



National Association Of Air Traffic Specialists

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To: **US Senators**

CC: **Transportation/ Aviation Appropriations LA's**

From: **National Association of Air Traffic Specialists (NAATS)**

Date: **9/6/2005**

Re: **Issues pertaining to an effort to prohibit the outsourcing of FAA Flight Service Stations**

BACKGROUND

NAATS is a labor union with national recognition as the exclusive bargaining agent for the more than 2,000 FAA Air Traffic Control Specialists employed at FAA Flight Service Stations (AFSS). AFSS provide a host of critical services to more than 600,000 general aviation pilots as well as services to military and commercial pilots. The air traffic control specialists, who staff all 61 AFSS and the other 14 non-automated flight service stations (FSS) advise pilots on terrain, pre-flight and in-flight weather information, suggested routes of flight, altitudes, indications of turbulence or icing, and any other pertinent information. Air traffic control specialists also assist pilots in an emergency situations or if they become disorientated during flight. Additionally, air traffic control specialists provide pilots with information regarding temporary flight restrictions (TFR) into prohibited and restricted areas.

The FAA recently utilized a process similar to Circular A-76, conducting a public/private competition of services to the aviation industry and the National Airspace System, for the operation of FAA Flight Service Stations (AFSS). Circular A-76, implemented pursuant to Title 31 of the USC, authorizes the government to compete certain non-inherently governmental jobs to the private sector. Pursuant to the process employed in A-76, the FAA awarded a 5-year contract (with option for 5 more years) valued at \$1.9 billion dollars to Lockheed Martin to operate the FAA Flight Service Stations in all areas of the country, except Alaska.

ISSUE

In the House Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act of 2006 an amendment to prohibit funds from being utilized by the FAA to outsource FAA Flight Service Stations to the private sector was offered and approved by a vote of 238-177. This amendment was initially sponsored by Congressmen Sanders, Hostettler, LoBiondo, Shays, along with Congresswomen Sanchez, Herseth and DeLauro.

The proponents of the amendment expressed strong concern that the privatization effort was going to hurt aviation safety and security; ultimately forcing the closure and consolidation of flight service stations, causing the potential loss of local aviation safety expertise. Concern that safety should not have to compete with the private sector demands to produce a profit while operating flight service stations was also expressed. Other concerns included the idea that privatization efforts would adversely impact affected FAA employees working at flight service stations, and in certain instances deprive the employees the majority of their federal retirement benefits. The opponents of the amendment centered their arguments on the allegation that the inclusion of an amendment prohibiting could cost the Federal government \$325 million in compensation to Lockheed Martin, and increase the operational costs of flight service stations over the next ten years.

Senators Specter, Johnson, Dorgan, and Leahy requested Chairman Bond include similar language prohibiting the outsourcing of flight service stations in the Senate Transportation, Treasury, the Judiciary, Housing and Urban Development, and Related Agencies Appropriations bill. Senators Lieberman and Dodd sent a similar request to Chairman Bond. The bill reported from Committee did not include the requested language, however, it is expected that a bi-partisan amendment will be offered during floor consideration of the measure.

NAATS has prepared this document to address some of the concerns that were expressed during consideration of the Sanders amendment on the House side, and to address misperceptions that have arisen subsequent to the passage of the House bill.

Outsourcing Contract and Flight Service Stations

If this contract is allowed to go into effect, then 38 FAA Flight Service Stations across the country will shut down beginning in the spring of 2006. Not to mention that more than 1,000 air traffic control specialists will be in danger of losing their jobs. In addition, in three years, 17 other FAA Flight Service Stations could also be shut down, causing potential further job loss. The only flight service stations guaranteed to remain open will be in Prescott, Arizona; Fort Worth, Texas; and Leesburg, Virginia. The 38 flight service stations slated for closure and the 17 other facilities that are only guaranteed to remain open for three additional years are listed in Appendix A.

Outsourcing Contract and Savings

Initially the FAA estimated that the contract to outsource FAA Flight Service Stations would save \$2.2 billion over a ten year time frame. The FAA and Lockheed Martin have not provided a single document to the public on how these savings will be achieved without substantially degrading the level of service provided to the aviation community. No independent review has been conducted to evaluate the proposed savings, and to determine whether they are realistic. However, recently after a review by the GAO, the FAA was forced to revise their own estimates of savings, concluding that projected savings would only total \$1.7 billion over 10 years. Even more recently, a GAO Report 05-725 issued this June, indicated the FAA Air Traffic Organization (ATO) had revised estimates once again on potential cost savings and concluded that the outsourcing contract **would only save \$1.2 billion and that the financial benefit would not even begin to accrue until 2011**. Ironically, the FAA's own estimated savings have been reduced by one billion dollars in a one-year period even before the contract has gone into affect.

It should be noted that the FAA classifies this outsourcing process as an "acquisition". The FAA has a very poor acquisition history, and their acquisition plans should be reviewed very carefully. For example, the FAA claimed that it would be saving hundreds of millions of dollars with the implementation of the Standard Terminal Automation Replacement System (STARS) acquisition. However, according to a 2003 DOT Inspector General's report, the FAA nearly doubled the cost of the original estimates of STARS deployment from \$940 million to \$1.69 billion. Today, it is now projected that this contract could cost up to 300% of the original estimate.

The proposed contract does not include all of the FAA Flight Service Station costs, or cover all of the existing services currently provided by FAA Flight Service Stations. For instance, the FAA plans to award a sole source cost-reimbursement contract to help train Lockheed Martin managers, the FAA is also incurring additional expenses to provide on-line internet services to pilots for an at least an additional year an amount that could be as high \$8 million dollars. Additionally, a number of other services, primarily national security functions that were performed by FAA Flight Service Station employees with security clearances, will not be done when the contract is out sourced. A listing of these services is included in Appendix B.

Lockheed Martin Flight Service Station Contract Termination Costs

Allegations that the FAA will have to pay a \$325million termination penalty to Lockheed Martin are false. Contract cancellation this fiscal year by the FAA would only require the FAA to pay the costs of Lockheed Martin's bid preparation. The actual amount totals approximately \$5M according to a sworn statement by JoAnne Kansier, Director, Office of Competitive Sourcing, the FAA official in charge of this outsourcing

process. **In fact, in the next fiscal year, cancellation of the contract would save funds since the FAA would not have to pay \$150 million in transition and termination costs.**

Flight Service Station Outsourcing Contract Safety and Security

Allegations have been made that there is no erosion of safety associated with contracting out flight service stations, because flight service stations do not control air traffic, that flight service stations only receive and file flight planes, provide pilot weather briefings, en route communications, and search and rescue services to general aviation pilots. This is a very simplistic view of the services provided by flight service stations and the employees working at them. There are differences between what the FAA now terms air traffic controllers and FAA Air Traffic Control Specialists, but all are critical to aviation safety and security. The en route and terminal controllers, represented by NATCA, essentially keep aircraft from colliding with each other. The flight service station air traffic control specialists provide basically everything else necessary for safe flight. Among these services are; orienting pilots who are lost and helping steer them to safety, coordinating search and rescue for downed aircraft, and providing pilots with critical information relating to temporary flight restrictions, as well as prohibited and restricted airspace. The information provided by air traffic control specialists ensures that pilots do not stray into airspace near the US Capitol or near the President's location. We should not be outsourcing federal jobs impacting public safety to private sector companies involved in operating for profit. The public safety of passengers, regardless if they are airline or general aviation, should not put into jeopardy under any circumstances, and forced to compete with private sector profit motivation.

Additionally flight service stations and the federal employees with security clearance operating as air traffic control specialists provide a vital role in securing our airways. The key national security function of air traffic control specialists was made evident during and immediately following the horrific 9/11 attacks. During this national tragedy, air traffic control specialists communicated crucial instructions to planes around the nation, and they were responsible for restarting air traffic in the days following the attack. Privately operated flight service stations will not have legal authority to perform some of these vital security functions.

It is projected that if the Lockheed Martin contract is allowed to go into effect, then more than 1,000 air traffic control specialists will be in danger of losing their jobs. As noted earlier, 38 FAA Flight Service Stations across the country will shut down beginning in the spring of 2006. In addition, in three years, 17 other FAA Flight Service Stations could also be shut down, causing potential further job loss. The only flight service stations guaranteed to remain open will be in Prescott, Arizona; Fort Worth, Texas; and Leesburg, Virginia. Currently, under the federal system, over 2,000 controllers handle almost 30 million contacts a year, which the FAA has predicted that the amount of contacts with the aviation public will increase. **Lockheed Martin is proposing to do a better job, with technology that has not been independently evaluated, with approximately one half of the workforce currently handling the aviation safety services.** The public deserves a thorough review of whether or not the proposed plan can effectively handle the aviation safety and security services currently provided by the federal workforce.

Employees Rights

Allegations have been made that employees will be protected in the transition from federal to private sector employment; nothing could be further from the truth. It is alleged that the Lockheed Martin flight service station contract protects existing flight service station employees. Lockheed Martin will offer jobs to all incumbent employees. Salaries will be matched, including locality pay. Lockheed Martin will provide a sign-on bonus, a retention bonus for many positions, and up to \$50,000 for relocation allowances. Additionally, Lockheed Martin will offer a 401(k) savings plan, income protection plan, and performance bonuses.

In reality, if this contract is allowed to go into effect, then the 38 FAA Flight Service Stations across the country will shut down beginning in the spring of 2006 and, in three years, 17 other FAA Flight Service Stations could also be shut down, causing potential further job loss. To emphasize -the only flight service stations guaranteed to remain open will be in Prescott, Arizona; Fort Worth, Texas; and Leesburg, Virginia. Relocation expenses to employees who are guaranteed only three years of work are not much of an inducement, and approximately only 350 out of the total amount of 2400 air traffic control specialist

employees will even be eligible for those relocation expenses. In addition, these employees will lose the majority of their sick leave benefits and their bonus pay for working on a holiday. They will have to pay as much as \$500 a month more for health insurance, and will have their pensions slashed.

Under the terms of this contract many FAA Flight Service Station employees will lose their jobs. These employees have worked faithfully to achieve the benefits of a federal pension and federal healthcare. Despite good service, some employees will automatically lose their rights to receive federal healthcare due to the application of penalties for not fully vesting because of age or duration of service. They will also lose most of their pension benefits as a result of the application of the same penalties. Currently, 1,770 of the total amount of 2,400 air traffic control specialists are over 40 years old, and if we don't prevent this contract more than 1,000 flight service station employees will be forced out of the federal workforce before their retirement plan vests. The federal government should keep the promises they made to these federal workers regarding their pension benefits. A promise made must be a promise kept, especially when it comes to retirement benefits. Attached is the most current breakdown of employment for current employees working at FAA Flight Service Stations, and actual offers of employment from Lockheed Martin – Appendix C.

Aviation User Support for Current Federal Flight Services Stations

Proponents of the outsourcing of flight service station jobs claim that aviation users are supportive of the Lockheed Martin proposal. This is misleading; AOPA (the Aviation Owners and Pilots Association) has issued conflicting comments about their support or their concern about privatization of flight service stations—see Appendix D. AOPA has traditionally focused most of their efforts to oppose new fees being levied to help support the federal costs of providing safety services, and their official position could reflect potential cost recovery efforts by the federal government, in the proposed absence of the privatization of the existing federal services. While AOPA officially supports this contract, general aviation pilots strongly support the existing services provided by FAA Flight Service Stations. According to a survey commissioned by the FAA Office of Competitive Sourcing, and endorsed by AOPA, on the "Importance and Satisfaction of Flight Service" dated June 9, 2004, "Clearly, today's flight service system is delivering items that are highly important and a level of service that produces highly satisfied customers."

Pilots were asked in this survey: How important is in-flight (air to ground) flight service to you and what is your satisfaction with that service? Eighty-seven percent of student pilots surveyed said it was important and 90% of them were satisfied with the service. Eighty-two percent of Instrument Flight Rules (IFR) pilots said it was important and of those 85% were satisfied with the service. Those are the facts.

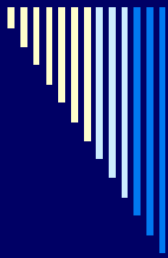
Appendix A# AFSS slated for closure

Appendix B# Functions not done

Appendix C# Actual jobs being offered

Appendix D# User support quotes

Appendix A



FACILITIES SCHEDULED OR EXPECTED TO CLOSE UNDER THE LOCKHEED PLAN

Altoona, PA
Albuquerque, NM
Anderson, SC
Anniston, AL
Bangor, ME
Boise, IA
Bridgeport, CT
Buffalo, NY
Burlington, VT
Casper, WY
Cedar City, UT
Cleveland, OH
Columbia, MO
Columbus, NE
Dayton, OH
DeRidder, LA
Denver, CO
Elkins, WV

Fort Dodge, IA
Gainesville, SC
Grand Forks, ND
Great Falls, MT
Green Bay, WI
Greenwood, MS
Hawthorne, CA
Honolulu, HA
Huron, SD
Islip, NY
Jackson, TN
Jonesboro, AR
Kankakee, IL
Lansing, MI
Louisville, KY
Macon, GA
McAlester, OK
McMinnville, OR

Millville, NJ
Montgomery County, TX
Nashville, TN
Oakland, CA
Princeton, MN
Miami, FL
Raleigh, NC
Rancho Murieta, CA
Reno, NV
Riverside, CA
San Angelo, TX
San Diego, CA
San Juan, PR
Seattle, WA
St. Louis, MO
St. Petersburg, FL
Terre Haute, IN
Wichita, KS
Williamsport, PA

Appendix B

Functions that AFSS controllers currently perform but will be discontinued under the Lockheed contract:

- Provide information on downed aircraft
- Utilize AFSS authority to close airports
- Provide back-up for other air traffic facilities
- Coordinate / distribute Law Enforcement / stolen aircraft messages
- Provide *backup communication* (service-B guard) services to U.S. military facilities in foreign locations
- Provide aircraft status progress reports
- Respond to requests for historical weather data
- Provide National Weather Service additional metrological data
- Coordinate ICAO flight information with the military

Appendix C

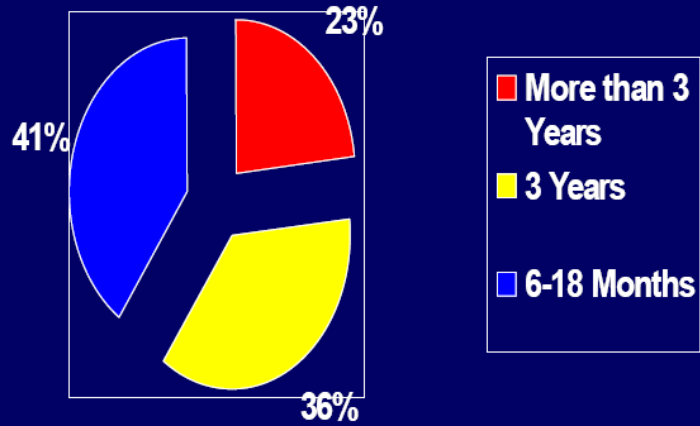
Actual Lockheed (LM) Job Offers to AFSS Employees:

Total Affected Employees as of 6/05 – 2182

511 (23%) Offered Jobs for Life of Contract

790 (36%) Offered Jobs for only 3 Years

881 (41%) Offered Jobs only until their facility closes – 6 to 18 Months



Appendix D

”Although it expresses constant concern about aviation safety, the administration obviously doesn’t put its money where its mouth is. In addition, the White House call for a privatized system might bring future user fees for each weather service contact. In addition, as a private company, could the weather specialists we depend on so heavily end up out of government service, with the ability to go on strike? Seeing that fax page in France made me even more committed to making sure that AOPA continues to fight for the best and most reliable general aviation weather services in the world. We need first-class equipment, trained specialists, and a long-term commitment for our important flight service stations, so that we never face *Météo en Grève*.” Phil Boyer March 2000 AOPA Pilot magazine.

“AOPA would actively oppose any measures that would remove responsibility for flight services from the federal government.” *AOPA Position* - Currently on AOPA website.

“GAO report confirms higher GA fees likely with commercialized ATC.” AOPA response to June 2005 GAO report.

”A "commercialized" air traffic control system would be a disaster for general aviation. That's the inescapable conclusion to be drawn from a Government Accountability Office (GAO) report released last week.” Phil Boyer, AOPA response to June 2005 GAO report.

"The GAO's look at other countries' experience with privatizing air traffic control confirms much of what AOPA has been saying for years," said AOPA President Phil Boyer. "General aviation would be hurt and user fees are not the panacea for financing ATC." AOPA response to June 2005 GAO report.

”For example, NAV CANADA, the privatized air traffic control system to our north, had banked more than \$66 million in operating reserves prior to September 11. With the airline industry downturn after the attacks, and again following the SARS outbreak, the reserve quickly became a \$96.9 million deficit. To recover, NAV CANADA had to increase fees more than once. But that had the inadvertent effect of disrupting the economically stressed air carriers again, and once again depressing user fee revenue.” AOPA response to June 2005 GAO report.

”And while all of the ANSPs claimed greater efficiency over their government-operated predecessors, GAO couldn’t document the claims. The "predecessor organizations did not necessarily gather or publicly report comparable data," the GAO report said. Consequently, assessments of each ANSP's performance since commercialization are possible, but comparisons of performance before and after commercialization are generally not feasible." AOPA response to June 2005 GAO report.