

# The Huntsville Times

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Constellation cuts coming

Boeing says it will issue termination notices beginning July 2

A surprise NASA decision to invoke an obscure federal spending law to slash Constellation rocket funding this summer could cost hundreds of Huntsville workers and up to 5,000 nationwide their jobs, the space agency confirms.

The Boeing Co., which employs 300 people on Constellation here, said Thursday it will hand termination notices to an unspecified number on July 2. Their jobs will end Sept. 3 unless Boeing can find slots in other programs, spokesman Ed Memi said.

The order was announced in a letter and presentation to Congress Wednesday by NASA Administrator Charles Bolden. It comes just weeks before a new congressional requirement for continued Constellation funding is expected to go to President Barack Obama in an emergency spending bill.

And the move gives back momentum to Obama's administration in its fight with some in Congress over Constellation, a program the administration wants to end.

"Very alarming," said Joe Valley, director of economic development for Huntsville, said of the news. Once these skilled workers are scattered, Valley said, it will be very hard to reassemble them.

Memi said Boeing would not release the number affected until the employees are notified, but Bolden's letter said contractors can expect "work force reductions estimated at 30-60 percent of the current population, or 2,500-5,000 for the balance of the current year."

A 60 percent cut in Boeing's Constellation work force here would be 180 people.

Other companies have Constellation contracts here, including Allied Techsystems (ATK) rocket engines and Jacobs ESTS Group. Some reports have said ATK, which employs 90 people here, could lose 2,000 jobs nationwide. Not all ATK workers here are on Constellation.

Jacobs, with 1,100 employees here, supports many NASA projects including Constellation. The effect on Jacobs was not clear Wednesday.

Bolden told Congress that NASA contractors had not set aside nearly \$1 billion in legally

required "termination liability" funds, or money for shutdown costs if a program is terminated.

NASA has to correct for this, Bolden said, and when it does only \$445 million will be left to spend on Constellation the rest of this fiscal year.

Not all contractors were required to set aside the termination funds. Boeing's contracts specified no such requirement, Memi said.

Instead, what happened to Boeing is no authorization letter from NASA to continue spending money already appropriated, Memi said.

ATK is still waiting for direction from NASA, local spokeswoman Trina Patterson said late Wednesday.

Early reaction in Congress was outrage and disappointment. Sen. Kay Bailey Hutchison, R-Texas, accused NASA of deliberately acting now to avoid a requirement that NASA fund Constellation for the rest of this fiscal year that was added to an emergency funding bill headed to the president this month.

Sen. Richard Shelby, R-Tuscaloosa, who put the amendment in the funding bill, said NASA leaders "appear to be ignoring current law and the reaffirmation of congressional intent to continue Constellation funding."

"NASA is reprioritizing funding based on a future budget that has not been supported, or approved, by Congress," Shelby said.

"The news that Boeing is going to lay off 90-180 employees ... is extremely disappointing," said U.S. Rep. Robert Aderholt, R-Haleyville. "My thoughts and prayers are with all of the employees who are uncertain about their futures, especially as Alabama tries to recover from a sluggish job market."

"Despite this news," Aderholt said, "the president's plan to move forward without Constellation is not final policy until Congress approves it."

The announcement by NASA headquarters clearly surprised Constellation's supporters and contractors. It lit up Internet blogs related to NASA nationwide.

Among many smaller stories within the main story was the continued tension between current and former NASA leadership.

The Orlando Sentinel's space blog said unnamed NASA officials privately pointed fingers at former NASA Administrator Michael Griffin "for turning a blind eye to termination liability requirements in order to try to sink as much money as possible into the program to make it harder to cancel."

Griffin, now an eminent scholar and director of the new Center for Systems Studies at the University of Alabama in Huntsville, responded to an e-mail request for comment.

"My reaction to the administration's current plan for NASA is multiply on the record: I think it is bad for NASA, bad for the nation, and breaks faith with our international partners and the agreements we have made with them," Griffin said.

"Regarding your question, 'What was your attitude/instruction regarding this set-aside law when you were administrator?', I had no discussions in connection with and issued no instructions on this matter. In fact, I had no concern whatsoever about it.

"The NASA administrator rarely (if ever) is involved in the technical details of procurement and contracting, and certainly I was not," Griffin said. "I had, and still have, great regard for and confidence in NASA legal and procurement staff, and am confident that the decisions they made in regard to the apportionment of termination liability will withstand examination."