
BAE announces workforce reduction in response to loss of contract

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BAE Systems announced Wednesday afternoon that it is eliminating between 1,100 and 1,300 jobs in response to the loss of the U.S. Army's contract last August for the production of Family of Medium Tactical Vehicles (FMTV). The workforce reduction affects the company's U.S. Global Tactical Systems (GTS), which employs 2,900 people in Sealy and Houston, as well as Sterling Heights, Mich. The Katy Times has been unable to confirm at this time whether there will be cuts at BAE's other facilities across the country.

BAE said it will begin eliminating the majority of its 600 temporary positions in September, followed by employee reductions in October and December.

"This was an extremely difficult decision, but a necessary one in order for us to remain viable in an increasingly competitive and challenging environment," said Dennis Morris, president of GTS at BAE. "We deeply regret the impact this decision will have on our employees."

BAE said it will provide advance notice of layoff to affected employees, and after separation, offer each affected BAE Systems employee a severance package which includes severance pay, benefits and outplacement assistance.

The company is working with the Texas Workforce Commission to provide other support programs and has notified the Michigan Department of Career Development as well.

The Sealy FMTV Task Force, comprised of civic leaders, residents and business owners who support the effort to keep the contract in Texas, said it "expressed regret about the changes at the BAE Systems facility in Sealy and recognized the company's decision to downsize was difficult but necessary to maintain the facility's viability."

"We will work with BAE Systems and Workforce Solutions to ease the transition of those affected by the coming changes," said Lance LaCour, Sealy FMTV Task Force co-chair and Katy Area Economic Development Council president and CEO.

The Army announced last August that Wisconsin-based Oshkosh Corp. was awarded the \$3.023 billion, five-year contract for production of up to 12,415 trucks, 10,926 trailers, as well as associated support and engineering services.

BAE – as well as the third bidder, Navistar Defense, LLC of Warrenville, Ill. – filed a protest with the U.S. Government Accountability Office, and the office ruled in December that the bidding process was flawed and recommended that the Army re-evaluate the proposals.

However, in February, BAE is notified that the Army upheld its original decision to award the contract to Oshkosh.

BAE and its predecessors have been producing military vehicles for the Army for 17 years. Its 900,000-square-foot facility in Sealy employs approximately 3,000 people, a third of whom are Katy area residents. BAE also has a 234,009-square-foot inventory warehouse in Sugar Land, a 35,000-square-foot aftermarket warehouse in Katy, as well as the Global Tactical Systems Headquarters in Park 10.

The company has an impact of more than \$500 million annually on the state's economy, and a recent analysis by the Research Department of the Greater Houston Partnership said the loss of the contract would cost the Houston region \$1.8 billion annually.

BAE said it is working on a project with Lockheed Martin to build the next generation of F-35 fighter aircrafts and needs something to bridge the gap until the estimated completion date of 2013 or 2014.

It said it will continue to "secure new business that is essential for the future viability of the Sealy facility."

"We appreciate the hard work and dedication shown by all of our employees during these difficult months," Morris said. "We are also grateful to the Texas community, the Sealy FMTV Task Force, the Greater Houston Partnership and our state and federal elected officials for their unwavering support throughout this challenging period."

Kim Meloneck, Sealy FMTV Task Force co-chair and executive director of the Sealy Economic Development Corporation, said the Sealy business community will diligently support all efforts to help BAE employees continue as a valuable sector of the local workforce.

"We are proud that this community has stood solidly alongside the workforce of BAE Systems for years, and we look forward to showing support for these workers in the future to ensure they continue as a part of our community for many years to come," Meloneck said.

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