NEW MISSIONS AND PROJECTS

- | | | | |
|---|--|---|--|
| ✓ | Soo Locks - \$75M* (2020) | ✓ | Dense Urban Training (2018) |
| ✓ | Detroit Arsenal Substation – \$24 Million** (2020) | ✓ | First International Autonomous Military Vehicle Crossing, Blue Water Bridge (2017) |
| ✓ | Headquarters Next Generation Ground Combat Vehicle (2018) | ✓ | Northern Strike: Multi-Domain Training (2016-2019) |
| ✓ | Selfridge ANGB Eisenhower Center partnership (2018) | ✓ | Fort Custer Selected As Finalist For East Coast Missile Defense Site (2016) |
| ✓ | 272 ND Cyber Operation Squadron, Battle Creek ANGB (2018) | ✓ | MQ-9 Missions, Battle Creek ANGB (2016) |
| ✓ | Selfridge ANGB Hangar Improvements design – \$7M (2019) | ✓ | Five New Cyber Hubs & Infrastructure (2015-2019) |

* Included in President's 2020 Budget Proposal

** 2020 NDAA authorized



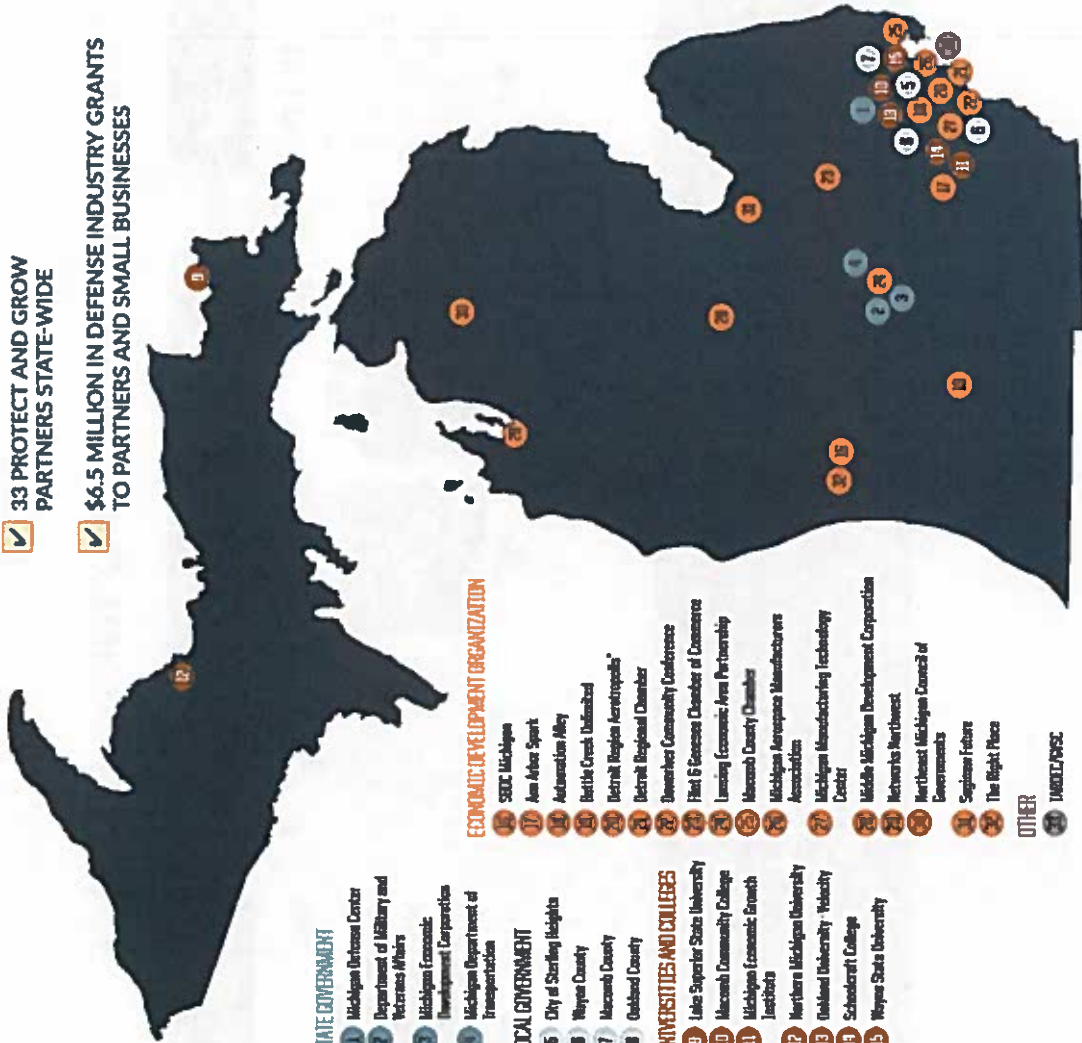
EVENTS AND PROTECT AND GROW INVESTMENT FUELING NEW CONTRACTS FOR MICHIGAN BUSINESSES

- ✓ 10 Congressional Arsenal of Innovation Events
- ✓ 3 Defense International Trade Trips
- ✓ 4 Major Contractor Defense Supply Chain Events
- ✓ Over 400 New Michigan Small Business Engaged in the Defense Industry
- ✓ \$220 Million in Contract Awards to Michigan Small Businesses Using Cutting-Edge Economic Tools (Bid Targeting System/Proposal Writing Services)

FUELING UNITY OF EFFORT

✓ 33 PROTECT AND GROW PARTNERS STATE-WIDE

✓ \$6.5 MILLION IN DEFENSE INDUSTRY GRANTS TO PARTNERS AND SMALL BUSINESSES



STATE GOVERNMENT

- 1 Michigan Defense Center
- 2 Department of Military and Veterans Affairs
- 3 Michigan Economic Development Corporation
- 4 Michigan Department of Transportation

LOCAL GOVERNMENT

- 5 City of Sterling Heights
- 6 Wayne County
- 7 Macomb County
- 8 Oakland County

UNIVERSITIES AND COLLEGES

- 9 Lake Superior State University
- 10 Macomb Community College
- 11 Michigan Economic Branch Institute
- 12 Northern Michigan University
- 13 Oakland University - Velocity
- 14 Schwaninger College
- 15 Wayne State University

ECONOMIC DEVELOPMENT ORGANIZATION

- 16 SEDC Michigan
- 17 Ann Arbor Spark
- 18 Automation Alley
- 19 Battle Creek Unleashed
- 20 Detroit Region Aerotropolis*
- 21 Detroit Regional Chamber
- 22 Downriver Community Conference
- 23 First 6 Economic Chamber of Commerce
- 24 Lansing Economic Area Partnership
- 25 Macomb County Chamber
- 26 Michigan Aerospace Manufacturers Association
- 27 Michigan Manufacturing Technology Center
- 28 Middle Michigan Development Corporation
- 29 Northwest Michigan Council of Governments
- 30 Saginaw Future
- 31 The Right Place

OTHER

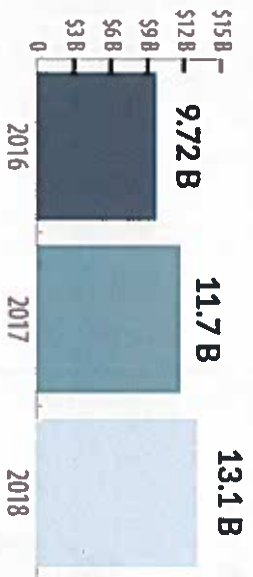
- 32 UNIC/D/DFC



DEFENSE INDUSTRY ECONOMIC GROWTH INDICATORS ON THE RISE

GDP (Economic Impact)

↑ 35%



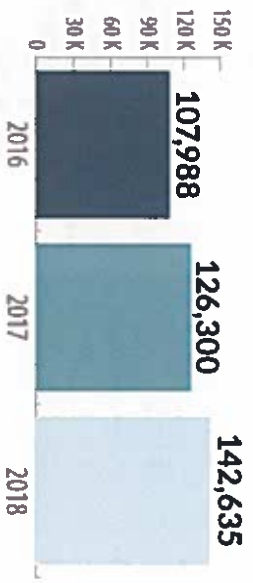
Personal Income

↑ 19%



Defense Related Jobs

↑ 32%



“Protect & Grow has been a huge success for Michigan. The Michigan Defense Center has led efforts resulting in new defense missions, multiple projects, and an increase in defense contracts for small businesses. Unity of effort has been the key to our tremendous return on investment.” Major General Paul Rogers, Adjutant General DMVA



Return on Investment \$56.6 to \$1

* \$255M in Federal Contract Awards/Appropriations for \$4.5M State Funds Invested



P&G Impact on Michigan's National Ranking

- DOD-OEA Office Report released in 2016 Ranked Michigan 33
- This year's report showed Michigan moved up 5 spots to 28
- Protect & Grow making a difference

How does Michigan stack up in the Midwest?

| MIDWEST STATE | TOTAL DEFENSE SPENDING IN STATE (Payroll & Contract) | RANKING BY TOTAL DEFENSE SPENDING |
|-----------------|--|-----------------------------------|
| Illinois | \$7.7 Billion | 18 |
| Ohio | \$7.0 Billion | 19 |
| Minnesota | \$4.6 Billion | 26 |
| Indiana | \$4.6 Billion | 27 |
| Michigan | \$3.8 Billion | 28 |
| Wisconsin | \$2.8 Billion | 33 |

Defense Industry is Key to Protecting & Growing Michigan's Economy

- BRAC proof Michigan's defense industry and assets
- Diversifying Michigan's economy
- Support Strategy to Recession Proof Michigan's economy
- Defense Industry in Michigan provides for good paying jobs

TIME FOR MICHIGAN TO LEAN IN AND LEAD

| | 2015 | 2019 |
|--|---|---|
| Congressional Delegation Influence | 0 Members Armed Services 0 Members on Appropriations | 1 Senate Armed Services Committee 3 House Armed Services Committee 2 House Appropriations |
| DOD & DHS Budgets | Less than 2.5% increases vs PY | Averaging 5% increases vs PY |
| Economic Development Partners in Michigan involved in Defense | 10 Partners | 33 Partners |
| Manufacturing Might | | Ranked # 6 in the US |
| Technology Know-How (R&D) | | Ranked # 5 in the US |
| Statewide Strategy | No Strategy | Momentum and Engagement |
| Unity of Effort | Low Level/Disparate | High Level |
| Tools & Programs for Small Businesses | Limited Tools to Support Small Businesses | Cutting-Edge Bid Target System & Proposal Writing Services |

Protect & Grow Version 2.0

"Skate to where the puck is going to be."—Wayne Gretzky

- ANCHOR MILITARY ASSETS WITH NEW MISSIONS
- LEVERAGE MICHIGAN'S TALENT TO WIN MORE CONTRACTS
- AGGRESSIVELY PURSUE NEW EMERGING DEFENSE INDUSTRIES
 - Aerospace - \$57.7 Billion
 - Space - \$14.1 Billion
 - Cyber- \$9.6 Billion
 - Autonomous Platforms - \$3.7 Billion
 - Artificial Intelligence - \$927M
 - Hypersonics – \$2.6 Billion

Next Steps

- Launch Protect & Grow Version 2.0
- Integrate with National Defense Strategy
- Perform SWOT Analysis on New Emerging Industries
- Link with Major General Rogers strategy document for the National Guard
- Engage Key Stakeholders and Partners from around the State



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The Arsenal of Democracy Meets The Arsenal of Innovation

Michigan: The Arsenal of Democracy and The Arsenal of Innovation.

The experience of U.S. Department of Defense (DoD) Arsenal of Innovation does not imply or constitute the endorsement.

OPPORTUNITIES

MICHIGAN DEFENSE CENTER

CYBERSECURITY

DUAL USE

R&D

TECH AND DEFENSE COMMUNITIES

DOD IN MICHIGAN

OEFA

