Training Materials

Presented by Peace Action and National Priorities Project
Move the Money Training Materials – for use during training

All Move the Money materials are available online at:
http://nationalpriorities.org/works-on/military-security/

INCORPORATED INTO TRAINING
Note: the materials either follow below, or are available online as Appendices.

Used in Understanding Federal Budget Priorities

  Spending Your Nickels
  • Where Your Federal Income Tax Dollar Went (blank, to be enlarged) (see Appendix 1)
  • Where Your Federal Income Tax Dollar Went (complete) (see Appendix 2)
  • National Priorities Project Budget Categories

  Pentagon 101
  • NPP’s “Talking Paycheck” video (see Appendix 4)
  • NPP’s Pentagon 101 powerpoint (see Appendix 5)

  Elephants in the Room
  • Jobs, the Economy, and Military Spending
  • Veterans Funding — Cutting Military Spending Won’t Hurt American Vets
  • Homeland Security — It’s Not Just About the Military
  • What is “Smart Security?” The Unified Security Budget
  • Ways to Save $960 billion — SDTF Report

  Let’s Play Budget Jeopardy!
  • Jeopardy game board (see Appendix 3)

Used in An Economy that Works for All: Racial Equity

  • Impact of Federal Spending on Communities of Color (United for a Fair Economy)

Used in Engaging in the National Debate and Taking Action

  • Federal Budget Timeline: Opportunities to Take Action
  • Defense Transition Scenario
  • November 17, 2013 Editorial via Syracuse.com
National Priorities Project’s Budget Categories

There are literally thousands of spending items in the federal budget. For simplicity’s sake National Priorities Project breaks the federal budget down into thirteen general spending categories. These are NPP categories, and do not necessarily correspond exactly to specific items within the budget.

Military: Funding for the Department of Defense, the nuclear weapons-related activities of the Department of Energy, and international security assistance.

Health: Discretionary funding for Medicare, Medicaid, CHIP and other health-related expenses. NOTE: These are administrative costs related to Medicare, not benefit payments.

Interest on Debt: Annual payments on borrowing resulting from previous deficits. This is a “must pay” item.

Unemployment & Labor: Discretionary funding for job training, disability, retirement, unemployment insurance, and Social Security. NOTE: These are administrative costs related to Social Security, not benefit payments.

Government: Commerce, law enforcement, overhead costs of federal government and undistributed offsetting receipts.

Veterans Benefits: Health care, housing and income and benefits for veterans.

Food & Agriculture: Agriculture and nutritional assistance, including Supplemental Nutrition Assistance Program (SNAP), and the Special Supplemental Nutrition Program for Women, Infants and Children (WIC).

Housing & Community: Housing assistance and credit, community development and services supporting social need.

Education: Elementary, secondary, higher and vocational education, Head Start and Pell Grants.

Energy & Environment: Natural resources and environment, supply and use of energy and science and research activities. Clean energy technologies.

Transportation: Development and support of air, water, ground and other transportation.

International Affairs: Diplomatic, international development and humanitarian activities abroad. NOTE: Does not include foreign military assistance.

Science: Science and research activities.
Elephant:
Jobs, the Economy, and Military Spending

Argument: Cutting the Pentagon will cost jobs.

Fact #1: While true, this statement tells only part of the story. Virtually all federal spending creates jobs. Yet as a study by the Political Economy Research Institute (PERI) at the University of Massachusetts shows, when it comes to job creation, the military is a poor investment compared to other areas of the economy. As the chart below shows, every $1 billion of federal investment in the military sector of the economy generates 11,200 jobs. Similar investments in other economic activities, however, generate even more jobs.

Quick Facts
- Federal investment in the military produces fewer jobs than equal investment in a range of domestic initiatives.
- Cuts in domestic programs eliminate more jobs than similar cuts to the military.

Jobs Created Per $1 Billion in Federal Investment

<table>
<thead>
<tr>
<th></th>
<th>Jobs Created</th>
</tr>
</thead>
<tbody>
<tr>
<td>Military</td>
<td>11,200</td>
</tr>
<tr>
<td>Tax Cuts for Personal Consumption</td>
<td>15,100</td>
</tr>
<tr>
<td>Clean Energy Technology</td>
<td>16,800</td>
</tr>
<tr>
<td>Health Care</td>
<td>17,200</td>
</tr>
<tr>
<td>Education</td>
<td>26,700</td>
</tr>
</tbody>
</table>

Source: PERI, 2011 National Priorities Project

[NOTE: Employment estimates include direct jobs (essentially contractors) indirect jobs, (their subcontractors) and induced jobs (those resulting from the economic activity stimulated in the community by direct and indirect employment)].
Why does investment in military-related activities compare so poorly to other forms of federal investing in job creation? There are several reasons military spending generates fewer jobs than other federal spending. One is that a lot of military-related funding is either spent overseas or on imported goods. Meanwhile most of the money spent on things like education is spent in the United States.

Second, military spending is more capital intensive (facilities, equipment, and materials) while spending in other areas is focused more on labor (people). It therefore has a smaller ripple effect on the economy than when you put money in the hands of people who then spend it.

Fact #2: While the PERI report shows that increases in funding for domestic spending are better job creators than spending on the military, the opposite is also no doubt true — domestic spending cuts will eliminate more jobs than equivalent cuts to the Pentagon.

Sources and Resources

- Top 10 Myths of the Jobs Argument Against Military Cuts By Miriam Pemberton, Research Fellow, Foreign Policy In Focus, August 14, 2012 http://www.ips-dc.org/blog/top_10_myths_of_the_jobs_argument_against_military_cuts/pending
**Elephant:**

**Veterans Funding: Cutting Military Spending Won’t Hurt Vets**

**Argument:** Cutting the Pentagon budget will hurt our nation’s veterans by reducing benefits.

**Fact:** It is a misperception that veterans’ benefits are part of the defense budget — they’re not. The Veterans Administration (VA) — created in 1930 — is an autonomous federal agency completely separate from the Defense Department.

Roughly 42 percent of the VA budget is discretionary spending and principally funds veterans’ medical care. The remaining portion of the VA budget is mandatory spending and supports pensions and education benefits. And as part of the mandatory budget, this funding is relatively safe from spending cuts.

**Argument:** Veterans funding has already been cut.

**Fact:** As the chart below shows, veterans funding has grown dramatically since the 1970s, and has almost doubled in the last decade alone. From FY2003 to FY2015 projected veterans funding grew from $75 billion to $161 billion (in inflation-adjusted dollars), an increase of 115 percent.

---

**Quick Facts**

- Funding for veterans programs is not tied to changes in the Pentagon’s budget.
- Far from being cut, overall funding for veterans programs grew by 115 percent in between 2003 and 2015 projected.
- While veterans’ healthcare costs have increased over the years, they are not the primary cause of recent funding increases.
**Argument:** It’s not surprising VA funding is going up, given that more veterans from Iraq and Afghanistan are entering the system.

**Fact:** The number of veterans has actually decreased since the 1980s. And while veterans of the wars in Iraq and Afghanistan are entering the VA system, as yet it is not in numbers large enough to offset the drop due to the passing of veterans from earlier wars. As a result, the amount of money in the VA budget per vet has increased, as shown in the chart below.
**Argument:** Healthcare costs are rising for everyone, and vets require additional and more expensive care.

**Fact:** Veterans health care costs are rising, just like everyone else's. But as the first chart shows, the increase in health care costs has not been large enough to account for all the increases in the VA budget. This is not to imply that more funding automatically means better benefits, health care and services. And while overall funding has gone up, it may have not risen for a particular program. Some programs within the VA have actually been cut. And new veterans entering the VA may need different types and levels of care than their predecessors. For example, personnel leaving the military after service during the Iraq and Afghanistan wars have experienced long delays in registering for VA benefits. The impact of Post-Traumatic Stress Disorder (PTSD) has become much more widely acknowledged, and the VA is facing the growing challenges of serving service personnel who have experienced limb amputations or head injuries and concussions.

**Sources and Resources**

Elephant:
Homeland Security: It's Not Just About the Military

**Argument:** Cutting funding for defense will make us more vulnerable to terrorist attacks.

**Fact:** While the Pentagon’s budget does contribute to homeland security funding, the military actually plays a small role in reducing the threat of terrorism to the United States. The Pentagon will contribute roughly $16 billion to the $73.5 billion fiscal year 2015 funding request for homeland security. This money funds two main activities — flying air-defense missions over U.S. territories and major public events in the United States, and providing security at U.S. military installations, both home and abroad, at U.S. embassies and foreign services missions around the world. The Pentagon also contributes intelligence information to the Department of Homeland Security (DHS) and other federal agencies, but this funding is not generally included in calculating the Defense Department’s share of homeland security spending.

**Overview**

There is some confusion about the meaning of “homeland security.” At the federal level, the phrase covers a very broad range of activities conducted by a number of federal agencies. In fact, funding for homeland security flows through literally dozens of federal agencies, so tracking homeland security funding is complicated.

For example, of the $73.5 billion requested for homeland security by the White House in FY2015, the largest share — $35.5 billion — is funded through the Department of Homeland Security. The remaining $38 billion is funded through various other federal accounts, including the Department of Defense ($16 billion), the Department of Health and Human Services ($4.9 billion), and the Department of Justice ($4 billion).
The U.S. government will have spent an inflation-adjusted total of $960 billion on homeland security following the terrorist attacks of Sept. 11, 2001, through the end of fiscal year 2015. Of that amount, $242.9 billion was part of the Pentagon's base budget, while the remaining $717 billion was funded through agencies other than the Pentagon. Over that period, total homeland security funding grew by 250 percent, after adjusting for inflation.

**Background About the Department of Homeland Security**

Congress created the Department of Homeland Security in November 2002 and the agency officially opened its doors on March 1, 2003. Yet funding for homeland security predates the creation of DHS by many years. Meanwhile, while the activities of DHS contribute to “national security” in the traditional sense of defending the nation against a military or terrorist threat, DHS also has jurisdiction over the U.S. Coast Guard and the Federal Emergency Management Agency (FEMA) and is therefore involved in a number of other critical functions, including responding to natural disasters.

**Sources and Resources**

Elephant:
What is “Smart” Security? The Unified Security Budget

Argument: In an uncertain world having a strong military is essential to U.S. national security.

Fact: The United States has by far the world’s most powerful military and the largest military budget. By reallocating a very small amount of this money we can greatly increase our ability to prevent international conflict and make us safer at home.

Much of the foreign policy establishment, including former Defense Secretary Robert Gates, believes conflict prevention is under-funded. In 2007, for example, Secretary Gates commented that funding for non-military foreign affairs “remains disproportionately small relative to what we spend on the military and to the importance of such capabilities.”

Overview

Foreign Policy In Focus, a program of the Institute for Policy Studies, publishes the Unified Security Budget (USB) annually. The July 2011 USB states, “since 2004, the Unified Security Task Force has made the case for a rebalancing of United States security resources among the accounts funding offense (military forces), defense (homeland security), and prevention (non-military international engagement). The goal is to strengthen our capacity to prevent and resolve conflict by non-military means …”

Each year the report’s analysis has found that existing security investment is poorly balanced, with an emphasis on the military rather than on homeland security and preventive diplomacy. The USB finds that military funding is excessive and often misdirected, while essential non-military components of U.S. national security go wanting.

The USB proposes reallocating funds among the three security “baskets” of “offensive,” “defensive” and “preventive” spending while reducing overall security spending primarily through cuts in the Pentagon budget. As the charts below shows, the USB proposes a shifting of funding from military forces (offense) into non-military international engagement (prevention). Funding for homeland security (defense) remains relatively stable.

Quick Facts

- A new, smarter approach to national security can make the United States safer, and would cost less than the current military budget.
- Through minimal reductions in military spending, the U.S. could increase spending to address critical underfunded non-military security programs, invest in job creation and actually help reduce the deficit.
The USB’s proposals would generate more than $77 billion in savings within the Pentagon without negatively impacting the readiness and capabilities of the U.S. military. These savings could support $28 billion in reallocated spending to address critical underfunded non-military security programs. Of the remaining $50 billion in savings, half could be allocated to job creation through public investment, while the other half would actually help reduce the deficit.

Background on the Unified Security Budget

“A Unified Security Budget (USB) for the United States” draws on a task force whose members are experts in U.S. security spending and military and foreign policy. The USB’s proposals to cut military spending are based largely on the recommendations of the Sustainable Defense Task Force (SDTF), a group of national security experts who have outlined ways to cut nearly $1 trillion in military spending over a decade.

Sources and Resources

Elephant: Ways to Save $960 billion

Overview


The Task Force report looked only at the Pentagon's annual “base” budget. It did not include any recommendations related to the cost of the wars in Iraq and Afghanistan. The report's combined recommendations cut $960 billion over ten years, an average annual reduction of roughly 16 percent below current spending levels.

The Task Force used a specific set of criteria to identify savings that could be achieved. The report focuses on:

- Pentagon programs that are based on unreliable or unproven technologies,
- Missions that exhibit a poor cost-benefit payoff and capabilities that are not cost-effective or are of limited utility,
- Weapons and capabilities that don’t match or substantially exceed current and emerging military threats, and
- Ways to provide needed capabilities and weapons at lower cost through management reforms.

The Task Force looked at six areas where savings could be achieved by cutting or eliminating Pentagon programs, changing the size and structure of the military, improving Pentagon management and operations, and reducing personnel costs.

“Rethink, Reset, Reform:” The Task Force acknowledged that while meaningful, these changes are not part of a comprehensive national security strategy. For the longer term, putting America’s defense establishment on a more sustainable path will require new thinking about our nation’s security commitments and goals to focus on what concerns us the most and what we most need to meet these goals. We need to think more broadly about the various tools — military and non-military — that are available to promote our national security, how to use them more cost-effectively, and we must reform the Pentagon’s procurement system so that it is more likely to provide affordable programs that meet actual security threats.
Estimated Annual Savings From Task Force Recommendations
(“National Defense” Function 050 in Billions of 2010 Dollars)

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<tbody>
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<td>Savings</td>
<td>21</td>
<td>53</td>
<td>70</td>
<td>84</td>
<td>105</td>
<td>114</td>
<td>123</td>
<td>134</td>
<td>129</td>
<td>127</td>
<td>960</td>
</tr>
</tbody>
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Options for Savings in Defense

**Strategic Capabilities** (Nuclear weapons and Dept. of Energy, missile defense, space)
1. Eliminate bombers from our nuclear forces; cancel the Trident II missile; and reduce the U.S. nuclear arsenal to 1000 deployed warheads, 7 “Ohio” missile submarines, and 160 Minuteman missiles [Saves $113.5 billion].
2. Limit modernization of nuclear weapons infrastructure and research [Saves $26 billion].
3. Selectively curtail missile defense & space spending [Saves $55 billion].

**Conventional Forces** (The Army, Navy, Marines, Air Force and their equipment)
4. Reduce troops in Europe and Asia, cut size of force by 50,000 [Saves $80 billion].
5. Reverse the buildup of Army & Marine forces related to the wars in Iraq and Afghanistan [Saves $147 billion].
6. Reduce size of the U.S. Navy fleet to 230 ships [Saves $126.6 billion].
7. Retire two Navy aircraft carriers and naval air wings [Saves $50 billion].
8. Retire two Air Force fighter wings, reduce F-35 fighter purchases [Saves $40.3 billion].

**Procurement and R&D** (Weapons development and acquisition)
9. Cancel USAF F-35 fighter, buy replacement [Saves $47.9 billion].
11. Cancel MV-22 Osprey aircraft, field alternatives [Saves $10-12 billion].
12. Delay KC-X Airborne Tanker, interim upgrade of some KC-135s [Saves $9.9 billion].
13. Cancel Expeditionary Fighting Vehicle, field alternatives [Saves $8-9 billion].
14. Reduce total spending on research & development [Saves $50 billion].

**Personnel Costs**
15. Reform military compensation [Saves $55 billion].
16. Reform DoD’s health care system [Saves $60 billion].
17. Reduce military recruiting expenditures as wars recede [Saves $5 billion].

**Maintenance and Supply Systems** (Logistical support network)
18. Improve efficiency of military depots, commissaries, and exchanges [Saves $13 billion].

**Command, Support, and Infrastructure** (Administrative support network)

Sources and Resources
Impact of Federal Spending on Communities of Color

United for a Fair Economy

Overview

The U.S. economy is not a force of nature. It is the direct result of policy decisions about what to tax and what not to tax, as well as how to spend those tax dollars. Federal taxes and federal spending have significantly contributed to the modern surge in economic inequality since the 1980s, especially in regards to the racial wealth divide.

Communities of color have borne the brunt of our nation’s history of racism. Although there have been many social and economic gains made for all races, people of color continue to be disproportionately left behind. Vast racial disparities still exist in wealth and income, education, employment, poverty, incarceration, and health. Extreme inequality continues to entrench racial disparities and further shrink the broad middle class that has been the foundation of a strong American economy and a cohesive society.

Economic inequality between white people and people of color will persist unless bold and intentional steps are taken to make meaningful progress towards racial equity, to sever the connection between race and poverty, and ultimately to eliminate the racial economic divide altogether.

Wealth

- **The housing crash and ensuing Great Recession have shrunk the wealth of families of all races but has hurt families of color the most.** Between 2005 and 2009, the median white household saw its wealth decline by 16 percent, to $113,149. Meanwhile, the median Black household saw its wealth decline by 53 percent, to $5,677, and the median Latino household saw its wealth decline by a staggering 66 percent, to $6,325. The economic downturn has only worsened the racial wealth gap.¹

Unemployment

- **Unemployment levels are higher for Black people and Latinos.** As of December 2011, the unemployment rate was 15.8 percent for Black individuals, 11.0 percent for Latinos, and 7.5 percent for whites.²
- **Due to pre-existing wealth disparities, Black people and Latinos depend on unemployment insurance in times of crisis more often than white people.** 16.4 percent of white households

Quick Facts

- Cuts to public sector jobs have a greater impact on communities of color because Black people and Latinos tend to hold more public sector jobs than white people.
- High levels of unemployment in the Black and Latino communities increase their dependence on social safety net programs, including unemployment insurance, social security, and Food Stamps. It is imperative that the federal government place high priority on funding these programs in order to close the racial wealth gap.
- The federal budget plays a key role in supporting programs that will ultimately raise communities of color out of poverty and joblessness.
lack enough net worth to subsist for three months at the poverty level without income while 41.7 percent of Black people and 37.4 percent of Latinos are in that position.³

- **Pay freezes and cuts to the public workforce hurt the country as a whole but damage communities of color the most.** Black people are 30 percent more likely than the overall workforce to work in public sector jobs and they are 70 percent as likely to work for the federal government.⁴ In the two years prior to September 2009, more than 110,000 state and local jobs were lost, including 40,000 teachers and 4,000 uniformed police officers and fire fighters.⁵

- **We can boost our economy by investing in unemployment insurance, states, and public infrastructure.** Extending unemployment benefits yields $1.64 in economic stimulus for each dollar spent by the federal government. Federal aid to states produces $1.36 and increased spending on public infrastructures yields $1.59 in economic stimulus per dollar.⁶

### Social Safety Nets

- **Cutting public assistance programs will worsen economic inequalities throughout the country, and would be a direct assault on Black and Latino communities that are already plagued by poverty.** The poverty rates for Black people and Latinos are more than twice that of whites, and childhood poverty rates for Black children and Latinos are more than three times that of white children.⁷

- **Communities of color rely on Social Security benefits in old age.** Without Social Security, 53 percent of older Black people and 49 percent of older Latinos would be in poverty, compared to an elderly poverty rate of 20 percent for both Black people and Latinos with Social Security.⁸

### Healthcare

- **People of color are less likely to have health care coverage than whites.** Before the provisions of the 2010 Affordable Care Act were implemented, health care coverage rates for white people, Black people, and Latinos were 86.3 percent, 78.3 percent, and 68.0 percent respectively.⁹

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### Sources and Resources


The Federal Budget Timeline: Opportunities to Take Action

The annual budget process offers a number of opportunities to make your feelings heard about our government’s spending priorities. Here’s a timeline of the budget process, with information about the best opportunities to shape the outcome.

<table>
<thead>
<tr>
<th>Opportunities to Take Action</th>
<th>Executive Action</th>
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<tbody>
<tr>
<td>Spring of preceding year</td>
<td>From the time the president is elected, be in touch with the White House regarding your priorities for the nation.</td>
</tr>
<tr>
<td>Late summer to early fall</td>
<td>Spring through early fall is the best opportunity for constituents to help shape a federal agency’s upcoming budget by contacting officials at the agency in question.</td>
</tr>
<tr>
<td>November</td>
<td>OMB reviews, modifies, and sends draft budget requests back to their respective agencies.</td>
</tr>
<tr>
<td>December</td>
<td>Constituents can exert influence at this stage by contacting OMB officials.</td>
</tr>
<tr>
<td>January</td>
<td>Agencies make final recommendations to OMB.</td>
</tr>
<tr>
<td>First Monday in February</td>
<td>OMB revises the draft agency budgets and then compiles the final budget request.</td>
</tr>
<tr>
<td></td>
<td>President submits the budget request to Congress.</td>
</tr>
</tbody>
</table>

Continued →
Opportunities to Take Action

Congressional Action

**February to March**

Administration and agency officials testify before Congress in support of the budget request. House and Senate Appropriations subcommittees hold hearings with heads of agencies and outside public witnesses.

This is a good time to contact lawmakers if you believe the president’s budget is wrongfully cutting a program, or to voice support for provisions in the budget. Subcommittee members determine who testifies about requested agency funding, and they may ask stakeholders for suggestions on issues they should raise at hearings. You may be able to influence a hearing, or even testify, if you are deeply affected by a particular program.

**April**

House and Senate Budget Committees draft and vote on budget resolutions to recommend overall funding levels for each federal agency.

April and May are good opportunities to speak with lawmakers. First contact members of Budget Committees about agencies’ overall spending levels.

The full House and Senate adopt budget resolutions based on recommendations from their respective Budget Committees and then reconcile their separate versions into a single budget resolution.

Once the budget resolution has passed, constituents should direct their attention to Appropriations subcommittees as they begin to consider funding for specific programs.

Based on the final budget resolution, House and Senate Appropriations Committees set overall funding levels for each of their subcommittees.

**May**

Continued ➔
Opportunities to Take Action

June
- House Appropriations subcommittees prepare appropriations bills providing funding for specific federal programs
- Senate Appropriations subcommittees draft revised versions of the House-passed bills
- Full Appropriations committees consider subcommittee spending bills

July-August
- House and Senate pass respective versions of appropriations bills

September
- House-Senate conference committees meet to resolve differences and agree on final versions of appropriations bills

Congressional Action
- Once Appropriations subcommittees approve a draft funding bill for the full committee to consider, you have another good opportunity to contact lawmakers about funding for specific programs.
- LAST CHANCE – As House and Senate appropriators iron out differences between their respective versions of appropriations bills, it is critical that lawmakers hear from constituents about which provisions should prevail. For instance, if you support program X, and one chamber has provided significantly more funding for program X than the other chamber has, you should urge lawmakers to include the higher funding level in the final bill.
- President signs or vetoes final bills
- REALLY LAST CHANCE – If you believe the final version of a bill is deeply problematic, you can urge the president to veto it. But if the White House has not voiced concerns about the bill, then it’s not likely that the president will veto it.

Continued →
For any of the 12 annual appropriations bills not yet enacted by October 1, Congress passes continuing resolutions (CRs) to maintain funding for the agencies without appropriations bills. Once Congress completes its work on the outstanding spending bills, they are signed by the president.
Defense Transition Scenario

Review the editorial from the local newspaper and these facts.

- The recent editorial from your local paper has sent shock waves through the community because the plant in your town is an important source of good paying jobs. It also has a strong union representing the workers.
- You have a community group, which has about 10 members.
- The town in which you all live has a population of 60,000 people.
- The town has a small college.
- No one has strong ties with the labor union at the plant with the defense contract described in the editorial. Some group members know people who work in the plant.
- Some group members know a few of the city council and state representatives because they have worked together previously on other issues.
- The group has organized lobby visits with Congressional representatives and has participated in delegations organized by other groups.

Based on the news in the editorial, what will your group do?

In 25 minutes develop a plan. Pick up a marker & sheet of paper to record your plan.

- Pick one participant to give the report back on your plans to the larger group.
- Choose a time keeper to help divide the 25 minutes up to make sure your group is able to finish the assignment. (Hint: spend most time on #4.)
- Review the editorial & scenario.
- Answer 3 questions:
  1. How will you respond to the possible loss of jobs? What is the goal?
  2. Who are your possible allies and opponents?
  3. What tactics will you use to mobilize allies, neutralize your opponents or swing them to support your efforts? (What will your group do, what can individual members do, when, how, etc.)
Lockheed's threat to leave is a warning flare: CNY economy must continue to diversify
http://www.syracuse.com/opinion/index.ssf/2013/11/lockheeds_threat_to_leave_is_a_warning_flare_cny_economy_must_diversify.html

The Lockheed Martin plant in Salina was on a list of plants the company planned to close. The plant, and its 1,600 employees, received a reprieve of at least a year.

If other states are offering big incentives to lure Lockheed jobs, Gov. Andrew Cuomo will be challenged to make New York competitive.

Thanks to a timely phone call from Sen. Charles Schumer, Lockheed Martin’s confidential plan to close its plant in Salina has been put off for at least a year.

The reprieve is welcome. But we should be worried.

It's welcome because losing Onondaga County's largest for-profit employer would be a severe blow to our economy. It would be personally devastating to the 1,600 highly skilled and well-paid employees who would lose their jobs or face a transfer to another state. After witnessing the likes of General Motors, Carrier and Chrysler shut their factory doors, Lockheed's departure would effectively mark the end of the industrial era in Syracuse.

It's worrying because the draft plan for closing the plant stayed under wraps until it was almost too late to intervene. Thankfully, the news was leaked to Syracuse.com/The Post-Standard's Washington bureau reporter, Mark Weiner. Schumer called Lockheed's CEO on her cellphone to find out what was going on. Within days, the company took Salina off the closure list. While a defense contractor knows how to keep secrets, it's disturbing that nobody in Washington, Albany or Onondaga County saw this coming.

There were troubling signs. In August, Lockheed laid off 114 people, bringing its employment to the lowest level in almost two decades. Meanwhile, the company is coping with a contraction of defense spending plus the across-the-board budget cuts known as the sequester. Even so, thanks to aggressive cost-cutting, Lockheed remains wildly profitable. It is on pace to earn $4.7 billion for the year.

Now what?

Our business and political leadership are on the right track with their request to meet with Lockheed officials to explore what more they can do for the company -- within reason, that is. Because the state owns Electronics Park, it's possible a new tax-free zone could be established there. Meanwhile, all levels of government need to keep working to reduce taxes and improve New York's business climate. If other states
are offering big incentives to lure Lockheed jobs, Gov. Andrew Cuomo will be challenged to make New York competitive.

While we must try, the plain fact is that there may be nothing Cuomo or the state can do to keep Lockheed here. According to its plan, Lockheed was willing to pay the penalties for breaking its 30-year lease in Salina and was sensitive to the politics of that decision.

Our representatives on the Armed Services committees -- Rep. Dan Maffei in the House and Sen. Kirsten Gillibrand in the Senate -- and the Senate's No. 3 leader Schumer could make life difficult for the company. Ultimately Lockheed answers to its shareholders. But our elected officials can't give up: They must make Central New York’s case in the strongest possible terms.

The Lockheed near-miss is more evidence the region's future depends on a diversified, entrepreneurial economy that can withstand the loss of a big employer. Building that economy is a work in progress, supported by a smart business plan for the Central Upstate region recently unveiled by CenterState CEO and the Brookings Institution.

The plan builds on the area's expertise in digital electronics, information systems, medical equipment and environmental products. It emphasizes exports, investment in entrepreneurial ventures, workforce development and a more streamlined government.

This new economy won't be built in a year, but this much is clear: We can't afford to waste a moment.

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