U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

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July 13, 2012

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MEMORANDUM

TO: Members, Subcommittee on Aviation

FROM: The Honorable Thomas E. Petri, Chairman, Subcommittee on Aviation

SUBJECT: Hearing on "A Review of the FAA's Contract Tower Program"

PURPOSE

On July 18, 2012, at 10:00 a.m., in room 2167 of the Rayburn House Office Building, the Subcommittee on Aviation will meet to review the Federal Aviation Administration's (FAA) Contract Tower Program and receive testimony on the Department of Transportation Inspector General's audit of the FAA's Contract Tower Program, and related issues.

BACKGROUND

FAA Contract Tower Program

Under the Contract Tower Program, the Federal Aviation Administration contracts with private entities to provide air traffic control services at Visual Flight Rules (VFR) airports[1]. The program is intended to reduce the cost of air traffic control services and to enhance aviation safety by providing air traffic services at airports where federally-staffed towers would not be cost effective.

[1] Air traffic controllers at these airports sequence and separate aircraft visually and with radio communication during times where horizontal and vertical visibility is greater than three miles and 1000 feet respectively. They do not use RADAR as a primary means of control.

Created in 1982, the Contract Tower Program began as a pilot program to reopen five Level I towers that had been closed as a result of the 1981 air traffic controller strike.[2] In 1994, Congress provided funding to convert all remaining Level I towers to contract operations.[3] At that time, the program was further expanded to allow for the construction of new contract towers. The Contract Tower Program has since expanded to towers at 250 airports.

In 1999, Congress funded a cost-sharing program that allows airports that would not otherwise qualify to take part in the Contract Tower Program. A community can choose to enter the program by paying for a portion of the tower's operating costs to meet FAA's threshold benefit-cost ratio of 1 to 1. Of the 250 towers currently in the Contract Tower Program, there are 16 towers where the FAA and the local community share the costs of operating the tower.

Contract towers and FAA-staffed VFR towers serve both large and small communities in urban and rural areas.[4] There are also a number of commercial service airports that are served by contract towers.[5] Controllers at FAA contract towers are free to join a union, and currently controllers at approximately 35 percent of the contract towers belong to either the National Air Traffic Controllers Association (NATCA) or the Professional Air Traffic Controllers Organization (PATCO).

The FAA retains safety oversight of the contract towers and the controllers who staff them. All contract controllers are certified by the FAA, contract tower facilities are monitored on a regular basis by the agency, and staffing plans at contract towers are approved by the FAA. Virtually all (99 plus percent) of the FAA contract tower controllers are former FAA or U.S. military controllers, and a majority are retired FAA or military controllers. The average years of experience are about 20 years per contract controller. Contract controllers are subject to the same rules, operational procedures and training as FAA controllers. All contract controllers are required to have an annual FAA medical exam. Finally, all contract towers and FAA-staffed VFR towers use the same tower operating procedures.

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[2] Prior to 1998, the FAA classified towers as Levels I through V, with Level I having the lowest number of flights.

[3] The FAA currently operates 71 towers at VFR airports that are fully staffed by FAA employees. These towers (previously known as VFR towers or Level II and III facilities) were not included in the 1994 conversion of Level I towers to contract towers.

[4] For example, reliever airports for Chicago, Baltimore, St. Louis, Minneapolis, Cleveland, Milwaukee, Hartford, Portland, Tampa, Miami, Phoenix and others are served by FAA contract towers.

[5] Airports include, Kona and Lihue in Hawaii; Bethel, Kenai, and Kodiak in Alaska; Northwest Arkansas Regional Airport; Appleton, Wisconsin; Phoenix-Mesa Gateway, Flagstaff and Bullhead City in Arizona; San Luis Obispo, Redding and Santa Maria in California; Redmond and Medford in Oregon; Stewart, New York; Branson and Columbia in Missouri; Latrobe, Pennsylvania; Lewisburg, West Virginia; Bloomington and Marion in Illinois; Hyannis, Massachusetts; Charlottesville, Virginia; Key West, Panama City, Gainesville, and Melbourne in Florida; Bozeman, Missoula, and Kalispell in Montana; Hailey, Lewiston, and Idaho Falls in Idaho; Harlingen, Laredo, and Brownsville in Texas; Eagle and Grand Junction in Colorado; Jackson Hole and Cheyenne in Wyoming, Rapid City, South Dakota; St. Croix; Guam; and others.

Department of Transportation Inspector General 2003 Report

In 2003, the Department of Transportation Inspector General (IG) issued a report that provided an independent analysis of comparable cost and safety data at FAA-staffed towers and contract towers.[6] According to the 2003 IG report, both contract towers and FAA-staffed towers had error rates that were well below FAA's FY 2002 overall average of 6.70 operational errors for every million operations handled. In FY 2002, there were a total of 8 operational errors/deviations at contract towers, producing an error rate of 0.49 errors per million operations. In that same year, there were a total of 38 errors/deviations at FAA-operated VFR towers, producing an error rate of 2.70 errors per million operations. At the time, it was pointed out that on average, the FAA-operated VFR towers handled more complex air traffic patterns, more varied users, and higher volumes of traffic per hour than contract towers. However, for the purpose of comparison, the IG used metrics from 30 FAA-staffed towers that handled operations similar to those of contract towers. The error rate at these 30 FAA towers was 2.03 errors per million flights handled.

According to the 2003 IG report, the average cost to operate a contract tower was $365,608 in FY 2002, while the average cost to operate an FAA-operated tower was $1,741,935. However, when comparing metrics from comparable towers, the IG found that the twelve contract towers cost $917,000 less than similar FAA-operated towers. The IG concluded that the Contract Tower Program saved the FAA $173 million in FY 2002. Salaries and staffing requirements accounted for the majority of the cost savings. The average annual salary and benefits for a contract tower controller was $55,000 a year, while the average annual salary and benefits for an FAA controller at a VFR tower was $109,000 a year. Contract towers often required fewer controllers since they had more flexibility to use part-time labor and tower managers spent time controlling traffic.

Department of Transportation Inspector General Current Contract Tower Work

The DOT IG has current work underway updating the 2003 IG Report and again providing an independent analysis of comparable cost and safety data at FAA-staffed towers and contract towers. Once again, DOT IG's ongoing work demonstrates that contract towers are just as safe and cost less to operate than comparable FAA-staffed towers.

The current contract tower work compares 240 contract towers and 92 FAA towers. The 92 FAA towers are towers that the FAA identified as comparable in terms of total operations. The IG found that in FY 2010 contract towers reported both a lower number and rate of safety incidents than the FAA towers. Specifically, in FY 2010, there were a total of 18 operational errors at contract towers, producing an error rate of 1.24 errors per million operations. In that same year, there were a total of 52 errors at comparable FAA-operated towers, producing an error rate of 4.54 errors per million operations. In FY 2010, there were a total of 12 operational deviations at contract towers, producing an incident rate of 0.83 deviations per million operations. Again, in FY 2010, there were a total of 35 deviations at comparable FAA-operated towers, producing an incident rate of 3.06 deviations per million operations. Finally, in FY

[6] *Safety, Cost, and Operational Metrics of the Federal Aviation Administration's Visual Flight Rule Towers* (Report Number: AV-2003-057), September 2003.

2010, there were a total of 167 runway errors at contract towers, producing an error rate of 11.55 errors per million operations. Again, in that same year, there were a total of 275 runway incursions at comparable FAA-operated towers, producing an error rate of 24.01 errors per million operations.

In making cost comparisons during the ongoing contract tower work, the IG selected 30 contract towers and compared them to 30 FAA towers with similar air traffic densities.[7] The IG evaluated the FY 2010 operating cost for each to determine the cost difference on a per year basis.[8] Based on this sample, the IG determined that the average cost to operate a contract tower in FY 2010 was about $537,000, compared to about $2.025 million to operate an FAA tower, a difference of $1.488 million.

The IG determined that the cost difference is due to two primary reasons. First, contract towers are staffed at lower levels than the comparable FAA towers. The contract towers in the audit sample had an average of six air traffic personnel (air traffic controllers, supervisors, and managers) while the FAA towers had an average of 16 air traffic personnel. Second, contract tower controllers are paid less than FAA controllers. Contract tower controllers' salaries are based on Department of Labor wage rates, which are lower than the salaries paid to FAA controllers. For example, based on current Department of Labor rates, an air traffic controller at a contract tower near Tampa, FL, would receive base pay of about $56,000 per year, whereas an FAA-employed air traffic controller in Sarasota, FL, an area with a similar cost of living, would receive base pay ranging from about $63,000 to $85,000 per year, depending on the controller's experience.

WITNESSES

Panel I:

The Honorable Calvin L. Scovel
Inspector General
United States Department of Transportation

The Honorable David Grizzle
Chief Operating Officer
Air Traffic Organization
Federal Aviation Administration

The Honorable Julie Oettinger
Assistant Administrator for Policy, International Affairs and Environment
Federal Aviation Administration

[7] The term "air traffic densities" is defined as the average number of operations at a tower per hour the facility is open.

[8] Costs evaluated included air traffic personnel compensation and benefits, travel and transportation, supplies, materials and insurance. Infrastructure, maintenance, and equipment costs were not included in the IG analysis because under the terms of the contract federal contract tower contractors are not responsible for these costs.

Panel II:

Mr. Walter B. Strong, A.A.E.
Chairman
United States Contract Tower Association Policy Board

Ms. Trish Gilbert
Executive Vice President
National Air Traffic Controllers Association

Melissa Rudinger
Senior Vice President of Government Relations
Aircraft Owners and Pilots Association