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WITHDRAWAL SHEET

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. considerations	re strike (partial)	n.d.	P-5
2. discussion	re agreement package (partial of page 2)	n.d.	P-5
3. memo	Janet Rice to Annelise Anderson, re status of FAA negotiations with PATCO (partial of pages 3-4)	3/3/81	P-5 CB 11/15/00
COLLECTION:			
FULLER, CRAIG: Files			cas
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PATCO Strike OA 10074 [2 of 2] 8982			12/1/94 9th 10/20/11

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P-1 National security classified information [(a)(1) of the PRA].
- P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
- P-3 Release would violate a Federal statute [(a)(3) of the PRA].
- P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
- P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
- P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].

Freedom of Information Act - [5 U.S.C. 552(b)]

- F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
- F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
- F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
- F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].
- C. Closed in accordance with restrictions contained in donor's deed of gift.

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SUMMARY OF PAY AND BENEFIT ITEMS

Annual Costs
(Millions)

I. PAY

A. ON-THE-JOB TRAINING DIFFERENTIAL

\$ 6.0 (TAB A)

- Union Proposal—30%, Cost \$32.9M
- This Item—Provides 5% pay differential for OJT

B. NIGHT DIFFERENTIAL INCREASE

\$17.0 (TAB B)

- Union Proposal—20% evening, 30% midnight; \$33.2M
- This Item—Increase night differential from 10% to 20%

C. EXEMPT CONTROLLERS AND SUPERVISORS FROM THE PAY CAP ON PREMIUM AND OVERTIME PAY

\$.7 (TAB C)

- Union Proposal—No cap; week-end differential 25%; \$111.1M double time for overtime \$15.0M
- This Item—Remove pay cap for controllers and supervisors required to work shifts. In 1981, 370 controllers "lost" pay in 3100 instances; 1300 supervisors lost pay in 4670 instances due to the pay cap. In 1982 there will be about 790 controllers and 1500 supervisors affected because of the projected 4.8% pay increase.

II. WORK HOURS AND LEAVE

A. GUARANTEED PAID HALF HOUR LUNCH PERIOD

\$ 3.0 (TAB D)

- Union Proposal—None; Did propose 32-hour workweek; \$131.8M
- This Item—Would pay overtime when controllers or supervisors have to work on their 1/2 hour lunch period during 8-hour shift.

B. FIVE YEAR ANNUAL LEAVE ALLOWANCE

\$11.3 (TAB E)

- Union Proposal—4 weeks paid vacation for controllers and spouses for each five years of service at the journeyman level; \$25.5M
- This Item—2 weeks additional annual leave for each five years of journeyman service for controllers and first line supervisors

III. OTHER BENEFITS

A. SEVERANCE PAY

\$11.1 (TAB F)

- Union Proposal—None; did propose restoration of 2nd Career Program; \$32.7M
- This Item—Provides \$25,000 severance pay to medically disqualified controllers and first-line supervisors after five years as Journeyman/Supervisor.

TOTAL COST OF THESE PAY ITEMS \$49.1

IV. UNION INPUT INTO TECHNOLOGY

(TAB G)

- Union Proposal—Full voice in determining requirements in air traffic procedures and operations.
- This Item—Provide for union participation and input but no "veto" or union decisions; minimal cost.

V. CURRENT FAA (1981) PAY/BENEFIT COSTS (MILLIONS)

	<u>PAY</u>	<u>BENEFITS</u>	<u>TOTAL</u>
● Controllers	\$ 614.7	\$ 56.2	\$ 670.9
● Supervisors	141.4	12.9	154.3
	\$ 756.1	\$ 69.1	\$ 825.2

VI. DISTRIBUTION OF PAY ITEM COSTS

	<u>PAY</u>	<u>SEVERANCE PAY</u>	<u>TOTAL</u>
● Controllers	\$ 34.0	\$ 10.0	\$ 44.0
● Supervisors	4.0	1.1	5.1
	\$ 38.0	\$ 11.1	\$ 49.1

● It is essential to provide similar pay items to facility supervisors in order to maintain operation and management of the ATC system.

VII. PAY INCREASE FOR CONTROLLERS

- Pay Items (excluding severance pay) would represent a 5.5% pay increase
- 10.3% with pay increase in October 1981 (4.8%).
- With Severance Pay, it represents a 6.5% pay/benefits "package" and 11.3% with October 1981 pay increase (4.8%).
- Not all Controllers would benefit equally:
 - About 70% would get OJT Differential
 - About 18% could get paid overtime lunch
 - About 2% of controllers and supervisors would get severance pay.
- These Pay Items may not be enough for PATCO.

VIII. ADDITIONAL PAY ITEMS

A. ONE TIME 5% ACROSS-THE-BOARD PAY INCREASE

\$45.1M

(TAB H)

- Union Proposal—Separate pay system \$245.0M
- This Item—5% increase in base pay for all controllers, supervisors and managers except FSS Specialists in field facilities. This will require removing the Pay Cap on base pay (\$50,112) for these employees. 1981 Costs:
 - Controllers \$35.2
 - Facility Supervisors 8.1
 - Other AT Staff 1.8
- This 5% increase plus previous pay items represents a 10.5% pay increase "package" for controllers; 14.3% with October 1981 pay increase (4.8%).

B. FAA STUDY OF PAY ISSUES

(TAB I)

- Union Proposal—None
- This Item—Provides complete review of long-term ATC pay issues; minimal costs.

IX. INITIAL 1981 FAA CONTRACT PROPOSALS

(TAB J)

- Selected management proposals need to be included in contract.

CONSIDERATIONS

Adoption of this package should avoid a strike. However, the concepts outlined in this paper represent a significant departure from current pay practices and benefits applied throughout the Federal Service. There are, therefore, a number of common or "generic" results which may flow from the adoption of these concepts. They include:

- Reduced morale among supervisors and non-air traffic control personnel in FAA and other agencies who perceive favorable treatment for controllers as inequitable.
- Adverse government, public and Congressional reactions to the Department of Transportation for supporting enhanced air traffic controller pay and/or benefits.
- Stimulus to other labor organizations in FAA to adopt militant PATCO tactics in hopes of enhancing their pay and benefits. This is particularly true of the electronic technician work force.
- Conflict with current Administration efforts at pay reform and general trend towards reducing the rate of pay and/or frequency of pay increases.
- Support for differentials for additional duties such as providing OJT instruction may lead to demands from various non-ATC personnel in FAA for similar treatment.
- Justification for some of these concepts would have to be bottomed on the highly controversial issue of stress in the controller occupation.
- Conflict with current Administration "belt tightening" efforts to reduce Federal spending and control inflation.
- May signal postal and other unions that Administration has adopted a strike avoidance policy.

DISCUSSION

In the event legislation is enacted on this settlement, DOT/FAA will require a budget amendment for fiscal year 1982 to cover the added costs.

Any expanded benefits for PATCO members must be extended to their supervisors who work the same shift patterns and days off. Failure to achieve this will seriously impair FAA's ability to attract people into the management structure and thus adversely affect our ability to manage the system.

Management initially served 15 proposals for changes in the current agreement. One change was subsequently withdrawn by management. One change has been agreed to by PATCO, and in another, the Parties agreed to current language. Of the remaining 12 changes, FAA will withdraw 9 if PATCO will agree to 3.

If this package is adopted, recommend that the appropriate persons convene promptly to decide strategy and tactics for the content and execution of the final offer. It should be made clear to the union that this is a final offer. The elements of the total settlement package are:

1. DOT/FAA shall prepare, submit and support legislation on the issues in this paper.
2. DOT/FAA shall initiate a pay study. PATCO will be consulted on the methodology and other aspects of the study prior to issuing a contract for the study.
3. PATCO shall accept the last FAA counterproposals (except the duration article) given to the union in the previous 37 negotiating sessions.

4. PATCO shall accept the FAA final offer on 8 articles that were discussed but on which formal counterproposals were not made.
5. PATCO shall accept the current agreement language on all other articles with the exception of the Immunity article which expired and will no longer be part of the agreement.
6. PATCO shall accept 3 of the FAA initial proposals. FAA will withdraw its remaining 9 initial proposals.

The current agreement became effective in March 1978 for a period of three years. PATCO proposed that the new agreement be for a period of one year. FAA proposed a three-year agreement. The issue is still open. As a part of the final settlement package, a four-year agreement should be considered in order to avoid negotiations in 1984. To achieve a four-year agreement, the settlement package may have to be enhanced.

RADIO TV REPORTS, INC.

4701 WILLARD AVENUE, CHEVY CHASE, MARYLAND 20015 656-4068

FOR NIGHTLINE

PROGRAM Nightline STATION WJLA TV
ABC Network

DATE March 9, 1981 11:30 PM CITY Washington, DC

SUBJECT Full Text

TED KOPPEL: Air traffic controllers threaten a strike against the federal government, insisting that the stress they face demands better pay and shorter hours. Tonight we'll examine that issue. We'll watch on air traffic controller on the job. We'll talk with the head of the Air Traffic Controllers Union, and we'll talk live with a psychiatrist who made a major study of air traffic controllers.

ANNOUNCER: This is ABC News Nightline. Reporting from Washington, Ted Koppel.

KOPPEL: Good evening.

Air traffic controllers are not supposed to go on strike. In fact, in this country they are prohibited by federal law from doing so. Nevertheless, as the president of their union put it, the only illegal strike is an unsuccessful strike.

PATCO, the Professional Air Traffic Controllers Organization, threatens to go on strike next Sunday, March 15th, when its three year contract with the government expires. When air traffic controllers go on strike, commercial air traffic, to all intents and purposes, comes to a grinding halt. Case in point: London's Heathrow Airport today. All British civil servants went out on a one day strike today, air traffic controllers among them. This is how it looked in London today. This is how it could look at airports around the United States one week from now.

Al Dale on the issues prompting the potential strike.

[Air traffic communications.]

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AL DALE: It's not easy being a traffic cop for the sky. Life and death responsibility rests of the shoulders of the men and with the machines that keep the airplanes apart and help them to land safely.

Here in Atlanta at one of the world's busiest and most modern airports, air traffic controllers run a relay race against disaster and win. They are proud of the fact that last year was the safest ever in this country since the jet age began. They also think they are underpaid and overworked. There is talk of an imminent strike, although federal law forbids it.

Should there be an industry-wide walkout, analysts say it would strand 500,000 passengers and cost \$80 million a day in lost revenue. Currently, the federal government pays air traffic controllers 37- to \$49,000 a year, plus overtime. They feel they should be paid on par with airline pilots some of whom make more than \$100,000 yearly. And controllers feel that their work week should be cut from 40 to 32 hours because the job is so mentally and physically taxing. But, says Atlanta's chief air traffic controller, that doesn't mean the controllers are unable to do the job.

MIKE POWDERLEY: The FAA people are here, and they do a very, very credible job, provide a fantastic service. They're well trained. The equipment is extremely well maintained. The entire operation is dedicated to the safe movement of the people of this country, and it does that job very well.

DALE: To the observer, it seems like magic. But it really is technology pushed to its current frontier. Computers talk to computers. Men and machines work as one. Devices on the aircraft let both men and machines know which plane is which and exactly where it is. And if a plane strays too close to another one or falls too low, warning devices let the controller know immediately.

The function throughout the system is the same: to keep tons of metal and the passengers inside in the air until it's time to bring them down safely.

Al Dale, ABC News, Atlanta.

KOPPEL: In a moment, we'll focus on one traffic controller on the job and talk with the president of the Air Traffic Controllers Union.

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KOPPEL: To be an air traffic controller does not mean facing a crisis every day or every week. But the potential for a critical situation, with human lives at stake, is always there.

Two weeks ago this past Friday as an Argentine jet liner approached New York City, there was a crisis. The aircraft was flying below the minimum permissible altitude on a collision course with the World Trade Center's twin towers. Only minutes from disaster, an air traffic controller spotted the problem. Here's a recording of the conversation that took place.

TRAFFIC CONTROLLER: Argentine 342. what's your altitude?

PILOT: One thousand five hundred.

CONTROLLER: Altitude is what?

PILOT: One thousand five hundred.

CONTROLLER: Argentine 342, turn right; immediate right turn heading 180.

PILOT: Right, 180. Argentine.

CONTROLLER: Argentine 342, climb. Climb immediately. Maintain 3000.

KOPPEL: To get a better idea of what it's like to be an air-traffic controller, "Nightline" spent a day with one controller. He is John Thornton, 36 years old, married, and for the past eight years a traffic controller at Washington's busy National Airport.

[Air traffic communications.]

JOHN THORNTON: On Monday, it might be the best feeling in the world if everything's gone right. You feel like you're really doing something. And then the next day you could be up there and saying "I really don't belong here today." And some days, no matter how good you are, no matter how good the pilots are, no matter how good the weather is, it still doesn't go right. It's a stress-involved situation. And the stress you had from yesterday isn't gone. That's still -- you're still trying to recover from that, plus you're in today's stress. It just accumulates.

It's a very limited airport because of the length or the size of the runways. Our air space -- we're still cramped between Dulles and Baltimore, and we don't have the room in the air either. So there really isn't that much you can do. You don't have that much where you can change things around.

When you're busy, the only thing you're thinking about is those airplanes you're working right at that time. You're not thinking about anything else. If you're thinking United 252, turn

right, heading 050, and that's 150 people, or U. S. Air 350, turn left, 340, there's another 150 people: you couldn't do it. But you know it. You know it inwardly.

We're all involved in the same stress. Different people display it in different ways. Some people are very vocal, and you always see them mumbling, grumbling, hollering, screaming. Now, you might see the real laid back guy, and you think, "Well, gee, it really doesn't bother him at all." But that's not true. When I first came here, one of the guys who I considered "Gee, this guy is really doing good; he's an excellent controller." He was the type that you'd say, "Gee, I wish I could handle it that way." But he had a heart attack when he was 30, another one when he was 35, and he's out disabled now. He's five years older than me. And it's just he held it all in, and it affected him inwardly rather than the visible emotion.

But it's there.

VIRGINIA THORNTON: It's an anxiety inside of him and a tension. And it's hard to relax. He has a terrible time sleeping at night. He'll go to bed, normal time, maybe 10:00, 11:00. And 3:00, 4:00 in the morning, he's still awake. I know the tension is there. He generally does not bring it home, as such, and display it to us. We do talk about work. We talk about what happens; we talk about what's going on. But he doesn't come home ranting and raving and taking it out on us.

THORNTON: You've got to concentrate fully on what you're doing, the alphanumeric. That's the information that's printed on the scope and stays associated with the target you're working. It gives the aircraft identification, his speed over the ground, and his altitude.

There is a lot at stake. But that works back and forth between the pilot and the controller. He's responsible for his one airplane. I'm responsible for that one airplane too, in my own way, plus the six, seven, eight other airplanes I'm working with similar passenger loads.

The stress we talked about earlier takes its toll. We all want to go out with our heads up. But to go out as a sick and broken man, none of us -- none of us wanted it. And that's what we're going to be forced to do, and it just doesn't seem fair to me.

[Air traffic communications.]

KOPPEL: Standing by live now here in our Washington studios is Robert Poll, president of the Professional Air Traffic Controllers Organization, the traffic controllers' union.

Do you think that piece gave it a fairly accurate summation?

POLI: It think very much so. It illustrated very clearly the job and the tension that exists with being an air traffic controller.

KOPPEL: Does that justify even the potential of a strike, though?

POLI: Well, first of all, the strike is being characterized by the previous administrator, and other people have made statements about us going on strike. As long as there's realistic negotiations going on, as long as people are listening to what our members are saying about what they realistically feel that they deserve, there will be no strike in the air traffic control system. We have not yet threatened to strike.

KOPPEL: Who are you negotiating with?

POLI: We are negotiating the FAA....

KOPPEL: But the FAA can't grant you anything.

POLI: The FAA can grant us certain things that are negotiable that weren't negotiable before. What we are asking from the FAA is to support the goals of the air traffic controllers and support the legislation we've introduced in the Congress.

KOPPEL: All right. But just so our audience understands what the negotiating process is all about, you have to deal ultimately, do you not, with Congress? Congress is the only one that can grant you, for example, shorter work hours, more money, some of the things you're asking for.

POLI: That is correct. In most cases of what we're asking for in our contract that we have put on the table, it would have to take a change in the law. In most cases. Some of them are negotiable, and some of them could be given to us by the FAA. But in most cases it's the Congress.

KOPPEL: I'm sorry. What are the bottom-line issues, as far as you're concerned?

POLI: Well, the bottom-line issues are what we have talked about, the relieving of the stress by involving controllers in a shorter work week, involving controllers in a better retirement system. We had a better one at one time, and it was taken away from us. These things and additional money for controllers, more involvement in the safety issues are the primary goals that we're looking for and what our members have requested at the negotiating table.

KOPPEL: Mr. Poli, let's take these things one at a time. I don't think anyone can begrudge you the notion of wanting more money. But if somebody magically tomorrow would double the income of all air traffic controllers, how does that reduce the tension?

POLI: Well, the tension level, if you just look at money, it doesn't do it right away. But you have a much more content work force. And controllers would feel rewarded in that their life span is short. Eighty-nine percent of the controllers in the last four years that have retired have retired medically, of the people that have gone out. Their life span is short. It would reward them for what is extracted from them as controllers in providing the service to the aviation community.

KOPPEL: But in point of fact, it would not reduce the tension.

POLI: It would not reduce the tension, but it would reduce the frustration for what they know is a very short-lived livelihood.

KOPPEL: Is that really what's at the bottom of all of this is frustration, a frustration, a sense, for example that the FAA, as an employer, really doesn't appreciate the men and women who work as air traffic controllers?

POLI: I think that's true. I think that historically in the past, in all crisis situations, that the FAA has not acted; they've reacted when there were crises. We have not kept up with the controllers in the rest of the world as far as reduced work week and in cost of living areas with some of the controllers in the rest of the world. And we work the majority of the traffic in the world.

KOPPEL: And yet there are those who say, and, in fact, we'll be hearing from one of them in a few minutes, that reducing the workload, reducing the number of hours during the week, that does not in and of itself reduce the tension of this job.

POLI: Well, the tension will always be there. In the case in point is the controller that you highlighted earlier in the program who vectored that airplane and saved the airplane from a tragic disaster in New York City. But that one instance is a situation that that controller had to deal with at that time. He reacted very quickly, and he saved the airplane.

It was after the incident happened, that situation, that he realized the pinpoint decision that he had to make at that time. And that's when the tension crept in as to the possibility of him making -- maybe making a mistake, not reacting quick enough. And to this day, that person is still not back to work

controlling airplanes.

KOPPEL: Mr. Poll, you said earlier that some 89% of all air traffic controllers don't make it to full retirement age, that they retire on disability before then. Charges have been made that many of them, in fact, simply state that they are unable to go on, and it's a very difficult thing to disprove.

POLL: Well, first of all, the figures that I gave you are over the last four years. And these figures were received by us from the FAA.

The truth of the matter is that all retirements in that area have to be approved by the FAA. They are the ones who make the final decision as to whether or not a controller is deserving of his disability retirement, or her disability retirement, whatever the case may be. So the FAA and the OPM is responsible in that particular area. It isn't the individual's own private physician.

KOPPEL: Robert Poll, thanks very much indeed.

Incidentally, we asked for a representative of the Federal Aviation Administration to join us tonight. But the FAA declined, noting that the Reagan administration has not yet filled the top jobs at the agency.

In a moment, we'll talk with a psychiatrist who made an extensive study of air traffic controllers and the stresses they face.

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KOPPEL: In the 1970s, the Federal Aviation Administration commissioned a five year, \$2.8 million study of more than 400 air traffic controllers and the effects of their work on their physical and mental health. It was the most extensive study of its kind ever conducted.

Standing by live now at our affiliate KTRK in Houston is one of the people who helped conduct that study, Dr. Robert Rose, chairman of the Department of psychiatry at the University of Texas.

Dr. Rose, would you say that the job of air traffic controller is, in any way, uniquely stressful?

DR. ROBERT ROSE: The issue of which job is most stressful is a subject of some controversy, I'm afraid. I think that the point that should be made is that when air traffic controllers get in difficulty, which at times they do, the consequences are very difficult, or, at times, even disastrous. That lends a very special quality to air traffic controlling; namely, this ultimate

risk that they face and the number of lives that relate to that risk.

KOPPEL: Is that, for example, markedly different, let's say, from the stress that a policeman might face?

DR. ROSE: I think it has to do with the issue of the number of people that are involved. Generally, if policemen make errors, and they do like all of us do, the consequences can be bad for one or two or three people, perhaps. If an air traffic controller makes an error, and sometimes they make errors too, the ultimate consequence of that obviously gains national attention and lives in the mind of the controller. And to that extent, air traffic controlling is difficult because of these ultimate consequences.

KOPPEL: Is the answer to my question, then, yes? Is it uniquely stressful?

DR. ROSE: I think that the uniqueness of it relates to the consequences. It doesn't necessarily relate to the quality of the job in and of itself.

KOPPEL: What could be done to reduce the tension? I mean if, for example, Robert Poll gets his way and the work week comes down, let's say, from 40 to 35 or 32 hours a week, would that reduce the tension?

DR. ROSE: Well, I'm not so sure it would. I think that the controllers have certain problems which we feel are related to air traffic controlling. We think that they run, for example, a significantly increased risk of getting high blood pressure or hypertension.

However, one of our findings in the very comprehensive study which you alluded to, which we've written in our over 800 page report, relates to the problems of the relationship of the controller to his bosses. Air traffic controllers only have one boss, and that's Uncle Sam, the FAA. They can't leave and go somewhere else. The controllers have, unfortunately, almost to a person -- a very significant number of them feel that the agency is not sympathetic or interested in their work or their plight. And the controllers feel alienated because of this.

Indeed, what is being threatened now, the strike, which was called a strike or sick-out about ten years ago, in which the public at that time became very aware of the problems of the controller: It seems to be repeating itself ten years later. In other words, not a lot of progress has been made, I'm afraid to say, in trying to work out the underlying difficulty of the controller's sense of alienation and not really feeling that someone cares about what he's doing or how well he does it.

KOPPEL: In that sense, though, Dr. Rose, why should there be any significant difference between the frustration that an air traffic controller feels and the frustration that a Foreign Service officer or someone who works for the Agriculture Department feels?

DR. ROSE: I think that the difference relates to this, that when most of us do work and we do it well, there is a well established, agreed upon system of awards. The controller feels that all he gets when something goes badly is negative attention. When he does a good job, when he separates aircraft on a particularly difficult day, when there's a lot of thunderstorms in the area and he has nine or ten planes to vector into the appropriate position to land, it isn't usual that he gets a compliment. It isn't usual that someone says "Fantastic job today, Joe." His buddies don't often do it. They do on occasion, but not often enough. And the agency doesn't have a system, unfortunately, whereby the controller feels that he is awarded for a positive performance.

KOPPEL: Does it take a particular kind of person to be an air traffic controller? I get the feeling that these might be folks who, in a sense, get some gratification from the very tension.

DR. ROSE: Well, I think they get a gratification for doing a job well. I think that as a matter of fact, many of them are indeed very enthusiastic and enjoy the challenge of air traffic control. And as we conducted the study, many men told us before and during the course of the actual study that "It's not the job, Doc, it's the system," alluding to the fact that there're these problems of which I referred about their feeling of alienation and non-support.

I think they enjoy the challenge; they enjoy the opportunity. At times it's too difficult; at times they feel that the system is not operating fast enough, the computer's overloaded. And there are at times truly legitimate complaints.

KOPPEL: Dr. Rose, I'm afraid our system has just overloaded. But I think you very much for being with us.

DR. ROSE: Nice chatting with you.

KOPPEL: We'll have the last word on today's news in a moment.

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KOPPEL: Now the last word on today's news and a first look at tomorrow.

President Reagan said today he would consider supplying military aid to anti-Soviet guerrillas in Afghanistan if they should ask the U. S. for assistance. Mr. Reagan made the remarks in an exclusive interview with ABC's Frank Reynolds.

FRANK REYNOLDS: You would consider aiding the Afghan rebels?

PRESIDENT RONALD REAGAN: Yes, with weapons.

REYNOLDS: And what do you think would be the Soviet reaction to that?

PRESIDENT REAGAN: I don't know that they could really have an objection to that. But I think it is something, as I say, to be considered.

KOPPEL: The President also said that while he believes what happens in El Salvador is vital to U. S. interests, he does not expect it to become another Vietnam.

Mr. Reagan also signed his budget cutting proposals today at a ceremony in the White House Rose Garden. In signing the package, the President said he will not hesitate to ask for further budget cuts if they are necessary to meet his goals.

Some 6000 coal miners marched past the White House today to protest President Reagan's plan to reduce government benefits to victims of black lung disease. The United Mine Workers also began a two day strike at hundreds of coal mines as part of their protest.

And three Pakistani air pirates are now in their 9th day of holding more than 100 hostages on board a Pakistani jetliner, the longest air hijacking in history. The aircraft is now on an airport runway at the Damacus, Syria where the hijackers are demanding freedom for political prisoners in Pakistan.

Looking ahead at tomorrow, President Reagan's budget and tax cutting proposals arrive on Capitol Hill. And Mr. Reagan flies to Canada for two days of meetings with Canadian Prime Minister Pierre Trudeau. Tomorrow on World News Tonight, Part II of Frank Reynolds' exclusive interview with President Reagan.

That's our report for tonight. This is Ted Koppel in Washington. For all of us here at ABC News, good night.

ANNOUNCER: This has been Nightline, a presentation of ABC News.

Safety?

This paper is in response to a request for staff opinions about the minimum package necessary to achieve settlement with PATCO.

DRAFT

(The attached staff opinions constitute an intra-Governmental exchange within the meaning of Exemption 5 of the Freedom of Information Act (5 U.S.C. 552) and are considered protectable under this exemption until a final disposition of the matter is reached.)

A

ITEM: ON-THE-JOB-TRAINING DIFFERENTIAL

DESCRIPTION:

o Current System

On-the-job training (OJT) is conducted by all qualified air traffic control specialists (ATCS's). In accordance with the current union labor contract, OJT instructor assignments are made from volunteers solicited from the qualified ATCS's. In the absence of any volunteers, management has the right to assign any qualified ATCS OJT instructor duties.

o Alternative System

On-the-job training would be conducted by designated controller instructors who would be compensated at five percent above the employees' base salary and which would be excluded from aggregate salary limitations. Assignment to instructor duties would be for a 6-month period. Facility management would retain the right to make OJT instructor assignments from qualified ATCS's. Management would make instructor assignments from all qualified ATCS's. The criteria to be used for selection of instructors will be determined by management. Such criteria could include journeyman experience in the facility or in the FAA, work habits, attitude toward developmental ATCS's, displayed potential, or actual previous experience as an instructor. Team supervisors also perform OJT instructor duties and therefore will be granted this same provision.

ANNUAL COST:

- o It is conservatively estimated that this provision would cost approximately \$6 million.

DISCUSSION:

- o As an OJT instructor, an ATCS must always be prepared to detect erroneous instructions issued by the trainee or wait for the trainee to formulate his/her plan of action without the instructor imposing his/her own thought. Performing the duties of an OJT instructor is one of the more stressful situations that an ATCS is involved in. Legislative action is required to implement a compensation system such as proposed.

VALUE TO UNION:

- o This item is of high value to the Union since Union membership will be compensated for performing the more stressful ATCS duties.

IMPACT ON MANAGEMENT:

- o Management must retain all rights to select ATCS's for, assign ATCS's to, and determine all qualifications/criteria of OJT instructor duties. The most important aspect of this proposal could be a vastly improved OJT training program due to a more motivated instructor cadre.

B

ITEM: INCREASE NIGHT DIFFERENTIAL PAY FOR AIR TRAFFIC CONTROLLERS FROM 10% TO 20%

DESCRIPTION:

o Current System

All General Schedule (GS) employees who are scheduled to work between the hours of 6 pm and 6 am on a regular and recurring basis are paid an additional 10% of their basic pay for all hours actually worked between these hours

o Alternative System

This proposal is to increase night differential from the current 10% of basic pay to 20% of basic pay. The increase in night differential will apply to all supervisory and non-supervisory air traffic controllers assigned to night work (i.e., work between 6 pm and 6 am) on a regular basis, and only at locations engaged in the actual control of air traffic.

ANNUAL COST:

- o The cost of paying night differential at a 20% rate is estimated to be 34 million dollars. Last year the cost to the FAA for paying night differential at a 10% rate was 17 million dollars.



ITEM: EXEMPT CONTROLLERS AND SUPERVISORS FROM THE PAY CAP ON (BASE),
PREMIUM AND OVERTIME PAY

DESCRIPTION:

o Current System

Title 5 USC 5547 states that employees in an Executive agency may be paid premium pay (e.g., overtime, Sunday pay, night differential, holiday pay, etc.) only to the extent that the payment does not cause the aggregate rate of pay for a pay period to exceed the maximum rate for GS-15. Title 5 USC 5308 contains a total yearly pay limitation, presently set at \$50,112.50.

An exception to the above WITH RESPECT TO OVERTIME ONLY is an employee covered by the Fair Labor Standards Act (FLSA), such as a nonsupervisory controller, whose overtime earnings are calculated under the provisions of both title 5 and the FLSA and who is paid whichever overtime entitlement is greater. The title 5 overtime entitlement is limited by the aggregate salary limitation while the FLSA overtime entitlement is not.

o Alternative System

Exclude air traffic controllers engaged in the separation and control of air traffic, and the immediate supervisors of employees actively engaged in the separation and control of air traffic, in an air traffic control facility, from 5 USC 5547, the statutory limitation on premium pay known as the aggregate salary limitation, and 5 USC 5308, the pay limitation that precludes paying an employee at a rate in excess of the rate of basic pay for Level V of the Executive Schedule.

ANNUAL COST:

- o Annual cost is estimated at \$.7 million.

DISCUSSION:

- o Unless the pay cap is lifted, the benefits proposed for controllers in high density facilities cannot be fully applied.

VALUE TO UNION:

- o Currently, the aggregate salary limitation and the total pay limitation do not have significant implications for most nonsupervisory controllers. However, as salaries continue to escalate and the "pay cap" is not raised, the cap will become a major problem.

IMPACT ON MANAGEMENT:

- o Supervisors directly involved in Air Traffic Control need to receive the same exemption given to their subordinates in order to ensure a flow of ATC's into management.

D

ITEM: GUARANTEED PAID ONE-HALF HOUR LUNCH PERIOD

DESCRIPTION:

o Current System

Air Traffic Control Specialists (ATCS's) work an 8-hour workday with no provisions for a guaranteed lunch break away from their immediate work area where control and other routine duties are performed.

o Alternative System

ATCS's would be guaranteed a half-hour lunch break during each assigned shift.

If the ATCS is required to work during the lunch break which would make his/her total time worked in excess of $7\frac{1}{2}$ hours per assigned shift, he/she would be compensated for the excess hours worked over $7\frac{1}{2}$ hours. This proposal would result in an ATCS actually performing the duties of an ATCS for $37\frac{1}{2}$ hours per workweek, while being compensated at a base salary rate for 40 hours. The time an ATCS is required to work in lieu of lunch breaks could result in the ATCS being compensated for up to $2\frac{1}{2}$ hours per workweek at a rate 50 percent over the base salary for the $2\frac{1}{2}$ hours. Assistant chiefs and team supervisors who also work the same shifts and hours as the ATCS's will gain this same provision.

ANNUAL COST:

- o The cost of the proposal should be based on the minimal impact assumption that basically only ATCS's in Level I and II terminals will qualify for this provision. En route ATCS's and Level III, IV, and V ATCS's generally are provided lunch breaks without difficulty presently. There are 254 Level I and II facilities at which the average base salary is \$25,112 per annum. The cost of this proposal is estimated to be \$3 million.

VALUE TO THE UNION:

- o This form of compensation and reduction of actual work hours would be of interest to the Union but would not affect many controllers.

IMPACT ON MANAGEMENT:

- o Recordkeeping for this proposal is, at best, going to be unwieldy. This proposal has the potential for constant disagreements as to whether the ATCS worked during the lunch break. This has a potential for a tremendous number of grievances which will result in increased arbitrations.

3

ITEM: FIVE YEAR ANNUAL LEAVE ALLOWANCE

DESCRIPTION:

o Current System

Employees earn annual leave based on years of Federal Service, i.e., 1-3 years, 4 hours per pay period; 3-15 years, 6 hours per pay period; and over 15 years, 8 hours per pay period.

o Alternative System

In addition to the annual leave provided by the current system, air traffic controllers and their supervisors required to work shifts, who have completed or who will complete, 5 consecutive years of full performance level air traffic control or shift-working supervisory service or a combination of the two, will earn an additional 80 hours of annual leave, the time at which such leave will be taken to be determined by management, or payment for such leave, if for operational reasons it cannot be taken within 12 months.

This leave must be taken consecutively, and only after the completion of each 5-year period of covered service. On the effective date of the legislation implementing this allowance, all covered employees will receive the allowance during the 12 months following enactment if they served in covered positions during the previous 5 consecutive years. Subsequently, employees will receive the allowance as they complete each 5 years of covered service. If an employee retired prior to using the leave, it would be paid as part of his/her lump sum annual leave payment.

Annual Cost:

- o Total annualized cost - \$11.3 million
- o Assumes 1/5 of employees in covered positions receive the allowance each year. If employees take the leave, instead of being paid as a result of not using it, \$6.8 million of the annualized amount would be attributable to overtime required to fill in behind those on leave. Initial start-up costs would be significantly higher because of the large number who would receive the allowance in the first year, but years 2-5 of the allowance system would show lower costs.

DISCUSSION:

- o This provision, which will require legislative action, would have a relatively small impact on the Federal leave system. While it singles out one group for special treatment, the Office of Personnel Management should not oppose the provision. The stressful nature of air traffic control work should provide a solid rationale for support. One problem area in gaining approval could be a statement in the Rose Study that the job of an air traffic controller is not uniquely stressful when compared with other jobs. Also, the FAA has consistently held that the job of an air traffic controller is not uniquely stressful.

VALUE TO THE UNION:

- o The reaction of PATCO should be positive. However, since the net effect of this benefit would be only an additional two days of extra annual leave per year, PATCO should not be expected to place an unusually high value on this item.

IMPACT ON MANAGEMENT:

- o The principal impact will be financial since position coverage during the time employees are on the annual leave will be provided by paying overtime to other employees. Staffing problems could occur at some facilities, especially smaller ones.

F

ITEM: SEVERANCE PAY IN LIEU OF SECOND CAREER

DESCRIPTION:

O Current System

The second career system provided by P.L. 92-297 is currently in existence but not funded.

O Alternative System

Provide a \$25,000 lump sum payment to journeyman controllers and supervisors with at least five (5) years of full performance level air traffic service, and who are medically disqualified by the FAA.

ANNUAL COST:

- O \$11.1 million for 447 eligibles based on average 3 year disqualifications (FY 76, 77, 78).

VALUE TO THE UNION:

- O The provision of lump sum severance pay may be viewed by PATCO as of only moderate benefit to its membership. More specifically, the controllers themselves may view the severance pay issue as of low value given their preference for long-term income security and benefits available from other Federal programs.

IMPACT ON MANAGEMENT:

- O Additional cost of recruiting and training replacements.

G

ITEM: Article 56 Technological Changes

DESCRIPTION:

. Current System

In accordance with the labor contract between PATCO and the FAA, the Union is notified as far in advance as possible when changing conditions can affect the size or composition of the bargaining unit work force.

. Alternative System

The FAA would develop a formal program to brief PATCO at the national level on all technological changes and proposed equipment improvements. This program would be only to inform the Union; not to seek approval or consult on these matters. However, the FAA would entertain suggestions from the PATCO national level.

ANNUAL COST:

- . None.

DISCUSSION

- . Has no impact on any of the specified factors.

VALUE TO THE UNION

- . This item is low in value to the Union since controllers are normally briefed on projected changes.

IMPACT ON MANAGEMENT

- . None.

ITEM: Article 82, Union Technical Committees

DESCRIPTION

. Current System

The Air Traffic Service has two programs that utilizes the expertise of air traffic control specialists (ATCS) in the development and review of facility, regional, and national operational/procedural matters. The facility Air Traffic Technical Advisory Committee (FATTAC) allows for full performance level ATCS participation in the development of local facility air traffic operational plans and procedures. The Controllers' Operations/Procedures Committee (COPCOM) program provides for direct communication between ATCSs and the concerned Washington offices without prior screening or review by intermediate level of supervision on development of ATC procedures.

. Alternative System

A program for facility, regional, and national level procedures committees would be developed that will permit formal participation by Union representatives in the development of procedures associated with the operation of the ATC system. The program would be structured as follows:

Facility Procedures Committee -- The Union will be asked to submit a list of five ATCSs from which management will select two to serve on a procedures committee. This committee will be comprised of the two formally selected Union representatives and four other ATCSs selected by facility management from the remaining ATCS work force.

Regional Procedures Committee -- The regional PATCO Vice President will be asked to submit a list of 10 ATCSs from the en route option and a list of 10 ATCSs from the terminal option. From these lists, regional management will formally select two from each option to be the formal Union representative on the regional committee. The regional committee will be comprised of these Union representatives and three other ATCSs from each option selected by regional management. The total committee will be comprised of 10 members.

National Procedures Committee -- The National PATCO Headquarters will be asked to submit a list of 10 ATCSs from the en route option and 10 ATCSs from the terminal option. From these lists, National FAA management will select two from each option to be the formal Union representatives on a committee of six en route and six terminal specialists. The four other ATCSs from each option will be selected by FAA management at Washington Headquarters. This program as described above will give PATCO the formal representatives they are requesting in the FAA's procedures committees.

ANNUAL COST

- . The cost of this program will only be that associated with travel and per diem which will be less than the cost of the current system.

DISCUSSION:

- . Management must retain the right to make the selection/ assignments from among the candidates proposed by the Union.

VALUE OF THE UNION

- . This alternative system has a moderate value to the Union.

IMPACT ON MANAGEMENT

- . Minimal because the committees only have the right to recommend not consult.

H

ITEM: Increase Controller Pay Rates by 5%

DESCRIPTION:

o Current System

- Air traffic controllers are classified at GS-7 through GS-14 with pay determined by their step in the General Schedule and are covered by the Classification Act of 1949, as amended.
- Non-overtime pay is capped at \$50,112.50.
- There are several separate pay systems established for Foreign Service, VA medical staff, Postal Service, etc., but all have their pay "capped".
- The Federal Physicians Comparability Allowance Act of 1978 allows agencies to pay their physicians a bonus "allowance" of up to \$10,000. This allowance is exempted from the pay cap.

o Alternative System

Seek legislation to provide an across-the-board increase of 5% for all GS-2152 Air Traffic Control Specialists and supervisors, with the exception of those actually working in Flight Service Stations.

ANNUAL COST:

- o \$45.1 Million

DISCUSSION:

- Legislative simplicity. Would only require minimum statutory language to implement.
- In order for this benefit to have its maximum impact, the separate pay caps on both base pay and premium pay would also have to be removed through legislation.
- This is a highly visible benefit that cuts across the entire bargaining unit and would have an immediate impact on each controller. It also addresses one of PATCO's highest priorities.
- Major departure from Government-wide pay setting machinery for GS employees.
- While the concept builds on the current GS pay scale, it does amount to a separate pay system for air traffic controllers.
- Significantly reduces start-up and other administrative costs normally associated with a "new" pay system.

VALUE TO THE UNION:

- o This proposal should have a very high value to PATCO since it is a "pocketbook" issue and partially addresses one of PATCO's highest priorities.

IMPACT ON MANAGEMENT:

- o Highlights need for comprehensive study of controller pay issues and supports concept of ~~FAA study~~ study ~~on pay issues~~ on pay issues.

I

ITEM: FAA CONDUCT STUDY OF PAY ISSUES

DESCRIPTION:

o Current System

Paysetting based on General Schedule and statutory premium pay and allowances.

o Alternative System

Designate an expert to undertake a study of air traffic controller pay. The FAA would direct the study in conjunction with OPM. PATCO input would be sought.

DISCUSSION:

- The joint 1975 FAA/PATCO classification study did not result in conclusions on appropriate pay.
- The current controller grade levels were the final result of a 1976 classification study conducted by OPM.
- Canadian Government currently utilizing contractor to conduct study for Canadian ATC's pay system.

IMPACT ON MANAGEMENT:

- Disposition of findings/recommendations.
- Still requires eventual legislative effort if pay increases justified or new pay system required.

J

Initial 1981 FAA Proposals

FAA initially proposed changes in fifteen (15) articles. Two of these have been tentatively agreed upon and the FAA has withdrawn one other. Of the remaining twelve (12) proposals we must have the following three as part of any settlement package:

Article 24 - Realignment of Work Force. Because of arbitral findings and interpretation, this article has proven to be onerous and costly. In the event of staffing imbalances within a facility, we need ability to move people within the facility without following a volunteer/seniority system that results in mass changes to fill a few positions.

Article 29 - Sick Leave. Because of union sickout tactics and decisions of the Federal Labor Relations Authority, we need to streamline notification procedures and regain for management the right to eliminate notice requirements when a sick-out is in progress.

Article 61 - Dress Code. Many employees have been taking advantage of the broad standard in the current agreement to dress in bizarre and inappropriate ways. As interpreted by arbitrators, the existing standard is all but unenforceable thereby creating image and disciplinary problems. Tee shirts, sandals, hats, overalls, and yard clothes are not appropriate for people in this business.

HAY ASSOCIATES

Management Consultants

1100 17TH STREET, N.W. • SUITE 507 • WASHINGTON, D.C. 20036 • (202) 381-0430

March 6, 1981

833-9252

Mr. J. Lynn Helms
Administrator (Designee)
Federal Aviation Administration
899 Independence Avenue, SW
Washington, DC 20591

Dear M. Helms:

In 1977 Hay Associates conducted a study of selected Air Traffic Control positions for the Federal Aviation Administration (FAA). We evaluated these positions utilizing the proprietary Hay Associates method of job evaluation, examined the FAA pay structure, and reviewed both cash and non-cash (benefits) compensation in relationship to jobs of similar weight and content in the private sector. Recommendations were made to FAA suggesting some basic changes in the compensation system for Air Traffic Controllers.

In view of the number of changes which have occurred in the Air Traffic Control System since 1977, the Office of Personnel Management's (OPM) receptivity to fundamental changes in personnel systems as evidenced by the passage of the Civil Service Reform Act, and the current labor negotiations with the Professional Air Traffic Controllers (PATCO), we thought it might be timely and appropriate to update and expand the original study which we conducted. Such a study would identify all changes which have occurred in the job content of the Air Traffic Control positions since the last study, as well as the current market (public and private) for both cash and non-cash compensation, and would serve as a defensible basis for actions which might be taken on Air Traffic Controller pay by the FAA, OPM, OMB, and the Congress. To assure that our findings and recommendations give full cognizance to the Air Traffic Controller environment, we would employ as special project consultants an individual thoroughly familiar with the technical aspects of the air traffic system and someone with a good understanding of the labor relations aspects of air traffic control. For your review we have prepared the attached prospectus which outlines the approach we would take in such a study.

Let me also add that our Hay/Canada office is presently undertaking a study of Air Traffic Controller positions in Canada.

We would be most happy to meet with you at your convenience to discuss our proposal in further detail.

Sincerely,



David J. Wimer
Partner and General Manager

Enclosure

PROSPECTUS FOR A STUDY TO UPDATE THE
1977 EVALUATION OF SELECTED AIR TRAFFIC CONTROL POSITIONS

It has been almost four years since Hay Associates conducted its study of Air Traffic Control (ATC) positions and compensation for the Federal Aviation Administration (FAA).^{1/} A number of developments have occurred during the intervening time period which suggest that the initial study should be updated and expanded to: (1) update the original findings to reflect operating and market changes which have occurred since 1977, and (2) enable FAA executives to more effectively plan for and manage future changes and requirements of the air traffic control system.

There are four (4) major categories of events which suggest that a revised (updated) analysis be performed in the immediate future. These events, discussed briefly below, are: (1) changes in environmental conditions; (2) changes in internal conditions; (3) the negotiation of a new PATCO labor contract, and (4) new flexibility in Federal Government personnel practices.

1. Changes in Environmental Conditions

Both the volume of traffic and the complexity of the air traffic control system have increased since 1977. New equipment has been introduced, while personnel must still maintain proficiency in the old equipment for back-up purposes. Concomitantly, new operating conditions exist and modified operations procedures have been implemented.

All of these changes have clearly affected the job content of ATC positions, which impacts the evaluation results obtained under the previous Hay Associates study.

^{1/} Evaluation of Selected Air Traffic Control Positions, Hay Associates, Washington, D.C., May 27, 1977; Contract No. DOT-FA77WA-3942

The private sector compensation data (both cash and benefits) used for comparison purposes in 1977 are understandably out of date. While both Federal and private sector compensation policies have changed, it is unclear how ATC positions are currently compensated relative to private sector positions of equal difficulty, because Federal Government compensation has not increased at the same rate as the private sector. This also impacts non-cash compensation (benefits), which should be reviewed, using the proprietary Hay technology applied in the original study, to determine their comparability.

2. Changes in Internal Conditions

In addition to the altered job content derived from changing operating and market environments, personnel-related changes have been introduced into the internal human resources system -- possible altered approaches to job classification (suggested in the 1977 report) and changes in the pay grades of certain jobs. Because these systemic changes affect the organization's internal structure, they also impact on competitiveness with private sector compensation.

Some internal changes which have been or will be affected (such as the implementation of Senior Executive Service [SES], cash bonuses, and merit pay systems) reflect a general trend of more government-wise flexibility in the management of human resources. Such newly-found Federal encouragement and acceptance of novel approaches to personnel management, institutionalized by the Civil Service Reform Act of 1978 (CSRA), permit the FAA to more effectively manage its human resources -- possibly resulting in another change in the content of ATC jobs.

A separate consideration overlaps both environmental and internal considerations: the alteration of job content, in combination with new grading procedures and human resources management systems may require that a different benchmark sample be drawn to accurately reflect the current composition of ATC positions as identified by job content and GS grade level.

3. The PATCO Negotiations

Labor contract negotiations are always sensitive and often difficult, complex, and protracted. In the case of PATCO, the sensitivities are such that an equitable contract must be negotiated promptly (in view of the safety of millions of people involved and the importance of air traffic control as an integral part of the nation's transportation system).

The current climate for impending negotiations between the FAA and PATCO does not appear to be conducive to prompt settlement and negotiation of a new contract: PATCO has surveyed its membership on strike-related issues; it has developed a strike fund; the FAA has filed an unfair labor practice suit against PATCO; and the Congress has held hearings on the matter. The availability of current, credible job content and pricing data will facilitate the negotiation of a fair labor agreement between FAA and PATCO and will provide a credible basis for obtaining OPM, OMB and congressional approval for any changes deemed appropriate in air traffic controller compensation. Therefore, it would appear appropriate to conduct the proposed study as early as possible so that the results can be used in contract negotiations and subsequent management actions.

4. Flexible Federal Government Personnel Practices

In the 1977 study, Hay made a number of observations and recommendations, two of which are particularly noteworthy: (1) there was evidence of misclassification of positions (seen as the overlap between Hay point ranges for ATC positions at different GS grade levels); and (2) a strong case existed for FAA to utilize a point-based system for job evaluation and compensation purposes. At that time the rigidity of the Federal personnel system did not facilitate the timely solution of problems resulting from either the misclassification of positions or the use of a different grade structure system.

However, the Federal attitude toward the use of new systems for human resources management has changed considerably since then, as evidenced by the CSRA, which demonstrates receptivity to fundamental changes in existing systems. Therefore, current conditions would appear to permit the implementation of major changes in personnel systems, including legislative changes, should they be indicated. Additionally, the CSRA provides an extremely valuable tool for testing such changes before seeking legislation if this appears more appropriate. Title VI of the CSRA specifically provides for the implementation of small-scale demonstration projects (involving as many as 5,000 people for up to five years) related to the improvement of personnel management practices. The FAA could utilize this provision to test and refine a new system (i.e., one based on the recommendations of a revised study on a segment of its work force) in a relatively simple fashion.

It is clear that it is timely and appropriate for the FAA to update the study conducted by Hay Associates in 1977:

- to ascertain the management and employee climate which currently exists (such a survey is being conducted as the first phase of the Hay/Canada study and would pinpoint areas of concern [e.g., special operating conditions, the differences in the environment of centers, towers, etc.] to both the managers of the ATC and the controller);
- to reflect changes in job content, pay grades, compensation and benefits for its personnel;
- to reflect altered compensation and benefit practices in the private sector;
- to facilitate PATCO negotiations; and

- to permit FAA to avail itself of the opportunity to implement or test improved personnel management concepts provided by Title VI of the CSRA.

If the FAA wishes to pursue the concepts embodied in this discussion paper, Hay representatives would be pleased to meet with appropriate FAA officials at their convenience. Mr. David Wimer (Partner and General Manager) at 331-0430, or in his absence Mr. Gregori Lebedev (Director, Government and International Consulting Services), is available for consultation as desired.

THE WHITE HOUSE

WASHINGTON

June 5, 1981

MEMORANDUM FOR CRAIG FULLER

FROM: Kenneth Cribb, Jr. *TKCJ*

SUBJECT: 6/5 Meeting on PATCO at Transportation

I delivered to Drew your message regarding the 4.8% figure. Drew feels strongly that a small, high-level meeting at the White House must be scheduled for this Monday, June 8. The meeting should include Meese, Fuller, Lynn Helms (FAA), Bill Curtin (outside labor negotiator from Morgan, Lewis & Bockius), and a high-level representative from OMB, preferably David Stockman. The purpose of the meeting would be to nail down the negotiating position of the Administration as a preliminary to talks with PATCO to begin Tuesday, June 9.

The big issue remaining is how much of an across the board increase it would take to settle (over and above the 4.8% figure) and whether the Administration is willing to go that high, given the possible precedential impact vis-a-vis other federal unions. The figure at the meeting was a 5% across the board add-on; but this figure is more or less arbitrary and subject to discussion.

I attach two copies of the paper from the meeting. These were the only two copies that were not taken back up by Drew. He requested that one copy be for your eyes only, and one copy for the eyes only of Ed Meese. Included in the packet is a statement of the economic implications of a possible strike.

We need to let Drew know as soon as possible when this meeting can be held on Monday. He is awaiting a reply.

*- Hay Assoc
Memo's
• Admin/FAA
told everybody
that these
are fed employees...
• State, A.O., others
have been
flexible*

*- Hester
- Jesse talking
to Poli*



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 5, 1981

MEMORANDUM FOR: Craig Fuller
FROM: *Glenn Schleede*
SUBJECT: Air Traffic Controllers

1. The 4.8% increase effective October 1 looks like it will go through in the Reconciliation Bill. That won't be in law until late July, probably, but it seems to have acceptance on the Hill.
2. Apparently anything above 4.8% would require separate legislation and, if so, would establish a dramatic precedent. No one in OMB has enough information on DOT's proposals to evaluate this possibility. What decision process are you envisioning for proposals that might go above the 4.8% ?

cc: DAS
EH
AA

REC'D CV JUN 02 1981



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 5, 1981

MEMORANDUM

TO: GLENN SCHLEEDE

FROM: ANNELEISE ANDERSON *AD*

SUBJECT: PATCO-FAA NEGOTIATIONS

Air traffic controllers are governed by the same legislation as other Federal employees, with certain exceptions relating to overtime and weekend and holiday pay that make it possible for them to earn more than the cap on Federal pay.

The union presented an extensive list of proposals for a new agreement. Under current legislation, not all of these items are negotiable. The most significant items would require new legislation--i.e., PATCO's demands for increased salaries (separate grade structure, semi-annual COLA at 1.5 times the CPI, reduced workweek, early retirement).

One of the proposals in PATCO's original list was entitled "Force and Effect of Provisions Requiring Legislative Action." This provision would require the FAA to "join hands" with PATCO in sponsoring and supporting the legislation required to carry out the agreement reached. Some people feel that what PATCO wants above all is an agreement that in some way establishes their difference from other Federal employees.

Clearly one of the Administration's important decisions with respect to these negotiations is whether it is willing to establish such a distinction and to sponsor and support the legislation supporting it. This sets precedents for negotiations with other government unions.

Attached is a copy of an early background memorandum on the PATCO-FAA negotiations.

cc: Ed Harper
Dave Stockman



Memorandum

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

TO: Annelise Anderson

DATE: March 3, 1981

FROM: Janet Rice

SUBJECT: Status of FAA Negotiations with the Professional Air Traffic Controllers Organization (PATCO)

Background:

In 1972, the Professional Air Traffic Controllers Organization (PATCO) became the exclusive bargaining representative of controllers at air traffic control towers, centers and combined stations-towers. These are the controllers whose jobs actually require "separating" air traffic. Not included are air traffic controllers at flight service stations where the main duties are providing weather information and filing flight plans for general aviation. Approximately 17,000 employees are in the bargaining unit represented by PATCO, of which 80% to 90% are union members.

Since 1972, two major negotiations have been completed--each resulting in a three-year agreement. The three-year period for the current contract ends March 14, 1981. If negotiations for a new agreement are not completed by that date, the current agreement, with the exception of one provision, will remain in full force until a new agreement is reached. Thus, any implications by PATCO that they are without an agreement after March 14th are invalid and can be dismissed as public relations efforts aimed at leveraging public sentiment.

The FAA and PATCO began preliminary negotiations during February 12-18. These proceedings perhaps can best be described as a clarification process rather than negotiations per se. On March 9th, negotiations will be resumed. At that time, FAA and PATCO representatives will begin the process of crystalizing their positions on the various new contract proposals. The change in the Administration, new PATCO leadership and the nature of PATCO's proposals make these negotiations a "new ballgame" from the two previous major negotiations.

Negotiability

Current law protects management's authority to:

- determine the mission, budget, organization, number of employees, and internal security practices of an agency;
- hire, assign, direct, lay off and retain employees as well as take disciplinary action against employees;
- fill positions using competitive and merit promotion procedures required by law;
- take necessary actions during emergencies.

Current law does allow an agency and labor organization to negotiate the procedures which management officials use in exercising the authority stated above and the appropriate arrangements for employees adversely affected by management's exercising the above stated authority.

In addition, at the option of the agency, the numbers, types, and grades of employees or positions assigned to any organizational subdivision, work project or tour of duty can be negotiated as well as the technology, methods, and means of performing the work.

PATCO Proposals

PATCO has served 96 proposals for a new agreement. Some of these proposals contain one or more modifications to Articles in the existing agreement while others are in areas not covered by the current agreement. Generally speaking, the PATCO demands can be divided into three groups:

- those within the scope of negotiability;
- those not within the scope of negotiability as currently drafted, but could be negotiable if modified,
- those outside of scope of negotiability and would require special legislation in order to become negotiable.

According to FAA, the first two groups do not represent the major thrust of PATCO's demands and alone probably would not be enough to lead to a major strike. It is over the third group of demands that PATCO probably would stage a strike. The four major areas in which PATCO is seeking concessions are:

- Greatly increased salaries: PATCO is proposing establishment of a separate grade structure for air traffic controllers in the bargaining unit. The salary range would be \$22,266-\$73,420; however, when holidays, night, weekend and other differentials are considered, an air traffic controller could earn up to \$120,000 annually. Air traffic controllers would not be subject to the salary "cap" placed on other government workers. In addition, controllers would receive an annual 11.8% salary increase plus semi-annual COLA adjustments of 1.5% for each full 1% increase in the CPI.
- Reduced workweek: Air traffic controllers would be required to work four consecutive eight-hour days. During each eight-hour shift, a controller would receive two consecutive hours for rest, recuperation and personal needs.
- Improved early retirement program: Controllers would be eligible for retirement after 15 years of service, receiving 60% of their highest annual gross salary. Retirees would receive semi-annual COLA adjustments equal to the CPI or 7%, whichever is higher.

Those four items are by no means the only proposals that would require legislative changes. Others include:

- two additional holidays,
- increased differential for weekend, night work,
- government paying the full share of controllers health/life insurance benefits,
- wage differential for journeyman level controllers responsible for on-the job training for controller trainers,
- accrual of leave.

One of the final provisions in the PATCO proposal is entitled "Force and Effect of Provisions Requiring Legislative Action". This provision would require the FAA to "join hands" with PATCO in sponsoring and vigorously supporting any legislation necessary to give force and effect to any of the provisions in the new agreement. Inclusion of such a provision definitely is a "no win" situation for the Administration. Controllers as a whole traditionally have had few supporters in Congress and most probably have little chance of getting any legislation passed that would provide them extra benefits. Requiring the FAA to push legislation on their behalf certainly would be to their benefit, while only serving to "tie the hands" of the Administration and limiting OMB's role of coordinating the Administration's legislative agenda. This provision, as well as the provisions requiring legislative action, also would be costly to the Administration in terms of the precedent set for other government unions.

Strike Plans

Through informal channels, the FAA has learned that PATCO is organizing a nationwide information picketing effort on March 15 and 16 and is planning a strike around the first of April. The number of controllers that would comply with strike vote is unclear. What is clear is that PATCO would not be going ahead with a strike plan unless it had the membership support to "pull it off" effectively. The FAA has an emergency plan to keep the air traffic system minimally in operation. The degree to which the system would be shut down is directly related to the number of controllers that strike.

Observations

Putting aside the economic impact of a prolonged nationwide strike, PATCO's demands are clearly unreasonable and agreement to even a portion of these demands could be characterized as bad management. Air traffic controllers as a group are perhaps the most overpaid, pampered employees in the Nation. High school graduates are brought in, given free training, moved into a job and in the normal course attain an annual salary of \$40,000 in five years. The average salary of controllers in centers is now approximately \$40,000 and \$31,000 in towers. In most locations, the work is not arduous. A visit to the tower at Dulles around 10:30 a.m. provides an excellent example. Many believe that controller militancy results from the fact that they do not have enough work to keep them busy.

However, the economic impact of a prolonged strike cannot, and surely will not, be put aside in developing the Administration's position in negotiating PATCO demands. The Administration potentially could be faced with weighing the cost of meeting PATCO demands in terms of short and long term budgetary impacts versus the cost associated with the economic havoc resulting from a prolonged shut down of the air traffic system. Either way, the cost would be great.

cc: Official file-Transportation Br.
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PATCO STRIKE IMPACT ASSESSMENT 1

1. Operational Aspects

● Normal Operations

- FAA operates 25 en route air traffic control centers and 447 airport traffic control towers. These centers and towers handle approximately 33,000 instrument flights daily. The air traffic control work force manning these facilities is made up of 18,500 personnel including supervisory positions and staff personnel.
- There is a Central Flow Control Function which monitors weather and air traffic conditions at the 20 centers in the coterminous 48 states and at 16 major terminal facilities. During normal operations, this facility is used to reduce the impact of adverse conditions by rerouting and metering traffic.

● National Strike Operations

- FAA has a national operational contingency plan which was developed for implementation in the case of a nationwide job action. If a nationwide job action occurs, the FAA will have approximately 2,500 qualified supervisory and nonunion personnel remaining at the facilities. Provision has been made to supplement personnel shortages if necessary through reassignment of qualified personnel.
- The plan establishes fixed routes, departure/arrival times, and procedures to match workload to preestablished reduced capacity based on the available work force.
- The plan will accommodate approximately 10,000 of 14,000 permanently scheduled flights per day. Provision is made for additional flights based on available capacity on a shift-by-shift basis.
- The plan was published in the Federal Register soliciting comments, finalized and published in March of this year, and includes the permanent daily airline, commuter, and air taxi schedules. The FAA intends to continue exploration of improvements to the plan and will update it as necessary to keep it current.

● Limited Job Actions

- In the event a limited job action occurs which affects individual facilities rather than all facilities, there are regional and facility plans which have been developed to be placed in use in the event of catastrophic failures at a facility. These plans contain such actions as redelegation of airspace to adjacent facilities and can be implemented as necessary during a job action affecting the facility.

- In the event of a limited job action, the Central Flow Control Function would monitor traffic conditions within and entering or exiting the affected areas. This facility will cancel flights, reroute traffic, or meter traffic as necessary to reduce the impact, both to the affected facilities and to those adjacent to the affected facilities.

- Additional Resources

- FAA is currently exploring the possibility of utilizing approximately 700 military controllers who are qualified to control traffic in FAA facilities.

2. Security

- FAA has resources to provide security only at Washington National and Dulles Airports.
- Security at other facilities is limited and will require augmentation by Federal Protective Service, U.S. Marshals, or U.S. Military.
- Security will be required not only at Centers and towers but also for:

--air-to-ground communication sites.

--radar sites.

--power sources.

Security for these facilities will require assistance from local law enforcement authorities.

- Based on past experience non-striking employees will be faced with attempted damage to homes, automobiles and family members.
- The first day or two are critical. It is essential that non-striking employees be able to report to work. Thus security forces should be in place prior to the start of the strike.

3. Legal Implications

- Seventh Circuit Court of Appeals (Chicago) opinion that Federal Labor Relations Authority (FLRA) has exclusive jurisdiction over Federal employees' strike.
- FAA has appealed. Decision could be rendered any time.
- FLRA procedures cumbersome and time consuming:
 - FLRA General Counsel investigates unfair labor practice charge and then may issue complaint;
 - General Counsel must obtain authority from FLRA to file suit;
 - Suit is for injunctive relief against strike and disbursements from strike fund.
- Currently permanent injunction against PATCO strike held by ATA in Eastern District of New York.
- PATCO has filed motion to vacate; hearing to be held June 12.
- Justice Department will be participating on behalf of FAA in support of ATA.
- Other Actions:
 - Civil Division, Department of Justice, has prepared papers to file in Washington, D.C., and elsewhere throughout the country for injunctive relief, Chicago decision notwithstanding.
 - Criminal Division, Department of Justice, developing plan for prosecution of strikers under the Federal antistrike provision (18 U.S.C. 1918).

4. Economic Impact

- Assuming complete shutdown of scheduled air carrier operations estimated daily impact on U.S. output:

Air Transportation Industry	\$102.1 Million
Input Industries	34.9 Million
Complementary Industries	33.7 Million
Business Passengers	49.6 Million
Freight Users	<u>10.0 Million</u>
<u>Total</u>	<u>\$230.3 Million</u>

- Assuming contingency plan is effective as proposed estimated daily loss could still be as much as \$62.3 million.
- Fine tuning of contingency plan to accommodate more short-haul flights could reduce economic impact even further.
- Losses disproportionate geographically, with greatest burden felt in New York, Florida, and West Coast regions.

Air Route Traffic Control Centers

New York Center, Ronkonkoma, New York

Washington Center, Leesburg, Virginia

Boston Center, Nashua, New Hampshire

Atlanta Center, Hampton, Georgia

Jacksonville Center, Hilliard, Florida

Miami Center, Miami, Florida

Memphis Center, Memphis, Tennessee

Chicago Center, Aurora, Illinois

Minneapolis Center, Farmington, Minnesota

Cleveland Center, Oberlin, Ohio

Indianapolis Center, Indianapolis, Indiana

Kansas City Center, Olathe, Kansas

Fort Worth Center, Euless, Texas

Houston Center, Houston, Texas

Salt Lake City Center, Salt Lake City, Utah

Denver Center, Longmont, Colorado

Albuquerque Center, Albuquerque, New Mexico

Seattle Center, Auburn, Washington

Oakland Center, Fremont, California

Los Angeles Center, Palmdale, California

Terminals (Level V)

Boston Tower, Boston, Massachusetts

New York TRACON, Garden City, New York

Philadelphia Tower, Philadelphia, Pennsylvania

Pittsburgh Tower, Pittsburgh, Pennsylvania

Terminals (Level V) (Continued)

Washington Tower, Washington, D. C.

Atlanta Tower, Atlanta, Georgia

Miami Tower, Miami, Florida

Detroit Tower, Detroit, Michigan

O'Hare Tower, Chicago, Illinois

Kansas City Tower, Kansas City, Missouri

Dallas-Fort Worth Tower, Dallas-Forth Worth Airport, Texas

Houston Tower, Houston, Texas

Denver Tower, Denver, Colorado

Oakland TRACON, Oakland, California

Los Angeles TRACON, Los Angeles, California

Phoenix TRACON, Phoenix, Arizona

LaGuardia Tower, Queens, New York

J.F. Kennedy Tower, Queens, New York

Newark Tower, Newark, New Jersey