



LOCAL 200

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AFGE Local 200 Position Paper #2017-01

April 10, 2017

FAA Privatization is Harmful to the Federal Debt, Employees, the WJHTC, and a Risk to the FAA Mission

AFGE Local 200 represents approximately 340 Federal employees at the William J. Hughes FAA Technical Center (WJHTC). The employees perform essential operational support of electronic and automation systems that are used to control air traffic in the FAA's National Airspace System (NAS). The systems used by Air Traffic Control personnel rely on our members for the deployment of new and improved systems and for expert repair and restoration services when systems fail. AFGE employees have decades of specialized experience in maintaining the NAS that cannot be replaced without great cost to American taxpayers and extensive delays to these services.

The proposed legislation establishes the "ATC Corporation" (ATCC) referred to in this document. The current FAA Air Traffic Control (ATC) system referred to in this document is distinct from that corporation.

Our stated reasons for opposition to this Privatization initiative include, but are not limited to:

1. Privatization would result in a chaotic transition period and subsequent lack of oversight. This would jeopardize the current and future Air Traffic Control system leading to adverse effects to the safety of the flying public.
2. Privatization adds \$20 Billion to debt over 10 years
3. Privatization will not lead to more stable funding for the United States air traffic control system.
4. Privatization will not result in more efficient operation and improvement of air traffic services.
5. More timely NAS technical updates will not occur. The FAA Acquisition Management System has had constant improvement for over 20 years. The proposed ATCC has no acquisition structure, policies or mechanisms.
6. It could take decades to replicate lost and/or transitional FAA policies, physical assets and workforce capabilities.
7. The legislation does not account for massive restructuring of billions of dollars of government contracts.
8. American Small Businesses could lose \$8 billion in "protected revenue".
9. The economic/societal impact of the WJHTC to Southern New Jersey is irreplaceable.
10. The restructuring of 18 FAA Unions and their contracts would require a costly distraction from the FAA Mission.
11. The impact to virtually all employees will be negative (loss of jobs, lesser pay, pensions, benefits, etc.). And negative effects on morale, and general stress levels of employees, their families and communities will occur.
12. Industry and Stakeholder opposition is deep and international history of Privatization is less than successful.

Please review the negative impacts in this document resulting from FAA Privatization. AFGE has further data on these positions, available AFGE Local 200 officers at the numbers listed above or through email at afgelocal200@outlook.com.

FAA Privatization – an AFGE Local 200 Investigation – Position Paper Table of Contents

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FAA MISSION IMPACTS

DISTRACTIONS AND RISKS TO FAA MISSION

- There would be massive distraction due to employee uncertainty throughout the transition process.
- FAA executives, managers and employees would be consumed with transition planning and implementation.
- ATCC employees would need to adjust to all new pay, benefit and work rule changes after transition.
- Many government employees would likely seek other federal employment to preserve their federal careers.
- Many current contract support personnel would likely seek employment elsewhere due to long-term instability.
- Those who were not conceiving of retirement until later in life will likely pursue retirement at an earlier time.
- The resulting "Brain Drain" on the FAA would leave a gaping hole in corporate, management, scientific, engineering, and human resource capabilities.

DETERMINATION OF EMPLOYEE STATUS IMPACTS

- FAA Human Resources will be overwhelmed by employee actions and status determinations.
- Contracting management will be overwhelmed by assessment of contract impacts.
- Six (or more) categories of Federal Employees created by this legislation will require extensive processing.
- All WJHTC contract employees are affected. It is unknown as to the scope of impacts at this time. There is potential for unique impacts on every contract.

BUSINESS/CONTRACTING COSTS

- The proposed legislation is not clear on the status and handling of all existing contracts and business arrangements with the FAA.
- There are currently many major Air Traffic Systems acquisitions in progress.
- The transfer of FAA physical and intellectual assets to the corporation is over-simplified at best
 - The proposed legislation calls for the identification of all: "...licenses, patents, software rights, and real and personal property, including air navigation facilities" to be transferred to the ATCC within 2 years.
 - This transfer may not account for all systems needed to support operations and maintenance of the NAS.

HUMAN RESOURCES TRANSITION AND COSTS

It is AFGE's position that any estimates for Human Resources transition costs are badly underestimated.

- The non-existent ATCC would require corporate Human Resources regulations be established
- Such regulations must meet or align with Title 5, DOT and FAA law, rule and regulations
- Thousands of current FAA employee laws, rules, and regulations are documented in:
 - Title 5
 - Department of Transportation (DOT) regulations
 - The FAA Human Resources Policy Manual (HRPM) consists of hundreds of policy and procedure documents
- Cost of Labor Relations activities would be exorbitant
 - ***AFGE believes this may be another 'manufactured issue' that will be used to bust Unions***
 - Establishing new Unions and/or modifying existing Union certifications would be extensive
 - Existing Union Collective Bargaining Agreements (CBAs) would require massive renegotiation
 - New Union CBAs would require massive negotiation

CONCLUSION:

FAA Privatization would lead to a chaotic transition period and subsequent lack of oversight jeopardizing the current and future National Airspace System (NAS) and adversely affecting the safety of the flying public.

Privatization Federal Budget Impact

19 page CBO Analysis – March 2016 – Privatization adds \$20 Billion to debt

Per the CBO Summary:

H.R. 4441 would establish a federally chartered, not-for-profit corporation (known as the ATC Corporation) to assume responsibility for operating the U.S. air traffic control system, a function currently performed by the Federal Aviation Administration (FAA). The proposed corporation would be governed by an 11-member board of directors composed of individuals representing certain aviation stakeholder groups. To finance the costs of providing air traffic services, the bill would authorize the corporation to charge fees to users of such services and to issue debt.

The Secretary of Transportation would manage and oversee the transition of operational control over air traffic services to the proposed corporation, which would occur on October 1, 2019. Until that time, the bill would authorize appropriations for the FAA to continue to operate, maintain, and modernize the air traffic control system and carry out the agency's other traditional responsibilities related to civil aviation. After the proposed transition of all air traffic control-related personnel and programs to the ATC Corporation, the bill would authorize additional appropriations for FAA and the Department of Transportation (DOT) to continue to meet traditional aviation-related responsibilities, such as performing certain regulatory and safety-related activities, making grants to airports to support capital projects, and subsidizing air service to certain rural communities.

Although the proposed corporation would be independent and autonomous, in CBO's view it would effectively act as an agent of the federal government in carrying out a regulatory function. Hence, in keeping with guidance specified by the 1967 President's Commission on Budget Concepts, the proposed corporation's cash flows should be recorded in the federal budget. More specifically, fees charged by the proposed corporation should be recorded as federal revenues, and its expenditures should be classified as federal direct spending.

On that basis, CBO estimates that enacting H.R. 4441 would:

- Increase net direct spending by \$89 billion over the 2017-2026 period;
- Increase net revenues by \$69.2 billion over the 2017-2026 period;
- Increase net deficits stemming from revenues and direct spending by about \$19.8 billion over the 2017-2026 period; and
- Result in discretionary outlays totaling \$50.8 billion over the 2017-2026 period, subject to the appropriation of authorized amounts.

Pay-as-you-go procedures apply because enacting the legislation would affect direct spending and revenues. CBO estimates that enacting H.R. 4441 would increase net direct spending and on-budget deficits by more than \$5 billion in one or more of the four consecutive 10-year periods beginning in 2027.

The estimated changes in direct spending and revenues under H.R. 4441 reflect CBO's assessment of the budgetary effects of enacting H.R. 4441 as a stand-alone measure. Ultimately, however, the net budgetary impact of activities related to air traffic control under H.R. 4441 would depend on the details of additional legislation that lies beyond the scope of this cost estimate. H.R. 4441 does not address other important aspects of federal activities related to aviation—in particular, provisions of current law that govern aviation-related excise taxes that cover most of the FAA's costs related to air traffic services and other programs. Similarly, although H.R. 4441 authorizes a marked reduction in future appropriations for the FAA that comport with the envisioned transfer of operational control over the air traffic control system to the ATC Corporation, whether subsequent reductions in future discretionary funding for the agency occur would depend on appropriations enacted by future Congresses. As a result, the ultimate net budgetary impact of corporatizing air traffic control under H.R. 4441 could differ considerably from the estimates presented in this analysis, but CBO cannot provide an analysis of such potential impacts because they would depend on the details of future legislation (see Additional Information).

H.R. 4441 contains intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) because it would preempt state and local authorities. However, CBO estimates that the bill would impose no duty on state or local governments that would result in additional spending or a loss of revenues.

H.R. 4441 would impose a private-sector mandate as defined in UMRA on users of air traffic services provided by the ATC Corporation by requiring those entities to pay fees. The bill would impose additional mandates on air carriers, operators of unmanned aircraft, manufacturers of aircraft, and owners of certain towers in rural areas. CBO estimates that the aggregate cost of those mandates would well exceed the annual threshold established in UMRA for private-sector mandates (\$154 million in 2016, adjusted annually for inflation).

Importance of the FAA WJHTC

Mission and Capabilities, Workforce, Economic and Societal Impacts

The FAA William J. Hughes Technical Center (WJHTC) is the nation's premier air transportation system laboratory. The Technical Center's highly technical and diverse workforce conducts test and evaluation, verification and validation, and sustainment of the FAA's full spectrum of aviation systems, and develops scientific solutions to current and future air transportation safety challenges by conducting applied research and development. The WJHTC will celebrate its 60th anniversary having been established on July 1, 1958 as the National Aviation Facilities Experimental Center (NAFEC).

WJHTC Mission and capabilities include the following in support of America's Flying Public and National Defense:

- **Test and Evaluation of all NAS systems** during acquisition and for major upgrades
- **Operational Support of all NAS systems** to include all post acquisition engineering, system upgrades and restoration of systems that become degraded and/or fail
- **26 Major Areas of Research, Development and ATC Support Services** including those in: Air Traffic Systems, Communications, Navigation, Networking, Separation Standards, Traffic Flow Management, Fire Safety, Human Factors, Structures and Propulsion, Airport Technology, Simulation, NEXTGEN Performance and Outreach, a fleet of aircraft used for research and development, etc.
- **127 Distinct ATC Automation Systems And Computer Support Service Systems**
- **89 Distinct Areas Of Research Services**
- Also, there is a vast power and interface infrastructure tying all systems together and to nationwide systems

WJHTC Workforce, Economic and Societal Impact – Documented in *“Economic Impact of the William J. Hughes Technical Center on Southern New Jersey: Update 2015”*

- **Direct Effect below includes: 2,732** Total WJHTC Employees (300+ more during construction/expansion); **580** Non-Union Federal workers; **1,150** Union Federal workers (AFGE, AFSCME, NATCA, NFFE). **1,002** Contractors
- Technical Center engineers, scientists, and technical subject matter experts have intellectual resource capabilities borne of 60 years of exposure to an internationally recognized exceptional research environment.
- The WJHTC contributes nearly \$700,000,000 to South Jersey's economy
- The study also concludes: The WJHTC “... does more than create an economic impact. It helps to define the region as the home to one of the leading research and development clusters in the aviation field.”

FAA TECHNICAL CENTER - ECONOMIC IMPACT				
SOUTHERN NEW JERSEY - ECONOMIC IMPACTS, 2014				
CENTER FOR REGIONAL AND BUSINESS RESEARCH, AUGUST 2015				
<u>ImpactType</u>	<u>Employment</u>	<u>Wages</u>	<u>TotalValueAdded</u>	<u>Output</u>
Direct Effect	3,069	\$287,092,983	\$323,983,593	\$241,679,311
Indirect Effect	1,944	\$39,851,012	\$71,809,413	\$77,335,181
Induced Effect	2,748	\$122,405,173	\$219,124,402	\$359,193,025
Total Effect	7,761	\$449,349,169	\$614,917,409	\$678,207,517

CONCLUSION:

All WJHTC assets (facilities, systems and staff) contribute greatly to the FAA mission of assuring the safety of Americans and the flying public. Utilizing existing ATC technologies, and developing and validating future systems, the integrity and capabilities of the American Air Traffic Control system is assured at the highest level possible. It would take decades to replicate physical assets and workforce knowledge, skills and experience at any other location. And the economic/societal impact to Southern New Jersey is irreplaceable.

Impacts to FAA Business/Communities (Including Southern New Jersey/Philadelphia region)

WJHTC contracting to private companies (actual numbers for WJHTC contracting for 2016)

TOTAL dollars obligated to contracts in FY2016	\$424,995,723.45
TOTAL Small Business dollars obligated to contracts in FY2016	\$229,810,671.85
TOTAL Small Business Controlled by Socially/Economically Disadvantaged (Including 8(a))	\$113,894,221.14
TOTAL Women Owned Business (WOB) obligations	\$25,226,497.61
TOTAL Service-Disabled Veteran Owned Business (SDVOSB) obligations	\$27,364,573.80

- The FAA obligates \$4 Billion to American businesses annually
- **The WJHTC is the 2nd largest buyer \$425 Million** while OKC is 3rd at \$99 Million
- The number of companies the WJHTC contacted in 2016 (not necessarily resulting in contracts) was 334.
- The WJHTC serves as a major hub of economic activity for the Delaware Valley and beyond

Small Business Procurement - FINAL FY2017 Goals - as of 12/01/16

AGENCY	Prime Contracting					Subcontracting				
	Small Business	SDB	WOSB	SDVOSB	HUBZone	Small Business	SDB	WOSB	SDVOSB	HUBZone
DEPT OF DEFENSE (9700)	22.00%	5%	5%	3%	3%	34.00%	5%	5%	3%	3%
TRANSPORTATION, DEPARTMENT OF (6900)	50.00%	5%	5%	3%	3%	48.00%	5%	5%	3%	3%

- The DOT is a federal government leader in Small Business contracting (compared above to DoD)
- The WJHTC (and the FAA) has exceeded Small Business contracting goals for 5 consecutive years

NEW JERSEY/PHILADELPHIA REGION IMPACTS

- Of 239 businesses the WJHTC contracted with in 2016:
 - ~102 were "Beltway Region"
 - 59 were New Jersey Businesses
 - **40 of the New Jersey Businesses were Small Business**
 - 6 were Southeastern Pennsylvania Businesses

SOUTHERN NEW JERSEY ANCILLARY BUSINESS IMPACTS

- The economic impact of the WJHTC and its employees (>3,000) to South Jersey business is invaluable
 - During the FAA Furloughs and federal government shutdown, businesses in the area struggled
 - A closure of the WJHTC could have an impact greater than the closure of one or more casinos

CONCLUSION / SUMMARY OF BUSINESS IMPACTS

- The proposed legislation does not address NAS System Prime and Operational Support contracting adequately.
- Uncertainty in the acquisition and management of major business contracting leads to chaos.
- While the proposed legislation has a section "Minority and Disadvantaged Business Participation", it:
 - Only covers the "Airport Disadvantaged Business Enterprise Program";
 - Does not address the wider federal laws, regulations and goals in small business set-asides;
 - Does not provide business protections for non-airport small, women-owned, service-disabled-veteran-owned, and/or minority-owned companies;
 - Does not address contracts that make up 49% of all DOT contracts (per SBA table above).
- American Small Businesses could lose \$8 billion in "protected revenue".

Impacts to FAA Unions

(Stay the same, consolidate and/or reform into new Unions)

BACKGROUND

Under PUBLIC LAW 104 - 50 - Department of Transportation and Related Agencies Appropriations Act, 1996:

FAA was granted a broad statutory exception in 1995 to develop its own HRM system and provide greater flexibility in compensation. Section 347 of the 1996 Department of Transportation Appropriation Act directed the FAA to develop a new personnel management system. The act states that the new system is not subject to title 5 provisions, except for some clearly specified sections and chapters. Although other applicable statutes are not explicitly specified in the act, an FAA document explains that FAA continues to be subject to four more chapters of title 5, the non-personnel management provisions of title 5, and those portions of title 5 that specifically apply to the Secretary of Transportation. Through its own discretion, FAA also incorporated additional sections and chapters of title 5 into its new personnel management system.

The Privatization Legislation seems to provide language to minimize impacts to established FAA Unions. However, any “protections” are short term if existent at all.

- The legislation reverts all ATCC employees to the Civil Service law of 1935.
- The legislation does not modify Title 5 (7103) which defines federal union employees and agencies.
- The legislation has NO REFERENCE to PL 104-50 that allows FAA unions to bargain on matters of pay.
- All unions will require new “Certifications of Units” processed either through the FLRA or NRLB.
- All unions will need to be expanded, but more likely reduced in the employees they represent.
- Some unions cannot continue as is. Their charters reference representation for only federal employees.
- The scope of employees covered by Unions cannot be legislated by Congress.

32,874 FAA employees (minus retirees/resignations)

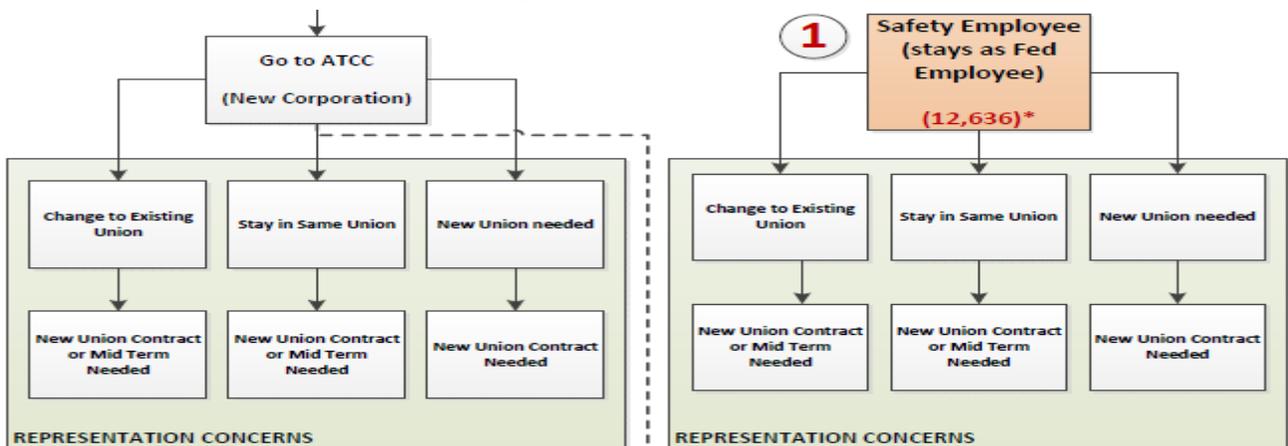


Figure 4 – 1 – Privatization Impacts to Union Structures

CONCLUSION:

On top of clear adverse effects to Unions and their Employees, FAA Privatization would lead to a chaotic transition period during which the proposed legislation will require unions, the FAA, and the ATCC to expend vast resources (time, money) in lawfully restructuring every union (Figure 4-1).

Impacts to Employees (the 6 potential categories of employees)

Based upon AFGE Local 200 analysis of Privatization legislation, there will likely be **six categories of employees** as a result:

1. "Safety Sensitive Employees"
 - a. To be determined by the Secretary of Transportation (likely about 11,000 FAA employees). The criteria for this determination is unclear and not defined by the proposed legislation.
 - b. **Will stay federal employees.**
 - c. May need new union and/or contract.
2. Retirees and Those Who Resign
 - a. Legislation has no provisions for "Early Outs" or any other concessions.
 - b. Retirement will be under current FERS/CSRS terms.
 - c. Resignations may be best path for some employees (to pursue private jobs).
3. Retirees Choose to Become ATCC Employees
 - a. Retire under current FERS/CSRS terms.
 - b. Employee receives full earned annuity benefits while in the ATCC. Implementation of this unclear.
 - c. Annuity is likely **reduced for life** because of less years of service and/or "early reductions".
 - d. There is no legislative requirement for the ATCC to have a pension plan.
4. Employees Who Become ATCC Employees (likely about 34,000 FAA employees minus 2, 3, 5, 6)
 - a. Refer to "***Employee Path to Success***" flow chart for some detail.
 - b. All accrued leave/time off will be rolled into corporation.
 - c. Pay retention is NOT ASSURED under legislation (negotiable with Unions).
 - d. Retirement, TSP, FEHB and Dental/Vision/Life are employee choices. Contribution impacts are unclear and there may be restrictions and limitations that currently do not exist.
 - e. If staying in FERS / CSRS, **High 3 is "FROZEN"**.
 - f. ATCC has its own "Benefit Plans"; however, the proposed legislation does not specify a pension plan.
 - g. The proposed legislation requires that the ATCC establish "***HRPM***" regulations and policies. The impacts of this unknown are significant.
5. Employees Who Pursue Federal Employment Elsewhere
 - a. Refer to page 2 of the "***Employee Path to Success***" for details.
 - b. This option is extremely limited due to the current federal hiring freeze.
6. Employees Who are subject to Reduction in Force (RIF)
 - a. The Legislation has no employment guarantees for those not retained as federal employees.
 - b. The RIF Article of AFGE Local 200's 5 year contract signed on Jan 9, 2017 may be of limited use.
 - c. FAA Order 3350.2C - STAFFING ADJUSTMENTS AND REDUCTION IN FORCE will govern this process.
 - d. Other federal laws apply.

CONCLUSION:

AFGE believes the impact to virtually all employees will be negative (loss of jobs, lesser pay, pensions, benefits, etc.). Additional negative effects on morale and general stress levels of employees, their families and communities will occur.

In addition:

- Employees going to the ATCC will be faced with very difficult and extremely confusing choices on benefits.
- The legislation seems to preserve employee union representation rights. However, the rights are badly damaged.

Summary of Opposition Materials

(US Senate, Delta, Unions, ALPA, AOPA, NBAA, etc.)

This year:

- **US SENATE Bipartisan letter** - US Senate Committee on Appropriations (with Transportation Subcommittee)
 - Concludes, “We stand ready to work with you to improve our national aviation system but want to express our concerns about any legislation that breaks apart the FAA.”
- **FAA Managers Association** - Airline Executives Present “Alternative Facts” in White House Meeting
 - <https://www.faama.org/2017/02/10/faama-press-release-airline-executives-present-alternative-facts-in-white-house-meeting/>
 - “The major airlines continue to repeat the same tired, discredited tales of air traffic controllers using World War II technology to manage the National Airspace System (NAS), when that is pure fiction,”
- **Joe Del Balzo**, President and Founder of JDA Aviation – Recent events on ATC Privatization Stimulate Practical Questions In An Open Letter To Secretary Chao
 - <http://idasolutions.aero/blog/open-letter-to-secretary-chao/>
 - Poses 9 questions on the risks of privatization
- **The Hill** - FAA Chief Defends Air Traffic Control
 - <http://thehill.com/policy/transportation/322074-faa-chief-defends-air-traffic-control-program-after-trump-attack>
 - Presents “...our work together has been critical to the success of the tremendous progress we have made to revamp our air traffic system with the latest technologies...”
- **Aero News Network** - Majority Of Voters Oppose Privatizing ATC
 - <http://www.aero-news.net/index.cfm?do=main.textpost&id=a6df6035-a913-438a-bb80-358ac5589fa7>
- **CEO, Hopscotch Air** – The Airlines Are Terrible Running Their Business, Give Them ATC - What could go wrong?
 - http://www.huffingtonpost.com/entry/the-airlines-are-terrible-at-running-their-businesses_us_58a5ffc7e4b026a89a7a280c
 - “We have the largest, most complex, aviation system in the world. There are ways of improving it without turning the keys over to an industry that has a track record of running everything into the ground.”

Last year:

- **Two Union Letters** (February 2016 - Committee on Transportation and Infrastructure; May 2016 – Generic Congressional Letter)
 - **Highlights:** 1) U.S. System is not comparable to others; 2) Modernization Risks; 3) Risks of Separation of the Air Traffic Organization; 4) Funding Risks; 5) Oversight Risks; 6) Employee Risks; 7) National Security **Risks**
 - **Signers:** American Federation of Government Employees-AFGE, American Federation of State, County & Municipal Employees-AFSCME, Laborer’s International Union of North America-LIUNA, National Association of Government Employees-NAGE, National Federation of Federal Employees-NFFE, Professional Association of Aeronautical Center Employees-PAACE, Professional Aviation Safety Specialists-PASS
- **Delta Airlines – CEO Testimony Against Privatization**
 - Gives 15 base reasons for their Delta’s opposition
 - http://news.delta.com/sites/default/files/Richard%20Anderson%20Delta%20Testimony%202-10-16_0.pdf
- **Delta – Opposition Report** - Costs Of Privatizing Air Traffic Control And How It Will Impact Airline Travelers
 - Fiscal, Safety and Comparisons to other ATC systems around the World
 - http://news.delta.com/sites/default/files/The%20Costs%20of%20Privatizing%20Air%20Traffic%20Control_0.pdf
- **National Business Aviation Association** - House ATC Privatization Bill Advances - NBAA Opposition
 - <https://www.nbaa.org/news/pr/2016/20160212-013.php>
- **National Review** - Air-Traffic-Control Union Giveaway Is Bad Policy
 - Conservative point of view that NATCA is getting far too much (not other unions)
 - <http://www.nationalreview.com/article/431458/air-traffic-control-union-giveaway>
- **Columbia University** – Pitfalls Of ATC Privatization - 33 pages, Circa 2003
 - Part of the conclusion (**PRIVATIZATION OPPOSITION IN A NUTSHELL**):
“Privatization advocates propose a solution, but never exactly specify a problem. To the extent that they do identify a problem such as variable public funding for new investments, they fail to compare and contrast the alternative solutions. Instead they use the problem to strengthen the case for their preferred solution - privatization. That is not surprising because the drive for privatization stems from a complex set of motives, the least of which appears to be more reliable or efficient air travel performance.”

Comparison of Worldwide ATC Systems

Effects of Privatization Elsewhere – US vs. World

SUMMARY - Privatization of Air Traffic systems and personnel around the World had been on a much smaller scale and with far less complex challenges. Worse yet, it has provided no greater safety and no cost savings. In contrast, there has been evidence of decreased safety and the need for taxpayer bailouts of the resulting ATC 'structures'.

GAO-16-386R Potential Air Traffic Control Transition Issues

- FAA operates and maintains the US NAS: handles over 50,000 flights a day and 700 million passengers each year
- FAA funding: 15 billion in fiscal year 2015
- FAA workforce 6,000 technicians and 14,500 air traffic controllers
- In fiscal year 2015 FAA workforce of 40,000 employees including: 14,500 ATCs, 5,000 air traffic supervisors and managers, 7,800 engineers and maintenance technicians over 7,000 FAA safety staff.
- Canadian law provides protection for designated services in northern or remote areas.
- Transport Canada: lost many skilled staff which went to the ATC entity, continue to face challenges filling technical positions within the safety branch.

ATC Privatization House Transportation Democratic Position Paper - February 2016

- FAA manage air traffic in airspace covering 30 million square mile of earth's surface – Combined regions of UK, Canada, France and Germany cover 18 million square miles
- FAA ATC's handle 15.5 million aircraft movements - UK, Canada/France/Germany combined - 12 million movements
- FAA GA aircraft registered 200,000 aircrafts – The other four combined 109,000 aircraft
- FAA's unit cost: measured per instrument flight rules flight hour is \$454 compared to international average of \$518
- Between 2008 and 2012 FAA ATO handled more than 15 times the global average with productivity that was 71 percent higher than global average
- British government bailed out NATS UK with 112.8 million with British airport authority contributing the same.
- Canada received 1.5 billion from Nav Canada, UK received 1.3 billion from NATS UK when privatized. US would be giving assets to the ATC...

Pitfalls of ATC Privatization NATCA report

- Australia had strikes that have crippled AT movement for hours at a time at a high cost to Australian citizens
- NAV Canada operational irregularity rate of 2 per 100,000 aircraft movement over twice that of American rate for a system 7% of our size

Costs of Privatizing Air Traffic Control Delta

- Canadian public faced 59% increase in ATC fees on airline tickets. In UK ATC fees rose 30%...
- There are over 13,000 airports in US more than four times as many in the EU before Brexit.
- If US were to privatize operational costs could increase by 20% to 29% after ten years.
- 25% of all flights worldwide took off in US – triple that of China, which is second and eight times that of Canada, which is third. NYC metro passengers equate to 90% of all passengers of all of Canada...

ATC Systems in Other Countries Subject to Strikes

- 2017 - Thousand Flights To Be Cancelled As Week-Long Air Traffic Control Strike Starts In France (Forbes)
- 2002, 2003, 2010, 2015 - Spanish air traffic controllers caused heavy delays by striking (NPR, NY Times)

Debunking that:

World War II Technology Is Hampering The ATC System And That New Technology Is Not Successful

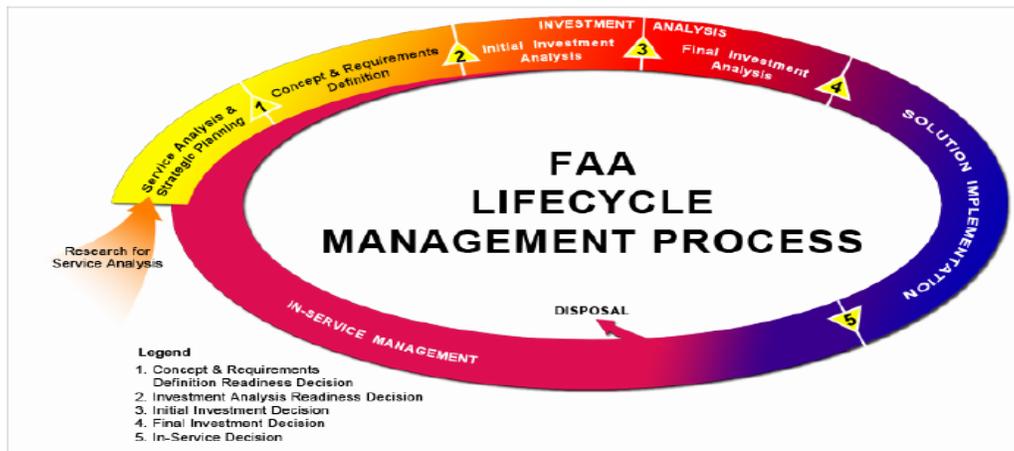
WW II Technology in the National Airspace System (NAS)

- Proponents of Privatization use this as a talking point to spin an antiquated system in place
- They do not say the basic technology used for many systems (control and weather) is RADAR
- RADAR has been updated to modern digital systems
- Even though RADAR is 'older technology', so are Xrays which still used to detect broken bones

Enhancing the ATC NAS is more complex than portrayed

- The circular "Life Cycle" below shows how the FAA implements new technology in the NAS
- Unlike a new aircraft (787 Dreamliner), the NAS must operate "as is" while new technology is integrated
- The implementation of computer (automation) systems must occur while not interrupting NAS operations
- The In Service Management portion (Fuscia) represents the operational NAS
- Major changes to the NAS occur (full life cycle) while other changes (Tech Refresh) occur simultaneously
- Imagine that full life cycle being applied to 500 hundred TRACONS and Towers (FAA and DoD). Meaning:
 - No airport can shut down
 - Over the years required to implement "New" technology, that technology becomes "Old"
 - Then comes a 'game changer' – Global Positioning Systems (GPS)

Figure 1.1.5-1 FAA Lifecycle Management Process



Enhancing the ATC NAS is more successful than portrayed

1. Data Communications (Data Comm) presents a robust example. The system is the largest ongoing NextGen initiative within the FAA. It is expected to save operators more than \$10 billion dollars over the 30-year life-cycle of the program at an operational cost to the FAA of about \$1 billion dollars.
 - a. Tower services have been completed at 55 airports, 29 months ahead of schedule.
 - b. The En-Route phase of Data Comm will provide functionality never successfully implemented in the world. En-Route services are currently being developed and tested.
 - c. Some improvements are awaiting airline equipage for full implementation. Those who have equipped are already experiencing enhanced service.
 - d. Source: https://www.faa.gov/nextgen/update/progress_and_plans/data_comm/

Description for the General Public / Press Release

FAA Privatization is Harmful to the Federal Debt, Employees, the WJHTC, and a Risk to the FAA Mission

AFGE Local 200 represents approximately 340 Federal employees at the William J. Hughes FAA Technical Center (WJHTC). These employees perform essential operational support of the electronic and automation systems used to control air traffic in the FAA's National Airspace System (NAS). Air Traffic Control personnel and the systems they use rely on the FAA's WJHTC employees for the deployment of new, improved, modernized systems, and for the expert repair and restoration of services when systems fail. We write to bring attention to the threat faced by FAA employees (management, supervisors, contractors, non-union and union), their communities, and the critical mission of the FAA, with regards to potential FAA Privatization.

Our employees have personal concerns for their livelihoods and careers. But their foremost concern and passion, however, is the uninterrupted operation of America's NAS, the technological updates essential to maintaining current operations and the enhancement of future operations and performance.

This is clear – if legislation privatizing the FAA's Air Traffic Operations and management of the NAS is passed, it will throw 45,000 federal employees and billions of dollars in business contracting into chaos. The evolution of the NAS is extremely complex and many next-generation programs are on accelerated timelines. Privatization efforts jeopardize these next-generation programs by shifting the FAA's focus to privatization 'transition' activities. Such a shift would very likely delay implementation and increase acquisition costs for years to come. We are aware of over 2 dozen aviation and industry professional associations opposing this initiative for this and other reasons.

The expected legislation mandates a 3-year transition period for the following:

1. Conversion of >30,000 federal employees to a 'corporation' that does not yet exist.
2. Transfer of ownership of all FAA physical and intellectual property to that 'corporation'.
3. Renegotiation of billions of dollars of existing contracts and the establishment of new contracts with the 'corporation'.
4. Renegotiation of 18 existing union contracts and/or the establishment of multiple new unions, requiring new contracts.

FAA stakeholders including but not limited to; the flying public, airlines, freight companies, hundreds of large and small companies involved in the air traffic control system, and international partners cannot afford this disruption to the FAA's core mission. *We know over 2 dozen aviation and industry groups opposing this initiative for this and other reasons.*

Privatization legislation is promoted to solve certain 'problems'. These 'problems' are either non-existent and/or will NOT be solved by privatization. The US Senate Appropriations Committee in a February 28, 2017 letter to the Senate Committee on Commerce, Science, and Transportation, concluded that efforts to maintain and modernize the NAS, *"...would be undermined, devastating a core component of our economy, if any legislation seeks to separate the ATO from the rest of the FAA's operations. We stand ready to work with you to improve our national aviation system but want to express our concerns about any legislation that breaks apart the FAA."* And the legislation's stated purpose is, in part, "to provide for the more efficient operation and improvement of air traffic services." There is no explanation how such 'improvement' would be realized. On top of this, the Congressional Budget Office analysis shows that Privatization adds \$20 Billion to the federal debt over 10 years

With regards to the FAA's existing human capital, the damage of privatization cannot be underestimated. The FAA's employee base consists of tens of thousands of scientists, engineers, technicians, controllers, administrators, managers and executives. Their collective knowledge, skills and abilities and their proven drive and commitment to making the NAS the safest and most efficient air system in the world are the absolute reason we *have* the safest and most efficient airspace system in the world.

FAA federal employees (and employees of companies contracted by the FAA) are hard-working, middle class Americans. AFGE believes the impact to virtually all employees will be negative: measurably via the loss of jobs, lesser pay, pensions, benefits, etc.; and immeasurably, by significant effects on morale and the stress levels of employees, their families and communities.

And once again, we must consider the vital mission of the FAA. Faced with the loss/decrease of jobs, lesser pay, pensions and benefits, the AFGE Local 200 fears that hundreds of (or more) FAA federal and contract employees will retire early or seek employment in the private sector or other government agencies. The resulting loss of essential skills, critical experience, and specialized knowledge will only deepen the mass chaos this privatization would create.

Our Union concludes that FAA Privatization is harmful to the federal debt, employees and is a deep risk to the FAA mission.