

Sequestration in the News

Written by Nick Sanders

Wednesday, 01 August 2012 00:00



We are not going to breathlessly issue alert bulletins about the progress—or lack thereof—of the looming doomsday scenario known as “sequestration”. (We have the Aerospace Industries Association to do that for us.) We are, however, going to publish interesting pieces that seem to have implications for Government contractors.

But make no mistake, sequestration is looming and events leading up to its cataclysmic impacts are unfolding like scenes in a slow-motion multi-car collision. You know: you can see one car hit another, who then hits another, and so on—all in slow motion so that you can tell your car inevitably will be smashed ... and there’s not a damn thing you can do about it. Sequestration is like that. We can all see the events unfolding with inevitability and there’s not a damn thing we can do about it, except hope that sanity breaks out in Congress before the collision chain starts.

So we’re not going to report on the events leading up to sequestration, which either will or will not happen. If sequestration is avoided, then great. But if not, then expect [doomsday](#).

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The Defense Department is [reportedly](#) “not planning” for four possible scenarios:

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Congress does not act and sequestration happens.

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During the lame-duck session of Congress after the November elections, a plan is constructed to thwart sequestration.

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Members of Congress come up with a \$1.2 trillion cut to avert sequestration before the election.

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Congress inserts language into a continuing resolution that delays sequestration another year or two when there is a less-heated political environment, but the government implements the first and perhaps second year of cuts, which some refer to as the ‘mini-sequester.’

Lockheed Martin and some other defense contractors have warned the Obama Administration that they might be forced—by the requirements of the WARN Act—to issue potential lay-off notices to their workforces 60 days in advance of sequestration—i.e., just before the November elections. (Real subtle, right?)

Echoing that line, the DefCon Hill blog [reported](#) that a Defense Department official testified before the House Armed Services Committee that anywhere from 89,000 to 200,000 civilian

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DOD employees would be laid-off under sequestration—and that they would receive their lay-off notices in early November. Congress critters complained that the Pentagon has failed to plan for sequestration, and passed a law “that would require the Obama Administration to explain how the sequestration would take effect.”

Hey, we can explain how sequestration would take effect! How about: “Like dropping a nuclear bomb on the Pentagon.” Does that draw a sufficient picture for our Congress men and women who created this disaster by failing to reach a compromise in this election year?

Finally, the Department of Labor has weighed into the fray, [issuing](#) its opinion that the WARN Act will not—repeat, *not*—require advance lay-off notices to be issued in November.

The Ares Blog over at Aviation Week & Space Technology has some [choice words](#) about the on-going sequestration “battles”. The authors wrote—

The ‘uncertainty’ about sequester that has so bothered the defense industry is being turned back on it by the Obama administration, which argues, hey, how are you going to know what people to warn you’ll lay off if you don’t know what your business will look like after the dust settles? (To which House lawmakers have said: This is why we need the Pentagon to do a comprehensive study of the after-effects! And the vortex continues to spin.)

But even though Oates wrote it would be ‘inconsistent’ with the law for a Lockheed Martin to issue tens of thousands of layoff warnings, the note doesn’t seem to indicate whether that is actually illegal. Lockheed and the other brand-name firms could well send anything they want to their employees, up to and including potential layoff warnings, just to try to goose voters into goosing politicians to resolve the sequester. ...

Not to be outdone, the Defense Industry Daily wrote—

[The Labor Department] argue that while ‘it is currently known that sequestration may occur, it is also known that efforts are being made to avoid sequestration.’ It is a bizarre line of

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reasoning given that executing sequestration next January is currently signed law. Perhaps knowing this, the Dept of Labor also argues that because DoD hasn't announced which contracts would be affected, potential layoffs are speculative.

One doesn't need a crystal ball, nor detailed planning, to foresee that sequestration will have a devastating impact on the Federal government and its contractors. Civilian employees of the Defense Department—as well as employees of all major prime contractors—should expect to receive WARN Act lay-off notices in November. That doesn't mean people will be laid-off, of course. But it does mean that the stakes will become very, very clear for voters and politicians alike.

Readers should also note that Apogee Consulting, Inc. does termination settlement proposals pretty damn well. You might want to keep our e-mail address and telephone number handy, come January, 2013.