October 18, 2011

The Honorable Patty Murray  The Honorable Jeb Hensarling
Co-Chair                                      Co-Chair
Joint Select Committee on Deficit Reduction  Joint Select Committee on Deficit Reduction
448 Russell Senate Office Building            129 Cannon House Office Building
Washington, D.C. 20515                        Washington, D.C. 20510

Dear Senator Murray and Congressman Hensarling:

On behalf of the American Federation of Government Employees (AFGE), American Federation of State, County and Municipal Employees (AFSCME), National Air Traffic Controllers Association (NATCA) and Professional Aviation Safety Specialists (PASS), which together represent over 30,000 Federal Aviation Administration (FAA) employees, we have serious concerns about proposals suggested during deficit-reduction negotiations that could severely impact federal employees at the FAA.

As you know, FAA employees provide essential services and perform a variety of functions critical to the safe and efficient operation of the aviation system. These employees include, among others, air traffic controllers, engineers and architects, aviation safety inspectors, systems specialists, flight test pilots, aircraft certification professionals, traffic management coordinators, terminal and en route automation specialists, airport safety analysts, environmental specialists and civil, electrical and aerospace engineers who work to preserve, promote and improve the safety of air travel within the United States. These critical safety employees are pivotal in modernizing the National Airspace System (NAS) and have a long history of supporting new aviation technology, enhancing our nation’s air traffic control system, and working to ensure that we are prepared to meet the growing demand for aviation services.

Federal employees are doing their part to lower government costs and have already made personal sacrifices due to a two-year pay freeze that will result in $60 billion in savings over the next 10 years. However, we are concerned that further cuts will severely hinder the federal government’s ability to recruit and retain the most experienced and professional employees needed to make the FAA function optimally. FAA employees, along with all federal employees, understand the notion of shared sacrifice, but federal employees cannot be expected to shoulder the burden.

Retirements Benefits

We are concerned with the call to increase the amount that federal employees contribute to the Federal Employee Retirement System (FERS), which will result in a significant decrease in take-home pay and
negatively impact the ability of federal employees to provide for their families. It is unwarranted to consider slashing the benefits on which agencies rely to attract and retain the highest caliber employee. We are particularly concerned with the president’s plan, which proposes increasing federal employee contributions to the Civil Service Retirement and Disability Fund (CSRSDF) by 1.2 percent with no increase in benefits. Such a change equates to a payroll tax increase on employees already working under a pay freeze. Furthermore, due to the fact that air traffic controllers are mandated to retire at age 56, they already contribute more into their pension benefits (1.3 percent vs. 0.8 percent for other federal employees). Any increase would detrimentally impact controllers who, due to the 2006 – 2009 pay freezes, are already facing a smaller annuity. Increasing the contribution could lead to increased retirements by controllers who are currently eligible to retire.

There are also proposals that seek to change the formula for computing federal employee pensions from the “high-3” to a “high-5.” Federal employees have been planning for their retirement based on the current formula, which Congress created in an attempt to bring the system more in line with the private sector during the creation of FERS. Making changes to the formula will result in pensions that are approximately 3 percent less than what is currently available. This will severely impact those federal employees near retirement and result in a significant income loss for all federal workers. Changing the formula at this stage is analogous to moving the goalposts for federal employees who are near retirement.

Health Benefits

As it relates to health benefits, one proposal would convert the Federal Employees Health Benefits Program (FEHBP) into a defined contribution premium support arrangement. This arrangement would provide federal employees and retirees with a voucher to secure health insurance. According to the proposal, future retirees and survivors would not be eligible to participate in FEHBP. Currently, federal employee retirees and survivors must be annuitants to receive health insurance under FEHBP. If the voucher system prevails, federal employees will see their premiums double by 2030. This is yet another example of the steep price federal employees are unfairly expected to pay.

Federal Workforce Reductions

FAA employees are essential components of our economy, facilitating 70,000 flights a day, which contribute $1.2 trillion to the U.S. economy. Making arbitrary cuts will undoubtedly affect the ability of critical safety employees in continuing to ensure the safety of the flying public. According to the Office of Personnel Management (OPM), 40 percent of all federal workers will be eligible to retire in 10 years. At the FAA, 6,235 controllers will be eligible to retire by 2015, representing about 40 percent of the controller workforce. Furthermore, the FAA estimates that 27 percent of the current controller workforce is comprised of trainees. In addition, the Government Accountability Office (GAO) found that 31 percent of systems specialists will be eligible for retirement in 2015 and over 50 percent in 2020. And nearly half of the aviation safety inspectors are eligible to retire in the next four years.

With mass retirements expected in the near future, federal employees are concerned about further reductions to the workforce, including proposals that would reduce the federal civilian employee workforce by at least 10 percent; reduce the size of the federal workforce by hiring only one employee for every two or three who retire or leave service; or prohibit agencies from hiring any new employees
until the deficit has been eliminated. In light of the pending retirements, the United States cannot afford to lose even more talented and experienced employees.

Rather than making arbitrary cuts to the federal workforce, the FAA must take steps to recruit, hire and train new employees to account for the uniquely high level of retirements on the horizon at the FAA. It takes anywhere between two and five years of on-the-job training to fully train FAA employees represented by AFGE, AFSCME, NATCA and PASS. We simply cannot afford a situation where mass retirements occur, taking with it all of the institutional knowledge and experience that keep the flying public safe. Targeting federal employees’ benefits increases the likelihood of increased retirements and offers no incentive to those considering a career at the FAA.

We have also seen proposals calling for mandatory furloughs of the federal workforce in FY 2012. The impact of furloughs was recently made obvious when nearly 4,000 FAA employees were forced to go without work and pay for nearly two weeks due to a congressional standoff. As a result, the FAA was prevented from moving forward on critical airport projects and improvements totaling nearly $2.5 billion, and stop-work orders were issued on major initiatives related to the Next Generation Air Transportation System (NextGen). The partial shutdown is estimated to have cost the FAA nearly $30 million a day in lost revenue generated from airline ticket taxes. In order to ensure safe and efficient operations of not only the aviation system but also all federal programs and agencies, we oppose any proposal seeking to institute a federal workforce furlough.

In addition, the FAA faces tremendous challenges over the next several years as it develops and deploys NextGen. NextGen is an across-the-board overhaul of our NAS, intended to make air travel more convenient and dependable while maintaining the safety on which Americans have come to rely. The FAA cannot afford a mass exodus of its most experienced employees while carrying out the enormous changes in technologies and procedures that comprise NextGen.

In these difficult times, we understand that everyone will need to make sacrifices, but those sacrifices cannot be balanced on the backs of hardworking federal employees. More than anything, the FAA must be able to maintain its ability to recruit and retain the best and brightest workforce available to ensure the safest and most efficient aviation system in the world. Therefore, we urge you to reject proposals that seek to decrease the pay, retirement and health benefits on which federal employees and their families rely, and caution against blanket workforce reductions, especially at the FAA.

Sincerely,

American Federation of Government Employees
American Federation of State, County and Municipal Employees
National Air Traffic Controllers Association
Professional Aviation Safety Specialists