

JOB CUTBACKS AT SIKORSKY ARE THE LATEST CONTRACTOR CASUALTY: JUST THE TIP OF THE ICEBERG TO WHAT'S COMING



Pentagon's plans to cut \$487 billion from its budget over the next 10 years and the possibility of more sequestration fuelled cuts later in January has set alarm bells ringing for both contractors and lawmakers alike. The makers of Black Hawk helicopters, Sikorsky Aircraft Corp. has joined the list of defense contractors who struggling to managing their finances are initiating money saving measures, with the first measure being to reduce the numbers in their workforce. It has announced that it was eliminating 570 jobs and that this could only be the beginning and that unless Congress and the White House stalled defense cuts, even more jobs could be lost. Sikorsky said that they are closing their New York plant and shifting the work to their facility in West Palm Beach, necessitating the reduction in workforce. However, they did not disclose how much money they would save by doing so. On Monday, Paul Jackson, spokesman for the Stratford, Conn.-based subsidiary of United Technologies Corp. said, "Faced with these difficult economic conditions, we must eliminate excess production capacity and increase operational efficiencies to remain competitive." "The (budget) cuts are in the process of happening. Sequestration is the great unknown," he said. Sikorsky follows closely on the footsteps of Northrop Grumman which had just recently announced its decision to cut 600 aerospace jobs, claiming ambiguities about what the next wave of scheduled defense had in store for them. We just don't know what the government is planning to do. What has given cause for alarm is the direction from the Labor Department that federal contractors need not give the earlier mandatory 60-days notice of mass layoffs. The issue of sequestration and the \$500 billion Pentagon cuts, that it would automatically induce, if the problem is not addressed by then, will have serious repercussions for the military, the country's security and the defense contractors. Rep. John Kline, chairman of the House Committee on Education and the Workforce alleged that the Labor Department was very secretive about the serious consequences of sequestration and how negatively it would impact the workers. Republican committee leaders said that their attempts to get detailed information about what obligations federal contractors have and how much advanced notice has to be given to workers about probable layoffs has not yielded any response. "The department's refusal to answer our questions regarding its controversial guidance and how it will affect families and businesses across the country is just the latest in a disturbing pattern of congressional obstruction," Kline wrote. Analyst say that the sequestration is unlikely to be addressed before the elections, which will leave very little time before automatic cuts take place. Sikorsky was mainly known for its Black Hawk helicopters which reveled in heavy-duty work for the US military striking targets and ferrying troops in Iraq and Afghanistan. Last year's Sikorsky's sales, boosted by sales to foreign governments, ballooned to \$7.36 billion, more than doubling its sales since 2005. Jackson said that workers at the facility fit out the helicopters and sent them overseas to foreign buyers, but they are not sold directly by Sikorsky. "We sell them to the U.S. government, and they sell them to friendly nations. It's called foreign military sales."