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**NEWS: FOR IMMEDIATE RELEASE**

**SEQUESTRATION PLUS EARLIER MANDATED DEFENSE CUTS TO HIT CALIFORNIA HARD IN NEXT 8 YEARS; STATE WILL LOSE 336,000 DEFENSE-RELATED JOBS, $21 BILLION IN ECONOMIC OUTPUT AND $6.9 BILLION IN PERSONAL EARNINGS**

*Southern California Leadership Council, Southwest Defense Alliance Release Study Showing Impacts on California in Advance of Congressional Budget Action*

*California Faces Double Whammy: $7 Billion in Already Mandated Cuts; Additional $4 Billion in Potential Sequestration Cuts*

**\*\*Governor Pete Wilson and Major General Dennis Kenneally available for comment\*\***

LOS ANGELES, Nov. 29, 2012 -- California will be hit hard by sequestration, the automatic spending cuts in the federal budget set to go into effect January 1, 2013 unless Congress agrees on a plan by year end to reduce the federal deficit by more than $1 trillion. If sequestration goes forward, combined with the earlier mandated cuts to the Department of Defense, the state will lose 336,000 defense-related jobs, $21 billion in economic output and $6.9 billion in personal earnings over the next eight years, according to a new study released today by the Southern California Leadership Council and the Southwest Defense Alliance. Sequestration will account for 136,000 of these lost jobs, $7.5 billion in reduced economic output and $2.4 billion in lower personal earnings, the study revealed.

Sequestration calls for $1.2 trillion in spending reductions from fiscal years 2013 through 2021 from both defense and non-defense departments. However, defense spending will be disproportionately affected. The Department of Defense accounts for 19% of the federal budget but is slated to take 50% of the required sequestration cuts, meaning that the Pentagon must cut $492 billion in military spending over the next 10 years. This is on top of the $487 billion already set to be cut from the defense budget over the same decade.

California will be pummeled once again by severe defense cutbacks just as we are trying to get back on our feet from the recession,” said Pete Wilson, former California Governor and U.S. Senator who served on the Senate Armed Services Committee.  “California can’t afford to lose one more job. Even more important, our country can’t afford to lose military preparedness.

  “California’s military installations are vital to our national security and military spending plays a major role in fueling our state’s economy,” Wilson points out. From 2005 through 2009, an average of 1 million jobs was tied to national defense spending in California, more jobs than in the entire Silicon Valley. Over that period $600 billion in increased economic output was generated plus $12 billion in cumulative state taxes.

“Just as voters passed Prop. 30 to raise revenue to fund the state budget, these cuts are going to diminish the pool of earnings and economic output that contribute to state revenue,” according to former Governor Gray Davis. “The additional sequestration cuts can be avoided if Congress adopts thoughtful and responsible approaches to reduce the deficit. We initiated this study to quantify the impacts on California and provide data we felt important for our representatives to consider,” Davis noted.

“The prospect of sequestration is already having a chilling effect on our state’s economy,” said Davis. “Just around the corner, we are looking at $54.7 billion in defense spending cuts during the first quarter of 2013. This scenario is a nightmare for our hundreds of small defense contractors, many mom and pop shops, who are being forced to face this uncertain future.”

California continues to have 30 major defense installations, more than any other state. The closing of 25 others in recent years due to the Base Realignment and Closure (BRAC) program caused enormous economic disruptions.

“Sequestration will make BRAC look like a walk in the park,” according to Major General Dennis Kenneally, executive director of the Southwest Defense Alliance. “The president has directed that military personnel will not be cut so reductions will be in R&D, operations, training, maintenance – services that support boots on the ground. How effective can our men and women in the armed services be without this critical infrastructure?” concluded Kenneally.

Wilson is a member of the Southern California Leadership Council along with former governors Davis and George Deukmejian. He also is honorary chair of the Southwest Defense Alliance. The Southern California Leadership Conference is a non-profit, nonpartisan public-policy partnership of business and civic leaders dedicated to improving economic vitality, job growth and quality of life in Southern California. The Southwest Defense Alliance is a non-profit, nonpartisan organization focused on preserving and enhancing critical defense missions and assets in the Southwestern United States.

The study originated by Southwest Defense Alliance and funded by Southern California Leadership Council covered six Southwestern states. Other states studied were Arizona, Nevada, New Mexico, Texas and Utah.

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