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National Association Of Air Traffic Specialists

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To: Senate Appropriations Committee Members

CC: Transportation/ Aviation Appropriations LA's

From: National Association of Air Traffic Specialists (NAATS)

Date: 7/13/2005

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 (ATCS) 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 provide services to military and commercial pilots. The ATCS, 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. Flight service controllers also assist pilots in an emergency situation or if they become disorientated during flight. Additionally, ATCS 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, by 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 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.

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. That bill has yet to be introduced, but is scheduled for consideration by the Subcommittee on July 19th.

NAATS has prepared this document to address some of the concerns that were expressed during consideration of the Sanders amendment on the House side.

FLIGHT SERVICE STATION PRIVATIZATION: MYTHS VS. FACTS

MYTH # 1: Over the next 10 years the Lockheed Martin Flight Service Contract will save taxpayers \$2.2 billion.

FACT: The FAA and Lockheed Martin have not provided a single document to the public on how these savings will be achieved. No independent review has been conducted to evaluate the proposed savings, and to determine whether they are realistic. However, recently the FAA was forced to revise their own estimates of savings, concluding that projected savings would only total \$1.7 billion over 10 years. This contract has not even gone into effect yet, and already a half billion dollars in supposed savings has been lost.

The FAA has a very poor acquisition history. For example, the FAA claimed that it would be saving hundreds of millions of dollars by the Standard Terminal Automation Replacement System (STARS) acquisition. However, according 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.

MYTH #2: If the federal government cancels the Lockheed Flight Service Station Contract, the FAA may have to pay a \$350 million termination penalty. Taxpayers should not be forced to pick up the tab for these costs.

FACT: This \$350 million figure has no basis in fact. According to a review of the Acquisition Management System (AMS), the FAA does not have a requirement to pay any sort of liquidated damages. More than likely, they will only have to pay the costs of Lockheed Martin's bid preparation or what was budgeted for this fiscal year.

MYTH #3: There is no erosion of safety associated with contracting out flight service stations. Simply put, flight service stations do not control air traffic. Flight service stations receive and file flight planes, provide pilot weather briefings, en route communications, and search and rescue services to general aviation pilots.

FACT: 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. Air Traffic Control Specialists play a vital role in keeping commercial and general aviation airplanes out of restricted airspace, including the restricted area around the White House. 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.

MYTH #4: The outsourcing contract will enhance services to the general aviation community. It has strong support from the Airline Owners Pilots Association because they know that better services will result in a more secure system.

FACT: This is misleading. While AOPA officially supports this contract, general aviation pilots strongly support the existing services provided by FAA Flight Service Stations. In fact, according to a survey done 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."

When pilots were asked in the AOPA 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.

MYTH #5: This contract will have little or no impact on commercial or military pilots who receive these services from different sources.

FACT: Flight service stations provide crucial information to commercial and military pilots. These stations get calls when dispatch centers go down. They help the military get moving when there is a deployment or when the Guard personnel are in training. The flight service stations along the border talk to commercial aircraft on a daily basis coming from Europe or Asia who need to know the weather patterns throughout the US. Commercial pilots call flight service stations looking for pilot reports when they are experiencing rough air and are looking for a smooth altitude in an alternate route. After 9/11 there has been an increase in corporate jets, and flight service stations provide weather and traffic information to them.

MYTH #6: The Lockheed 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.

FACT: 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 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. Relocation expenses to employees who are guaranteed only three years of work are not much of an inducement, and only 350 out of 2400 employees will be paid 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 substantially most of their pension benefits as a result of the application of the same penalties. Currently, 1,770 of the 2,500 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 must 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.

Myth #7: The Lockheed Flight Service Station contract was fairly bid, and the flight service station employees competed in the offering.

FACT: The contract award is currently under review and the employees did not compete, but the FAA did. The President of the Union has filed a protest as the representative of the directly affected employees. The FAA bid, also known as the Most Efficient Organization, which included some NAATS representatives who were required to maintain the terms of the bid in confidence, has filed a protest as well. These two claims are currently under consideration to determine whether or not the contract was fairly awarded.

MYTH #8: This contract has been years in the making. Congress should not step in to stop this contract and deny better services to more than 600,000 private pilots.

FACT: What's true is that this process has been flawed for years. Congress was misled during the time leading up to the contract award by the FAA that this was not contracting out, it was just a study. Now that the FAA has pushed the contract through, Congress should have a voice in an acquisition of this size with the potential to harm the future structure of aviation security. There is simply no proof that better services would be offered. In fact, no one independent auditor or evaluator has even determined that the plan will work. According to AOPA's own study, their membership is very happy with existing services.

MYTH #9: According to the head of AOPA, "After spending 90 minutes getting an advance look at a 21st century flight service station and asking hard questions, all I can say is, Wow! On the basis of what the contractor will deliver under the contract, pilots are going to be much better served and much safer."

FACT: This wasn't a quote from private pilots. It was a quote from one private pilot, Mr. Phil Boyer. The fact that Mr. Boyer thought Lockheed Martin's equipment was good is nice. However, he had not seen any of the other equipment offered, nor does he have the expertise on whether or not the system is workable to the controller. This system has not even been tested, and it is still unclear if it will work with all of the other technology in the National Airspace System. Mr. Boyer also did not mention the fact that controllers will go from having area knowledge of a few hundred miles to area knowledge of a few thousand miles under the Lockheed plan

MYTH #10: "For the first time in history, pilots are going to get a contractual guarantee that a live briefer will answer their phone calls within 20 seconds and acknowledge their radio calls within 5 seconds. Flight plans will be filed within 3 minutes. It's in the contract. And as any pilot who has been stuck on hold for 20 minutes trying to get a weather briefing can tell you, the system is overloaded and frequently non-responsive."

FACT: Pilots have gotten their radio calls and phone calls answered within 5-20 seconds for years. If Lockheed Martin does not meet these time frames they could suffer financial penalties, but they will be trying to do so with 1,000 fewer employees than currently exist under the federalized system.

Currently, under the federal system, some 2,000 controllers handle almost 30 million contacts a year, which the FAA has predicted will increase. How will Lockheed do a better job with only 1,000 private controllers? If you don't have the bodies in the seats to answer the radios and phones all the equipment in the world isn't going to help.

Are there times where pilots are put on hold for a period of time? Certainly. Depending on weather, traffic, or emergencies, this may occur, but most hold times run a few minutes at most. The federal controllers in flight service stations should be commended for keeping the system running as well as it has with limited resources. Again, according to AOPA's own study, pilots are 85-90 percent satisfied with current service.