



STATE OF CONNECTICUT

GOVERNOR DANIEL P. MALLOY

**GOV. MALLOY: CONNECTICUT AWARDED FEDERAL PLANNING
GRANT TO STUDY HOW TO STRENGTHEN STATE'S AEROSPACE
AND DEFENSE MANUFACTURING WORKFORCE**

(HARTFORD, CT) – Governor Dannel P. Malloy announced today that the state Department of Economic and Community Development (DECD) and the Connecticut Center for Advanced Technology, Inc. (CCAT), which have partnered on a Regional Aerospace and Defense Exchange (RADE) initiative to study the impact of defense contract reductions to Connecticut and New England, will receive a \$1.25 million U.S. Department of Defense Office of Economic Adjustment (DoD OEA) grant for the joint effort. In 2011, aerospace and defense (A&D) contract awards to Connecticut firms and institutions represented 95 percent of all federal contract awards to the state.

“Connecticut’s aerospace companies are among the best in the industry, and our receipt of this DoD grant speaks to the major role they play in the national defense supply chain. As a state, we consistently rank among the top 10 in the U.S. for direct employment and federal contracts awarded in the A&D sector,” said Governor Malloy. “We are talking about an industry that employs tens of thousands of workers and generates billions of dollars in economic activity and tax revenue – it is simply too important not to prepare ourselves for possible cuts to defense spending.”

According to a 2012 report released by the Defense Technology Initiative, more than 1,100 Connecticut vendors within the aerospace and defense sector received nearly \$12.7 billion in federal contracts awarded by DoD and the Department of Homeland Security. In 2011, federal defense contracts performed in Connecticut generated nearly \$859 million in state and local tax revenue, and were responsible for the direct employment of approximately 40,000 workers and indirectly supported an additional 55,000 jobs in related industries.

“Given the continued impact of sequestration, we must plan at the state level to ensure that Connecticut’s defense industry remains active and on the cutting edge. This competitive grant will allow us to do just that,” said U.S. Senator Richard Blumenthal (D-CT). “We must work together to ensure the continued vitality of our high-tech manufacturers, both large and small, and to make certain that Connecticut maintains its competitive advantage as an innovator and leader in the industry.”

"The Omnibus spending bill was a home run for Connecticut's defense manufacturers, and our delegation fought hard to make it happen. And while this year's bill was a win, tens of thousands of people's livelihoods are dependent on continued funding for Connecticut's manufacturers, which we'll continue to fight for," said U.S. Senator Chris Murphy (D-CT). "This study will help us make an even stronger case in Washington for keeping this critical industry strong in our state in future budget years when spending levels could be lower."

"Many manufacturers and small businesses rely on our defense base," said Congressman John Larson (CT-01). "The study made possible by this funding will help Connecticut develop the best path forward for our defense industry, helping to protect the supply-chain and strengthen job creation. I am pleased to see the proactive work of Governor Malloy and CCAT on this initiative and look forward to continuing efforts to bolster our industrial base."

"Connecticut's defense manufacturers are not only a core part of our state's economy, but help keep America strong. We have always been a state that does not just buy things, we build them, and we are the stronger for it," said Congresswoman Rosa DeLauro (CT-3). "As a major economic driver, we need to be prepared for how defense cuts could impact Connecticut and its workforce. This is not only an issue for large defense contractors, but for the hundreds of subcontractors who make up their supply chains. This initiative will provide critical economic data and I applaud everyone involved in making it a reality."

"Connecticut's defense and aerospace companies are vital to our state's economy, and the federal contracts that help bring business to these companies mean more job opportunities for Connecticut workers and more money going into our local economies," said Congressman Jim Himes (CT-4). "I am very pleased that the state Department of Economic and Community Development and the Connecticut Center for Advanced Technology has been awarded this funding to gain a better understanding of how cuts to defense spending will impact our state, and I look forward to seeing the results."

"I applaud the Department of Defense for recognizing Connecticut's critical role in our nation's defense and aerospace industry," said Congresswoman Elizabeth Esty (CT-5). "This grant will provide important resources and information to help support job growth and job security for small and family-owned manufacturers right here in Connecticut."

Due to the drawdown of the wars in Iraq and Afghanistan and the federal budget sequester, defense contracts have declined nationally and many manufacturers have needed to adapt by transitioning to new opportunities and reallocating resources. In Connecticut, considered as the 'principal place of performance' for contracts awarded to out-of-state contractors, vendors also performed defense contract work for defense

firms from nearly every other state. Related work in other New England states contributed over \$1.1 billion in indirect and induced economic activity in the state.

“Revenues from defense contracts have been a significant contributor to Connecticut’s economic growth,” said DECD Commissioner Catherine Smith. “The aerospace and defense industries are key economic drivers in the state, and the supply chain is a valuable regional asset. It is critical that Connecticut and the region address the possible impact of defense spending adjustments and plan mitigation strategies that safeguard continued employment and growth opportunities.”

The DoD OEA grant will support the partnership’s work on a RADE initiative to understand the economic impact of 1) federal defense cuts to New England’s supply chain and how a major decrease in contract awards will affect industry-related work performed in the state and region; 2) the importance of skills development in the region to meet the changing needs of the industry; and 3) the regional opportunities for enhancing the sector of the economy. Connecticut will serve as the central hub for coordination, facilitation of policy and program development, and information dissemination.

Under Governor Malloy’s leadership, Connecticut has taken steps to ensure that its community colleges, technical schools, and job training programs work hand-in-hand with business and industry to build and maintain an advanced manufacturing workforce with the skills and education necessary to help the state and region best transition to new defense and commercial manufacturing work in the years to come.

“We are pleased to be partnering with DECD on the OEA initiative,” said Elliot Ginsberg, president and chief executive officer, CCAT. “This grant will provide valuable strategic information and protocols that will allow us to tactically strengthen and diversify the defense base among the New England states.”

The grant leverages and extends work completed under a previous OEA planning grant with the Town of East Hartford in partnership with CCAT. Under the project, CCAT framed a workforce development model to address the impact of the anticipated cancellation of the F-22 Raptor program at Pratt & Whitney’s East Hartford facility. While OEA’s East Hartford project was narrow in scope, RADE will develop an organizational model that focuses more broadly on the state and region’s extensive A&D supply chain. The initiative will assist in policy and program development, help strengthen and diversify the industry across the region, foster collaboration among stakeholders, and enhance the region’s capacity to support local communities with economic diversification and workforce development.

###

For Immediate Release: January 23, 2014

Contact: Peter Yazbak

Peter.Yazbak@ct.gov

860-524-7362 (direct)

860-985-5528 (cell)