



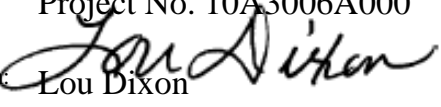
# Memorandum

**U.S. Department of  
Transportation**

Office of the Secretary  
of Transportation  
Office of Inspector General

Subject: **INFORMATION:** Audit Announcement – Review of  
Costs and Controls Associated With the 2009  
FAA/NATCA Contract  
Federal Aviation Administration  
Project No. 10A3006A000

Date: March 16, 2010

From:   
Lou Dixon  
Assistant Inspector General  
for Aviation and Special Program Audits

Reply to: JA-10  
Attn. of:

To: Assistant Administrator for Financial Services  
and Chief Financial Officer

On October 1, 2009, the Federal Aviation Administration (FAA) entered into a 3-year collective bargaining agreement for an estimated \$669 million with the National Air Traffic Controllers Association (NATCA). This contract addresses various union employee concerns, such as work schedules and equitable pay standards, while allowing FAA more flexibility to redeploy controllers to congested airports. This is FAA's first agreement with the union since its 1998 contract, which granted FAA authority to negotiate controller salaries under personnel reforms passed by Congress. However, the cost of the 1998 contract far exceeded FAA's initial estimate, eventually requiring more than \$1 billion in additional funding over its 5-year life.

Citing concerns with the original contract's cost overruns, Representative John L. Mica, Ranking Member of the House Committee on Transportation and Infrastructure, requested that we review the costs associated with the 2009 agreement to ensure they will be controlled and remain within FAA's estimates. Accordingly, our audit objectives will be to (1) evaluate the accuracy and completeness of FAA's cost estimate of the new contract, (2) identify contract provisions that could escalate costs, and (3) determine if FAA has sufficient controls in place to prevent cost escalations.

We plan to begin the audit this month and will contact your audit liaison to schedule an entrance conference. If you have any questions, please contact Dan Raviile, Program Director, at (202) 366-1405 or Bob Romich, Project Manager, at (202) 366-6478.

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cc: Acting FAA Deputy Administrator  
Anthony Williams, ABU-100  
Martin Gertel, M-1