

Manufacturing in Connecticut: Myths vs. facts

MYTH: Manufacturing is no longer a strong contributor to the state's economy.

FACT: Manufacturing is vital to Connecticut's economy. More than half of the top 100 companies headquartered in the state are manufacturing firms.

Manufacturing is one of Connecticut's most powerful economic strengths. Overall, there are nearly 5,300 manufacturing firms that directly employ almost 200,000 workers, generate \$11.1 billion in wages and salaries, and produce over \$20 billion of the gross state product. Each new manufacturing position creates between 1.2 and five additional jobs in the state, and manufacturers purchase more than \$10 billion per year in goods and services from other Connecticut businesses.

Top 10 Private Industries w/Largest Compensation of Employees in CT

(2001-2004 average in billions of current dollars)

Industry	Compensation
Finance and insurance	\$15,716
Manufacturing	15,685
Health care and social assistance	9,967
Professional and technical services	8,033
Retail trade	6,501
Wholesale trade	5,296
Construction	3,955
Management of companies and enterprises	3,419
Administrative and waste services	2,920
Information	2,911

Source: Bureau of Economic Analysis, U.S. Department of Commerce

Between 2001 and 2004, the manufacturing sector contributed about \$15.69 billion per year, on average, toward compensation of employees, including benefits such as health care premiums, in Connecticut. Over the same period, the finance and insurance sector paid an average of \$15.72 billion per year. The closest competitor to both these sectors was the health care and social assis-

tance industry, with an average of \$9.97 billion per year, followed by professional and technical services, with an average \$8.03 billion per year.

But there are significant challenges to manufacturers' growth here. In a recent CBIA survey, 74% of manufacturers said Connecticut's high business costs (especially for health care and energy), poor transportation infrastructure and the need for more skilled workers posed significant barriers to their businesses' competitiveness.

MYTH: Manufacturing wages are falling.

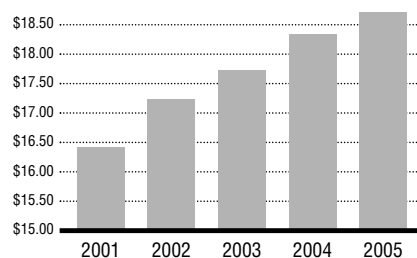
FACT: Manufacturing wages and total compensation are increasing; weekly wages grew 17% between 2001 and 2005.

Connecticut's average weekly manufacturing wage grew from \$685.71 to \$800.11 between 2001 and 2005. The yearly wage growth outpaced the rate of inflation each year during this period, which means real manufacturing wages have, in fact, increased. Hourly manufacturing wages showed similar growth.

Year	Weekly Wage Percent Change	Inflation Rate
2002	4.74%	1.59%
2003	2.41%	2.27%
2004	4.44%	2.68%
2005	4.31%	3.39%

Sources: Bureau of Economic Analysis, U.S. Department of Commerce; Bureau of Labor Statistics, U.S. Department of Labor; InflationData.com

Annual Average Hourly Wage in Connecticut: Manufacturing



MYTH: Manufacturing jobs are on the decline.

FACT: Although the total number of manufacturing jobs is declining, several manufacturing sectors, such as chemicals, are expected to create more jobs over the next decade.

While the overall manufacturing industry in Connecticut is expected to lose approximately 10,460 jobs between 2004 and 2014, several sectors will increase employment during this period, including furniture, wood products, nonmetallic mineral products and chemical manufacturing. The majority of new jobs from these four sectors will come from the booming chemical manufacturing industry in Connecticut, which expects to add 740 jobs.

The total employment in Connecticut's biopharmaceutical industry reached 9,900 in 2003, after a 43.6% growth in employment during the previous decade. Since each biopharmaceutical job indirectly created another 4.1 jobs in other industries, the total impact of this industry on Connecticut's employment was 50,800 new jobs in 2003.

Manufacturing Per Capita Income 1997-2004

