



The Impact of General Dynamics Bath Iron Works on the Maine Economy: Executive Summary

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Executive Summary Overview

General Dynamics Bath Iron Works (BIW) has played a prominent role in Maine's maritime history and culture for generations and is a cornerstone of the economy for many communities, particularly in the Midcoast region. BIW is one of the largest employers in the state employing thousands of workers every year and spending hundreds of millions of dollars annually in payroll. In addition, BIW spends millions of dollars each year on local vendors and suppliers helping to support thousands more Maine workers and businesses. BIW has also invested more than \$800 million in improvements to the shipyard since 1995, \$300 million since 2016, to support production of U.S. Navy destroyers and cultivate a high skilled workforce. The recent expansions at the shipyard are expected to add hundreds more employees to BIW's payrolls in the coming years; jobs that provide attractive career pathways for skilled and unskilled labor in the state of Maine.

This executive summary documents the primary findings from an independent evaluation by the Center for Business and Economic Research (CBER) on the impact of BIW on the Maine economy and workforce over the past decade. It attempts to capture the extent BIW contributes to the Maine economy, its communities, and its people. The analysis in this report uses commonly employed analytical methodology to estimate impacts in terms of jobs, wages, output/GDP, and tax revenues to the state and local communities utilizing data provided by BIW and gathered by the authors.



BIW is a major economic engine for Maine and a key driver of the state's production sector.



Over the five-year period 2017 -2021, BIW operations have supported more than **\$8.4 billion in total economic activity** in the state of Maine, of which \$4.4 billion accounts for value-added (GDP), including multiplier effects. BIW supported more than \$1.8 billion in total economic output in 2021 alone, with more than \$980 million contributing to the state's GDP. BIW is a highly productive asset accounting for more than **17% of the state's production GDP** each year, though it accounts for just **12% of the state's manufacturing workforce**.

BIW is a significant source of economic opportunity for Mainers in the form of jobs, wages, and spending at supply-chain businesses.

In 2021, BIW supported almost 6,500 jobs on-site, and total jobs, including multiplier effects, of more than 11,600. This impact continues to grow over time. Between 2017 and 2021, BIW paid wages and salaries of more than \$1.8 billion, with greater than \$380 million in 2021 alone. BIW also spent another \$464 million over this period on Maine suppliers. These impacts are felt statewide, resulting in a total of **\$2.7 billion in wages**, including multiplier effects. Every county in Maine is the recipient of induced-effects spending by BIW employees residing in their county or town as well as local tax collections.





Tens of millions in tax revenues are generated by BIW's economic impact in the state.

Since 2017, BIW has supported the generation of **\$44 million per year** on average in state and local tax revenues, totaling more than \$220 million through 2021. Tax revenues estimated to be realized by the state and its communities resulting from the total wage impacts are **17 times the value of the tax credit** BIW has qualified for under the state's shipbuilding facilities ITC program — **11 times** the value from tax revenues on BIW direct wages alone. In addition, BIW accounts for approximately one-third of the City of Bath's total tax base and contributed almost \$5 million in property tax revenues in 2020, totaling more than \$28 million since 2016.

BIW is rebuilding Maine's workforce.

BIW is directly addressing one of the state's most **critical challenges** by investing \$130 million dollars in recruitment and training of skilled workers between 2011 and 2021. BIW has hired a total of 6,363 workers between 2016 and 2021, averaging more than 1,000 new workers per year. Most new hires were concentrated in the years 2019 and 2021, which experienced the largest recruitments of more than 1,800 in each of those years. As a result of BIW's recruitment investments and activities, **hundreds of new hires were recruited to the state**, more than 690 in 2021 alone, establishing new resident taxpayers in Maine and directly addressing the most pressing challenge facing the state economy and communities – a result of demographic shifts.





Wages paid to BIW workers are highly competitive with the statewide average.

Since 2011, the average wage of a BIW employee was an average of **41% higher than the statewide average wage**. Although average relative wages of the BIW workforce have declined slightly over the past few years, this is in part due to the significant hiring of younger, more entry-level workers. Given the typical wage growth of entry level, between 70% and 80% within a five-year period for core entry-level jobs, the relative wage of BIW's workforce compared to the state average is expected to accelerate over a short period of time. A key reason for this accelerating wage is because of the significant skill advancement of the workforce as a result of BIW workforce-training investments. **In April 2022, BIW increased wages for LS6 employees by nearly 9%**, bringing the entry-level production worker pay from \$16.94 to \$23.50 per hour, and top money pay from \$32.98 to \$35.00 per hour. This effectively translates into a \$21 million annual increase in base wages paid to production-oriented employees.

BIW provides a diversity of career opportunities and pathways across a variety of skilled jobs.

There are numerous and diverse career opportunities at BIW that provide significant advancement opportunities and accompanying wage progression. For three core entry-level occupations analyzed, **workers advanced quickly over a five-year period** increasing annual earnings of approximately \$33,000 upon entry to approximately \$60,000 at present – **an 80% increase in pay.**

