

Overview of the Economy

MANUFACTURING & DEFENSE

As a region, SECT has a strong tradition in advanced manufacturing with a focus on defense contracting. In 2020 New London ranked 5th in the nation for defense contracting dollars spent: \$12 billion. Other regions that were higher were in much larger markets such as Dallas and Los Angeles.

General Dynamics Electric Boat's (GDEB) CT employment will grow by almost 6,000 over the next 10 years and is predicted to peak in 2033 with 21,000 CT-based employees. Far more than 6,000 are needed to offset losses from attrition; thus, a predicted 1,000 new employees per year for the next 10 years will be needed. GDEB is planning to implement over \$700 million in capital improvements over the next 10 years at its Groton complex.

The GDEB shipyard facilities will need to be expanded at all sites to support a multi-program construction plan. The Facility Master Plan (FMP) lists two dozen major projects which entail over \$1.5 billion of additional investment through the next decade.

The major facility projects at the Groton shipyard will support final assembly, test and delivery of the Virginia and Columbia Classes of submarines. The current plan includes adding additional assembly bays, modifying the waterfront footprint to support off-load of larger modules, replacing or refurbishing the launch pontoon, continuing demo of aged assets, and completing enabling projects.

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The centerpiece of the Groton FMP is a dedicated Columbia Final Assembly Facility and a dedicated COATS Facility in the south yard just south of Building ([General Dynamics Electric Boat - Strategic Plan \(gdeb.com\)](#)).

For FY2020, annual defense spending in Connecticut totaled \$23.6 billion, placing it #6 among the Top 10 states in defense spending¹ ([DoD Releases Report on Defense Spending by State in Fiscal Year 2020 > U.S. Department of Defense > Release](#)). New London County accounted for more than half of that. While this type of investment is significant for the regional economy, the rapid acceleration in this one sector is straining the region's public services and workforce resources, particularly as repercussions from the Covid-19 recession and resulting widespread labor turnover continue to reverberate across the economy. GDEB had to slow its Virginia Class submarine production in order to meet the tight deadlines for the higher-priority Columbia Class submarines because of a staffing shortage.

Given that the submarine base was targeted for closure in 1993 and 2005, and in recognition of the boom-bust cycle of the shipbuilding industry over the past 25 years which resulted in huge losses in supply chain companies and supporting services, economists and business leaders have suggested investment in a broader range of sectors. Particularly cited is workforce investment focused on industrial automation, information technology, data processing, and green energy - sectors poised for growth - in order to build a more diverse and resilient economy.

¹ The five states with greater defense spending in FY2020 are #1 Texas, \$83.0 billion; #2 Virginia, \$64.3 billion; #3 California, \$61.0 billion; #4 Maryland, \$30.4 billion; and #5 Florida, \$29.1 billion ([DoD Releases Report on Defense Spending by State in Fiscal Year 2020 > U.S. Department of Defense > Release](#)).