

STATE *of* CONNECTICUT
OFFICE *of* MILITARY AFFAIRS
(OMA)

Annual Report 2014



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Executive Director

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I. Introduction

For its legendary support in the Revolutionary War, President George Washington called Connecticut the *Provisions State*. From the beginning of America's democracy, Connecticut has played a key role in producing the diverse and highest quality human and physical resources for our nation's defense.

Units of the Connecticut National Guard are dispersed in armories and other facilities across the state. Throughout its long history, dating back to colonial militias, Guard units have responded to state and national emergencies and performed combat operations around the world. The Connecticut National Guard is headquartered next to the State Capitol in Hartford, in the massive State Armory and Arsenal building dedicated by President William H. Taft in 1909.

In 1794, after the Continental Congress decided to create a United States Navy, an expedition sailed from New London to retrieve live oak, the hardest wood available, to build America's first warships at different shipyards along the East Coast. These ships were not modified merchant vessels. They were designed from the keel up to be warships. One of them, the USS Constitution, remains the oldest commissioned warship in the world.

The Navy base in Groton was originally a Naval Yard and Storage Depot, established in 1868. It was built on land donated by the people of Connecticut. The State Legislature provided \$15,000 and the City of New London appropriated \$75,000 for the purchase of land on the east bank of the Thames River in the New London harbor. In 1916 the base was designated the nation's first Naval Submarine Base and home of the Submarine School.

The first land-based campus of the Coast Guard Academy was established at Fort Trumbull in 1910 and then moved to land donated by the City of New London in 1915. The Coast Guard Academy is the single officer accession source of all commissioned officers for the U.S. Coast Guard. Today, the men and women of the Coast Guard serve at stations ashore and aboard cutters deployed throughout the U.S. and in every ocean.

Since the first days of our democracy, Connecticut's defense manufacturing industry has continued without interruption. The ships, submarines, aircraft, jet engines, helicopters, firearms and advanced weapon systems built in Connecticut reflect our state's continuous innovation and highly skilled workforce. Connecticut's defense industry and military bases produce billions of dollars in economic activity throughout the state, in large and small businesses in virtually every municipality.

Overview of OMA

The Office of Military Affairs (OMA) was established by Connecticut General Statute 32-58b. Accordingly, "the Office of Military Affairs shall promote and coordinate state-wide activities that enhance the quality of life of all branches of military personnel and their families and to expand the military and homeland security presence in this state."

Mission of OMA

- Coordinate efforts to prevent the closure or downsizing of Naval Submarine Base New London in Groton (SUBASE).

- Support Connecticut’s military families and enhance their quality of life.
- Advocate for Connecticut’s defense industry, a major component of the state’s economy and an engine of innovation and quality production for the U.S. Armed Forces.
- Encourage the retention of established military and defense industry missions and the relocation of new ones to the state.
- Serve as liaison to the Connecticut congressional delegation on defense and military issues.

Structure and Organization

As directed in statute, OMA is established within the Department of Economic and Community Development (DECD) for administrative purposes only. OMA and DECD are co-located at 505 Hudson Street in Hartford, Connecticut.

The office is minimally staffed with a full-time Executive Director, designated as a department head in the executive branch, reporting directly to the Office of the Governor. The Executive Director is supported by DECD staff members and interns who provide support for OMA in various functions including, but not limited to, office administration, financial management, legal counsel, information technology, economic research and legislative affairs.

The Washington, D.C.-based consulting and government relations firm, Mercury®, is retained by OMA to provide supportive services in Washington. This firm played a key role in Connecticut’s successful effort to prevent the closure of the SUBASE in 2005. Under a contracted professional services agreement, Mercury®

assists OMA in coordinating initiatives with the Connecticut congressional delegation, developing government and public communication strategies, monitoring and tracking trends in defense spending in the state, projecting future developments in defense and homeland security matters, monitoring significant issues related to Connecticut’s defense industries, representing OMA to Pentagon policy-makers, and recommending strategies and initiatives to advance and protect the state’s interests in Washington.

OMA is an active member of the Association of Defense Communities (ADC), a Washington-based organization that represents states and communities nationwide that host military installations. In 2014 OMA Executive Director Bob Ross was named ADC Member of the Year for his many contributions to the organization, including participation on numerous discussion panels at national and regional meetings.

II. Key Defense Issues for the Nation and State

With an agreement in place to provide relief to the Department of Defense (DoD) for its FY 2014 and 2015 budgets, 2014 was a relatively stable year for defense spending nationwide. However, new threats arose in the form of increased acts of brutality against the West by the Islamic State in Iraq and Syria (ISIS) and Russian-sanctioned aggression in eastern Ukraine. As 2014 came to an end, a key issue looming for 2015 was whether Congress would allow automatic spending cuts known as “sequestration” to return in FY 2016 or whether it would once again take action to moderate the impact of such cuts.

In Connecticut, the year saw solid progress in funding for the programs most important to the state's defense industrial base – submarines, helicopters, military jet engines. It was also a year marked by the award of significant long-term defense contracts to Connecticut firms, including the largest single shipbuilding contract in U.S. Navy history.

Sequestration/Defense Spending Nationwide

The Budget Control Act of 2011 (BCA) was enacted by Congress as a long-term, structured way to reduce federal spending and budget deficits. It put in place annual spending caps on all federal agencies for 10 years, starting in January 2013. In the event that annual agency budgets exceeded such caps in any year, sequestration -- automatic spending cuts -- would kick in.

The first round of such cuts occurred in January 2013. For the military services, the results were very damaging, particularly in the operations and maintenance budget accounts. Major impacts included the postponement or cancellation of Navy ship maintenance availabilities, reductions in flying hours and other forms of training, and significant decreases in funding for facilities maintenance.

There were few defenders of sequestration in Washington, even within the halls of Congress. Due to a litany of complaints from DoD, other federal agencies, and the public in general, Congress in late 2013 took action to scale back the mandatory cuts. Legislation known as the Bipartisan Budget Act of 2013, enacted in December 2013, restored \$22.4 billion of the planned \$54 billion in defense cuts for FY 2014 and restored an additional \$9.4 billion for

FY 2015. It also generated new revenues, for example, by levying new airline fees on passengers.

As a result, the military services generally received adequate funding in 2014 so that the cutbacks in operations, maintenance, training and other areas that occurred the prior year were not repeated. There was also no repeat of the furloughs of civilian workers that occurred in 2013. For the most part, procurement funds were sufficient to meet the needs of the military services. Although military contracting continued to decline nationwide, Connecticut defense contractors were awarded several significant contracts that will have significant long-term beneficial impacts (see below).

However, as 2014 came to an end and with a new Congress taking office in 2015, the military services and numerous senior Senators and House Members began to express serious concerns about the return of sequestration in FY 2016, starting Oct. 1, 2015. Senior military leaders along with many defense experts and media commentators argued that the continued buildup of U.S. forces in Asia, along with the increased threats from ISIS and an emboldened Russia, were important reasons why DoD needs and should receive full funding as requested in its FY 2016 DoD budget.

An important issue in the debate over defense spending is the size of U.S. ground forces. The Quadrennial Defense Review (QDR) released in March 2014 and the FY 2015 DoD budget as passed by Congress included significant cuts to U.S. ground forces.

As envisioned in the QDR and DOD budget planning, Army end strength would shrink from 490,000 to between 440,000 and

450,000 in the years ahead. If sequestration were to resume in FY 2016, the Army would decline further to 420,000. The resumption of sequestration would reduce the Marine Corps from 182,000 to 175,000.

Another factor in defense spending projections is the argument made by many defense experts that there should continue to be a sizeable U.S. presence in Afghanistan as a stabilizing force, even though U.S. combat troops have been withdrawn. This factor, along with the spread of ISIS in Iraq and Syria and the specter of further Russian-backed aggression in Eastern Europe, have caused senior defense leaders and many commentators to caution against cutting ground forces too deeply and too quickly. Congress will need to take such views into consideration as it decides what to do about sequestration in 2015.

Important Issues for Connecticut

The year 2014 was a very successful one for the State of Connecticut with respect to defense issues, on several levels.

Defense Programs

The FY 2015 National Defense Authorization Act (NDAA), along with the defense portion of the FY 2015 Consolidated Appropriations Act that funded all federal agencies except the Department of Homeland Security, provided full funding for virtually all major programs of interest to Connecticut.

Chief among these were:

- \$5.9 billion for construction two *Virginia*-class submarines in 2015, along with advance procurement for two additional submarines that will be built in 2016. The submarines are manufactured by Electric Boat of Groton, CT, and Newport News Shipbuilding of Virginia.
- \$1.3 billion for engineering and design for the *Ohio*-class Replacement Program (ORP), which will replace existing *Ohio*-class ballistic submarines with an entire new class of ballistic missile submarines. This work is being done by Electric Boat.
- \$6.7 billion for continued procurement of the F-35 Joint Strike Fighter program. Each of this new generation fighter jet has a Pratt & Whitney engine.
- \$2 billion+ for 116 Sikorsky helicopters for the Army, National Guard, and Navy.

In addition, the NDAA included a provision establishing a Sea-Based Deterrence Fund within the DoD budget to pay for the ORP, so that the many billions of dollars required for the program in the years ahead will not have to come from the annual Navy shipbuilding budget. The provision was championed by Connecticut Senators and House Members, who feared that the ORP funding requirements would make it harder if not impossible for the Navy shipbuilding account to sufficiently fund *Virginia*-class submarines and surface ships in the coming years.

Defense Contracts

Despite the continued decline in defense spending nationwide (see Connecticut Defense Industry Outlook, p. 5), 2014 was a banner year for defense contracts awarded to Connecticut companies.



One year after the arrival of the first C-130H Hercules aircraft at Bradley Air National Guard Base, East Granby, Conn. The eighth and final aircraft receives tail paint in the hangar, Friday, October 17, 2014. The Flying Yankees' acceptance of the final aircraft assigned to the 103rd Airlift Wing Wednesday, October 15, 2014, marks an important milestone in the unit's conversion to the C-130H mission. (U.S. Air National Guard photo by Master Sgt. Erin McNamara)

The most significant of these was a \$17.7 billion Navy contract to Electric Boat in April 2014 for design and construction of 10 *Virginia*-class submarines between 2014 and 2018. It was the largest single shipbuilding contract in Navy history. As stated above, prime contractor Electric Boat shares this work with Newport News Shipbuilding, part of Huntington Ingalls Industries. Still, the contract will ensure a significant workload for Electric Boat for years to come.

Other notable contracts to Connecticut firms in 2014:

- May: \$1.24 billion to Sikorsky for replacement of the fleet of Presidential helicopters. Under the contract, Sikorsky will design and build the first six helicopters. The remainder of the 21-helicopter fleet is expected to be ordered by 2012 under follow-on contracts.

- June: \$1.28 billion to Sikorsky for the Air Force Combat Rescue Helicopter program. If all options are exercised, the program could continue through 2029 with a total value of up to \$7.9 billion.
- October: \$1.53 billion to Pratt & Whitney in two separate contracts for a total of 58 F-35 engines for U.S. military services and international partners.
- November: \$1.3 billion to Sikorsky in two separate contracts, for a total of 102 helicopters for the Army and Navy, respectively.

The 2014 total in contracts awarded to Connecticut companies was \$27.14 billion. This was more than twice as much as any year during the post-9/11 buildup in defense spending nationwide, starting in 2002. Although most of these funds won't actually be obligated until orders are placed in the years ahead, these huge contracts are an excellent indication of strength of the state's defense industrial base in producing weapons systems that are essential to U.S. military forces, now and in the years to come.

Base Realignment and Closure (BRAC)

Finally, in 2014 Congress once again rejected a request from DoD to authorize another BRAC round for military bases nationwide. DoD had made similar requests in 2012 and 2013. The most recent request was for a BRAC round in 2017.

Most defense experts believe that DoD will make a similar request in its FY 2016 budget submission, given the substantial amount of excess capacity at certain military installations, particularly those of the Army and Air Force.

III. Connecticut Defense Industry Outlook

Like the nation as a whole, defense contract spending in Connecticut during 2014 decreased. However, DoD projections show that Connecticut will rebound from the turndown in defense spending quicker than the rest of the nation and even the top defense contracting states.



The nuclear attack submarine Illinois fitting out inside Electric Boat's huge assembly building in Groton, Connecticut. The two large Virginia Payload Tubes in the sub's forward section mark her as a Block III variant of the Virginia class. (Photo: Bob Gallo, Electric Boat)

This section on defense spending trends is based mainly on the DoD publication, "Projected Defense Purchases, Detail by Industry and State, Calendar Years 2013 through 2019." This is an annual report produced by the Director, Cost Assessment and Program Evaluation (CAPE), Office of the Secretary of Defense. It uses data from the Defense Employment and Purchases Projection

System, or "DEPPS." Thus the report is known as the "DEPPS Report." The 2014 version was released by DoD on March 9, 2015.

We also used data from the web site, USASpending.gov, and the Federal Procurement Data System (FPDS), both maintained by the federal government.



Figure 1

Figure 1 provides a broad perspective on defense contract spending in Connecticut in the years since FY 2001. As with most states, defense spending began increasing after the terrorist attacks of September 11, 2001. It then shot up dramatically in the mid-2000s with the start of the wars in Iraq and Afghanistan. The levels fluctuated somewhat between FY 2005 and FY 2011, but remained very high. Since FY 2011, there has been a steady decline. Again, this is consistent with the nationwide defense spending trend and is the result of the drawdown in the Iraq and Afghanistan conflicts and

federal deficit measures imposed by Congress, mainly the automatic spending cuts that took effect in 2013 known as sequestration.

It should be noted that *Figure 1* is based on amounts actually obligated in defense contracts in each fiscal year. As pointed out in the Key Defense Issues section of this report, Calendar Year 2014 saw some \$27 billion awarded in defense contracts to Connecticut companies. This included a record \$17.7 billion for a single Navy submarine contract. However, most of the money flowing from these major contracts will not actually be obligated until the coming years. This explains why the 2014 amounts in *Figure 1* and in other charts in this section are not at significantly higher levels.

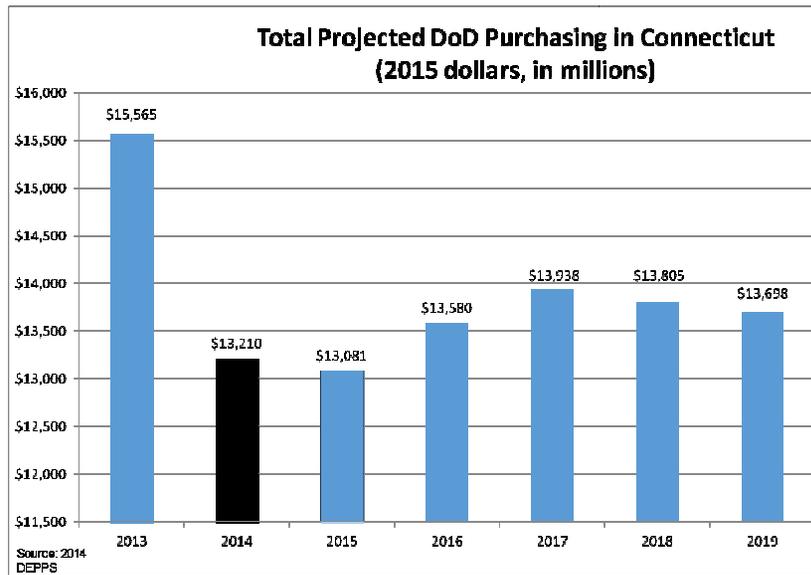


Figure 2

Figure 2 depicts total projected defense spending in the state through 2019. The DEPPS Report defines “purchasing” as both contracts and pay to military members and the civilian workforce. It shows a steep decrease of more than \$2 billion from 2013 to 2014, then a leveling off followed by steady increases through 2017. The final two years of 2018 and 2019 show slight decreases.

The plunge from 2013 to 2014 is not explained in the report. However, *Figure 3* – which compares Connecticut with the national average as measured from the 2013 baseline of defense spending – shows that it is consistent with the nationwide trend in defense spending. In addition to the drop-off in war spending it is likely related to the mandatory sequestration spending cuts that took effect in January 2013.

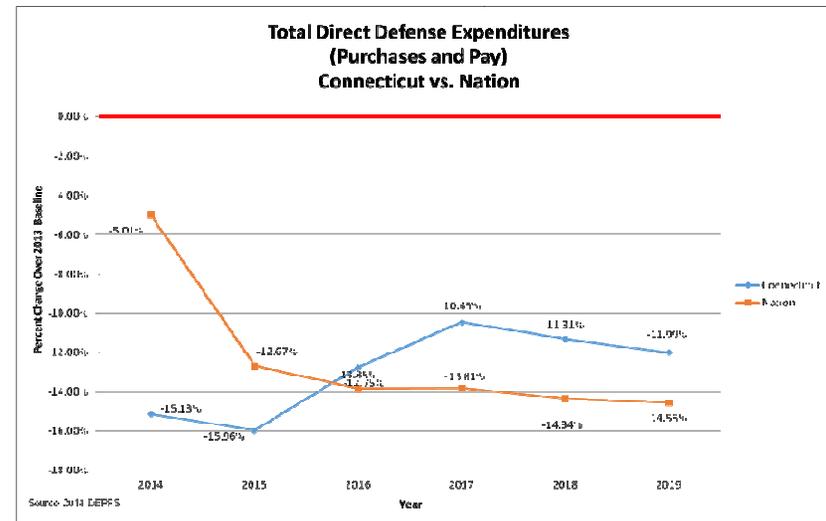


Figure 3

Interestingly, *Figure 3* shows that Connecticut fares markedly better than the nation as a whole starting in 2016 and continuing through the out years. This is an improvement over the projections in the 2013 DEPPS Report, as reflected in the OMA 2013 annual report. Those projections showed Connecticut not impacted as much as the national average, but only marginally so, with differences of 1% or less in 2017 and 2018. In the 2014 DEPPS Report, the gap between Connecticut and the national average has widened to 2-3% for those years.

Figure 4 compares Connecticut with the average of the top 10 defense contracting states for direct expenditures of purchases and pay. As with *Figure 3*, it depicts the annual percentage differentials from the 2013 baseline of defense direct expenditures in states. The trend lines here are almost identical to Connecticut vs. the nationwide average, with Connecticut doing better than the other big defense contracting states in the 2016-2019 timeframe. During these years, much of the funds stemming from the huge contracts awarded in 2014 will actually be obligated.

Another important measurement of defense spending on the economies of states is indirect expenditures, which is the purchase of items used to produce goods and services for the military services. In simpler terms, this measures the value of subcontracting. According to the Submarine Industrial Base Council (SIBC), Connecticut has 471 subcontractors providing specialized materials for major submarine programs, mainly the production of *Virginia*-class submarines. SIBC has calculated that over the past five years, these suppliers have received a total of almost \$580 million in contracts from the submarine prime contractors,

Connecticut-based Electric Boat and Newport News Shipbuilding in Virginia.

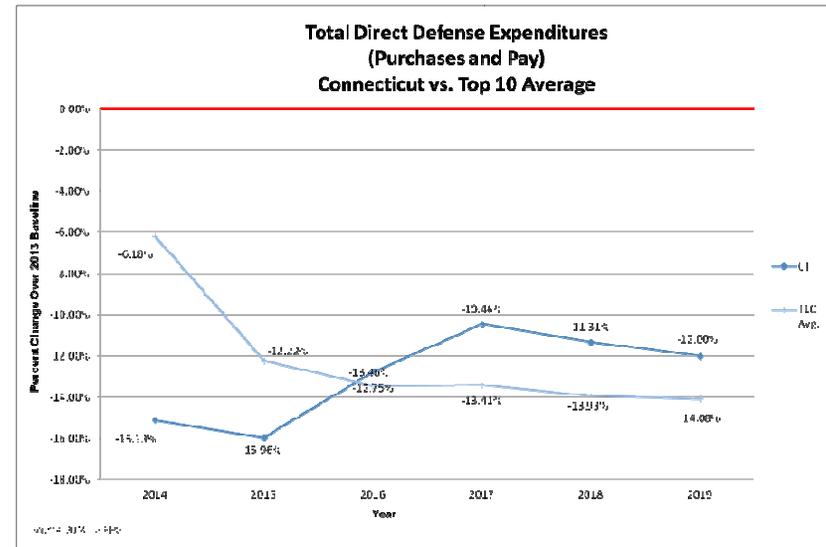


Figure 4

Figure 5 shows a decline in such indirect expenditures from 2013 through 2015. But then there is a leveling off, with amounts remaining fairly steady in the period 2015-2019.

Figure 6 charts the comparison for indirect expenditures between Connecticut and the national average. While the Connecticut numbers remain steady in the years after 2015, the national average continues to decrease, with the gap between the two growing to more than 9% by 2019. This is a significant improvement over the 2013 DEPPS Report, which showed Connecticut slightly higher than the national average 2015-2018, but only by 2-3% each of those years.

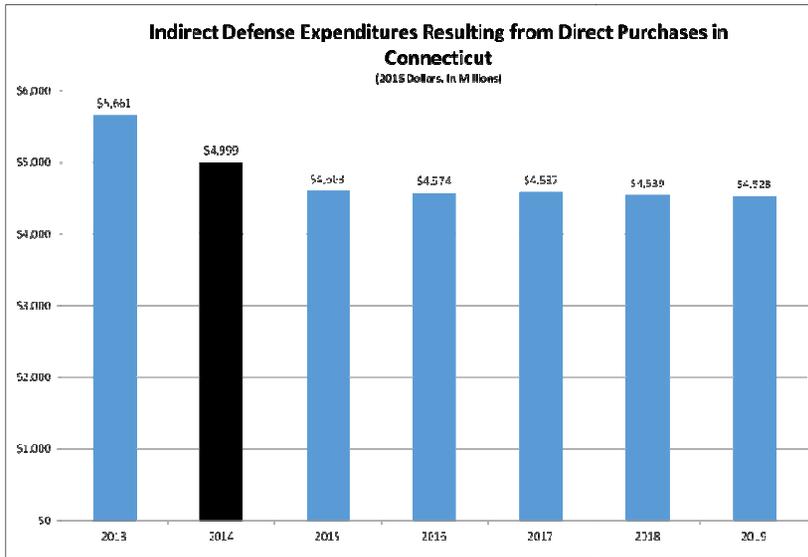


Figure 5

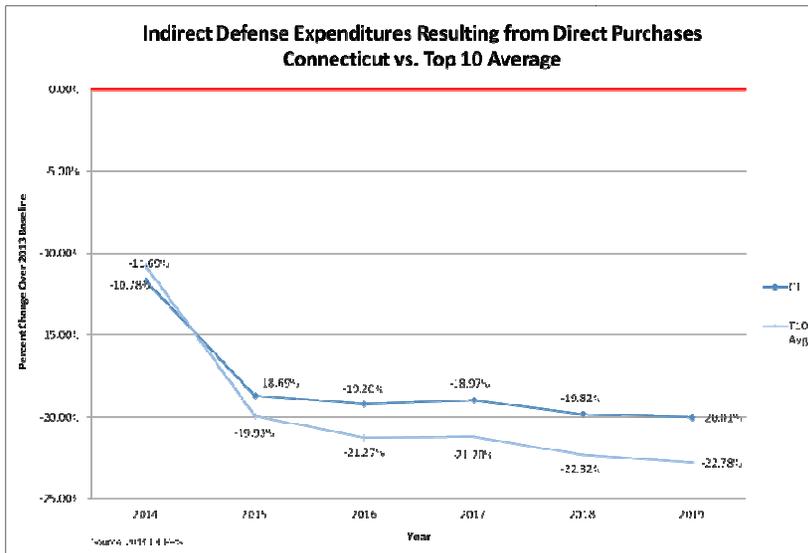


Figure 6

Similarly, *Figure 7* shows the subcontracting totals for Connecticut and the top 10 defense contracting states, measured from the 2013 baseline. Connecticut does better by 2-3 percentage points during the out years.

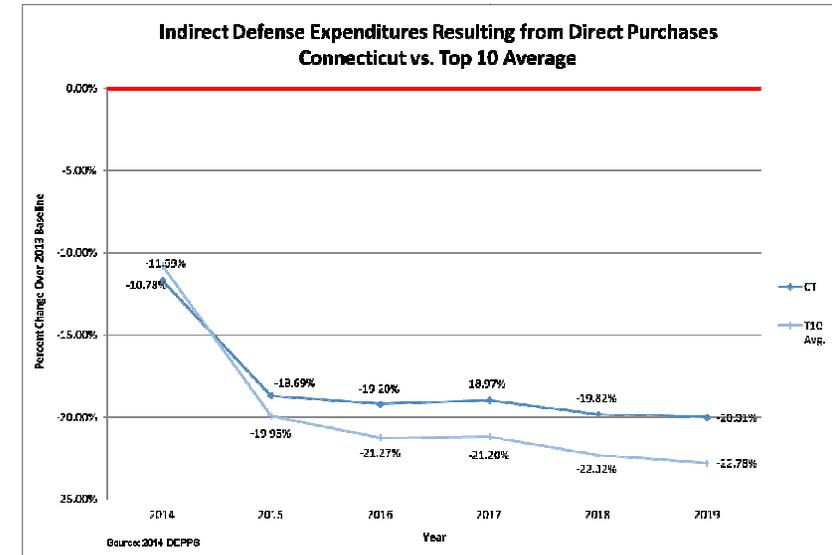


Figure 7

Figure 8 illustrates projected “induced” defense expenditures in Connecticut for the years ahead. This refers to (1) wages paid to military and civilian personnel in the state, (2) military retirement pay to state residents, and (3) projected annual increases in salaries and retirement pay. The idea is that these streams of income induce the recipients to make purchases of goods and services. The chart shows that the numbers increased significantly in 2014, went back down in 2015, and will remain steady with slight increases in the out years. The relatively low amount for 2013 can be attributed, at least in part, to the release of National Guard units and reservists from active duty as U.S. forces

in Iraq and Afghanistan were decreased. The sharp increase in 2014 was likely related to short-term hiring by one or more large defense contractors.

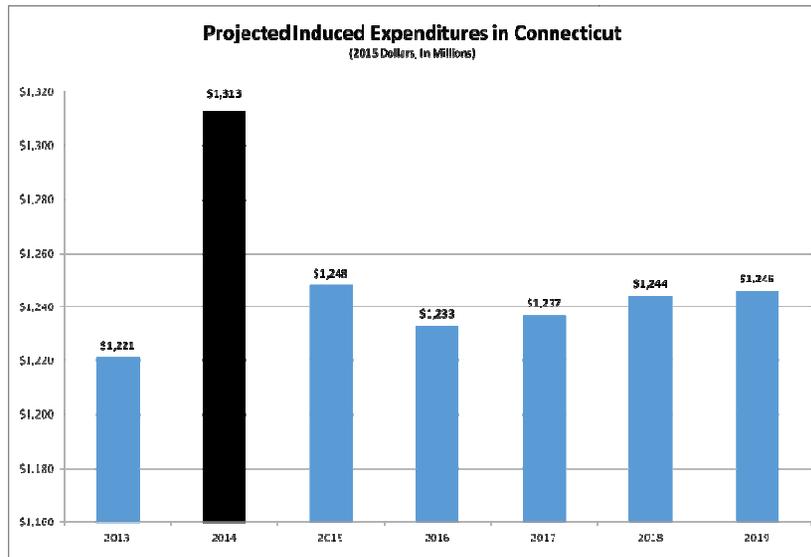


Figure 8

While the previous charts show the amounts DoD is likely to spend in Connecticut in the coming years, another useful way to gauge the strength of the state’s defense industrial base is to examine the kinds of products and services purchased from Connecticut companies by the military services.

Figure 9 shows the main types of products and services purchased from Connecticut companies by DoD. Not surprisingly, “ship and boat building” -- in this case, submarines built by Electric Boat – is at the top of the list, followed by aerospace products and parts. The latter category would take into account Sikorsky helicopters and Pratt & Whitney military jet engines and parts for

both. The next highest category, professional, scientific and technical services, would include engineering, design and sustainment of submarines, helicopters and jet engines for military aircraft. As Figure 9 indicates, the amounts of contracting for these major products and services are projected to remain steady in the coming years, which is good news for the state’s economy.

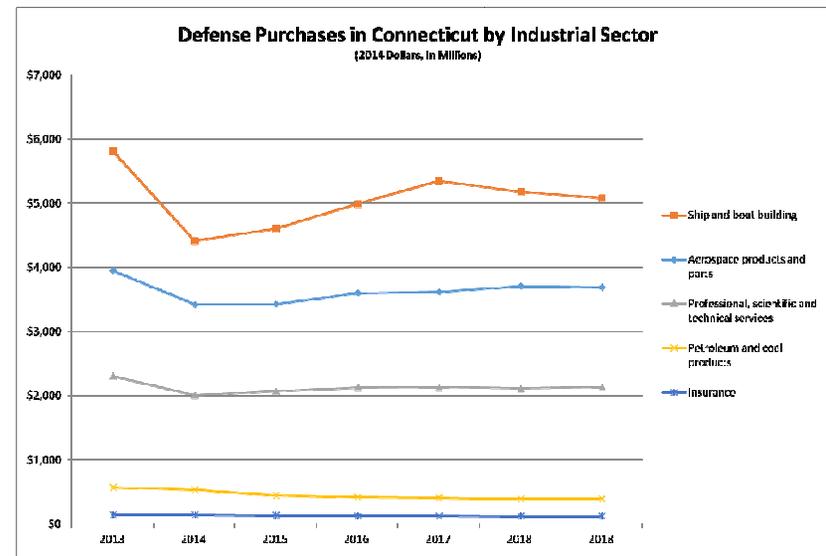


Figure 9

The next two charts compare the Connecticut defense industrial base to the average national figures in two important categories: (1) aerospace products and parts and (2) professional, scientific and technical services. It is important to point out that they are measured as percentage changes from the 2013 spending baseline, so the trends differ somewhat from the measurement of projected contracting dollars shown in Figure 9.

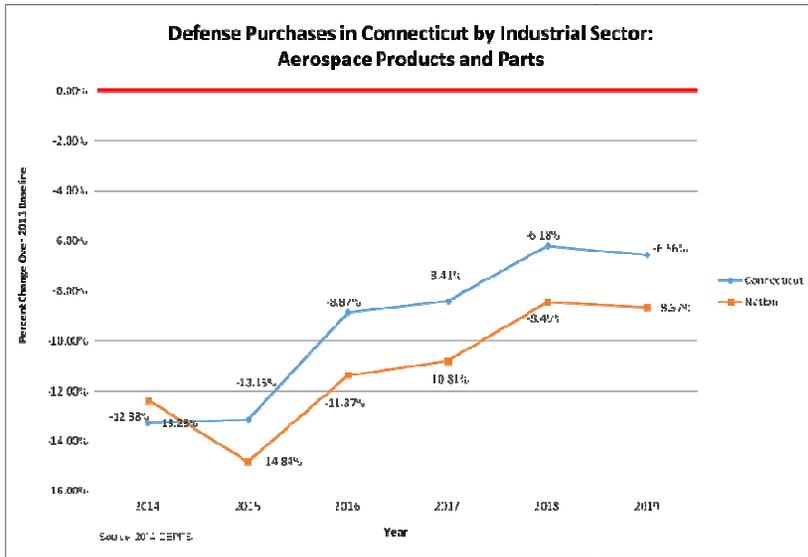


Figure 10

Figure 10 shows Connecticut trending higher than the national average for aerospace products and parts. This is likely explained, at least in part, from projected outlays stemming from significant contracts awarded to Sikorsky and Pratt & Whitney in 2014 (see Key Defense Issues section, above) and to Pratt & Whitney’s role as engine supplier for the F-35 Joint Strike Fighter program. The latter is the most ambitious and expensive fighter aircraft ever developed by the United States.

It’s important to note that the State of Connecticut is actively working with its aerospace industries to help them accommodate expansions. In September 2014, Governor Dannel P. Malloy announced an agreement with United Technologies to use previously earned tax credits to finance \$500 million in upgrades to their facilities over the next five years and invest up to \$4 billion research and other capital expenditures in Connecticut.

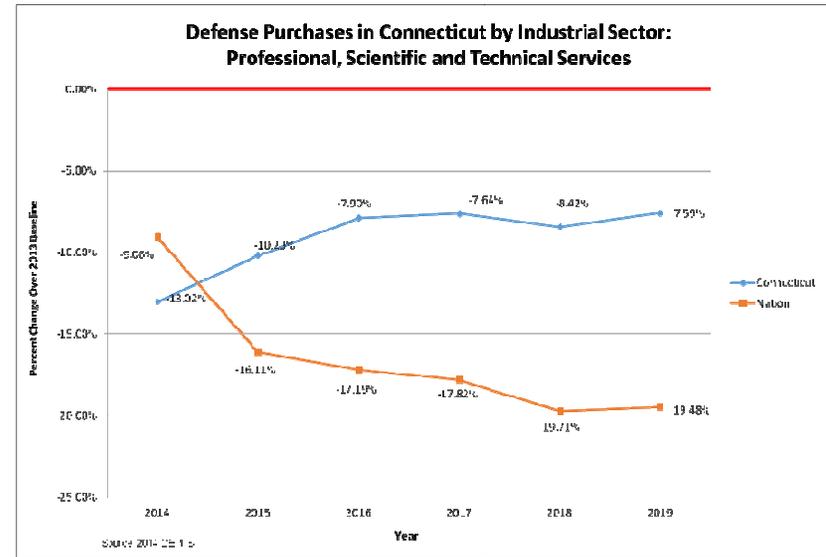


Figure 11

Likewise, Figure 11 shows Connecticut doing significantly better than the national average for professional, scientific and technical services. This is a reversal from the projections for this category in the 2013 DEPPS Report, which showed Connecticut leading the national average but trending downward. This year’s report reverses the state’s trend and widens the gap, e.g., from 9 percentage points for 2018 in last year’s report to 12 percentage points this year. One reason for the change is likely the current and projected significant design and engineering contracts for Electric Boat for the new generation of ballistic missile submarines as part of the Ohio Replacement Program.

Finally, Figure 12 depicts the top ten defense contracting states on a *per capita* basis for 2015, showing Connecticut ranked eighth. The 2013 DEPPS Report had the state ranked fifth. The factors that caused Connecticut to drop three places are not

explained in this year’s report. However, it is reasonable to anticipate that as significant outlays are realized by Connecticut companies from the major defense contracts awarded in 2014, the state will climb in the per capita rankings in the coming years.

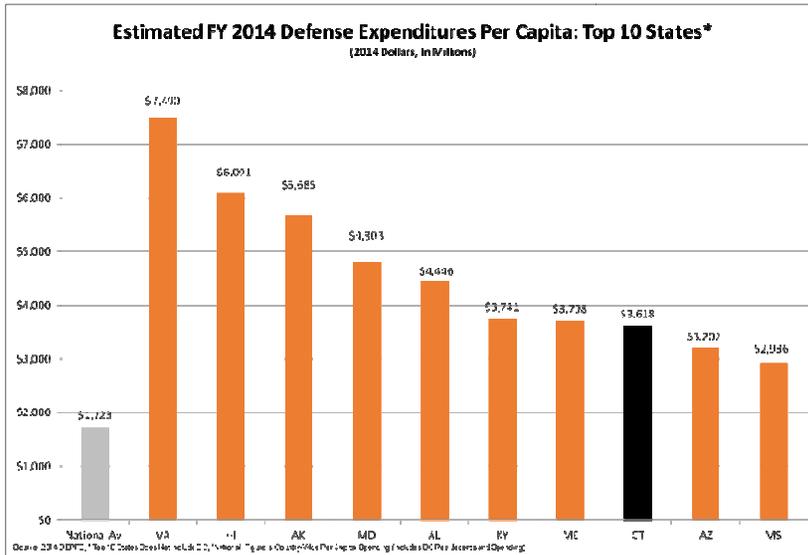


Figure 12

Summary

While defense contracting nationwide will likely continue to decline, the near-term future is bright for the state’s defense industrial base. As indicated above, defense purchasing in Connecticut is projected to increase slightly in the coming years, due in significant part to the five multi-billion dollar defense contracts awarded in 2014. Moreover, defense spending in the state is projected to trend higher than the national average and even for the top 10 defense contracting states between now and 2019. Submarine design and construction will continue to remain as

the most significant source of defense dollars in the state’s economy.

All of this is good news for the various levels of the industrial sector, from the big prime contractors, to the first level of suppliers, and down the supply chain to the small businesses that provide specialized components and services. While national policy could impact the projections, e.g., the impact of continued sequestration spending caps on defense spending, Connecticut has good reason to believe that its defense industrial base will continue to be a strong engine for the state’s economy in the coming years. In the long-term, the recent major contracts have reduced uncertainty for our major defense contractors in Connecticut, enabling them to plan, purchase advance materials, hire employees and make major capital investments in their facilities. This is a preferable alternative to unpredictable spikes and cuts in defense procurement.

IV. Submarine Base New London and the Submarine Industrial Base

Chief among the reasons to create OMA was the very real probability that the SUBASE in Groton would be closed. Twice it was targeted by the DoD for closure in the BRAC process. Twice, *Team Connecticut*, a group of public and private sector individuals, got organized and worked tirelessly to reverse the almost certain closure of the base. Today, the primary task of OMA is to do proactively what *Team Connecticut* had to do reactively in the BRAC rounds of 1993 and 2005. We don’t want to wage this battle again.



130618-N-ZZ999-213 GROTON, Conn (June 18, 2013) The Virginia-class attack submarine USS Missouri (SSN 780) passes under the Gold Star Bridge as it departs Naval Submarine Base New London for a scheduled deployment. (U.S. Navy photo by Lt. j.g. Jeff Prunera/Released)

The predictable economic catastrophe associated with the potential closure of the SUBASE is obvious to anyone familiar with southeastern Connecticut. The loss of the positive effects we realize from the base -- its \$4.5 billion annual economic impact and over 15,000 jobs -- would be devastating. The ripple effect throughout the state would simply be the reverse of what we experience today. Hundreds of small businesses deriving their business and clientele from the base would go under. Without this economic anchor, the regional economy would be severely impacted, in every industry cluster.

Creating Military Value

It is clear that another BRAC round will eventually be approved by Congress. DoD will continue requesting another BRAC round every year until one is approved. Subject matter experts widely believe it could happen as early as 2017. OMA efforts will continue to focus on developing and executing strategic initiatives to enhance the *military value* of the base in preparation for the next BRAC round when it comes.

In 2007, the General Assembly authorized \$50 million for investments in *military value* at the SUBASE to protect it from closure. Since then, funding has been directed to several carefully selected projects. This strategy is built on the criteria used by prior BRAC Commissions and aims to assess and enhance the *military value* of the base, thereby decreasing the likelihood it would be targeted for closure. By increasing *military value* in operations, infrastructure and efficiency, we reduce the likelihood of closure because DoD simply can't afford to recreate that capacity anywhere else. It's not about sunk cost. It's about current and future *military value*.

Today the SUBASE is undergoing a remarkable transformation as old infrastructure is demolished and replaced with modern capacity. People familiar with the SUBASE recognize its ongoing dramatic transformation into a modern campus of new buildings specifically designed for unique operations, specialized training and high-tech support functions associated with producing and maintaining our nation's submarine force.

Working in a close partnership with Navy officials in Connecticut and at the Pentagon, OMA has established a legal framework through which the state can transfer funds to the Navy for carefully selected projects at the SUBASE.

In March 2012, Governor Malloy met with Secretary of the Navy Ray Mabus in his Pentagon office to discuss the SUBASE. The Governor confirmed that the state will continue its unprecedented partnership with the Navy to transform the base and support service members and their families.

Previous state-funded projects have included construction of new buildings to support operations and maintenance, construction of training equipment, construction of a new high efficiency boiler for base-wide steam utilities, and purchases of land for encroachment mitigation on both the northern and southern perimeters of the base. Collectively, these projects represent a wholly unique partnership with the Navy in diverse and creative areas of base improvements.

In addition to the projects previously funded through OMA, Connecticut departments of Energy and Environmental Protection and Economic and Community Development awarded a \$3 million planning grant to the SUBASE for early planning of a microgrid to be developed on the base. This microgrid will provide energy security for base operations and potentially reduce the operating cost of the base by incorporating clean cogeneration capacity and highly efficient power controls and distribution systems. Governor Malloy again met with Navy Secretary Mabus to enlist the Navy's staff expertise in the project and to discuss creative methods for private sector funding in a future long-term power purchase agreement.

Secretary Mabus agreed to provide his authority and staff expertise to this project and sent a delegation to meet with state and local officials at the SUBASE.



131108-N-ZZ999-003 GROTON, Conn. (Nov. 8, 2013) An undated file photograph shows the Submarine Force Museum and the U.S. Navy's first nuclear powered submarine, Nautilus. The Submarine Force Museum, located on the Thames River, maintains the U.S. Navy's largest collection of submarine artifacts. As the only submarine museum operated by the U.S. Navy, it is the primary repository for artifacts, documents and photographs relating to U.S. Submarine Force history. The museum traces the development of the "Silent Service" from David Bushnell's Turtle, used in the Revolutionary War, to the Ohio and Virginia-class submarines. (U.S. Navy photo/Released)

As important as these ongoing state-funded investments are, they represent only a small fraction of the military construction projects underway on the base. Since 2005, there have been over \$200 million worth of planning, demolition and construction projects on the base, with about \$14 million funded by the state. So, the state is an important but modest partner in a much larger effort to modernize the base.

OMA will continue to work closely with our congressional delegation, state and local officials, regional stakeholders and Navy leadership to identify future projects as part of our ongoing strategy to enhance the *military value* of the base and protect it from closure in a future BRAC round.

Connecticut's Submarine Industrial Base

Central to the argument *Team Connecticut* advanced in the 2005 BRAC was that the SUBASE was not given adequate credit for the *unparalleled synergy* created in the close proximity and interactions among so many public and private submarine defense industry and military organizations.

Submarines are designed and built at Electric Boat in Groton. All submarine personnel receive basic and advanced training at the Naval Submarine School on SUBASE. Tactics are developed by Development Squadron 12 on the base. The Naval Undersea Warfare Center in nearby Newport, RI, conducts research and development activities in Newport and on the SUBASE. The Naval Undersea Medical Research Labs are located on the base. And the base is home to the Naval Submarine Force Library and Museum and the Historic Ship Nautilus, which this year celebrated its sixtieth anniversary as the nation's first nuclear-powered submarine. This is the Submarine Capital of the World, where the nation's submarine force history is archived and commemorated. These organizations, and many others, coalesce to create a Submarine Force Center of Excellence – the center of gravity for nation's military undersea profession.

Understanding the value of this synergy has led the state also to enter into assistance agreements with EB as the nation's premier manufacturer of undersea platforms and technologies. In 2007 the State helped EB refurbish dry docks in its Groton shipyard. The state's \$9.9 million investment helped EB complete a \$65 million renovation project that helped keep submarines in Connecticut and brought other business to the region. The state funding has enabled EB to generate hundreds of millions of dollars in sales and payroll since the dry docks were refurbished. These depot-level facilities, in close proximity to the SUBASE, are also a consideration that a future BRAC Commission will take into account when assessing the total *military value* of the SUBASE.

Subsequently, the state helped EB purchase the former Pfizer headquarters buildings and campus in New London. This major expansion has given EB the space needed for its work in designing the replacement for the *Ohio*-class Strategic Ballistic Missile Submarines (SSBN). This project will ultimately bring some 700 engineers to southeastern Connecticut. The building also accommodates a workforce to produce ongoing technology upgrades for the *Virginia*-class submarines. This facility is already reaching its capacity as new employees are added to the industrial base in New London.

In October 2014 Governor Malloy announced an agreement with EB to help finance the company's expansion in Groton. Under the terms of this agreement, the Department of Economic and Community Development will provide a \$10 million loan to EB in support of this \$31.5 million project that will add or protect 8,900 jobs.

While investments in our submarine industrial base are concentrated in southeastern Connecticut, their impacts are state-wide. For example, in the *Virginia*-class program, over 600 suppliers are dispersed in all five of the state's congressional districts, with the largest concentration in central Connecticut's 1st District. All together, they supply over \$600 million worth of goods and services in this defense acquisition program alone. As we seek to maintain production of *Virginia*-class submarines at two per year, the positive impacts on our state economy will be pervasive.

V. The National Coast Guard Museum

The United States Coast Guard (USCG) is the only military service that does not have a national museum. On April 5, 2013, after a decade of false starts and failed attempts, the Commandant of the Coast Guard announced the decision to build a National Coast Guard Museum (NCGM) in downtown New London. The National Coast Guard Museum Association (NCGMA) proposed a 54,000 square foot museum at the head of New London City Pier. It will be adjacent to the Union Station, the Greyhound bus station and Cross Sound Ferry landings. Governor Malloy participated in the announcement and committed up to \$20 million in state funding to build a pedestrian bridge to connect the museum with all elements of the New London multi-modal transportation hub.

On April 17, 2013, the Governor directed all state agencies to collaborate in this undertaking and to help the USCG and City of New London advance the project. He also directed the OMA to coordinate the efforts of state agencies on his behalf.



NEW LONDON, Conn – U.S. Coast Guard Academy faculty, staff, cadets and their family members watch as rescue air-crews from Air Station Atlantic City and Cape Cod perform rescue swimmer and rescue basket drills with Station New London behind the Academy in the Thames River, Oct. 24, 2014. U.S. Coast Guard photos by Petty Officer 3rd Class Richard Brahm.

Negotiations with stakeholders advanced swiftly. On July 26, 2013, the State Bond Commission approved \$500,000 for advance engineering and design of the pedestrian bridge and authorized the DECD to enter into an assistance agreement with the NCGMA. The State of Connecticut, City of New London, USCG and NCGMA negotiated a Memorandum of Agreement to clearly define roles and responsibilities in this partnership to build the museum.

State agencies worked closely with project stakeholders to complete the Environmental Impact Evaluation (EIE) as required by the Connecticut Environmental Protection Act. The EIE authorized detailed engineering and design to proceed.

Much of the financing for the \$100 million museum will be raised in a national fundraising campaign coordinated by the NCGMA. Contingent upon this fundraising effort and a series of

prerequisite agreements with area stakeholders, construction could begin as early as 2018.

- **The National Coast Guard Museum**
<http://www.coastguardmuseum.org/>



months to avoid moves during the school year. However, the unintended consequence of this policy is that newly arriving military families often can't establish residency in time to compete in the drawing/lottery for seats in charter and magnet schools. Local superintendents implemented a program to hold back a number of seats to be made available to highly mobile families when they arrive later in the summer months. This will benefit military families, giving them a level playing field to compete for seats in these unique educational programs.

The State of Connecticut is an active member of the Interstate Compact on Educational Opportunity for Military Children. This national organization recognizes the unique challenges military children face as members of families in transition. Making reasonable accommodations for these children in matters such as immunizations, physicals, administrative and academic documentation seeks to reduce the stress and challenges associated with the many relocations imposed on military families.

VI. Quality of Life and Military Service in Connecticut

Advocating for service members and their families has become one of the most important roles of OMA. Military families stationed here for duty assignments or training enjoy supportive local communities, excellent public schools and the unique experience of living in New England. As families in transition, they occasionally need reasonable accommodations and OMA actively engages state agencies and local organizations on their behalf.

OMA worked with regional leaders at LEARN (a regional educational service center), and the Military Superintendent's Liaison Committee to make charter and magnet schools available to military families. The DoD tends to transfer families in the summer

The OMA Executive Director served on the outreach steering committee for the Military Child Education Coalition in Connecticut. This organization facilitates training and awareness of teachers, healthcare providers and other community leaders to the unique challenges faced by children in military families. Deployments, relocations, separations and disabilities all take a toll on children and through awareness and training we enable communities to better recognize and respond to these issues.

Working with the Eastern Connecticut Chamber of Commerce, annual Military Appreciation events have been established in southeastern Connecticut to honor service members

from all branches of the military. These venues offer excellent opportunities to showcase the supportive relationships and professional partnerships established between the state and our military communities. OMA has been closely involved with this initiative.



140813-N-UM744-001 NEW LONDON, Conn. (Aug. 13, 2014) Sonar Technician (Submarine) 2nd Class Robert Culbertson hugs his five year old son moments after the Virginia-class attack submarine USS New Hampshire (SSN 778) returns to homeport at Submarine Base New London in Groton, Conn., following a six-month deployment. New Hampshire conducted operations in the U.S. European Command area of responsibility. (U.S. Navy photo by John Narewski/Released)

In partnership with the Eastern Connecticut Chamber of Commerce, the Navy, Coast Guard and National Guard, OMA sponsors an annual Military Orientation Day to expose future community leaders to all of the military branches in eastern Connecticut. The day included orientations at the SUBASE, a tour of a submarine, a tour of the USCG Academy, and visits to National

Guard facilities throughout southeastern CT. Weather permitting, air transportation is provided by National Guard Black Hawk helicopters, ground transportation is provided by the Navy, and waterborne transportation by the USCG. This program is designed to educate future community leaders on the military's missions, operations and economic impact in southeastern CT, so these individuals can in turn educate other people within their spheres of influence.

The OMA Executive Director agreed to serve on the founding board of the Southeastern CT Cultural Coalition. This newly formed non-profit advocates for the entertainment, arts and cultural sectors of the region's economy. Military art, history and performance units have played an instrumental role in the region, and having the military represented on the board of directors reflects an appreciation of how the military is so ingrained in the social and economic landscape of this part of the state.

VII. Conclusion

Connecticut's Office of Military Affairs demonstrates an efficient model for achieving tangible strategic outcomes. Since it was established, the office has produced a partnership with the Navy that is unprecedented in the United States. The SUBASE is now in a much better position to withstand another round of BRAC. The Connecticut National Guard and U.S. Coast Guard Academy are realizing and planning for expansions with new facilities to support their missions. The state and City of New London are looking forward to being the home of the NCGM. OMA has helped coordinate consistent and sustained support for increases in defense and military economic impacts within the state. Most importantly, OMA has advanced the *quality of life* and *quality of*

service for service members and their families stationed here and deploying to destinations around the world.

The state's diversified defense industries continue to thrive. Even as the nation continues to significantly reduce defense spending, Connecticut will be less severely impacted due to the high quality and strategic relevance of the products designed and manufactured throughout the state. Our defense industries enjoy superb reputations for their highly skilled workforces, outstanding management and efficient business practices.

Residents should be proud of Connecticut's long history as the *Provisions State*. It is an important part of our character, embedded in the economic fabric of our state and a legacy that should be carefully protected. The Office of Military Affairs will continue to seek opportunities to enhance the military and defense industry presence in Connecticut and advocate for the many organizations and people in our state - particularly military members and their families - who serve and support our nation's defense.



Robert T. Ross
Executive Director

Questions or comments concerning this report should be directed to the OMA Executive Director, at (860) 270-8074 or to bob.ross@ct.gov.

Appendix A: Biography of OMA Executive Director



ROBERT T. ROSS

Bob Ross is Executive Director of the Connecticut Office of Military Affairs. He was originally appointed by Governor M. Jodi Rell in July 2009 and reappointed twice by Governor Dannel P. Malloy. He serves as an advisor to the Governor and legislature on defense industry issues and is the primary liaison to the Connecticut congressional delegation on military and defense matters. He is responsible for coordinating state-wide efforts to protect Connecticut military bases and facilities from closure in future Base Realignment and Closure (BRAC) rounds. He also represents the state in local efforts to enhance the quality of life for service members and military families residing in or deploying from Connecticut.

He is a retired naval officer who piloted aircraft carriers and guided missile cruisers before directing public affairs for the U.S. Sixth Fleet, encompassing naval operations ashore and at sea in the Mediterranean, European and North African areas of responsibility. He also served as a spokesman at the Pentagon and coordinated media operations and community relations for the U.S. Atlantic Fleet.

He holds an M.A. in National Security and Strategy from the U.S. Naval War College in Newport, RI. and an M.A. in Public Policy and Administration from the University of Connecticut. As a former City Administrator for the City of Cripple Creek, Colorado, and former First Selectman (Mayor) of the Town of Salem, Connecticut, he has decades of experience in federal, state and municipal government. He is a Commissioner on the Connecticut Maritime Commission, Trustee of the Chamber of Commerce of Eastern Connecticut, and former Adjunct Professor of Public Policy in the UCONN Graduate School. He is a recipient of the UCONN Distinguished Alumni award for continued commitment and excellence in public administration. And he was selected by the national Association of Defense Communities as their 2014 Member of the Year for leadership and commitment.