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IN THE NEWS

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LaHood Seeks Revenue to End Air-Traffic Controller Pay Dispute

By John Hughes and Angela Greiling Keane, March 5, Bloomberg

U.S. Transportation Secretary Ray LaHood said he's talking with White House officials about finding revenue to settle an almost three-year contract dispute with the nation's 15,000 air-traffic controllers.

LaHood didn't specify the cost of the settlement in an interview yesterday, saying he's seen "a range of figures -- but it's real money." The funds would have to come from the Federal Aviation Administration's \$15 billion annual budget, he said.

"My number one priority is to get the dispute between the controllers and the FAA behind us so that controllers go to work every day feeling like they're being well paid, and that the work rules are what they agreed to," LaHood said.

Getting a new accord has been the priority of the FAA's largest work group since George W. Bush's administration used a 1990s law to impose work and pay rules in 2006. The move cut controller starting pay 30 percent, saving a projected \$1.9 billion over five years.

President Barack Obama pledged during the election to work with controllers "to restore morale and improve working conditions and operations," according to a campaign fact sheet. Still, it will be hard to find money in an FAA budget constrained by the need to upgrade air-traffic equipment, said George Hamlin, president of Hamlin Transportation Consulting.

"I don't think a lot of controllers are losing their jobs at this point," said Hamlin, based in Fairfax, Virginia. "It's a tough sell politically when there are many, many needs for the funds. This may not be the time for the controllers to get a material advance."

Settlement Cost

LaHood's comments are "good news, and consistent with what the secretary has been telling me," said Patrick Forrey, president of the National Air Traffic Controllers Association, in an interview. A settlement would cost "nothing near" \$1 billion, he said, declining to be more specific.

"You're going to see an immediate relief on the workforce," Forrey said of a settlement.

Bush's FAA said when it imposed the contract that it was trying to rein in wages that had become excessive under a 1998 agreement reached during President Bill Clinton's administration. The agency said in 2005 that controller wages had risen 74 percent in seven years.

The FAA declared an impasse in contract talks in 2006. U.S. law allows the agency to put into effect the FAA's final, best offer if Congress fails to act on it after 60 days, and the administration used that rule to force the accord.

The controllers' union said the plan has added to overwork and fatigue, while increasing the number of retirements and adding to worker shortages.
