

Bridgeport defense company DRS Fermont to cut 160

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BRIDGEPORT -- Citing federal budget constraints, defense contractor DRS Fermont said Friday it will cut 160 jobs at its North Avenue plant, beginning in September.

"It's not about the quality of these people. They are great at what they do," said Richard Goldberg, a spokesman for DRS Technologies, Fermont's parent company in New Jersey. "Our company is a contract-driven business ... and we can't have people with nothing to do."

Layoffs at the military mobile generator maker DRS Fermont, a subsidiary of Italian industrial giant Finmeccanica, will begin in September, the company said in a filing with the state Labor Department. Goldberg said workers who stay with the company up to the day of their layoff will receive a severance package and job search services. But he also said the company will be looking to hire people back if it can.

Fermont is not the first defense contractor to announce cuts this year. Groton-based submarine maker Electric Boat said this month it is cutting 104 jobs while Stratford-based helicopter maker Sikorsky Aircraft announced during the last several months almost 500 cuts to its Pennsylvania operations and 39 more across another division. The cuts at Fermont and these other military manufacturers are a concern for the industry and Connecticut's economy in particular, experts say.

Goldberg said there's no plan he knows of to cut jobs at its Danbury-based DRS Consolidated Controls facility that has both military and commercial customers.

He said Fermont saw a massive increase in orders to support military surges in Iraq and Afghanistan a few years ago. But the need for generators has waned since then, so layoffs were going to happen anyway. However, Goldberg said the situation has been exacerbated by federal fiscal issues.

Washington is locked in a debate over how to trim the budget deficit, with Republicans pushing for spending cuts and Democrats for tax increases. In the meantime, the nation has already reached its borrowing limit and the two sides are trying to push their positions as they debate whether to raise the \$14.3 trillion cap.

Connecticut's defense programs, which tend to be big ticket weapons systems, could become bargaining chips to settle this, said Nick Perna, an economic consultant to Webster Bank and a former economist with General Electric Co. and the Federal Reserve Bank of New York.

Goldberg said there aren't that many new contracts coming in to replace the old ones, and what is in the pipeline is facing funding delays as federal budget negotiations prompt the Defense Department to delay contracts and spending. But work will continue in Bridgeport.

Fermont's parent corporation invested about \$11 million into the plant at 141 North Ave. in Bridgeport and its operations in Danbury in 2009, with the help of about \$13.5 million in state aid.

That aid included a \$3.5 million loan and tax credits of \$10 million. This move might mean the company will lose out on the tax credits, according to a state official.

Fermont will have about 150 workers after November, Goldberg said and total employment in Connecticut will be around 395.

"We're not closing down," Goldberg said. "We didn't invest all that money just to shut the plant down."

David Treadwell, a Department of Economic and Community Development spokesman, said the state required DRS Technologies to maintain 499 total jobs in Connecticut, which it did, during the first three years to gain \$2.3 million in loan forgiveness. But it also must maintain those numbers to get the tax credits going forward. A job audit will determine whether Fermont will get the credit, he said.

Job cuts and even foregoing tax breaks is part of the reality in the defense industry today, according to an analyst and economist.

"The budget situation is getting more hairy every year. The continuing resolution situation is the worst I've seen," said Shaun McDougall, defense budget analyst with Newtown-based Forecast International.

Last year, Congress delayed passing a budget so long that the Pentagon actually ran out of money for some contracts and was transferring funds between programs, he said.

"It's something you wouldn't think would happen, given we have soldiers in Afghanistan and Iraq," McDougall said.

Last year's experience has lit a fire in the Pentagon to put pressure on contractors to cut costs, which in Connecticut could mean more job cuts, according to McDougall.

Perna said the Fermont cuts are part of the story of a country and state with budget deficit problems. Put simply, if you cut government spending it leads to job loss in more than just the public sector.

"There's no way to downsize in the near term without having a negative impact on the economy," Perna said. "It's as plain as the nose on my face, and I have a very large nose."

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