

***Compensation Issues Concerning Air Traffic  
Managers, Supervisors, and Specialists***

***Federal Aviation Administration***

***Report Number: AV-2001-064***

***Date Issued: June 15, 2001***



# Memorandum


**U.S. Department of  
Transportation**

Office of the Secretary  
Of Transportation

Office of Inspector General

Subject: **ACTION:** Report on Compensation Issues  
Concerning Air Traffic Managers, Supervisors, and  
Specialists, AV-2001-064

Date: June 15, 2001

From: Alexis M. Stefani   
Assistant Inspector General for Auditing

Reply to  
Attn of: JA-10: x60500

To: Federal Aviation Administrator

In response to a request from Congressman Frank Wolf of Virginia and Congressman Donald Manzullo of Illinois, the Office of Inspector General conducted a review of pay parity within the Federal Aviation Administration's (FAA) Air Traffic line of business. We received similar requests from Representatives Tierney, Crane, Sununu, Thornberry, Calvert, LaTourette, Crowley, Lewis, Moran, LoBiondo, Davis, Morella, and Arney; and Senators Mikulski, Warner, and Inhofe. This report presents the information we are providing to those Members.

## ***Objectives and Scope***

The objectives of our audit were to (1) evaluate the extent of potential pay disparity in regards to managers, supervisors, and specialists (MSS) within FAA's Air Traffic line of business; and (2) assess the impact that limiting the MSS pay system to air traffic facilities has had on the staffing, management, and oversight of the Air Traffic Control System. We conducted our review between November 2000 and April 2001. Exhibit D contains the methodology we used in conducting this audit. Exhibit E lists the activities we visited or contacted during the audit.

## ***Background***

In 1996, FAA was exempted from most Federal personnel rules and regulations and provided with an opportunity to develop new human resources systems unique to the needs of the agency and its workforces. Key to this reform was the ability for FAA to create new performance-based compensation plans directly linking pay to performance.

In 1998, with the authority granted under personnel reform, FAA negotiated a new collective bargaining agreement with the National Air Traffic Controllers Association (NATCA). Part of that agreement included a new pay system outside the Federal General Schedule for FAA's 15,000 bargaining unit controllers. The new pay system reclassified each Air Traffic Control facility into new Air Traffic Control grades with corresponding pay bands based on numerous factors including the level of air traffic and complexity of operations at each location.

Under the new pay system, most controllers' salaries increased substantially. For example, before the October 1998 agreement, controllers at the top three levels of Air Traffic facilities had a base salary range of \$66,100 to \$86,000. As of January 2001, those controllers had a base salary range of \$81,700 to \$126,400.

Recognizing that managers, supervisors, and specialists needed to be paid equitably to the controllers they supervise, the Air Traffic division began designing a comparable pay system for supervisory and staff positions within the Air Traffic line of business. The Air Traffic MSS pay system was designed like the NATCA pay system and based salaries for managers, supervisors, and specialists at field facilities on the level of their assigned facility. As designed, salaries for managers, supervisors, and specialists at regional locations were based on the highest level facility in their region. Salaries for managers, supervisors, and specialists at headquarters were based on the highest level facility in the Nation.

The system was intended to reinforce the existing Air Traffic career progression of promotion from lower level facilities to higher level facilities and from air traffic control facilities to higher management positions. The system also linked pay bands to the duties, responsibilities, and relative importance of each position to Air Traffic's missions. Managers, supervisors, and specialists at field facilities are responsible for the day-to-day operations of the Air Traffic Control (ATC) System. Managers and supervisors at headquarters and regional locations provide management, direction, and oversight of the ATC System. Specialists at headquarters and regional locations provide overall system support, including evaluating system efficiency and safety. Like the NATCA pay system, pay increases associated with the MSS pay system were to be implemented in three annual increments beginning on October 1, 1998.

The Air Traffic MSS pay system was never formally approved by FAA; however, on October 1, 1998, the Administrator agreed to implement the MSS pay system for field facilities but not for regional and headquarters locations.

## *Summary*

We found that FAA's decision to limit MSS pay to field facilities<sup>1</sup> has created pay inequities within the Air Traffic line of business. At each location visited, we found numerous instances of employees assigned to similar positions but receiving significantly different pay. For example, staff specialists at field facilities reviewed had base salaries ranging from \$103,000 to \$121,000 while staff specialists assigned to similar positions in the regional office had base salaries ranging from \$79,000 to \$105,000 (an average of 25 percent less).

The inequities were further compounded by FAA policies that allowed employees transferring into headquarters and regional positions from field facilities to retain their higher salaries. However, employees transferring from headquarters and regional locations to field facilities were not permitted to receive the same MSS pay increases as employees who were already assigned to field locations on October 1, 1998.

We also found that differences in pay were not based on individuals' experience or qualifications, and were not a reflection of the duties and responsibilities of the position held. As a result, we found that compensation for Air Traffic managers, supervisors, and specialists is not linked to position duties, responsibilities, or importance to FAA's missions. FAA's proposed corrective actions address some aspects of the pay inequities but do not address the larger root problem of reestablishing a link between pay, position, and performance – key tenets of FAA's personnel reform efforts.

As a results-oriented organization, FAA must identify those positions that are critical to achieving FAA's long-term missions and assign pay bands that reflect their importance to the agency. Conversely, FAA must also identify those positions that do not require the same level of experience and knowledge and assign pay bands appropriate to those duties and responsibilities as well. Lastly, FAA must identify and correct those cases where prior policies have allowed individuals to earn salaries that exceed the duties and responsibilities of the positions they hold, and implement policies for ensuring that employee salaries are within the pay bands assigned to their positions.

*We are recommending that FAA evaluate all MSS positions and ensure that position pay bands are aligned with the position's duties, responsibilities, and importance to FAA's missions.*

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<sup>1</sup> For purposes of this report, we define field facilities as FAA towers, terminal radar approach controls, and enroute centers. We define regional and headquarters locations as FAA's nine regional offices; the FAA Academy in Oklahoma City, Oklahoma; and FAA headquarters in Washington, D.C.

## ***Results in Brief***

**FAA Limited MSS Pay to Air Traffic Managers, Supervisors, and Specialists Assigned to Field Facilities.** On October 1, 1998, FAA implemented the MSS pay system for managers, supervisors, and specialists assigned to field facilities but not for personnel assigned to similar positions in regional or headquarters locations. As a result of that decision, personnel assigned to field facilities on October 1, 1998, received the first of three annual pay increases. Managers, supervisors, and specialists assigned to headquarters and regional offices did not receive similar increases.

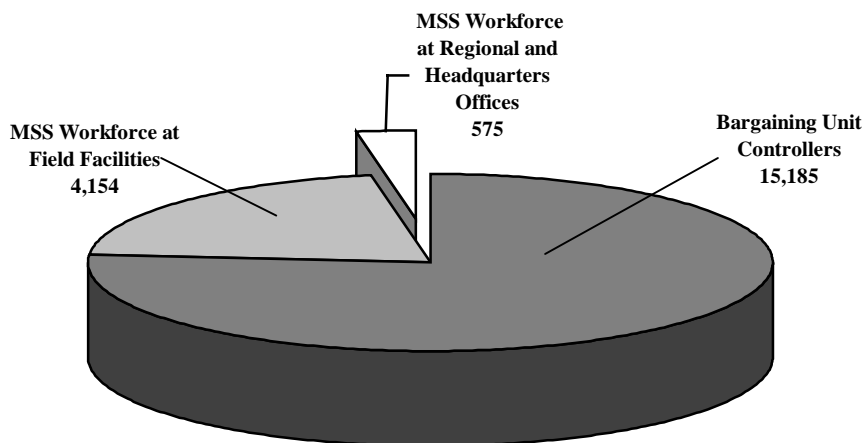
In explaining the decision not to extend MSS pay to regional and headquarters positions, the FAA Administrator cited concerns over equity for employees in similar positions in other lines of business, and the need for corresponding efficiency improvements similar to the productivity gains included in the agreement with NATCA. However, it is important to note that the largest identified cost saving of the NATCA agreement is associated with reductions in the number of supervisory and staff positions in field facilities. Those positions are part of the MSS workforce not the NATCA bargaining unit.

Other productivity gains included in the NATCA agreement are based on relaxing certain union work rules in order to allow FAA greater flexibility in managing day-to-day operations at field facilities. Those union work rules do not apply to managers, supervisors, and specialists. In addition, the work rule changes included in the NATCA agreement were negotiated primarily to reduce certain premium pay expenses (such as overtime), which managers and supervisors do not generally earn.

Accordingly, productivity gains similar to those included in the agreement with NATCA would not produce cost savings among the MSS workforce. FAA has not identified the nature or type of productivity gains that it envisions being implemented within the MSS workforce to improve efficiency and reduce costs.

As shown in the following chart, at the time of our review 15,185 bargaining unit controllers were included in the NATCA pay system; 4,154 managers, supervisors, and specialists at field facilities were included in the MSS pay system; and 575 managers, supervisors, and specialists at regional and headquarters locations were not included in the MSS pay system.

## Controller Workforce (as of FY 2001)



FAA projects that the NATCA pay system will require approximately \$900 million in additional payroll funding over the 5-year life of the agreement, and that MSS pay for field facilities will require an additional \$217 million for the same period. In 1998, FAA estimated that providing MSS pay for regional and headquarters locations would require approximately \$14 million in additional payroll funding over a 3-year period. FAA has not updated that estimate since then.

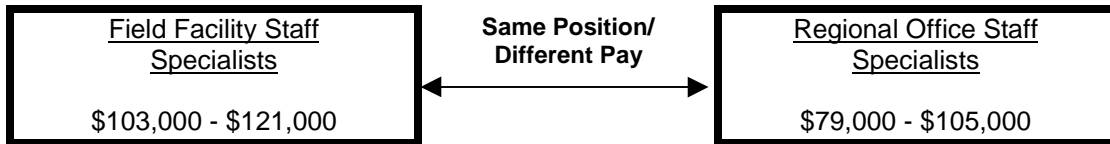
**FAA's Decision to Limit MSS Pay Has Created Pay Inequities Within the Air Traffic Line of Business.** We found that FAA's decision not to implement MSS pay at regional and headquarters locations has created inequities in the compensation of managers, supervisors, and specialists within the Air Traffic line of business. At FAA headquarters, three regional offices, and four field facilities visited, we found numerous instances of employees assigned to similar positions but receiving significantly different pay.

For example, as shown in the following chart, staff specialists at one field facility reviewed had base salaries<sup>2</sup> ranging from \$103,000 to \$121,000 while staff specialists assigned to similar positions in the regional office, and who did not receive MSS increases, had base salaries ranging from \$79,000 to \$105,000 (an average of 25 percent less).

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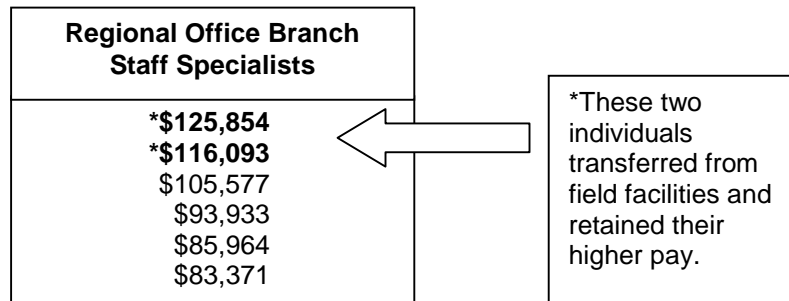
<sup>2</sup> In this report, salaries listed were as of December 2000, and include base salary and locality pay. Salaries compared include the same locality pay.

## Limiting MSS Pay to Field Facilities Created Pay Inequities



We also found that the pay inequities were further compounded by FAA movement rules that allowed personnel transferring from field facilities to regional and headquarters positions to retain their higher pay. For example, although the staff specialists within one branch at a regional office we visited (shown below) perform the same work and have similar positions, duties, and responsibilities, their base salaries ranged from approximately \$83,000 to about \$126,000, a difference of nearly \$43,000 in some cases, or over 50 percent.

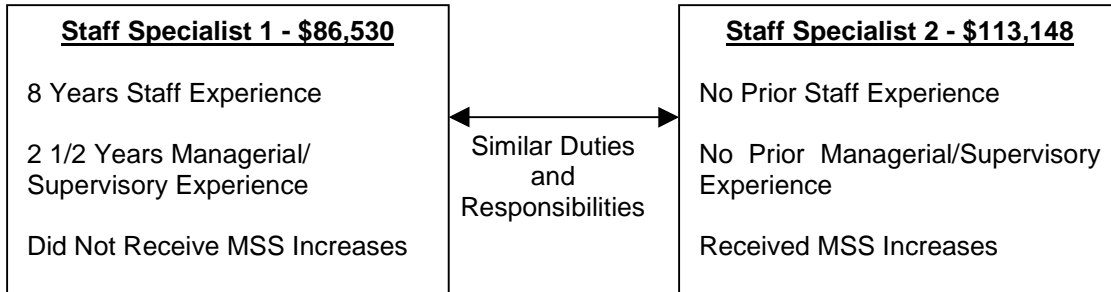
## Pay Inequities Were Compounded by FAA Movement Rules



Those differences were a result of personnel moving into regional office positions from field facilities. The two highest paid in the above chart, were assigned to field facilities on October 1, 1998, received all or part of the three MSS pay increases, and under the agency's movement rules, were allowed to “carry” their higher pay into their new positions at the regional office.

*The differences in base salaries do not reflect an individual's qualifications or experience.* For example, at one regional office reviewed, we found one staff specialist (with over 8 years staff experience and 2½ years prior supervisory experience) who was making \$27,000 less than a coworker who transferred into that position from a field facility in fiscal year (FY) 2000 and had no prior staff or supervisory experience. The difference in their salaries is based solely on where the individual was assigned on October 1, 1998.

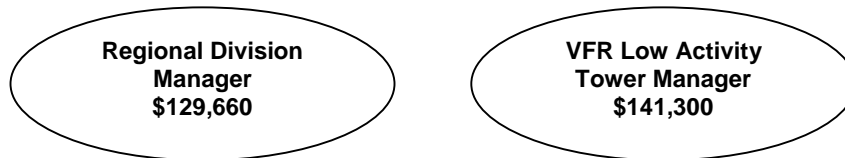
**Pay Is Based on Where an Individual Was Assigned on October 1, 1998**



*We also found that differences in pay were not a reflection of the duties or responsibilities of the position the individual held. For example, the Air Traffic Division Manager of one of FAA’s largest and busiest regions had a base salary less than that of 80 employees reporting to him, even though his position is considered the second highest position in the organization’s career progression ladder. Those employees that had a higher salary than the Air Traffic Division Manager included facility managers, assistant facility managers, branch managers, and first line supervisors.*

One of those 80 employees was a manager of a low activity visual flight rule (VFR) control tower. Although this individual was only responsible for supervising 12 controllers, his base salary was \$141,300 – nearly as much as the FAA Administrator.

**Pay Is Not Linked to Position Duties and Responsibilities**



*As a results-oriented organization, FAA needs to ensure that compensation is linked to position responsibilities, duties, and performance, and that pay bands reinforce the agency’s career progression. FAA must also identify and correct those cases where policies have allowed individuals to earn salaries that exceed the duties and responsibilities of the positions they hold, and implement policies for ensuring that salaries are within the pay bands for the assigned positions.*



**Proposed Changes Will Address Some Inequities But Will Not Link Pay to Position Duties, Responsibilities, and Importance to FAA's Missions.** FAA is proposing to resolve some of the pay inequity issues by imposing pay caps on regional and headquarters positions. Under the proposal, employees from field facilities could only receive salaries within the pay band designated for the regional or headquarters position they accept. For example, if a staff specialist from a field facility moved to a staff specialist position at a regional office, his or her base salary could be lowered from as much as \$126,300 to \$111,900 (top of the pay band for that position) – a \$14,400 cut in pay.

According to Air Traffic division managers, capping the pay for headquarters and regional office positions will discourage facility personnel from moving into those positions, and could lead to critical shortages in filling key regional and headquarters positions with experienced, qualified personnel. Many of those positions are critical to FAA's long-term missions such as reducing operational errors, runway incursions, and delays.

**FAA Needs to Evaluate the Duties, Responsibilities, and Importance of Each MSS Position and Ensure that Pay Bands Are Aligned Accordingly.** Some regional and headquarters positions require skilled Air Traffic managers, supervisors, and specialists with experience at the busiest and most complex facilities. For example, regional office specialists and managers are key players in managing the National Airspace Redesign project, which is revamping air routes across the country to provide maximum capacity enhancements. Those efforts are key to mid-term solutions for reducing delays. However, to attract and retain personnel with those qualifications, salaries for key regional and headquarters positions must be at least comparable to salaries for similar positions in field facilities.

On the other hand, some regional and headquarters positions may not require individuals with as much air traffic control experience and could be filled with managers from lower level facilities or with controllers from the bargaining unit. In fact, some regional and headquarters positions may not require air traffic control experience at all. A 1999 classification study of controller positions concluded that some headquarters and regional positions could be filled with subject matter experts in other areas such as budget or labor relations. In such cases, those positions could be filled with personnel with lower salary levels.

*Under FAA's proposed changes, differences in position duties and responsibilities are not considered because the proposed pay cap is across-the-board for all regional and headquarters positions regardless of their duties, responsibilities and importance to FAA's long-term missions.*

In our opinion, FAA needs to evaluate all MSS positions and ensure that position pay bands are appropriate to each position's duties, responsibilities, and importance to FAA's missions. As a results-oriented organization, FAA must identify those positions that are critical to achieving FAA's long-term missions and assign pay bands that reflect their importance to the agency. Conversely, FAA must also identify those positions that do not require the same level of experience and knowledge, and assign pay bands appropriate to those duties and responsibilities as well.

Lastly, FAA must identify and correct those cases where prior policies have allowed individuals to earn salaries that exceed the duties and responsibilities of the positions they hold, and implement policies for ensuring that employee salaries are within the pay bands assigned to their positions.

### ***Recommendations***

Our recommendations include:

- Evaluating all MSS positions to ensure that position pay bands are aligned with the duties, responsibilities, and importance of the position to FAA's missions;
- Identifying those controller positions at headquarters and regional offices that could be replaced with subject matter experts in other areas such as budget or labor relations; and
- Implementing the necessary policies and procedures for addressing employee salaries that are inappropriate for the pay band established for their position. This will require increasing salaries in some instances and reducing salaries in others.

### ***FAA Comments and OIG Response***

On June 7, 2001, we met with representatives from FAA's Human Resources Division to obtain their comments on our report.<sup>3</sup> FAA agreed that there are differences in pay for employees assigned to the same types of positions, and that FAA movement rules have produced some unintended consequences.

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<sup>3</sup> FAA's Human Resources Division has primary responsibility for the agency's Human Resource Management policy and activities.

However, FAA maintains that its decision regarding the pay systems for regional office and headquarters employees in the Air Traffic line of business was the correct one. According to FAA, it is more appropriate to place Air Traffic regional and headquarters positions in the same pay system as other regional office and headquarters employees, rather than to align them to the pay of controllers in field facilities performing operational duties.

We agree that some Air Traffic regional and headquarters positions, such as budget or labor relations, are properly aligned with similar regional and headquarters positions from other lines of business. However, FAA has not adequately explained why the many Air Traffic headquarters and regional positions that require skilled controllers with experience at the busiest and most complex facilities, and are critical to the agency's long-term missions, should not be paid comparably to positions assigned to the day-to-day operations of the ATC System. More fundamentally, FAA's argument is inconsistent with the fact that widespread disparity remains among people who do the same job.

We have requested that FAA provide formal written comments to our report and recommendations within 30 calendar days.

## ***Findings and Recommendations***

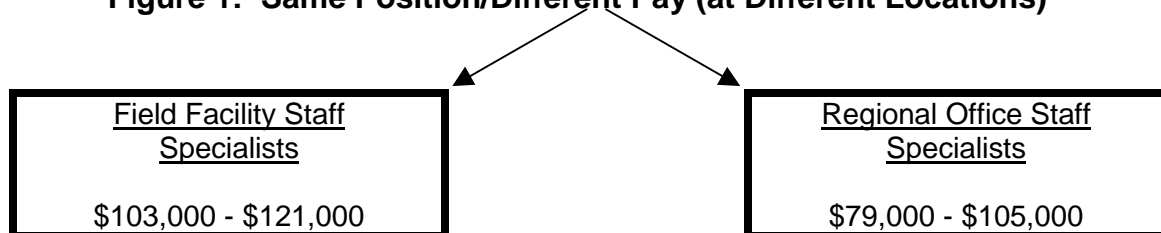
### ***MSS Pay System Has Created Pay Inequities.***

We found that FAA’s decision not to implement MSS pay at regional and headquarters locations has created inequities in the compensation of managers, supervisors, and specialists within the Air Traffic line of business. At FAA headquarters, three regional offices, and four field facilities visited, we found numerous instances of employees assigned to similar positions but receiving significantly different pay. We also found that differences in pay were not based on individuals’ experience or qualifications, and were not a reflection of the duties and responsibilities of the position they held. As a result, compensation for Air Traffic managers, supervisors, and specialists is not linked to position duties and responsibilities, or performance. The following examples are representative of the pay inequities we found at all locations. (Exhibits A and B present more detailed examples of pay structure at one regional office and one field facility.)

**Same Position/Different Pay.** Staff specialists in regional offices and field facilities perform similar duties such as redesigning airspace, conducting quality assurance reviews of air traffic operations, and investigating operational errors. Regional managers and staff specialists provide guidance and oversight for field facilities in many of these areas, and in some cases are called on to make decisions for field facilities. However, the base salaries for staff specialists in regional offices are significantly less than the base salaries for staff specialists in high level field facilities.

As shown in Figure 1, staff specialists at one field facility we reviewed had base salaries ranging from \$103,000 to \$121,000 because they were included in the MSS pay system. In contrast, staff specialists doing the same work in the regional office had base salaries ranging from \$79,000 to \$105,000 (an average of 25 percent less) because they were excluded from the MSS pay system. Prior to the MSS pay system, staff specialists in both regional offices and field facilities were GS-14s with base salaries ranging from about \$67,000 to \$88,000.

**Figure 1: Same Position/Different Pay (at Different Locations)**

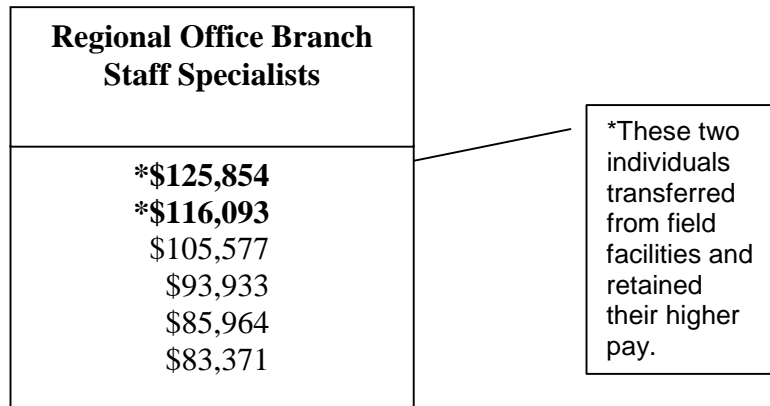


We also found that the pay inequities were compounded by FAA movement rules. In an effort to maintain a flow of experienced controllers into regional and headquarters positions, on May 25, 1999, FAA published rules for employees moving into and out of the different pay systems. The rules defined which moves between locations would be considered promotions, reassignments, or demotions based on the level of the facility and the previous position held by the individual. We found that these movement rules increased pay inequities within the Air Traffic line of business.

One rule allowed controllers transferring from field facilities to regional and headquarters positions to keep their higher pay. For example, the staff specialists within the same branch at a regional office we visited perform the same work and have similar positions, duties, and responsibilities. However, these individuals' base salaries range from approximately \$83,000 to about \$126,000, a difference of nearly \$43,000 in some cases, or over 50 percent.

These differences were a result of personnel moving into regional office positions from field facilities. Those individuals were assigned to field facilities on October 1, 1998, received all or part of the three MSS pay increases, and under the agency's movement rules, were allowed to "carry" their higher pay into their new positions at the regional office.

**Figure 2: Same Position/Different Pay  
(at the Same Location)**



**Pay Not Based on Qualifications or Experience.** The differences in base salaries do not reflect an individual's qualifications or experience. For example, at one regional office reviewed, we found one staff specialist (with over 8 years staff experience and 2½ years supervisory experience) who was making \$27,000 less than a coworker who transferred into that position from a field facility in FY 2000 and had no prior staff or supervisory experience.

The difference in their salaries is based solely on where the individual was assigned on October 1, 1998.

**Figure 3: Pay Not Based on Experience or Qualifications**

<b><u>Staff Specialist 1 - \$86,350</u></b>	<b><u>Staff Specialist 2 - \$113,148</u></b>
8 Years Staff Experience	No Prior Staff Experience
2½ Years Managerial/Supervisory Experience	No Prior Managerial/Supervisory Experience
Did Not Receive MSS Increases	Received MSS Increases

It should be noted that the Federal General Schedule pay system also has pay differences of about 30 percent between the first and last steps of any grade. However, these differences reflect the length of service an employee has in any particular grade. In contrast, the inequities within the MSS pay system are largely the result of where an employee was assigned on October 1, 1998, not his or her length of service.

**Pay Not Aligned With Position Duties and Responsibilities.** We also found that differences in pay were not a reflection of the duties and responsibilities of the position the individual held. For example, the Air Traffic Division Manager of one of FAA’s largest and busiest regions had a base salary less than 80 employees reporting to him, even though his position is considered the second highest position in the organization’s career progression ladder. Those employees that had a higher salary than the Air Traffic Manager included facility managers, assistant facility managers, branch managers, and first line supervisors.

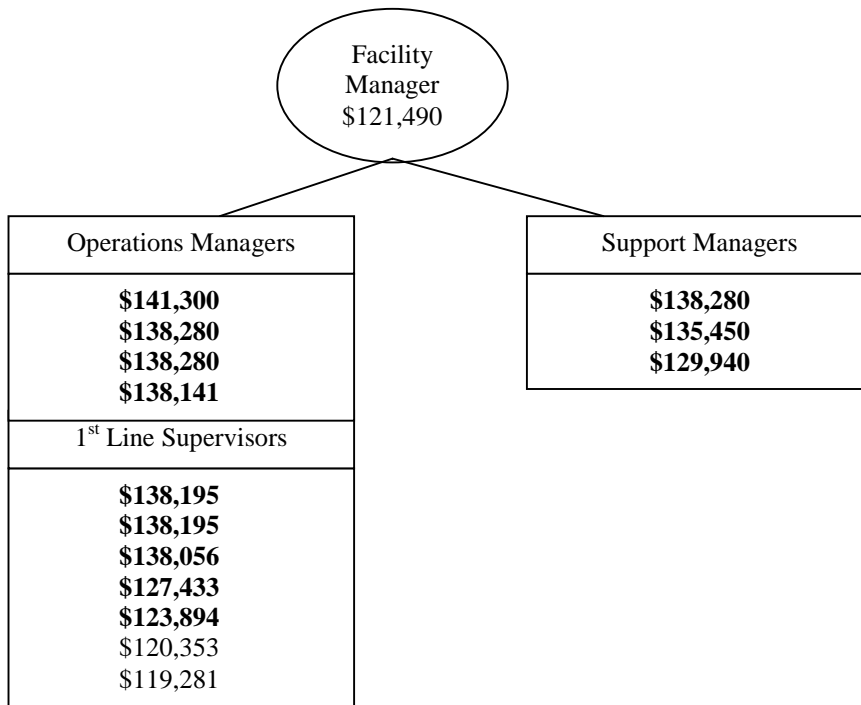
One of those 80 employees was a manager of a low activity visual flight rule control tower. Although this individual was only responsible for supervising 12 controllers, his base salary was \$141,300 – nearly as much as the FAA Administrator. In this instance, the individual moved into the position as tower manager from a first line supervisory position at a larger facility. Under FAA movement rules, this move was considered a promotion and this individual not only carried the higher salary into the new position, but also received a pay increase.

**Figure 4: Pay Not Aligned With Position Duties and Responsibilities**



At all locations visited, we found similar cases of individuals' salaries that were not commensurate with their duties and responsibilities. For example, the facility manager shown in Figure 5, moved into that position from a position as a Regional Branch Manager. Because of his experience and qualifications, FAA headquarters directed the move to resolve ongoing problems at the facility. However, because he was assigned to a regional office on October 1, 1998, he did not receive the three incremental raises that field managers received. As a result, he now makes \$121,490, which is less than 12 of the 14 operations managers, support managers, and first line supervisors who report to him. They earn between \$123,894 and \$141,300 (in bold).

**Figure 5: Pay Not Based on Position Duties and Responsibilities**



*As a results-oriented organization, FAA needs to ensure that compensation is linked to position responsibilities, duties, and performance, and that pay bands reinforce the agency's career progression. FAA must also identify and correct those cases where policies have allowed individuals to earn salaries that exceed the duties and responsibilities of the positions they hold, and implement policies for ensuring that employee salaries are within the pay bands assigned to their positions. In our opinion, it is not unreasonable to allow individuals that exceed the pay band established for their position a grace period of up to 2 years to retain their higher salary, after which they should either move to a position with pay bands that include their higher salary, or accept the lower salary for their existing position.*

***Pay Inequities Have Had Minimal Impact on Operations of the Air Traffic Control System But There Are Future Concerns.***

We found that the pay inequities have caused significant morale issues within the MSS workforce, but have not impacted the actual operations of the Air Traffic Control System (safe movement of aircraft). However, managers and supervisors expressed concerns that the number and experience level of individuals applying for regional office and headquarters vacancies has declined. We conducted limited tests at two regional offices that showed a decline in the number and experience level of MSS personnel applying for staff specialist and management positions. For example, at one region we visited, only 5 area supervisors applied for positions in the regional office in FY 1999 as compared to 20 area supervisors in FY 1998.

In general, our review of applications for job announcements found that there were fewer applicants and that they had less supervisory experience. The applicants also were from lower level facilities (field facilities with less traffic, less complex traffic patterns, and in some instances, not equipped with radar). In some cases, we found applicants for technical positions requiring extensive air traffic control experience, such as quality assurance and airspace procedures, were from flight service stations. Personnel assigned to flight service stations are primarily responsible for providing weather updates and assisting general aviation pilots. They do not control air traffic and are not included in the MSS pay system or the NATCA pay system.

***Proposed Changes Will Address Some Inequities But Will Not Link Pay to Position Duties and Responsibilities or Performance.*** While our tests showed that the impact on staffing regional and headquarters positions has been relatively minor so far, there could be more serious implications for recruiting and retaining experienced air traffic controllers into regional and headquarters positions in the future. FAA is proposing to alleviate the pay inequities by imposing a pay cap on salaries for employees moving into regional and headquarters positions.

Under the proposal, employees from field facilities could only receive salaries within the pay band designated for the regional or headquarters position they accept (e.g., they would not be able to retain their higher salaries). For example, if a staff specialist from a field facility moved to a staff specialist position at a regional office, his or her base salary could be lowered from as much as \$126,300 to \$111,900 (top of the pay band for the new position) – a \$14,400 cut in pay. According to Air Traffic division managers, capping the pay for headquarters and regional office positions will discourage facility personnel from moving into those positions, and could lead to critical shortages in filling key regional and headquarters positions with experienced, qualified personnel.



FAA is considering implementing other actions to potentially mitigate the effects of the proposed pay cap. Options being considered include providing managers some flexibility in setting pay, using recruitment/retention incentives for filling critical positions, and establishing a new career progression process that will provide other methods to progress to higher management positions, in addition to spending time in headquarters and regional offices.

While most managers believed those options would be beneficial in managing their operations and could help alleviate pay inequities, they felt those actions would not be sufficient to overcome the current pay differences to ensure a sufficient pool of experienced, qualified controllers to fill key regional and headquarters positions. Many of those positions play a significant role in ensuring that FAA accomplishes its long-term missions of safety and system efficiency.

For example, regional and headquarters managers, supervisors, and specialists are responsible for investigating controller operational errors and developing plans to reduce those incidents nationwide. Regional office specialists and managers are also key players in managing the National Airspace Redesign project, which is revamping air routes across the country to provide maximum capacity enhancements. These efforts are key to mid-term solutions for reducing delays.

**FAA Needs to Evaluate the Duties, Responsibilities, and Importance of Each MSS Position and Align Pay Bands Accordingly.** Many regional and headquarters positions require skilled Air Traffic managers, supervisors, and specialists who have had experience at the busiest and most complex facilities. However, to attract and retain personnel with those qualifications, salaries for key regional and headquarters positions must be at least comparable to salaries for similar positions in field facilities.

On the other hand, some regional and headquarters positions may not require individuals with as much air traffic control experience and could be filled with personnel from lower level facilities. In those instances, lower salary levels would be sufficient to fill those positions. In fact, some positions may not require air traffic control expertise at all. A 1999 classification study<sup>4</sup> of controller positions concluded that FAA could reduce the number of regional and headquarters controllers serving in administrative positions and instead, hire subject matter experts in other areas such as budget or labor relations.

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<sup>4</sup> In October 1998, FAA contracted for an independent study to review the classification of all controller positions in regional and headquarters locations.

For example, redesigning airspace often involves environmental issues concerning noise. The study indicated that experts in environmental policy would be more beneficial than an otherwise highly successful air traffic controller doing his or her best to succeed in a subject area outside their expertise. The study recommended that FAA conduct periodic position management reviews to ensure that a proper mix of skills was being used. FAA did not implement the recommendations.

*Under FAA's proposed changes, differences in position duties and responsibilities are not considered because the proposed pay cap is across-the-board for all regional and headquarters positions regardless of their importance to FAA's long-term missions.* In addition, FAA's proposed changes do not address cases where employees' salaries exceed the duties and responsibilities of the positions they hold.

In our opinion, FAA needs to evaluate all MSS positions and ensure that position pay bands are aligned with the position's duties, responsibilities, and importance to FAA's missions. FAA also needs to implement the 1999 classification study's recommendations, which would entail identifying which regional and headquarters positions require expertise in air traffic control and which positions could be filled with subject matter experts from other areas.

As a results-oriented organization, FAA must identify those positions that are critical to achieving FAA's long-term missions, and assign pay bands that are consistent with FAA's career progression and reflect the position's importance to the agency. Conversely, FAA must also identify those positions that do not require the same level of experience and knowledge, and assign pay bands appropriate to those duties and responsibilities as well.

Lastly, FAA must identify and correct those cases where policies have allowed individuals to earn salaries that exceed the duties and responsibilities of the positions they hold, and implement policies for ensuring that employee salaries are within the pay bands assigned to their position.

## ***Recommendations***

We recommend that FAA:

1. Evaluate all MSS positions and ensure that position pay bands are aligned with the position's duties, responsibilities, and importance to FAA's missions.
2. Identify and begin converting those controller positions at headquarters and regional offices that could be replaced with subject matter experts in other areas such as budget or labor relations.
3. Implement the necessary policies and procedures for addressing employee salaries that are above or below pay bands established for their positions. Those policies should include the specific time period that employees would be permitted to retain salaries higher than the pay band established for their position.

## ***FAA Comments and OIG Response***

On June 7, 2001, we met with representatives from FAA's Human Resources Division to obtain their comments on our report. FAA agreed that there are differences in pay for employees assigned to the same types of positions, and that FAA movement rules have produced some unintended consequences. However, FAA maintains that its decision regarding the pay systems for regional office and headquarters employees in the Air Traffic line of business was the correct one. According to FAA, it is more appropriate to place Air Traffic regional and headquarters positions in the same pay system as other regional office and headquarters employees, rather than to align them to the pay of controllers in field facilities performing operational duties.

We agree that some Air Traffic regional and headquarters positions, such as budget or labor relations, are properly aligned with similar regional and headquarters positions from other lines of business. However, FAA has not adequately explained why the many Air Traffic headquarters and regional positions that require skilled controllers with experience at the busiest and most complex facilities, and are critical to the agency's long-term missions, should not be paid comparably to positions assigned to the day-to-day operations of the ATC System.

In our opinion, aligning pay for all Air Traffic regional and headquarters positions to regional and headquarters positions in other lines of business will not ensure that key positions are filled with qualified personnel.

It is also important to note that other lines of business, unlike the Air Traffic line of business, do not have significantly different pay structures for their workforces, and have not experienced the type of salary increases associated with the NATCA and MSS pay systems. Consequently, other lines of business are not experiencing the nature and type of pay inequities that we found within the Air Traffic line of business.

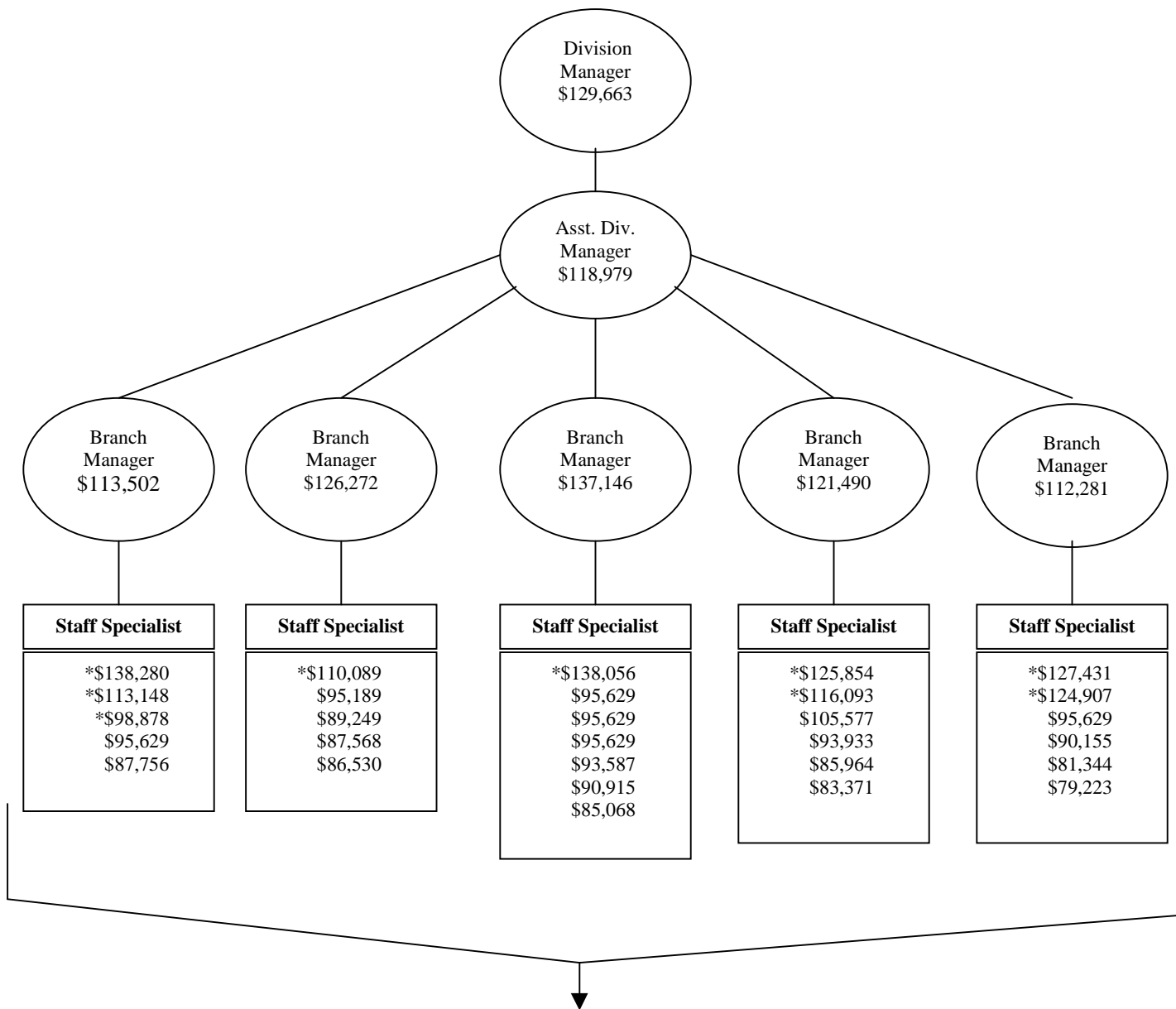
In our opinion, FAA needs to use the flexibilities of its personnel reform authority to implement pay policies that are appropriate to the unique needs and missions of each of its lines of business. Key to its reform efforts, FAA must ensure that employee position, pay, and performance are appropriately linked. Our recommendations are intended to reinforce those tenets.

### ***Action Required***

In accordance with Department of Transportation Order 8000.1C, we would appreciate receiving your comments on this memorandum within 30 calendar days. If you concur with the finding and recommendations, please indicate the specific actions taken or planned and the target dates for action. If you do not concur, please provide an explanation of your position. We welcome any alternative courses of action that could resolve the issues. We appreciate the cooperation and assistance provided by you and your staff during our review. If you have any questions or need further information, please contact me at (202) 366-1992 or David A. Dobbs, Deputy Assistant Inspector General for Aviation, at (202) 366-0500.

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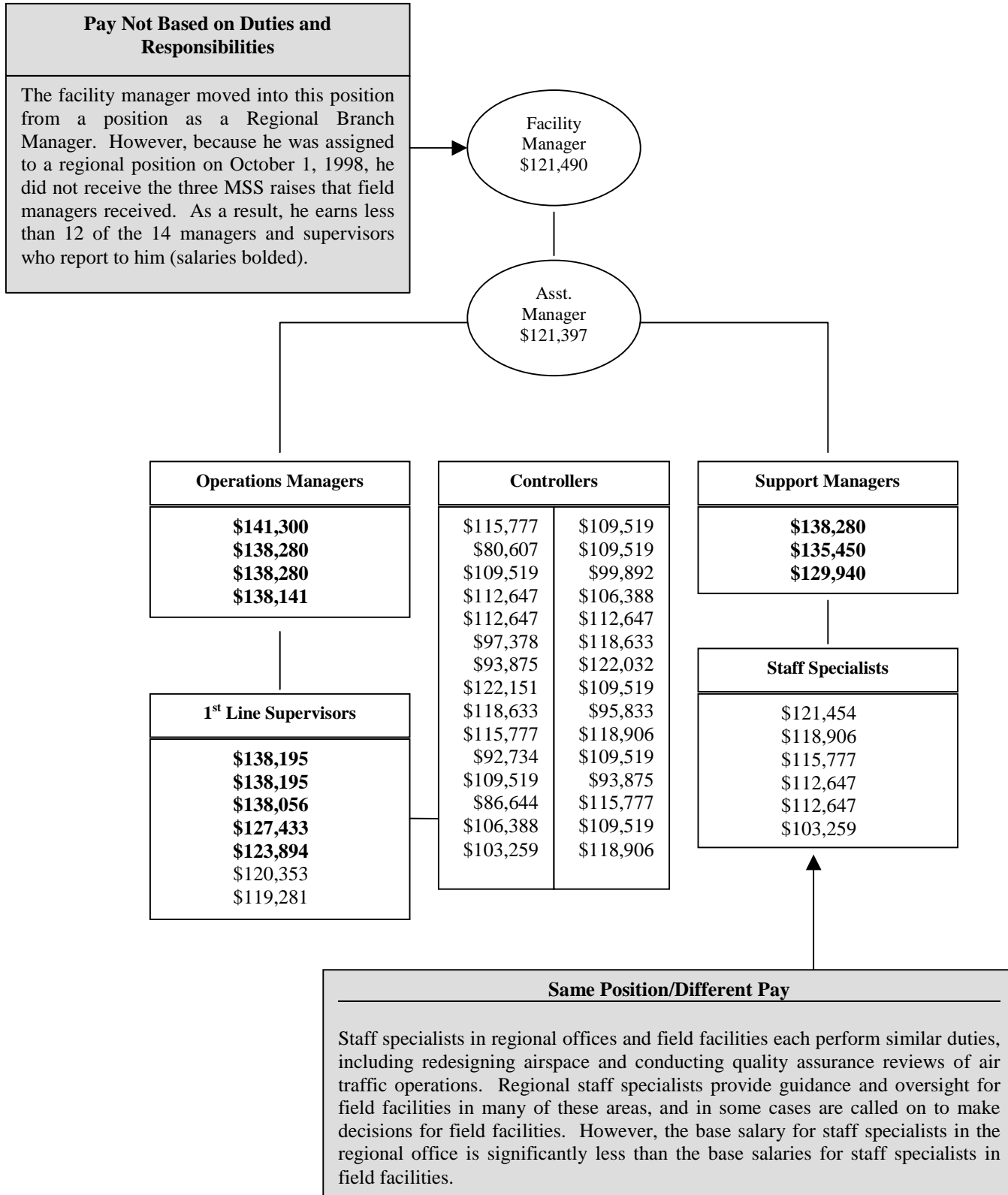
**Pay Structure at One Regional Office**



**Pay Disparity Compounded by FAA Movement Rules**

Staff specialists' base salaries range from approximately \$79,000 to over \$138,000, a difference of over \$58,000 in some cases, or nearly 75 percent. These differences were primarily a result of controllers moving into regional office positions from field facilities (those marked with an asterisk). Those controllers were assigned to field facilities on October 1, 1998, received all or part of the three MSS pay increases, and under the agency's movement rules, were allowed to "carry" their higher pay into their new positions at the regional office. Exhibit C contains detailed descriptions of the duties of the various regional branches.

**Pay Structure at One Field Facility**



## **Duties and Responsibilities of the Regional Office Branches**

Regional offices control the operational activities in all regional enroute centers, terminal (tower) facilities, and flight service stations. The controller staff specialists in regional offices are found in the Air Traffic Divisions, each of which is organized into the following five branches.

### **Quality Assurance Branch**

The Quality Assurance Branch is responsible for monitoring and reviewing the work of air traffic controllers in all field facilities within a region on a regular basis, and for investigating the causes and circumstances of all air traffic control incidents and mishaps.

### **Requirements Branch**

The Requirements Branch identifies needs for new or upgraded equipment, structures and furniture; negotiates priorities in budget and scheduling; and tracks the installation or modification of new equipment through completion, working with field personnel and management in both Air Traffic and Airway Facilities throughout the process.

### **Resources Branch**

The principal concerns of the Resources Branch are budget, staffing, and labor relations.

### **Airspace Branch**

The functions of the Airspace Branch divide generally into two broad types: (1) airspace use determinations based on strict application of precisely stated limitations and measurements for obstructions and other features; and (2) airspace changes or new allocations, which require judgment and analysis. The branch also has an important environmental role.

### **Air Traffic Operations Branch**

The Air Traffic Operations Branch is concerned with day-to-day operations of air traffic control in the en route centers, terminal facilities, and flight service stations of a region. In addition, the branch maintains applicable manuals and applies requirements over air traffic control rules, regulations, and policies in the facilities within a region.

## **Audit Methodology**

We conducted the audit in accordance with Government Auditing Standards prescribed by the Comptroller General of the United States and included such tests as we considered necessary to provide reasonable assurance of detecting abuse or illegal acts. Our methodology was designed around answering the following two questions.

To what extent is there a pay disparity with regards to managers, supervisors, and specialists within FAA's Air Traffic line of business? To address this question, we reviewed the duties of managers, supervisors, and specialists at a sample of regional offices and field facilities. We compared these duties to the compensation paid to determine whether employees performing similar duties are being compensated differently. Also, we reviewed the mechanics of the MSS pay system with FAA officials, including the movement rules for Air Traffic personnel, and obtained costs associated with the MSS pay system. In addition, we reviewed the independent study commissioned by FAA regarding classification of controller positions within the Air Traffic line of business. We discussed the findings of the study with FAA personnel, and determined whether FAA implemented the study's recommendations.

What impact has limiting the pay system to Air Traffic facilities had on the staffing, management, and oversight of the Air Traffic Control System? To address this question, we interviewed division managers, other selected officials, and FAA employees at headquarters and regional offices to solicit their views on what impact limiting MSS pay has had on their organization. We also obtained relevant data, such as vacancy announcements and staffing data, to verify the validity of those concerns and demonstrate the potential adverse impacts to the Air Traffic Control System. In addition, we reviewed FAA's strategic plan and selected goals included in FAA's mission statement that relate directly to the duties and responsibilities of managers, supervisors, and specialists at regional offices and headquarters. We then interviewed those individuals and obtained relevant documentation to determine what their roles were in ensuring that FAA meets these goals. Finally, we determined the potential impacts of FAA proposals on the agency's ability to fill positions at the regional offices and headquarters. We reviewed the proposals with FAA officials and discussed provisions of the proposals with division managers at regional and headquarters offices.



**Activities Visited or Contacted**

**FAA Headquarters**

Office of Human Resource Management (AHR)  
Office of Air Traffic Resource Management Programs (ATX)  
Office of the Director of Air Traffic Service (AAT)  
Office of Operational Support (AOS)  
Office of Air Traffic Planning and Procedures (ATP)  
Office of Budget (ABU)  
Office of Policy and Plans (API)

**FAA Regions and Facilities**

3 FAA Regional Offices  
1 Air Route Traffic Control Center (ARTCC)  
1 Terminal Radar Approach Control (TRACON)  
2 Air Traffic Control Towers (ATCT)  
Mike Monroney Aeronautical Center  
Air Traffic Control System Command Center

**Associations**

Representatives of the Federal Managers Association  
Representatives of the American Federation of State, County, and Municipal  
Employees (AFSCME)  
Representative of the National Air Traffic Controllers Association  
Representatives of the Professional Association of Aeronautical Center Employees

**Team Members**

Richard Kaplan	Program Director
Dan Raville	Project Manager
Robert Romich	Senior Analyst
Carolyn Meadows	Auditor
Frank Danielski	Auditor