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September 8, 2015

Re: Make it in America Field Hearing Testimony

My name is Chris DiPentima and I am the President, Counsel and co-owner of Pegasus Manufacturing, a 26 year-old family-owned contract manufacturer for the aerospace, defense and power generation industries that employs 84 individuals at our 16 acre facility in Middletown, Connecticut. In addition, I also have the privilege of serving on several industry boards, including the Connecticut Business & Industry Association (CBIA); the Middlesex Chamber of Commerce for which I am the Manufacturing Council Chair; and the Aerospace Components Manufacturers Association (ACM) for which I currently serve as President. I also serve as a Department of Education appointee to the Board of the Connecticut Technical High School System and am a gubernatorial appointee to the CT Employment & Training Commission (CETC) and the CT Manufacturing Innovation Fund (MIF), which is a \$70 million State investment responsible for identifying challenges faced by Connecticut manufacturers and recommending targeted solutions to support the growth, innovation, and progress of Connecticut's advanced manufacturing sector. My experience overseeing a Connecticut manufacturer for the last 13 years as well as my involvement in the various Boards has provided me with a tremendous opportunity to meet with manufacturers from all over our great state and country as well as the world and provided me with insight as to the challenges that manufacturers face and most likely why Senator Blumenthal recommended that I testify today.

I have read the sixteen bills that have been signed in to law in support of Make it in America as well as the various testimonies from July 9, 2015 and July 28, 2015 associated with Make it in America and recommendations for next steps. I commend everyone for their support of U.S. Manufacturing and your focus today to understand what challenges face us and any potential solutions to those challenges. Since you all have the statistics on how important manufacturing is to our U.S.

economy as well as being one of the largest job and revenue providers in Connecticut, I'll focus on 3 challenges that continue to face many of us and some recommended solutions:

1. Brand Image: When it comes to marketing, image is everything and unfortunately manufacturing does not have a good image as it is still perceived by many as the 4 "Ds": dark, dingy, dirty & dangerous and a "job" (not a career) for those uninterested in college. As someone who attended four years of college and another three years of law school and worked as a trial attorney for 9 years thereafter, I can tell you that manufacturing offers as much of an exciting career as a lawyer or any other profession, it offers a breadth of career opportunities that many other industries do not, including opportunities in production, sales, HR, finance, purchasing, logistics, engineering, etc. Additionally, manufacturing careers pay above average wages, especially in Connecticut where some of the highest wages are paid nationwide and not coincidentally has resulted in one of the most productive workforces in the country as well as the world! Despite these facts and the continuing efforts by industry, the state and some academia to educate parents, teachers, guidance counselors and students about manufacturing through open houses, in classroom presentations, and manufacturing career fairs and middle school youth academies, the manufacturing industry is still generally perceived negatively as a place to work by the overall public. And while this has not prevented us from establishing a solid pipeline in Connecticut, mostly as a result of the efforts listed above, we are not growing the pipeline at the rate needed to meet current and future demands and also needed to replace the retiring baby boomers, an event labeled the silver tsunami. Without getting more parents and guidance counselors to believe and understand the truths about manufacturing and support it as a career for their children, we will continue to limit the CT and U.S. pipeline and, as such, the industry as a whole. We must continue to fund the efforts that have been started but we also must create a brand and market U.S. manufacturing to overcome its current misperception.
2. Workforce: We have a 5.3% unemployment rate, yet there are hundreds of thousands of manufacturing job openings across the country and thousands right here in Connecticut. You have no doubt heard that there is a disconnect between available skillsets and what is needed to fill these job openings. In order to solve this, we need intense investments in incumbent worker training, apprenticeships, and manufacturing related programs at college and high school levels – these three approaches have proven to work so there needs to be more of them and they need to be bigger and better, period. Congresswoman Esty's proposed Manufacturing Universities Act of 2015 is right in line with this. Connecticut has done an excellent job identifying a bench mark manufacturing program at Asnuntuck and replicated this at 4 locations

throughout the State. It is now time to make these 4 programs even bigger and replicate to additional locations – this is also what needs to happen throughout the country. With Connecticut leading the pack, we have developed excellent curriculums and dramatically increased enrollment at the college and tech school levels, most of which have a 98% placement or greater which confirms that the students are getting the skills necessary – we just need more. And equally importantly, we need more teachers – we’ve had excellent results in marketing the programs and getting students but now many schools are capping enrollment because they do not have the qualified faculty to handle further growth. Investments and incentives must be made to develop teachers of manufacturing related instruction and also to encourage those with a manufacturing background who are at or near retirement or willing to work a second job to consider teaching portions of the manufacturing curriculum.

3. Costs and Fairness: As you know Connecticut is one of the highest cost states in the nation. However, we have been able to overcome this and remain competitive because we have manufacturing companies and a workforce in our State that is second-to-none. We have been able to out produce and out work our competitors as a result of our highly productive workforce as well as understanding and investing in the latest technology, whether it be additive manufacturing, robotics, new materials, etc. In addition, Connecticut is unique in that the entire supply chain is based in the State and therefore within miles of each other which keeps transportation costs down and, as a result of the openness of many Connecticut manufacturers, allows us to benchmark and problem solve as a group of companies rather than being on an island by ourselves. There is no better example of this then the Aerospace Components Manufacturers (ACM), a 102 member company association that, among other things, has benchmarking visits at one of its member companies each month where successes and challenges – many common to us all - are analyzed. Despite all of these great things, if Connecticut, and the U.S. as a whole cannot lower its costs then other regions of the world will eventually catch up to our workforce and technology advantages and beat us on market share. Regulatory compliance (OSHA, ITAR, etc.) certainly increases cost as due taxes. We have worked with Senator Blumenthal as well as Congresswoman DeLauro in the past on the federal proposal for the Manufacturing Reinvestment Account Act (MRA) which, like the MRA passed at the State level, provides a great opportunity for manufacturers to re-invest pre-tax dollars back into our workforce and facilities so that we can continue to successfully develop our organizations and grow our companies. This type of positive legislation focused on supporting manufacturing, the backbone of the American economy, is exactly what is needed to further

facilitate growth and realize the incredible opportunities that are before us and which have generated the resurgence in U.S. manufacturing employment and revenue growth.

In summary, Connecticut has always been a leader in the manufacturing industry. As such, I urge our delegation to look at what Connecticut is doing at the state level to address the challenges facing manufacturers, including the voucher program, small business express and Manufacturing Assistance loans, creating a MRA, investing in and growing manufacturing programs at our community colleges, technical high schools and comprehensive high schools, revising and investing in our incumbent worker training and apprenticeship programs, supporting cluster associations, and investing in youth academies and branding – review these programs and consider replicating them at the federal level as these types of programs will have tremendous benefits at a national level and help with some of the burden that many of us are shouldering at the state level. Thank you for the opportunity to testify today and I look forward to any questions that you may have.