THE TRANSITION FROM THE FEDERAL AVIATION ADMINISTRATION TO CONTRACTOR-OPERATED FLIGHT SERVICE STATIONS: LESSONS LEARNED

(110–76)

HEARING

BEFORE THE

SUBCOMMITTEE ON
AVIATION

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

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Committee on Transportation and Infrastructure
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October 5, 2007

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SUMMARY OF SUBJECT MATTER

TO: Members of the Subcommittee on Aviation

FROM: Committee on Transportation and Infrastructure, Oversight and Investigations Staff

SUBJECT: Hearing on "The Transition from FAA to Contractor-Operated Flight Service Stations: Lessons Learned."

PURPOSE OF THE HEARING

On Wednesday, October 10, 2007 at 10:00 a.m. in 2167 Rayburn House Office Building, the Subcommittee on Aviation will meet in an oversight hearing to examine the history and current status of the Federal Aviation Administration's (FAA) transition to contractor-operated Flight Service Stations (FSS). The Oversight and Investigations (O&I) staff has conducted an in-depth investigation of FSS performance since the transition from a FAA-operated system to a private contractor, Lockheed Martin. The purpose of this hearing is to examine the transition to a modernized, contractor-operated FSS system and identify potential lessons learned that may be applicable to future FAA modernization efforts.

BACKGROUND

On February 1, 2005, the FAA awarded Lockheed Martin a five-year, fixed-price contract (with 5 additional option years) to operate and modernize the Flight Service Station (FSS) system that provides weather information and flight plan filing services to pilots on the ground and in the air. The contract is worth about $1.8 billion and represents one of the largest non-defense outsourcing of services in the Federal Government. FAA originally anticipated that by contracting out FSS, it will save $2.2 billion over the ten-year life of the agreement, although that estimate has been subsequently reduced to $1.7 billion, largely due to when the start time is calculated.[1]

[1] "Controls over the Federal Aviation Administration's Conversion of Flight Service Stations to Contract Operations," Department of Transportation, Office of Inspector General, Report Number: AV-2007-048, May 18, 2007.

Prior to the modernization effort, the FAA FSS system consisted of 61 automated flight service stations located throughout the United States and staffed by 2,300 personnel. Additional special facilities were located in Alaska. Pilots could telephone, and in some cases visit, a flight service station in their area to receive weather information for their region and along their planned route of flight, file a flight plan, and learn about flight restrictions and hazards along their route and at their destination airports. During a flight, pilots could also radio the nearest flight service station to receive updated weather and hazard information, and receive emergency services, as conditions changed. The FSS system, which relied on 1970s-era computer technology, served as the only official source for aviation weather for general aviation pilots, who are required to receive a weather briefing prior to each flight.

Maintaining and operating this legacy system became increasingly difficult and expensive. In 2001, the Department of Transportation Inspector General (IG) published a report that was critical of the existing FSS program. These reports outlined the escalating cost to maintain the FSS program, the FAA's difficulty in attempting to modernize the FSS computer system, and widespread inefficiencies in the FSS program. The OIG also recommended consolidation of FSS locations, citing significant cost savings that would accrue.[2]

The FAA legacy FSS system cost approximately $550-$600 million to operate annually, which equated to $15-$20 per pilot contact. In addition, the technological obsolescence of the legacy FAA technology made the system increasingly difficult and expensive to maintain. The FAA's internal attempt to modernize and implement a new computer operating system, the Operational and Supportability Implementation System (OASIS), fell five years behind schedule and millions of dollars over budget, and it did not offer many new services, such as Internet access and real-time information about airspace restrictions. In short, OASIS was also obsolete before it was even deployed.

FAA's anticipated savings in contracting-out FSS were based upon the difference between the agency's projected costs of operating FSS versus the 10-year cost of the Lockheed Martin contract. The savings were expected to be achieved through a combination of consolidation and modernized facilities and equipment. The main changes include:

- Consolidating the 58 previous FAA FSS facilities into 3 new hub facilities and 15 refurbished stand-alone facilities;

- Deploying a new FSS operating system (FS21) at the 3 hub and 15 continuing facilities. This new system is to connect all facilities through a single, nationwide operating system that is designed to allow FSS employees to file flight plans, access aeronautical and weather information, and provide other information to pilots for any airport in the country; and

- Reduce the number of FSS specialists from 1900 to about 1000 as a result of the modernization and consolidation discussed above.[3]

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[2] "Automated Flight Service Stations: Significant Benefits Could be Realized by Consolidating AFSS Sites in Conjunction with the Deployment of OASIS," Department of Transportation, Office of Inspector General, Report Number: AV-2002-064, December 7, 2001.
[3] Ibid.

Lockheed Martin took over operations of 58 FAA FSS locations on October 4, 2005. Initially, the contractor operated the FAA legacy FSS system as a turnkey operation, which ensured continued and uninterrupted service to pilots. The implementation of a the new consolidated and modernized FSS system began in January 2007 and was initially scheduled to be completed by July 2007.

LOCKHEED MARTIN'S FSS MODERNIZATION PLAN

Lockheed Martin's modernized FSS system, called "Flight Services 21" (FS21) was designed to provide a fully-integrated, nationwide network that gives all flight service specialists and pilots access to flight plan information from a single, common database. As part of the modernization process, Lockheed Martin is consolidating 58 flight service stations into 3 network hubs and 15 satellite locations. Because of the unique nature of aviation in Alaska, services in that state are not affected by this consolidation. To date, sites have been consolidated to 20 facilities; two additional sites remain to be closed.

The three hub facilities, located in Leesburg, Virginia; Fort Worth, Texas; and Prescott, Arizona, serve as central data processing points for the system. The additional 15 satellite locations provide FSS specialists at sites across the country. The new call system allows incoming calls to be sent with priority to the closest geographical region to the caller.

The FSS modernization plan is dependent on the new FS21 computer system designed by Lockheed Martin. The FS21 system is designed to tie all facilities together into a single network. By sharing a common database, all FSS specialists will have access to all information.

For users, key elements of the plan include the continued availability of briefings by telephone or in-flight by radio, the ability to file pilot and aircraft profiles that allow specialists to tailor information to the pilot's experience level and aircraft capabilities, e-mail and PDA alerts advising pilots of significant changes in weather following a briefing, and assurances that FSS specialists will be trained in weather patterns specific to given geographic areas, giving pilots access to specialized knowledge of local weather conditions. In addition, an Internet portal is supposed to launch in the near future, which is intended to give pilots all of the same features as the call-in system.

In addition, the contract includes numerous performance targets and measures. The contractor can earn bonus payments by meeting agreed-upon performance objectives. These include:

- Customer satisfaction rating
- Information conformity index score
- Number of operational errors
- Number of operational deviations
- Number of validated customer complaints
- Percentage of calls answered within 20 seconds
- Percentage of dropped calls per hour exceeding 20 seconds
- Percentage of radio contacts acknowledged within 5 seconds
- Percentage of error-free flight plans filed

- Percentage of flight plans filed within 3 minutes of request
- Percentage of urgent pilot reports processed within 15-30 seconds of receipt
- Percentage of domestic notices to airmen (NOTAMs) accepted
- Percentage of calls receiving a busy signal

LOCKHEED MARTIN'S ROLL-OUT OF THE CONSOLIDATED, MODERNIZED SYSTEM

The first phase of the transition to Lockheed Martin management of the FSS system on October 1, 2005 ran smoothly, with pilots reporting that they experienced shorter delays and fewer dropped calls during the first 18 months after the FAA turned over operations to Lockheed Martin. According to many FSS customers, service quality actually improved under the management of Lockheed Martin. In a survey conducted in August 2006 by the largest association representing general aviation pilots, the Aircraft Owners and Pilots Association (AOPA), the majority of pilots said that service was "good" or "very good."[4]

Despite the perception by pilot groups that the service at the FAA legacy cites was good, and Lockheed Martin earned $6 million in bonuses for meeting contractual performance measures, it did not achieve acceptable performance for 5 of the 21 measures, resulting in $8.9 million in financial penalties.[5]

In late April 2007, Lockheed Martin launched an aggressive FS21 implementation plan, declaring its three hub locations operational and consolidating other FSS locations at a rate of three per week. Within days, it became apparent to pilots that the FS21 launch was not going smoothly. Service to pilots deteriorated dramatically. In the 10-month period between June 2006 and April 2007, AOPA logged 27 FSS-related complaints. As soon as FS21 went online, in the two and a half month period from April 1, 2007 to June 16, 2007, AOPA logged 467 complaints.[6]

As a result of the large volume of complaints, the FAA established a toll-free "hotline" on June 23, 2007. In the period from June 23 through September 6, 2007, FAA logged 867 calls with a total of 1587 complaints filed.[7] AOPA logged only a fraction of this number, but the publicity surrounding the establishment of the hotline no doubt contributed to this larger volume of complaints.

It is important to recognize, that comparable metrics are not available to compare FAA's performance in the years prior to the Lockheed Martin takeover. Thus, controlled comparisons between FAA FSS performance and contractor performance are not possible. However, AOPA reports it rarely logged complaints prior to the start-up of the FS21 system as part of the national modernization and consolidation beginning in April 2007.

The most common types of complaints are summarized below:

- **Extended Call Hold Times:** At times, there were complete computer system outages, leaving specialists and pilots without access to the weather information necessary for safe flight and

[4] June 19, 2007 AOPA briefing to O&I staff.
[5] Data provided by FAA to O&I staff.
[6] Data provided by AOPA to O&I staff.
[7] Data provided by FAA in the "Audio Feedback Summary Report," September 6, 2007.

unable to file flight plans. In some cases these outages lasted more than an hour, bringing many aspects of general aviation to a halt. Because of the call backlogs created by the outages, pilots encountered long hold times when calling for a specialist even after the system was brought back online, often waiting 30 minutes or more to be connected to a specialist or being disconnected before ever having the opportunity to speak with a specialist. As a result, some pilots conducted flights without receiving a FSS briefing. Staffing shortages were also partly responsible for long hold times experienced during the summer months. The FAA estimates that the appropriate staffing level is somewhere between 900-1,000 specialists. Lockheed Martin currently employs roughly 850 specialists, but is working to increase that number to roughly 1,000. According to Lockheed Martin, many more FSS specialists retired or left than had been anticipated.[8]

- **Missing or Dropped Flight Plans:** Lockheed Martin's FS21 system utilized commercial, off-the-shelf (COTS) hardware and software in the FS21 computer system. The plan was to establish reliable interfaces between FS21 and FAA legacy systems. Lockheed Martin contends that that it had difficulty acquiring documentation for FAA legacy systems, and that it had made the assumption that such documentation would be available to establish the system interfaces. In any event, because the FS21 computer system did not interface effectively with the FAA's computer system, many pilots found that flight plans they had filed by telephone with a specialist had been lost or never entered into the system, forcing them to delay or cancel flights. This is a clear safety of flight issue.

- **Inadequate Local Knowledge by FSS Specialists:** Many pilots who did get through to a specialist complained that some lacked basic local knowledge, did not have information related to local conditions and hazards along the planned route of flight, and were unable to provide a sufficient weather briefing to meet the pilot's basic safety requirements. In fact, pilots complained that too few specialists had been trained and certified to understand weather conditions in specific areas, leaving them without the knowledge sought by pilots flying in unfamiliar terrain. In addition, problems with the FS21 system meant that it contained significant gaps in information, forcing specialists to use a combination of the FAA's legacy computer system and the new FS21 system to provide a complete briefing.

- **Problems with the Issuance of NOTAMs:** Airport managers reported that they could not file notices to airmen (NOTAMs) to alert pilots to runway closures or lighting outages. This is a problem with significant flight safety implications.

A survey of pilots conducted by the AOPA in May 2007 found a precipitous drop in satisfaction with FSS. More than two-thirds of respondents said that service had deteriorated in the preceding 30 days and nearly 50% said that they were "dissatisfied" or "very dissatisfied" with the preflight briefing they received. In addition, 66% said that calls, which are supposed to be answered within 20 seconds, were never or seldom answered within one minute. Respondents reported that specialists were professional and courteous but lacked local geographic and meteorological knowledge.[9]

In the ensuing months, improvements have been made, but many of the same problems have continued. In a June 2007 follow-up AOPA survey, 24% said FSS service had improved in the

[8] September 12, 2007 Lockheed Martin briefing to O&I staff.
[9] July 10, 2007 AOPA memo describing survey results.

preceding 30 days, but 35% said it had become worse. Overall, pilots reported that the rapid decline in service had leveled off, but that weather specialists still lacked needed local knowledge. Nearly 50% of respondents rated specialist meteorological knowledge as "poor" or "very poor." The survey also found that 38% of pilots were dissatisfied with the process for filing flight plans through specialists; 38% said their calls are still not being answered within a minute and some reported hold times in excess of 10 minutes; and 24% of pilots continued to report dropped calls when they attempt to contact FSS.

Problems with the FSS system can create safety-of-flight issues for pilots who necessarily rely on FSS for accurate and timely weather and hazard information, flight plan filing, and other safety-related services when on the ground and in the air. This is especially true in the offshore Gulf of Mexico environment, where hostile weather systems can quickly cause problems for off-shore oil platform operators. The Helicopter Association International (HAI) reported serious concerns among commercial operators servicing off-shore oil platforms in the Gulf of Mexico.[10] With the closure of the Deridder, LA and Conroe, TX FSS facilities, Lockheed Martin initiated special Gulf of Mexico operations in our Fort Worth FSS facility. The purpose of these special operations is to service helicopter pilots operating in the gulf environment. Following complaints, in July 2007, Lockheed Martin FSS personnel met with representative of the Gulf of Mexico Helicopter Association to ensure flight service met their operational requirements. On August 6, 2007, Lockheed Martin activated an exclusive 1-800 telephone number (877-654-7449) for the gulf pilots to contact flight services in order to file flight plans and receive weather briefings. These phone calls also receive priority status when received at the flight service station in Fort Worth. Since this procedure was put in place, call wait times have averaged less then 30 seconds while meeting pilot service requests.

Through the 3rd quarter of FY 2007, Lockheed Martin has not met the performance standards for 13 of the 21 performance measures, either for a quarter or for the year. Of particular concern are the increasing number of operational errors and deviations. The number of operational errors has doubled, from 3 in FY 2006 to 6 through August of FY 2007. Operational deviations have increased fourfold from 3 in FY 2006 to 14 through August of 2007. Most of the errors were the result of specialists not briefing pilots regarding airport closures. Most of the deviations were caused by specialists not briefing pilots on the Washington Air Defense Identification Zone (ADIZ) and temporary Presidential flight restricted zones. [11]

CURRENT STATUS

By August 2007, Lockheed Martin, in conjunction with the FAA, had begun to fix many of the problems plaguing the FSS system. Lockheed instituted a number of software updates designed to address the most urgent problems, including lost flight plans and the inability to access the data needed to provide a complete and correct briefing. The most significant of these updates corrects an interface with the FAA's computer system that processes flight plans.

Initially, these FAA computers, based at 21 TRACON locations around the United States, only recognized flight plans originating from FSS locations within a defined geographic area around the TRACON. This meant that flight plans with origination points outside of that area were not

[10] July 17, 2007 briefing by HAI to O&I staff.
[11] Data provided by DOT OIG to O&I staff on September 21, 2007.

recognized and entered into the system. With the software updates, each TRACON can accept flight plans from any FSS location, regardless of proximity.

However, just when the system seemed to be working more smoothly, a major system outage occurred on August 9, 2007. An attempted software update took down the entire FSS system nationwide, compromising safety and leaving pilots with no ability to get weather briefings and file flight plans for about a four-hour period of time. Lockheed Martin was able to slowly bring the system up, but the resulting backlog meant that many pilots were unable to get through to FSS for weather briefings and to file flight plans for most of the day. By August 10, 2007 the system appeared to be functioning normally.

Lockheed Martin has also turned its attention to resolving some of the problems experienced by callers. Changes to the call routing system have resolved many problems with calls being disconnected. In addition, Lockheed has set up a national toll-free clearance delivery line so pilots can quickly activate or close their flight plans.

The FAA acted on an AOPA recommendation that the agency create a telephone hotline to report complaints about FSS service. Pilots are urged to call as soon as possible to report any problems. They are also asked to provide details, such as date, location, and aircraft identification to allow the FAA to identify the specific flight involved. The FAA is reviewing all complaints and passing the information to Lockheed Martin for review and resolution within 15 days. Since its inception on June 23, 2007, the FAA FSS hotline has received almost 900 individual phone calls from pilots who registered over 1500 specific complaints.

Training for FSS specialists has also seen steady progress and is near completion. As of August 31, 2007 almost 100% of all specialists were fully trained and certified to operate the FS21 computer briefing system. Training is being handled at a Lockheed Martin training facility, which has graduated more than 75 new FSS specialists since its first class graduated in March 2006.

Consolidation of FSS legacy facilities into three hub and 15 satellite locations and the installation of FS21 computer systems at all locations was scheduled for completion by the end of 2007. The facilities still awaiting transition are: Islip, NY, scheduled for November 5, 2007; and San Juan, PR, scheduled for December 17, 2007.

As of October 1, 2007, the system appears that it is continuing to improve, based on AOPA's September survey of approximately 1,300 FSS users. It found that 64% of its respondents were either "somewhat satisfied" to "completely satisfied" with FSS service. Moreover, almost 70% were "somewhat" to "completely" satisfied with the briefer's knowledge during calls in that month. Though 48% said there was virtually no change in the level of service from August, 38% said that service had improved "slightly" to "significantly". Wait times also improved, with only 6% reporting that wait times were unacceptably long. One discouraging statistic demonstrates that flight plans continue to be lost in the system – 27% of respondents who filed flight plans during September experienced at least one lost flight plan.

CAUSES OF SYSTEM FAILURES

A number of factors combined to cause the system problems with implementation of the new FSS system. These include: problems with the FS21 computer system; an overly aggressive

consolidation schedule; and poor timing of the FS21 launch to coincide with the start of the busiest season for flying.

Questions have also been raised about how closely FAA was monitoring the contractor's deployment of the FS21 system and consolidation plan in the early phases of the roll-out. However, on May 21, 2007, the FAA sent a letter notifying the contractor of its concern and requesting a corrective action plan no later than May 29, 2007:

> The FAA is concerned with the significant increase in the number of operational performance issues and complaints on Lockheed Martin's flight services since the implementation of Flight Service 21 (FS21). The number of complaints received since the first implementation of FS21 on February 22 is more than 10 times [emphasis added] the number received during the entire transition leading up to implementation. These issues have adversely affected customer service and the user's confidence in the services being provided by Lockheed Martin. Most importantly the FAA is concerned with the degradation of or, in some instances, absence of services required for safe flight.[12]

Lockheed Martin made the decision to launch the FS21 computer system despite numerous problems. The company was aware of more than 90 known problems with the system software at the time FS21 was launched and worked with specialists to devise temporary solutions, which complicated service delivery. Lockheed Martin contends that FAA insisted on adhering to a particular timetable, and that they would have preferred to delay deployment.[13] In any event, FS21 implementation with known system anomalies placed specialists, many of whom were newly hired, in the position of trying to learn their jobs while simultaneously trying to resolve a variety of equipment and software problems that left them without the information and tools they needed to provide information to pilots.

The decision to launch the FS21 system and to accelerate the FSS consolidation in April (the start of the spring and summer flying season in many parts of the country) ensured that the new system would experience very high call volume and customer demand. The contractor states that it would have rather scheduled the FS21 roll-out and FSS consolidation so that it did not occur during the peak period of demand for services to the general aviation community (usually April to October).[14]

It is unclear why Lockheed Martin opted to launch the FS21 computer system while it had so many serious, known problems. It is also unclear why Lockheed Martin took such an aggressive approach to closing existing FSS stations during a period of significant service disruption associated with the implementation of the FS21 system.

While modernization of FSS is certainly needed, and FS21 has the potential to live up to its promised high levels of performance, progress has been slow. Future FAA outsourcing projects merit closer oversight at all levels to ensure that the safety of pilots and passengers, as well as overall performance, is not compromised.

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[12] May 21, 2007 letter from FAA Contracting Officer, Glenn A. Wilson, to Lockheed Martin.
[13] June 21, 2007 meeting between Lockheed Martin and O&I Staff at Ashburn, VA FSS Hub.
[14] Ibid.

SUMMARY

It appears, as of this writing, that Lockheed Martin is making steady progress toward correcting the implementation problems that plagued the FSS modernization effort. Some of the major performance metrics, such as call hold times, and the filing of NOTAMs and flight plans have improved dramatically as the software problems with FS21 have been largely corrected. The contractor is bringing more and more skilled FSS specialists on board, and the staffing issues have subsided. As the busy summer flying season ends, the demand on FSS services will subside to a large degree, and the contractor will have a good opportunity to resolve remaining issues.

Somewhat paradoxically, even though the performance measures are improving, complaints from FSS customers still run at a relatively high level. Some of this may be explained by hold-over perceptions created by the problems of this past summer. Some of the dissatisfaction may also be explained by a perceived loss of "the personal touch" they received when FAA operated a large number of regional facilities. In those FAA-operated facilities, many pilots developed familiarity and relationships with particular specialists, which likely contributed significantly to perceptions of "very good service." Since the changes are still new, it may take time for pilot perceptions of FSS service to improve even as the service levels improve and new features are added.

WITNESSES

PANEL I

The Honorable Calvin L. Scovel, III
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OVERSIGHT HEARING ON THE TRANSITION FROM FAA TO CONTRACTOR-OPERATED FLIGHT SERVICE STATIONS: LESSONS LEARNED

Wednesday, October 10, 2007

HOUSE OF REPRESENTATIVES,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
SUBCOMMITTEE ON AVIATION,
Washington, DC.

The Subcommittee met, pursuant to call, at 10:04 a.m., in Room 2167, Rayburn House Office Building, the Honorable Jerry F. Costello [Chairman of the Subcommittee] presiding.

Mr. COSTELLO. The Subcommittee will come to order.

The Chair will ask all Members, staff and everyone to turn electronic devices off or on vibrate.

The Subcommittee is meeting today to hear testimony on the Transition from FAA to Contractor-Operated Flight Service Stations: Lessons Learned.

Before we begin, I would ask unanimous consent to allow a new Member of our Committee, Ms. Laura Richardson, to participate in the Subcommittee hearing today. Hearing no objection, so ordered.

I am prepared to give my opening statement and recognize the Ranking Member, Mr. Petri, for his opening statement or remarks, and then we will go directly to our first panel of witnesses.

I want to welcome everyone to our Aviation Subcommittee hearing on the Transition from FAA to Contractor-Operated Flight Service Stations: Lessons Learned.

The FAA awarded Lockheed Martin a $1.8 billion privatization contract to consolidate 58 flight service stations nationwide into 18 including 3 new hubs and maintain and manage the system. It was during this consolidation that pilots started reporting problems: long wait times, dropped calls, missing flight plans and specialists ill prepared to brief pilots on requested routes.

An incident this past Sunday illustrates how important it is for the FSS to work properly. This past Sunday, October 7th, there were several pilots who violated the temporary flight restriction over Emmitsburg, Maryland. President Bush was there for a firefighters' event and flew from Camp David. There were a dozen pilots who violated this restriction, many because of incomplete information from an FSS. This is one example of how the flaws in the FSS system can adversely affect pilots.

I will include a firsthand report from one of the pilots from this last Sunday's incident into the record, but I will briefly summarize:

A pilot attempted to call an FSS three times before being connected. Once connected, the briefer gave incorrect information, saying he checked the route and the member would not encounter any special use airspace or TFRs. Soon after, the pilot was diverted to Hagerstown, Maryland, and interviewed by the Secret Service. This situation became worse when the pilot contacted an FSS to leave Hagerstown.

Stories like this one are all too common under the contract-out FSS system. We must and we can do better. I believe that the FAA needs to do more aggressive oversight of this contract.

After numerous letters and conversations with the former Administrator, Marion Blakey, in May of 2007, I am pleased to see that the FAA has stepped up its effort to make sure that Lockheed Martin is meeting its performance goals required by the contract.

The FAA embarked on this consolidation effort because it believed that Lockheed Martin's FS21 would deliver flight services with greater efficiency while continuing to provide a high level of safety at a reduced cost. Costs continue to increase on this contract because of delays and adjustments wanted by Lockheed Martin which will reduce the expected cost savings. I am interested in hearing from the FAA and the DOT's IG whether the expected cost savings anticipated in this contract by the FAA are being achieved.

The DOT IG also released a report of the controls over FSS contracts and made a number of recommendations. I am interested in hearing from both the FAA and the DOT IG whether these recommendations were implemented and what we have learned in this process.

I am also interested in hearing from Mr. Boyer and others who represent the users of the FSS. They are here today with us, and I hope that they will provide some feedback for us so that we can learn what we can continue to do to ensure pilots get safety critical services they expect and need.

Ultimately, regardless of who has the contract for this service, the FAA is responsible for ensuring that the users get everything they need from the system which includes quality customer service and safety. I want to learn more about what the FAA is doing to achieve those goals because the lessons from this contract will have a huge effect on how we deal with contracting out the ADS-B system.

With that, I again welcome all of our witnesses today, and I look forward to hearing their testimony.

Before I recognize the Ranking Member of the Subcommittee, Mr. Petri, for his opening statement or comments, I ask unanimous consent to allow two weeks for all Members to revise and extend their remarks and to permit the submission of additional statements and materials by Members and witnesses. Without objection, so ordered.

At this time, the Chair would recognize the distinguished Ranking Member of the Subcommittee, Mr. Petri.

Mr. PETRI. Thank you very much, Mr. Chairman.

This past summer, Lockheed Martin and the FAA finalized the transition of flight service station services from the antiquated legacy system to a modernized network integrated system. This process was the result of a nearly two year transition effort during

which 58 facilities were consolidated down, as you point out, to 18 modernized facilities providing roughly 90,000 briefings per week at an estimated cost savings to the Government of roughly $2.2 billion over the life of the contract.

However, as with nearly any transition of this size and complexity, problems arose including lost flight plans, long hold times and system outages. My office heard complaints in this area as yours did. Compounding these problems was the high call volume during the busy summertime flying season.

While this Subcommittee should certainly look into the problems that have arisen during the transition period, we should also remind ourselves about how quickly the problems or most of them have been solved. For instance, there were problems with Lockheed Martin's FS21 automated system interfacing with FAA legacy systems. Yet, workarounds were quickly developed by Lockheed Martin to bring the system back online.

Proper agency oversight of the contract is clearly critical. In the case of this contract, the FAA has mechanisms built into the contract that incentivize good service and penalize poor service. The contract has 21 performance measures called Acceptable Performance Metrics and based on these metrics, Lockheed Martin is eligible for rewards or for penalties.

Additionally, under the contract, any contract under-run or savings is returned to the Government if any one of the Acceptable Performance Metrics is not met. Because understaffing could lead to missing an APL and thus losing all savings, the contract disincentivizes understaffing.

I look forward to hearing more from our witnesses on these and other controls within the contract that ensure quality service for the users.

As with any transition, flight service station briefings have changed. Pilots who may have talked to the same briefer for 15 years are probably surprised now when they talk to someone new. While it may be a little different experience, the quality of the briefing is what is most important. Our aviation system is modernizing and flight service stations must do so as well.

While the transition to Lockheed Martin's enhanced system has been a challenge, surveys from the user community have shown satisfaction with how Lockheed Martin has responded to the issues that have arisen during the transition and show steadily improving grades on the quality of service.

Now that the busy summer season is wrapping up, I look forward to hearing what Lockheed Martin is doing to ensure a seamless flying system in 2008.

I look forward to hearing from our witnesses and yield back any time remaining. Thank you, Mr. Chairman.

Mr. COSTELLO. The Chair thanks the gentleman and, before we introduce the first panel, would recognize my friend from North Carolina, Mr. Hayes, for brief remarks.

Mr. HAYES. Thank you, Mr. Chairman. Thank you for holding this hearing today.

I think it is important to note that the concept is very sound. It started off very strongly. We developed a series of problems that have been pointed out by a number of users and user groups. I

think Lockheed Martin, hopefully, will move as aggressively as possible to correct these problems, to put a sound system on a sound footing.

I thank you for giving us a chance to take a look at some of these issues. I yield back.

Mr. COSTELLO. The Chair thanks the gentleman and at this time would introduce and recognize our first panel.

First, we have the Honorable Calvin Scovel who is the Inspector General with the U.S. Department of Transportation; Mr. James Washington, the Vice President for Acquisition and Business Services, Air Traffic Organization, FAA; and Mr. John Staples who is the Director of the Office of Flight Services Program Operations for the FAA.

Gentlemen, your full statement will be entered into the record, and we would ask you to summarize your statement.

Mr. Scovel, you are recognized for five minutes.

TESTIMONY OF THE HONORABLE CALVIN L. SCOVEL, III, INSPECTOR GENERAL, U.S. DEPARTMENT OF TRANSPORTATION; JAMES H. WASHINGTON, VICE PRESIDENT FOR ACQUISITION AND BUSINESS SERVICES, AIR TRAFFIC ORGANIZATION, FEDERAL AVIATION ADMINISTRATION; JOHN STAPLES, DIRECTOR, OFFICE OF FLIGHT SERVICES PROGRAM OPERATIONS, FEDERAL AVIATION ADMINISTRATION

Mr. SCOVEL. Chairman Costello, Ranking Member Petri and Members of the Subcommittee, I appreciate the opportunity to testify today regarding the conversion of FAA's flight service stations to contract operations.

On February 1st, 2005, FAA awarded a 10 year contract to Lockheed Martin to operate the Agency's flight service stations in the continental United States, Puerto Rico and Hawaii.

FAA anticipates that it will save $1.7 billion by contracting out flight service facilities over the 10 year life of the agreement. These savings are based on consolidating the 58 FAA-operated flight service stations into 18 sites, deploying FS21, Lockheed Martin's new flight services operating system, and reducing flight service specialist staffing levels, approximately 1,900 to 1,000 specialists.

At this point, the consolidation is nearly complete, and FS21 is operational. The transition was not an easy one. Hindsight is 20-20 but, clearly, deploying a new operating system and debugging it during live operations while consolidating 58 locations down to 18 and acclimating an entire workforce to a new system all within a 6 month period was a very ambitious undertaking. Significant problems in providing services to users occurred during the transition including long wait times, dropped phone calls, lost flight plans and poor briefings.

In May, we issued an interim report on this outsourcing effort. Our testimony today is based on that audit work and ongoing work to monitor the transition. Today, we would like to discuss three issues regarding this undertaking.

First, we found that FAA established a series of effective management controls over the initial transition from FAA to contract operations. For example, FAA used a contract mechanism, fixed

price plus incentive fee, that allows for careful monitoring of the contractor's performance.

FAA also implemented a series of internal controls to enforce the contract. For example, at the onset of the contract, FAA realigned its existing headquarters flight services office to oversee the transitional, operational and financial aspects of the flight services contract.

FAA maintained an evaluation group to conduct operational reviews of flight service stations, and FAA included 21 performance measures in the contract against which Lockheed Martin is evaluated. Lockheed can earn up to $10 million annually in bonuses for meeting those measures but can also be financially penalized for not meeting them.

In our opinion, these controls are important mechanisms to manage the contract going forward.

Second, while the Agency implemented effective management controls over the initial transition, Lockheed Martin experienced significant problems during the consolidation phase of the outsourcing effort. Lockheed experienced a 10 month delay in developing FS21 which led to a very aggressive consolidation schedule during the busy summer flying season.

In addition, because of the delay in development, Lockheed began installing and using the system in live operations with known deficiencies. As a result, significant problems occurred in providing services to users. It appears that many of those problems have now been resolved.

However, for future undertakings of a similar nature, several lessons learned can be gleaned from this experience. They include ensuring that new systems are fully developed before being deployed, paying sufficient attention to human factor issues such as acclimating a workforce to new systems, and taking swift and decisive intervention actions when outcomes, even intermediate ones, fail to meet requirements.

Third, key watch items going forward. With the consolidation now behind us, Lockheed and FAA must focus on three key issues:

One, meeting acceptable levels of performance over the next several months. Currently, Lockheed is not meeting 13 of 21 performance measures. It is important to recognize, however, that most of the problems occurred in the second and third quarters of fiscal year 2007 while the transition was ongoing. With the transition ending, we would expect performance to improve.

An important point, Mr. Chairman, is that if the contractor's performance does not improve over the next several months, it could indicate fundamental problems with how Lockheed Martin operates flight services. FAA must closely monitor the contractor's performance in terms of the APLs.

Two, achieving the anticipated savings. Ensuring that savings estimates are being met each year is critical because most of the anticipated savings are expected to be achieved in the out years of the contract.

Three, maintaining adequate staffing levels and providing sufficient training of flight service specialists to meet users' needs. A significant concern is that Lockheed expected to have 1,000 special-

ists on board at the end of the transition. As of September 1st, 2007, they had only 842 specialists.

That concludes my statement, Mr. Chairman. I would be pleased to answer any questions you or Members of the Subcommittee may have.

Mr. COSTELLO. Thank you, Mr. Scovel.

The Chair now recognizes Mr. Washington.

Mr. WASHINGTON. Good morning, Chairman Costello, Congressman Petri and Members of the Subcommittee. I welcome the opportunity to appear before you today to discuss the FAA's transfer of automated flight service stations to a contractor-operated system.

My name is Jim Washington. I am the Vice President for Acquisition and Business Services. I also serve as the Acquisition Executive for the FAA and accompanying me is John Staples who is our Director of Flight Service Program Operations.

As we plan for the transition to the next generation of air traffic control, we continue to manage to the FAA's first priority which is safety. As the flight service program proceeds, we and our contract partner, Lockheed Martin, continue to ensure that this responsibility is not compromised.

Let me take a moment to quickly review the history of the automated flight service contract. On February 1st, 2005, the FAA awarded a performance-based contract to Lockheed Martin to provide flight services to general aviation pilots. The contract was awarded following a 15 month feasibility study which we began in 2003.

The total cost of the award was $1.8 billion covering an initial performance period of 5 years with consecutive options for a total of a 10 year contract term. FAA expects to save $2.2 billion in capital and labor over 13 years.

The contract contains 21 metrics known as Acceptable Performance Levels. Those performance metrics allow the Government to measure contract performance and quality of service to the customer.

On February 22nd, 2007, Lockheed Martin began the process of implementing their FS21 program. The end state configuration for the automated flight service stations in the continental United States including Hawaii and Puerto Rico will ultimately be 18 facilities.

As is typical with the deployment of a new system, issues developed. Many of these were anticipated and mitigations put in place prior to the start of the transition. However, some system impacts were more significant than anticipated.

Pilots began reporting excessive call wait times, dropped calls, lost flight plans and specialists who were unfamiliar with the expanded area of knowledge. Additionally, reports of problems with issuing, disseminating and coordinating notices to airmen were reported.

FAA has taken timely action in response to these problems. We are holding Lockheed Martin accountable for meeting the requirements of the contract. Lockheed continues execution of a corrective action plan outlining the steps to be taken in each of the deficient areas that have been identified.

At the FAA, we review recordings of air to ground radio and telephone communications between pilots and Lockheed flight service personnel to validate their performance data. FAA performs facility inspections at Lockheed Martin flight service stations. This includes over 2,100 quality assurance calls placed to Lockheed facilities.

The National Weather Service also examines Lockheed weather briefers and provides results of those examinations to the FAA.

Call hold times and abandoned calls have decreased over the past several weeks. While pilots may still experience longer wait times during peak periods, the average call wait time is now consistently below 45 seconds, down from the 8 minute hold times experienced in mid-May.

Ongoing analysis and oversight continues in order to determine if additional corrective actions by Lockheed Martin are necessary.

Contingent upon Lockheed's meeting the specified performance levels, the contract allows for either a financial incentive from the FAA or a penalty against Lockheed Martin for failure to meet an Acceptable Performance Level. A penalty is charged unless Lockheed Martin's corrective action plan is accepted by the FAA. Quarterly and more frequent executive level meetings provide the venue for performance discussions between Lockheed and the FAA.

To date, FAA has levied approximately $12.2 million in financial penalties to Lockheed Martin in cases where performance levels were not met. Where Lockheed met or exceeded the performance levels, awards totaling $6 million were paid by the FAA.

Actions taken by the FAA and Lockheed Martin are showing results. We continue to monitor Lockheed Martin's operational performance by conducting internal evaluations and requesting feedback from users such as the Aircraft Owners and Pilots Association as well as results of evaluations conducted by the Office of the Inspector General.

Congress provided the FAA with the authority to establish the Air Traffic Organization as a performance-based organization. FAA is committed to meeting our responsibility by providing appropriate oversight and management of this performance-based contract for flight services. We continue to be responsive to our customers, and we continue to work with Lockheed Martin to provide the level of service which our customers expect.

I thank the Subcommittee for the opportunity to discuss this important issue. This concludes my testimony, and I would be glad to answer any questions.

Mr. COSTELLO. The Chair thanks you and recognizes Mr. Staples at this time.

Mr. STAPLES. I have no formal statement at this time, Mr. Chairman.

Mr. COSTELLO. Very good.

Mr. Scovel, let me ask you just a few questions. Obviously, in your testimony, both your written testimony and your summary this morning, clearly you had questions as to the effectiveness of the FAA managing the transition.

What have we learned from this as we move forward with another outsource contract on ADS-B? What are the lessons learned here in the transition?

Mr. SCOVEL. Good morning again, Mr. Chairman.

Let me begin by noting that FAA is justifiably proud of its role in the department as one of the components that actually operates things as opposed to other modes which serve as a conduit for funds and grants and which have some limited oversight responsibility. FAA is proud of its role as an operator.

However, when it undertakes an effort like this or in the upcoming ADS-B effort, it must change its role from one of being an operator to one of being an overseer, engaging in oversight. The formula for oversight is pretty simple: monitor performance, evaluate effectiveness, implement lessons learned.

We believe that using this as a case study, FAA initially implemented this contract effectively but going forward its execution was lacking, and let me draw a couple of key examples.

First, in this one, we knew that FS21 was a key to the consolidation effort, yet that system was not entirely debugged before it was put into operation. It was debugged during live operations, in fact, and that was a key part of many of the complaints by private pilots as they tried to engage flight services.

Second, attention to human factor issues, in this case, we had a consolidation effort that required a workforce being relocated from outlying facilities to some hub facilities and other consolidated locations. They were undergoing training in new geographic locations and a new operating system at the same time. We think that perhaps oversight of that aspect was lacking.

Third and perhaps most telling, we think that swift and decisive and early intervention was lacking on FAA's part once severe problems were noted during the early spring and summer flying season, and a flood of complaints and calls began to reach FAA from disgruntled private pilots.

That leads to me one final point, and that is getting input from users, sir. We think that while AOPA and other users had some input at the beginning of the process, clearly as the contract was moving forward, FAA's approach, we believe, was one of we will hold them. We will hold Lockheed to the terms of the contract.

They were slow in responding to complaints from the users, and we think had they paid key attention earlier, that would have given FAA a much stronger role in overseeing the implementation of the contract.

Mr. COSTELLO. You talked a little bit in your testimony about the staffing levels. You mentioned the key points that we have to move forward on, and the third point was staffing.

It is apparent to me and I would just ask you the question in reviewing and preparing for this hearing. The fact that Lockheed only had 800 specialists on staff, it is pretty clear that they did not have the manpower to adequately respond to the number of inquiries and the services that were required by the users. Would you agree?

Mr. SCOVEL. Manpower is key. In fact, in our May report, we identified staffing as a key concern of ours, and we recommended at that time that FAA undertake a more detailed examination of Lockheed's staffing effort. FAA initially disagreed with that recommendation.

However, in early September, it too recognized the severity of the staffing problem because at that point, as of September 1st, staffing which was supposed to be at 1,000 had fallen to 842. On September 7th, FAA sent a letter to Lockheed, requesting a plan of action and milestones so that FAA could better monitor Lockheed's implementation of the staffing requirements.

Mr. COSTELLO. Based upon what we know today, do you believe that the FAA will achieve the $1.7 billion in savings that was promised under this contract?

Mr. SCOVEL. We believe $1.7 billion is achievable. However, it is too early at this point to say whether it will actually be reached. Keep in mind, please, sir, that we are talking about a 10 year contract. We are in the very early years of it.

Many of the savings, the great bulk of the savings are estimated to be achieved in the out years of the contract. For instance, the first two years of the contract, savings of $5.3 million have been estimated. In the last two years of the contract, savings of $434 million are estimated.

There is a lot of time between now and then, and there is a lot of time for extra expenses and costs to eat into the estimated savings that will hopefully be achieved in the last years of the contract. It will require detailed examination and oversight by FAA throughout the entire contract in order to achieve that whole $1.7 billion in savings.

Mr. COSTELLO. Well, that is one of the issues that concerns me about ADS-B and the contract, aggressive oversight.

Let me move on to Mr. Washington.

Mr. Washington, Lockheed Martin has requested, I think, close to $150 million in adjustments to the contract based upon, I think, significantly higher wages than what the FAA instructed the bidders that the wages would be.

I would like you to comment on the labor rates that the FAA gave to the bidders at the time that they were bidding. Was there a difference or a misunderstanding on wage rates?

Mr. WASHINGTON. Thank you, Mr. Chairman.

Yes, we are in receipt of a formal claim from Lockheed Martin for just over $100 million, and the central issue there is about the wage determination associated with the salaries for specialists in the operating flight service stations.

The initial award of the contract was based on a formal wage determination that was established by the Department of Labor in addition to the actual salary payments to flight service specialists at the time they were still employed by the FAA.

A combination of the Department of Labor information as well as the actual salary payments to the workforce that was available to Lockheed Martin at the time we initiated the contract award provided the overall set of information related to the projected costs of paying the salaries for flight service operators.

There is some discussion about the extent to which there was either misunderstanding or misinformation provided in the formal contract communications between the FAA and Lockheed Martin. So we fully intend to resolve that difference.

Mr. COSTELLO. Is the adjustment somewhere in the neighborhood of $100 million to $150 million that Lockheed is requesting?

Mr. WASHINGTON. I believe it is, Mr. Chairman.

Mr. COSTELLO. What point do you expect that you will resolve that issue?

Mr. WASHINGTON. We are in the process of conducting discussions with our counsel at the FAA and intend to address a schedule for resolution of that claim in the next weeks.

Mr. COSTELLO. You heard, Mr. Washington, the Inspector General testify that in certain aspects of the contract, that the FAA has not provided proper oversight. I want your comment. Would you agree with that?

Are there areas that if you could go back and do it over again, specifically, what would you do better regarding oversight?

Mr. WASHINGTON. Yes, Mr. Chairman, in the context of lessons learned, we have absolutely stepped into a very complex oversight responsibility which, I might add, combines the fact that FAA retains ultimate responsibility for assurance of safety in the system. The difference here is that we rely on the service provider and Lockheed Martin who actually owns and operates that system to provide both the equipment and the appropriate trained expertise in terms of people to provide that quality of service which the customers expect.

In our oversight experience, we have discovered some lessons learned in two particular categories, and one of those happens to be the testing routines that lead up to the actual implementation or the operational use of new automation which is relied on by specialists in order to provide briefings to pilots. The level of detail that is associated with that testing routine prior to operational use is what the FAA would apply a greater level of rigor around than what occurred in the recent transition.

Another specific area of lessons learned is related to staffing. In that discussion, I would suggest that it is a combination of the total number of operational staff specialists who are available in the system in addition to the availability by a facility to address specific demands on the system and address the more complex airspace situations around the national airspace.

So the availability of specialists while training is going on on a new automation platform is where we would apply greater oversight and advice than what may have been exchanged between the FAA and Lockheed Martin.

I would also add that we increased our level of surveillance and executive level of contract oversight when it became apparent that problems were arising in the system which exceeded the expectations of both Lockheed and the FAA.

Lockheed had presented a plan to us that essentially provided for procedural workarounds in the event that some of the capabilities of the automation, which was planned to occur in future time frames, was not available. So FAA accepted their transition plan based on the workarounds that were presented to us. In specific cases, those workarounds were insufficient to meet the demand without significant call wait times and lost calls and other concerns that you have heard addressed in this discussion this morning.

Mr. COSTELLO. Based upon lessons learned here in the early stages and the issue concerning wages regardless of if it was a miscommunication or whatever it may have been, do you anticipate

that the Government and the taxpayers will achieve the $1.7 billion in savings that the FAA told us that they would achieve?

Mr. WASHINGTON. Yes, Mr. Chairman, I am confident that our projected savings will meet that target over the lifetime of the contract.

We have already experienced significant savings. In fact, we were more than $50 million ahead of our budget target for the very first year of this contract award. In fiscal year 2007, we are making significant progress as well in terms of the actual costs of the contract as compared to our projections.

So we are off to an encouraging start, and certainly these future adjustments that are required will have some impact on the total cost of the contract, but we do not expect that to have a significant impact on our projected total savings.

Mr. COSTELLO. We are obviously concerned about savings, but we are more concerned about safety and making certain that the pilots get the information that they need when they need it and that the services are provided either by the contractor or, as I pointed out in my opening statement and as you pointed out, the FAA has the ultimate responsibility regardless of who is holding the contract.

At this time, the Chair recognizes the distinguished Ranking Member, Mr. Petri, for questions.

Mr. PETRI. Thank you, Mr. Chairman.

I am interested if anyone on the panel really would comment. Mr. Scovel mentioned that the FAA has been an operating agency, and this is a major contract with contract oversight responsibility over a period of years which is probably not going to be unique as we go forward with the new technology and a pretty sophisticated series of technologies for the new satellite-based system.

Do you feel that FAA either in-house has adequate expertise to manage this process or the ability to contract out with people who can inform them as to things that they need to know to manage the process, or are there any changes we should be making or thinking about making in the legally authorized tools that the Agency could have to make sure that people from the user community and the catering community making all this equipment and understanding the technologies help inform the Country as how to do it best by advising the FAA or working with them?

Do you have any comment on any of that?

Are we okay? Is the Government able to manage these multibillion dollar projects without any risk that they will lose control of the process?

Mr. SCOVEL. Thank you, Mr. Petri.

I think there is always risk, naturally. However, I would think that, using this again as a case study, I would note that in our opinion FAA did a good job in the initial phases of the contract in structuring it, in identifying performance measures and through at least the first fiscal year in monitoring the execution.

It was only later, after the delay in the implementation of the development of the operating system and then the rushed consolidation schedule, that FAA began to run into problems. We attribute that more to a mind set, to an attitude, if you will, rather than to a deficiency in any expertise, technical expertise or in manpower on the part of the Agency.

We are confident that the Agency, of course, can learn from experiences like this and apply it, hopefully, to upcoming projects like ADS-B, but it will require dedicated attention from top level leadership at FAA in order to drive these lessons home.

Mr. PETRI. Another area that I wonder if you could comment on, a lot of Members of the Committee have been hearing there were some 1,600 people who had to go through this transition. I guess there was an indication that there would be every effort made to find other assignments for people within the FAA and manage this transition, but there are evidently some 300 or more people who have not found another assignment.

I just wonder if either of you could comment on this or what, if there is something, that still remains to be done that we can be helpful with or what lessons have been learned from handling the individuals involved in this whole situation.

Mr. SCOVEL. Mr. Petri, I will defer to FAA here in a moment, but I will note that in any transition like this from a Government-operated system to a contractor system, there will be dislocations. I know that is an unfortunate sounding antiseptic term when we are talking about the impact on people.

I will note too, and I think it is included in my statement, that Congress made the policy determination to protect FAA employees who were within two years of retirement at the time this outsourcing was first initiated by providing that those employees within two years of retirement, Government retirement, could continue as FAA employees. Any time a line like that is drawn, some will fall outside the line and some, regrettably, will be very, very close to qualifying and being included in that line.

My office hasn't had an opportunity to study in detail the impact on individuals and the decision making process that went into that part of the contract, but we do note that the Congress did do what we believe was certainly its best at the time.

Mr. PETRI. Excuse me. Go ahead.

Mr. WASHINGTON. Thank you, Mr. Petri.

Let me address the complexity of this contract arrangement because the FAA Administrator, Marion Blakey, at the time and those of us in senior positions of responsibility did not approach this anticipated competition lightly. We understood that the single most significant challenge in this outsourcing process would be the impact to the people and their careers and lives in the process of awarding an outsourced contract.

So, at the time that we announced the competitive process back in July of 2005, we had some 2,300 specialists on board, currently FAA employees. We extended early retirement opportunities to that workforce in the hopes of allowing people an opportunity to exercise an additional option that would not have otherwise been available to them, stepping into a reduction in force process in October of that year.

Out of those 2,300, more than 1,200 employees ended up retiring from that affected workforce. We were successful in achieving reassignments to other FAA positions for some 456 of those affected employees, and that was directly related to the FAA Administrator's special policy that was put in place, offering these affected employees special placement opportunities.

In addition to that, in their wisdom, the opportunity that Congress extended to the FAA, which I believe is unprecedented, which Mr. Scovel referenced a minute ago, allowed some 99 individuals an opportunity to be re-employed with the FAA, most of which had taken on positions with Lockheed Martin in order to reach their retirement eligibility.

I think that is a very significant step which adds to the measures which FAA was able to initiate within our own authority and control. That also allowed us to reduce the impact on more than 500 individuals that actually experienced a reduction in force.

Now, keep in mind that at the time we initiated this RIF process in October, 2005, the Lockheed Martin extended employment opportunities to 100 percent of the operating specialists, administrative personnel, secretaries and managers that were currently on board at flight service stations. So there was an opportunity for all of those individuals to choose to take on employment with Lockheed Martin with the receipt of a recruitment bonus in addition to the potential for future benefits related to health and 401(k) retirement savings opportunity as well.

What I am suggesting is that between the FAA and Lockheed Martin, that there was a combination of factors that provided for some mitigation of the impact to those personnel as we stepped into this outsourcing event which we understand had significant impact on the lives of those individuals.

Mr. PETRI. Thank you, Mr. Chairman.

I think others may have questions on this process and other aspects. I yield back.

Mr. COSTELLO. The Chair thanks the gentleman and now recognizes Mr. Larsen.

Mr. LARSEN. Thank you, Mr. Chairman.

The first question is for Mr. Washington. I thought it might be appropriate to ask you since your last name is Washington. I am from Washington, and the question is about Washington.

In talking to the pilots in my area, one of the more unusual complaints but relatively common for them is that the voice recognition system that is being used for some reason does not adequately identify or adequately hear Washington when they call in and they are asked what State are they from. I don't know if it is because of Washington State versus Washington, D.C., and so they end up in this voice mail hell that a lot of us get into.

I am curious if you have heard that complaint and if something is being done or can be done about that.

Mr. WASHINGTON. Thank you, Congressman.

I have not heard about that specific complaint in the system, and I would respectfully request that you may pose that question to Lockheed Martin in the following panel.

We follow up on specific complaints about problems in the system, and we have a very dynamic process between the FAA and Lockheed Martin to ensure timely resolution of the complaints once they are validated. This particular one, however, I am not familiar with.

Mr. LARSEN. It is fairly usual and probably isolated to Washington.

What steps are you taking to reduce or eliminate the problems, specifically, call wait times and dropped flight plans?

Mr. WASHINGTON. There have been a number of significant improvements in the automation system that Lockheed Martin has brought into use at all the flight service stations, and so that is the primary improvement factor that has allowed us to experience fewer complaints overall and specifically significant improvement in call wait times and lost calls over the duration of this contract.

So it is a combination of the automation improvement and introducing specific new capabilities to the automation platform which have been done in several sequences, and there are two or three additional system improvements that are scheduled to be installed by Lockheed Martin which will add corrections to the system that don't presently exist.

Mr. LARSEN. What are those improvements?

Mr. WASHINGTON. I will ask Mr. Staples to pitch in here, if I may.

Mr. LARSEN. Fine.

Mr. STAPLES. There have been a series of software drops to the FS21, and four of those remain to be implemented. The call wait time that you referred to, specifically, has gone down significantly and continues to drop to less than about 40 seconds average wait time across the system at this point.

I think that in the longer term, looking toward this, the major improvements will be incremental in terms of more specialists being trained, the end of the training on the FS21 system, increased proficiency on the use of the FS21 system which will lower the briefing times, now at approximately five minutes to something less than four. At least that is what we believe is going to occur, and that is what Lockheed is trying to make happen.

So, technological improvements have largely made the difference so far, but in the longer term this is really an operational air traffic kind of environment that needs to work on these kinds of problems, not only on the hold time but on the local area knowledge, efficiency of the system, utilization and the correct employment of staffing across the multiple flight areas that Lockheed Martin is operating.

Mr. LARSEN. With regards to staffing and local area knowledge, there are a couple of major events, probably several major events that happen in the U.S. One of them is in my district as well. It is the Experimental Aircraft Association Fly-In, the third largest in North America behind Wisconsin's and I think maybe Hattiesburg's if I am not mistaken.

We had some problems over the last two years. In talking with the director of the fly-in, I think she is still trying to sort out who is she supposed to be talking to, whether it is FAA in planning for this or if it is Lockheed in planning for this fly-in which takes place in July every year.

I will grant that perhaps with the transition taking place at the most inopportune time of the year, during the springtime when the flying season really begins, certainly in the Northwest when it begins, that there was some major hiccups the first time around. But the second time around, this last year, they continued to have problems in who they were supposed to speak to.

Can you speak to, in planning for large-scale planning events like this, who are folks supposed to be speaking with and planning with? Is it the contractor or is it FAA?

Mr. STAPLES. Congressman Larsen, the FAA is the initial contact for this kind of request, and you can send those requests. Just have your director contact my office of Flight Service Program Operations in Washington, D.C., and we will take them through the process.

This is a special service kind of piece of the contract. Lockheed has paid separately for each one of these events. The FAA approves them. There is essentially a contract negotiation that takes place with Lockheed Martin, and then Lockheed Martin executes. That is a separate piece to the contract.

Mr. LARSEN. So the FAA approves the contractor, approves the step that the contractor will take to manage the activities for that particular event, but it goes through the FAA first?

Mr. STAPLES. Yes, Mr. Congressman, it starts with the FAA. If it is not on a list that we have already told Lockheed that they have to do like the Albuquerque Balloon Festival, the Oshkosh Fly-In, those kinds of things, the request comes to us. We approve it and pay for it. Essentially, that is the individual contract for that event.

Mr. LARSEN. Okay. I see my time is up, Mr. Chairman. I would just make one more comment about local knowledge. It is important.

We have a specific weather pattern in the Northwest called the convergence zone, the Pacific Northwest Convergence Zone, that nobody in Phoenix or Denver knows about. But when my pilots call and get transferred over to Phoenix and Denver and have to try to get weather briefings from them, they are talking to the wrong people.

So I think it is important that, and we will talk to Lockheed about this too as well, certainly about improving local knowledge wherever that person who takes a call is sitting because this is a particular weather event that really does wreak havoc at certain times of the year including major fly-in times of the year. That is very important for our folks for flying to be able to access weather information on.

Mr. COSTELLO. The Chair thanks the gentleman from Washington and recognizes the gentleman from North Carolina, Mr. Hayes.

Mr. HAYES. Thank you, Mr. Chairman.

Mr. Staples, if I could zero in on your for a minute, Mr. Larsen spoke about a problem that has been consistent throughout and that is quality of briefing as it relates to local area and general knowledge. What is the relationship that you and the FAA have between yourselves and Lockheed to solve the problem of local knowledge on the part of the briefer and quality of that briefing?

In other words, you know the problem. How do you go at it since Lockheed holds the contract? What is the process?

Mr. STAPLES. Congressman Hayes, we have no specific metric associated with that, but it is a recognized problem. So the way we would deal with it is by collecting complaints from the user community.

This, of course, is a well known problem that was pointed out by AOPA early on and one that has been exacerbated by the fact that when Lockheed consolidates, in many cases, flight station specialists that were in a given area don't transition to the hubs, especially if the facility is a closing one and is not a continuing facility. So this causes an immediate shortage in local area knowledge for the area that was operated by that flight service station.

This is one that we monitor and will continue to monitor in our staffing oversight initiative that we just started recently. This is a thing that we had not expected to have to do, but it is clear to us that we are going to have to step into this area and make sure that on a flight plan area by flight plan area basis, that Lockheed is providing enough trained specialists. So that is going forward, what we intend to do.

What has past, in my belief, created this situation or exacerbated it was when they consolidated into larger hubs and closed many of the facilities.

Mr. HAYES. What sort of training program does Lockheed have in place to correct those deficiencies and how are you following up with that?

Mr. STAPLES. The Lockheed Martin training program thus far has been focused on bringing people into general familiarity of the FS21 system and bringing new specialists into the flight service workforce. I think it is approximately 100 people that they have brought into that area now.

Their local area training that you specifically asked about is not encountered until they go to the area where they are being assigned and, at that point in time, start to learn the anomalies of the specific conditions associated with that flight plan area.

We will monitor it by looking at the amount of people that they have trained in any given flight plan area.

Another thing that contributes or has contributed to this problem in the past, which Lockheed seems to have made pretty good strides in fixing, is getting a pilot caller to the right specialist. They are reporting to us that they are between 86 and 88 percent in that area now.

In other words, if a pilot wanted the Raleigh area, he would get that 86 or 88 percent of the time. If the hold time for that specific area looked like it was going to be too long, the pilot can opt to just take the first briefer that is available in the system. So I think that technology piece has been helping.

I think the longer term is a training issue, specifically, and it is a focus area that Lockheed Martin has to continue to flesh out.

Mr. HAYES. I would encourage you to encourage them to be very aggressive in stepping that process up. It is interesting to note how much technology is available now.

Again, speaking to Mr. Larsen's issue, there are a number of things that no matter where you are, the same person can be looking at the same information but the local knowledge issue, because of the needs of that specific pilot, are very important.

Last but certainly not least, what is the aggressive plan, Mr. Washington and then Mr. Staples, that the FAA has to use this particular process to transition into Next Generation and ADS-B, lessons learned, so that transition can be as smooth as possible and

again the FAA can help people understand that equipping is good for them and good for the system?

Mr. WASHINGTON. Thank you, Mr. Congressman.

We are certainly aware of the challenges as we step into NextGen transition on a larger scale and have applied those lessons in the dynamic process of awarding new contracts including the most recent action related to ADS-B. We are constantly sharing lessons learned within the program management workforce at the FAA and looking at the planning and the implementation details that are appropriate to apply to the next challenges.

I would also suggest that each of these initiatives takes on a unique set of concerns and issues, and so while we have one set of complexities associated with this particular flight service outsourcing, that this is quite unique to what we are addressing in the set of challenges in front of us for ADS-B. I anticipate we will have a much more detailed discussion on that subject here later this month.

Mr. HAYES. Thank you, Mr. Chairman.

I might ask unanimous consent to enter Mr. Mica's statement into the record.

Mr. COSTELLO. Without objection.

Mr. HAYES. One other request for Mr. Washington and the FAA, would you just give the Committee the aviation side, a one pager with a proposal going forward? Okay, this is what we have learned, and this is how we are going to apply it successfully to help ADS-B and have people understand there are more opportunities than there are challenges. We are going to be different in the way we do this.

Thank you, Mr. Chairman.

Mr. COSTELLO. The Chair thanks the gentleman and now recognizes the gentleman from Wisconsin, Mr. Kagen.

Mr. KAGEN. Thank you very much, Mr. Chairman.

It is a pleasure for me to be here and nearly represent Oshkosh, Wisconsin. It is just out of my range, but my dear colleague, Tim Petri, represents them very well.

I just have a few questions. Which one of the three of you are responsible for overseeing this privatization effort and privatization contract with Lockheed Martin?

Mr. STAPLES. Mr. Congressman, I am responsible for that as the Director of Flight Services Program Operations.

Mr. KAGEN. Very good. So you are responsible for examining not just the contract but its execution?

Mr. STAPLES. That is correct.

Mr. KAGEN. Okay. In the report offered by Mr. Scovel, in the exhibit which I have here, there are test scores, measurements of how the contractor is doing. If I read it correctly, 13 out of 20 measurements have the score of failed.

How are they really doing if they failed in 13 out of 20 and what are the 3 most critical failures that you would identify that would be important for this Congress to understand with regard to the traveling public's safety and also the aircraft owners? What are the three greatest failures that have occurred so far?

Mr. STAPLES. As the Director of Flight Services Program Operations, my focus has always and will continue to be on safety. So

anytime we are failing, the operational error, the operational deviation kind of Acceptable Performance Level, then that is something that we need to focus on first.

I understand that long wait times are inconvenient and they have an economic impact, but the safety ramifications for errors in the system is of the greatest concern.

Now I have to say that Lockheed Martin has been operating the system for seven fiscal quarters now, and for the first sixteen months they did extremely well. Most of those Acceptable Performance Levels, I believe, they only failed three in the first quarter of this past year.

It wasn't until the transition to the FS21 system and the aggressive nature of that where they really started encountering many more problems than we had expected. We knew that there were going to be some difficulties with the workaround, but this far exceeded what we expected to happen.

I guess I provided you the answer with the first two. I guess I am not sure I can answer the third one off the top of my head, but there are some.

Anything that is associated with safety and their safety evaluations, in particular, are done by our FAA safety oversight organization which is independent from my organization.

The quality of briefings that the pilots receive, that is measured by my office which is listed on the sheet that you showed as Acceptable Performance Level 2A. That is the most heavily weighted aspect of the performance measures. They are not all equal.

So after the safety evaluations, I would say the facility evaluations and our evaluations of the pilot briefing.

Mr. KAGEN. Let me ask you about one issue I take rather personally. I can recall when I was flying into an airport in my district and, when we came in, suddenly there was a construction truck pulling across the runway. We did a Sky King maneuver and avoided impact, but airport managers reported that they couldn't file notices to airmen to alert pilots about runway closures or lighting outages.

What, specifically, has taken place by you or Lockheed Martin to correct this?

Mr. STAPLES. The processing of aeronautical information, specifically notices to airmen that you talk about, has been a problem for several weeks now. This, although it is not specifically measured by the metrics, falls into one of the areas of where we had to change and make more aggressive our kind of oversight.

This is an area where we had to specifically contact Lockheed Martin and ask for a corrective action plan in this area because of the communication, we believe it is communications internal to the Lockheed Martin system and the way that they were handling those communications that created the initial NOTAM problem.

In the last three or four weeks, we have been getting reports of improvements in that area. So I think what they have done in terms of some of the technological routing of their calls, which was the primary thing that they did, and also establishing a process for talking to the FAA as one of the primary sources of getting this aeronautical information to the system by the air traffic control.

Mr. KAGEN. You are working hard to improve communications.

Mr. STAPLES. We are, absolutely.

Mr. KAGEN. I realize my time has expired, but if I may ask the Chairman just if I could inquire because I haven't read the contract. Are there any economic or punitive damages that take places in this contract if they don't execute it properly?

Does it cost them money? Do we get any taxpayer money back?

Mr. STAPLES. Yes, we absolutely do. The first seven quarters, we have assessed them what we call credits which is financial penalty, something over the order of $12 million.

Mr. KAGEN. Thank you very much and I yield back my time.

Mr. COSTELLO. The Chair thanks the gentleman and recognizes gentlelady from California, Ms. Richardson.

Ms. RICHARDSON. Yes, thank you, Mr. Chairman.

My questions are actually going pretty much on the line of my colleague who just started here. When you say—excuse me, sir, Mr. Staples, over here.

When you say, $12 million in credits, when I look at a contract that was supposed to achieve savings of $1.7 billion, $12 million really doesn't sound like a lot of money. I think this Committee probably would be appropriate to know in line what percentage of those credits are in line of what is actually being paid because my guess would be that is a pretty low percentage.

A couple questions in addition to that that I would have: Originally with this contract, how many contractors responded and how close were they in terms of the bid? Was it a decision of expense? Was it a decision of capabilities? What was that decision?

Mr. STAPLES. Congresswoman Richardson, I would like to answer the second half of that first. I can't. I don't really have any knowledge.

There were five bidders—one of them was the Government—for this service. I wasn't part of that, so I can't really answer that question. I will have to answer that for the record, I believe.

In regards to your first point, the Acceptable Performance Levels and the metrics and the financial penalties associated with that are a percentage of the target profit that Lockheed Martin has on this contract. For example, if they had 10 percent of the contract value for a year was their target profit, the Acceptable Performance Levels are taken against that amount.

I think that might put it in context in terms of your question. At least, I hope so.

Ms. RICHARDSON. Well, I think it would be appropriate, if the Chairman would allow, that you would provide this Committee with what those details are.

I would venture to say that it shouldn't be based upon profit. It should be based upon the work that was performed which based on the testimony and the reports that we have, that was inadequate.

My next question is Lockheed Martin was entitled, in turn, to earn $10 million annually in terms of bonuses. Were those provided last year and also is it projected to be supplied this year?

Mr. STAPLES. Ten million dollars is the maximum amount that they can earn in any year for exceeding performance levels. Of that $10 million, in their first year of operation where reportedly they received a B plus from the user community in terms of their operation, they were awarded $6 million in awards.

That amount for the fiscal year 2007 won't be calculated until next March, and that is directly related to the Acceptable Performance Levels that they exceed and those which they fail.

Ms. RICHARDSON. So you mean to tell me that based upon the reports that we have in addition to the amount that Lockheed Martin was paid for the contract, they received an additional bonus of $6 million?

Mr. STAPLES. That is correct.

Ms. RICHARDSON. Have you been required to provide additional oversight based upon some of the problems that have occurred with this contract?

Mr. STAPLES. We have absolutely had to change our oversight. The concept of putting measures in place and monitoring those and taking action as a result of those failures, inadequate in some areas, are an operational kind of situation. This included not only system development but operation of the system, and we had to have some management indicators that are much more real time.

Ms. RICHARDSON. Has that been billed back to the contractor?

Mr. STAPLES. I am sorry?

Ms. RICHARDSON. Have those expenses been billed back to the contractor?

Mr. STAPLES. This is really a redirection of my workforce and has minimal financial impact, but no. The answer to your question is no, we have not billed them for that. We do that internally.

Ms. RICHARDSON. Thank you, Mr. Chairman.

Mr. COSTELLO. The Chair thanks the gentlelady and recognizes the gentleman from Pennsylvania, Mr. Dent.

Mr. DENT. Thank you, Mr. Chairman.

I guess my question really would probably be best directed to our friends at FAA. How many outages of service occurred in 2005 while FAA managed the flight service stations and did the Government keep records on that. If so, how do these outages compare to those experienced by Lockheed Martin?

Mr. STAPLES. I actually don't have the information for 2005. We would like to take that for the record if we could.

Mr. DENT. If you would be kind enough to provide that information to the Committee, it would appreciated.

I yield back.

Mr. COSTELLO. The Chair thanks the gentleman and recognizes the distinguished Chairman of the Full Committee, Chairman Oberstar.

Mr. OBERSTAR. Well, thank you, Mr. Chairman and Mr. Petri, for joining together to hold this hearing. It has been a long time in the coming.

We have waited patiently while FAA moved ahead with the privatization scheme, get an opportunity to put it in place and see what the effect is, all the while being besieged by the general aviation community about the problems with the startup. Of course, they were holdover problems from the previous system that was not operating well.

The stories that we have heard of pilots being put on waits for as long as 15 minutes, in some cases, longer and then hanging up, flying without the weather information, not getting NOTAMs, not being to get route of flight briefings and filing their flight plans

and then finding that they were lost or they weren't received or they were improperly entered. There are all sorts of these problems that you can expect with a startup but not in aviation, not when service is so crucial.

I remember the era of consolidation from the hundreds, 330 or so flight service stations. That was, if you can believe it, an era before Phil Boyer. It is hard for many to believe there was a general aviation before Phil Boyer, but there was, even before Monte Belger came to his ascendence within the FAA.

There was just calamity through the general aviation community. Oh, my God, this is going to be terrible. It is not going to work. We will be up there in the sky, and we won't get the information.

In fact, I won't mention his name but a pilot with whom I flew as a contract service, said, this is just going to be terrible in Minnesota, and I am going to show you. We are flying from Ely to Duluth, and a line of thunderstorms is out there on the horizon.

He kept flying toward it and saying, now when this new system goes in and I call for information about that weather system out there and I don't get it, we are going to be in the soup and I am going to show you.

I said, Eddie, cut the BS out. Turn the God damn plane around and miss that storm.

Now, just as Mr. Larsen pointed out a little while ago, there are many places in the Country and northern Minnesota being one of them, Washington being another, where there are unique local weather systems that the local observers understood, and they were very good at warning pilots. They didn't have the fast-moving technology and the equipment that they needed to stay on top, stay ahead of fast-moving weather systems, but they knew the locality and they gave people right information.

If you are up in Washington and you call in—and that was the fear early on in this conversion to automated flight service stations—and you get somebody from Phoenix, they don't know what the weather is in Washington and you get bad information. So that transition was long and painful.

But in its early stage, the consolidation, in Minnesota, I went from Minnesota to, oh, at least a dozen other States as the Chair then of the Aviation Subcommittee and found pretty much the same thing. It was like the neutron bomb had gone off. The facility was built. The equipment was installed, but there were no people.

Eventually, we got the people trained. Air traffic controllers, weather specialists put in place, and then the equipment was outdated. The FAA simply wasn't making the investment, wasn't making the budget requests. They weren't keeping up with what needed to be done to keep those facilities at the cutting edge of state of the art.

I plugged in at several places and listened to controllers. A DC-10 overhead, calling in, asking for weather information and the poor, harried controller saying, look, I don't have time to deal with you. Call in to the en route center. Here is their number. Get the information. I am overloaded here—and they were.

But at the start of this new contract system, you had 2,200 controllers. They went down to 850, and Lockheed says they need to grow to 1,100.

I want to get back. Mr. Scovel and Mr. Washington. What were the specific assumptions upon which FAA based its decision to privatize?

The next question, you know, is going to be have they met those assumptions?

Mr. WASHINGTON. Thank you, Mr. Chairman, and it is a pleasure to see you again. I recall the remarks that you shared with our ATO leadership summit here in town recently, and a lot of the discussion there was associated with improvements that are needed in the system which we all care about very much.

I would suggest that this was an outsourcing action which is distinct from privatization in one very significant way, which is that the FAA and the Federal Government continue to have the ultimate responsibility to ensure that the quality of service is what the customers expect.

We have not turned this over lock, stock and barrel to a private entity to own, operate and run on their own. This is very clearly an oversight responsibility the FAA continues to have, and so we take that responsibility very seriously.

As you indicated a moment ago, Mr. Belger and Mr. Boyer are two of the folks who have had a significant part in addressing the multiple concerns as we stepped into this plan for an outsourcing award, and so the competition resulted in the FAA making a best value determination.

That is to say the proposal which we received from Lockheed Martin and which the FAA accepted resulted in the best combination of a technical concept to provide services as distinct from FAA continuing to own and operate the system in addition to the total cost of providing that service over and over again.

Mr. OBERSTAR. It was cost and service, but the cost part of it was driven by the budget reality that OMB wasn't giving FAA the funds it needed, or DOT, or FAA wasn't asking for the funds that they needed to upgrade the technology of the automated system, isn't that correct?

Mr. WASHINGTON. That is absolutely correct, Mr. Chairman. That is a significant factor that contributed to a feasibility decision which the FAA Administrator reached.

I would suggest there was another significant factor which is that in addition to our inability to keep modern technology and tools available for specialists to use, that we were simply unable to make fast enough changes in terms of the service improvements. So the service improvements that we anticipate achieving as a result of this contract, ultimately for the users of the system, will really be the greatest value as a result of that contract award.

The FAA allowed for a three year transition period from the time of contract award to achieving the end state configuration of Lockheed Martin's new system. What Lockheed has done is to accelerate their schedule with the hopes of delivering improved services to the users more quickly than that three year schedule.

Mr. OBERSTAR. Mr. Scovel, do you agree with that assessment?

Mr. SCOVEL. Somewhat, sir, if I can address this perhaps from a different angle.

You asked about assumptions. Rather than addressing the political reality that perhaps drove the decision, which I fully acknowledge is beyond my purview, looking rather at the operational assumptions, I think first of those would have been the need for a new operating system, FS21, in this case, which it was further assumed if implemented on a national basis would permit consolidation and eliminate the need and expense for many of the local facilities that you mentioned earlier.

The second operational assumption would be sufficient staffing, properly trained, to take full advantage of that operating system and provide the desired level of service to the user.

I think experience has shown us that there have been gaps, deficiencies in both of those assumptions over the last two years.

Mr. OBERSTAR. Mr. Washington, you are right. I wrote in my notes, decision to privatize by outsourcing. The saving grace is that FAA does hold ultimate responsibility.

What I want to know now is has Lockheed Martin made the investments in technology, in the equipment to upgrade the service from what FAA had in place previously?

Secondly, then, what authority do you have over Lockheed Martin to prod them to keep upgrading, to keep investing if that is the principle of outsourcing?

Mr. WASHINGTON. Thank you, Mr. Chairman.

Yes, Lockheed has been quite responsive to our concerns that we have identified, in many cases, in advance of operational issues showing up. We have conducted executive level conversations on a frequent basis in addition to sending formal contract communications to Lockheed that require them to identify corrective actions, and indeed they have been responsive in each of those cases.

We are in constant dialogue, and there is a continuous process that involves the partnership that FAA and Lockheed have for ensuring this quality of service factor is actually delivered.

Now, yes, there have been gaps as Mr. Scovel and others have identified, and we acknowledge that the operational impacts exceeded what we expected to occur during the actual transition period that began last spring. We redoubled our efforts in the oversight responsibility that Mr. Staples leads for the FAA, and we believe we have been more timely as a result of doubling those efforts and specific oversight steps.

Lockheed has been responsive by making specific technology corrections in addition to procedural steps which I believe they are prepared to discuss in more detail later this morning.

Mr. OBERSTAR. Lockheed says that they have handled some six million calls in their testimony later on. That is about what the AFSS were doing in 2005 and 2006. What are the savings?

On the savings side of this outsourcing, how much do you attribute to cost savings to FAA in equipment acquisition and how much in cost savings on personnel not having these people on the public payroll?

Mr. STAPLES. Mr. Chairman, I can answer that specifically for you for the record, but in general I would like to say that the vast majority of savings associated with this contract are the cost avoid-

ance associated with staffing reductions. My guess is approximately $150 million of that savings would be associated with capital investment that we didn't have to make, that we were in the process of making.

Mr. OBERSTAR. Mr. Scovel, have you validated these cost savings on equipment side and on personnel side?

Mr. SCOVEL. I don't believe my staff has, sir. I would need to check with them in order to get back with you on the record.

Mr. OBERSTAR. I would ask you to do that, to provide that information for the Committee. I think it is very important for our understanding.

FAA, as you observed in your opening remarks, is an operating agency and one of relatively few that we have in the Federal Government. There are many other opportunities for outsourcing that would trouble me and to which I would take great objection.

Unfortunately, I have to say that over a long period of time, the flight service activity has been sort of a stepchild of the Agency. It has not been given the status and the standing that it deserves. We have the most robust general aviation system in the world.

There are some scattered ones elsewhere. China, with its great opportunity for growth and growth in commercial aviation that it is now experiencing, still has not developed a general aviation concept.

In fact, there is a great story. As far as a great story, I don't know. It is an astonishing story of a flight attendant for a Chinese airline company—I don't need to mention which one—who worked 20 years, saved her money and then retired.

Stayed in the U.S. Went to flight training school. Got her pilot's certificate. Bought an aircraft. Bought a single engine general aviation aircraft. I won't say which company.

Crated it up and shipped it to China where it still remains in a crate because she can't get permission to fly because the flight service management, their equivalent of FAA, is run by the military and they don't know what to do with general aviation. Even though it is a very different regime than Europe, they don't have a fraction of the GA operations we have in the United States.

So we are going to watch this very, very carefully.

Our newest Member suggested having a report by FAA to the Congress. We will hold hearings every three months if we have to and have you come back and personally report to us to monitor the progress, but we are going to stay on top of this

Thank you. Thank you, Mr. Chairman.

Mr. COSTELLO. The Chair thanks Chairman Oberstar and let me thank our witnesses from the first panel today.

Let me say to Mr. Scovel, Mr. Washington and Mr. Staples that we intend to aggressively provide oversight to the Agency and to make certain that you are providing oversight over the contract with Lockheed Martin.

I can assure you that we intend to follow up with additional hearings concerning this contract to make certain that Lockheed is performing as they should and that the Agency is enforcing the contract and when there are incidents where they are not performing, that we in fact penalize Lockheed and do as you have

done in assessing over $12 million in penalties or whatever the term is you call it.

We thank you, and at this time we would dismiss the first panel and ask the second panel to come forward. As you are coming forward, I will introduce the witnesses on the second panel.

Mr. Phil Boyer who is the President of the Aircraft Owners and Pilots Association, who has testified before this Subcommittee many times; Mr. Matt Zuccaro who is the President of the Helicopter Association International; Mr. Joseph Cipriano, the President of Lockheed Martin Business Process Solutions; and Mr. Monte Belger who is the Vice President of Transportation Systems Solutions for Lockheed Martin Air Traffic Management.

With that, gentlemen, as you are coming forward and taking your chairs, as you get ready to testify, let me say that your entire statement will be included in the record. We would ask you to summarize your statement in five minutes.

With that, the Chair recognizes, for five minutes, Mr. Boyer.

TESTIMONY OF PHIL BOYER, PRESIDENT, AIRCRAFT OWNERS AND PILOTS ASSOCIATION; MATT ZUCCARO, PRESIDENT, HELICOPTER ASSOCIATION INTERNATIONAL; JOSEPH R. CIPRIANO, PRESIDENT, LOCKHEED MARTIN BUSINESS PROCESS SOLUTIONS; MONTE R. BELGER, VICE PRESIDENT OF TRANSPORTATION SYSTEMS SOLUTIONS, LOCKHEED MARTIN AIR TRAFFIC MANAGEMENT

Mr. BOYER. Thank you, Mr. Chairman.

My gosh, Chairman Oberstar, I can't imagine a Country without general aviation. Who would the airlines have to blame for not paying their fair share, clogging the system, congesting the major airports and everything else? They need general aviation over there.

I am here to talk about what you mentioned as a matter of fact, the flight service system changes that were needed. We feel it was the right thing to do and the right time to do it. We had a very antiquated system, as you said, and while I wasn't in the seat at AOPA when we consolidated from 317 stations to 61, I was a pilot then.

Prior to the change of the decade, we produced the largest book we have ever put together, and it is called AOPA's Roadmap to Flight Information Services for the Future. We never showed it to anyone other than the Inspector General of the DOT, and we are waiting to figure out. Here is a service that is primarily used by general aviation.

As a matter of fact, the consultant we used for the book wrote this quote: "Never before has AOPA or any organization undertaken a study such as this."

We came up with seven different scenarios on how flight service may be modernized for the future. We live in a world of the Weather Channel, radar in the airplane, all kinds of changes, and were still well aware we had an antiquated system with years and years of trying to upgrade it.

Well, along came this process called the A76, and that is what created a catalyst for us to turn to this book and say we should support this, once again, not privatization, the outsourcing. We started educating our members long before the FAA even put out

bids for contracts, saying, look, it is time. We have to change. We tried this within Government. It isn't working.

Lockheed Martin was selected for this process. You know what? Our role changed. Our role changed from supporter to watchdog.

Yes, we supported Lockheed Martin. It is a company with a proven air traffic record. They run oceanic services. This is kindergarten compared to what we face in ADS-B and other things which are graduate school.

We gave them all the feedback we had gotten over the last few years, this book and others, in terms of what could be done with the system, and we emphasized from the first meeting on local knowledge was going to be the key. Yes, you could consolidate down, but you still have to take care of those unique weather patterns.

Well, the transition began. You know what? I have to compliment them. They took over an existing system, and we got through Katrina better than we would have under the old system, but the transition really began in April when they started switching over to their own new equipment.

It was probably too aggressive on consolidation, but I will let them speak to that. Too aggressive, I know from the users of the system.

There is a promised web portal coming where you can go and get information. We are still waiting on that. I got a, thank goodness—and you do remember back to here, Mr. Chairman—DUATs, the Direct Users Access Terminal where you can brief by computer. The DUATs numbers have soared because people had problems with the flight service station system.

Well, FAA oversight, that is what we have been talking about today. FAA announced the contract. Well, we are done with flight service now. We don't have to worry about it any longer—and literally walked away.

I applaud you for this because finally we are beginning to see them coming back. I will never forget a call on Sunday after your letter to Marion Blakey about this. Phil, what is going on here? Why haven't you called me sooner on this?

Marion, we have been telling your people including your deputy for weeks, there is a problem.

Well, you are just doing this to posture because the FAA financing bill.

I said, I am not. My members hate this. Over 400,000 members, and you know what? They are mad as hell at me for supporting this change and then getting them into the system they are today.

Don't believe me. These are quotes from 10 days ago on the screen right now. If you see, these are members. They are in your district, Congressman Larsen, at least I know for the Arlington Show and others.

These are 10 day old quotes: I cannot trust the briefers. They don't have the background or aviation knowledge that we need. FSS briefing is a thing of the past.

A recent AOPA survey, we just did this about 10 days ago, of the customer. Is the customer the FAA or is the customer the pilots for Lockheed Martin?

In a brief survey of the customers, 64 percent were satisfied or very satisfied with the service. Gee, in the IG statement, they show 84 percent as an acceptable level of performance, and yet they have not done that yet because they are still putting together the survey.

Under FAA standards, if you were to take a written test at the FAA, 70 percent is a passing grade. Below that is failure.

Where do we go now? Well, you have heard from the FAA.

I believe they should give you maybe not a hearing every 90 days but at least a report to this Committee and remember the words, Chairman Oberstar, equal or better. We heard those in the eighties as the transition went. Until we get equal or better service because if we keep getting less service, eventually there will be no flight service.

The FAA must demonstrate stricter oversight. Let's look at these performance metrics. You set those in cement early. Are they the right ones? Are these 21 the right ones and shouldn't we relook at those? Let's seek more aggressive feedback from our pilot community.

Where do we go now with Lockheed Martin? Well, continued service improvements, briefer local area knowledge, you have heard it here. That has to be improved. Measure the quality of the briefing, not just the phone metrics, not how fast the phone is answered. You could wait five, ten minutes if you want a briefer from Minnesota or you can wait twenty seconds so they make the metric and get anyone, anywhere.

Fulfill the promise of this web portal that they put out there and let's get more pertinent information on their own web site right now, not just the successes they have had.

We are a part of this. We were a part of making it happen. We weren't a part of selecting Lockheed Martin or a part of the A76 process, but you know we are a part of this. We tried to educate ahead of time. We tried to keep our head up high during this process.

Next month, in 500,000 copies of our magazine will go a card that indicates to pilots how to brief under the new system. There are changes. Congressman, there is a number your pilots can punch in instead of speaking the word, Washington, but they don't have the information. So that will be here.

We have an online course at significant expense. It is in the works now. It will be up and ready at the end of the year, 20 minutes online web, how to brief under the new flight service station system.

We have been sharing and will continue to share our pilot surveys with Lockheed Martin and the FAA, but we will keep wearing our hard hats until "equal or better" service is really put out there.

Thank you.

Mr. COSTELLO. The Chair thanks you, Mr. Boyer.

At this time, the Chair recognizes Mr. Zuccaro.

Mr. ZUCCARO. Good morning, Chairman Costello, Congressman Petri, Chairman Oberstar and the rest of the Members of the Committee.

My name is Matt Zuccaro, and I am President of the Helicopter Association International. We are a professional trade association

whose members operate over 5,500 helicopters flying in excess of 2.3 million flight hours each year across a wide spectrum of uses.

Obviously, we are here this morning to discuss the FAA transition to the contractor-operated flight service stations and hopefully to draw valuable lessons to be applied to similar FAA initiatives such as the recently awarded Automatic Dependent Surveillance-Broadcast or ADS-B contract.

As Members of this Committee are aware, helicopters play a critical role in the Gulf of Mexico energy exploration and production process, transporting supplies and employees to and from over 5,000 oil platforms within an area that extends 500 miles along the Gulf shoreline and 200 miles out over the water.

The helicopter activity and operational complexity of these operations is comparative to some of the most congested airspace in the Country. Each year, nearly three million passengers are transported and over 4,000 flight hours are flown by helicopters. Each day, an average of 650 plus helicopters conduct over 5,000 flights, transporting approximately 10,000 passengers at altitudes normally below 5,000 feet.

Currently, within this operating environment, the FAA air traffic control system cannot see and cannot communicate with the helicopters operating in the offshore environment. Accordingly, with ever changing weather that occurs in the Gulf area and the critical nature of the mission, reliable, timely and accurate communications with the flight service stations are critical to flight safety and operational efficiency.

Earlier this year, helicopter traffic in the Gulf Region was negatively impacted when transition to contractor-operated flight service stations resulted in the closure of several flight service stations in the Gulf Region. The flight service contractor, apparently unfamiliar with the unique aspects of the offshore environment, underestimated the negative impact that these closures would have on our industry.

As a result, helicopter pilots immediately experienced delays of 30 to 45 minutes when filing flight plans, resulting in excessive hold times. Furthermore, even when the flight plans were filed, they were lost by the contractor or missing when the pilot made a call for the clearance.

The contractor personnel manning the flight service operation centers were unfamiliar with the particular flight protocols for the Gulf of Mexico and appeared to lack knowledge of the special instrument flight bridge structure for the helicopter flight plans in the Gulf. In some instances, the operators were connected with flight service personnel located thousands of miles away from the local area.

The situation resulted in significant delays, loss of operational efficiency and a potential negative safety of flight impact, especially when one considers how this situation could have affected thousands of offshore workers on the rigs had the 2007 hurricane season brought forth a major storm to the area.

To accomplish the mission that the helicopter pilots are tasked with each day, it is essential that seamless and uninterrupted service be provided by the vendor. Flight delays and cancellations cost the energy industry lost production and millions of dollars. Simply

stated, the Gulf of Mexico is indeed unique and requires special procedures along with dedicated and knowledgeable personnel staffing the flight service stations.

Unfortunately, during the transition to the contractor-operated flight service stations, tremendous FAA institutional knowledge regarding helicopter operations in the Gulf of Mexico was lost, and the plea of our members fell on deaf ears.

Only after direct intervention by the FAA senior management and Members of this Committee did Lockheed Martin sit down with our industry in Houston to address the concerns, develop procedures and processes to meet the needs of the members, familiarize themselves with the operations in the Gulf and, most importantly, to ensure safety of operations from the Panhandle of Florida down to Corpus Christi, Texas.

I am happy to inform the Committee of the positive results of that meeting. Local Gulf of Mexico operating procedures have indeed now been written and a dedicated direct phone line with calls restricted to Gulf of Mexico operators has been established by Lockheed Martin. It eased the operator and pilot difficulties when contacting the flight service station. Additionally, the personnel staffing the flight service station now appear to be more knowledgeable of the local operations and requirements and the environmental protocols within the Gulf of Mexico.

Our concerns are now focused on the recently awarded ADS-B contract which is similar in scope and concept to the flight service program. As part of the NextGen initiative, ADS-B will usher in a new system that will dramatically change how air traffic is controlled.

Under the ADS-B initiative, the prime contractor, ITT, not the FAA, will build the ADS-B ground stations, own and operate the equipment with the FAA paying a subscription charge for the broadcast service transmitted to the properly equipped aircraft and air traffic control facilities.

As many on the Committee know, HAI has partnered with the FAA in the form of a memorandum of agreement to facilitate Phase I implementation of the national ADS-B initiative in the Gulf of Mexico which also includes low altitude weather and communications capabilities. The helicopter industry has made a significant commitment to assist the FAA with Phase I by providing in kind services valued in excess of $100 million over the life of the project.

To date, the approach of the FAA's taking and laying out this program with ADS-B Phase I, we consider to be unprecedented. The Agency is, in fact, listening and working closely with the helicopter industry as this initiative moves forward.

Now that the vendor for the ADS-B project has been selected, we look forward to working with them on a most exciting endeavor. I sincerely hope that as we move forward with ADS-B and the serious work gets underway that I will not have to return to your doorstep, seeking assistance again. I am optimistic that initiatives such as this hearing will avert such a situation with regard to the implementation of ADS-B technology, the first phase of the NextGen system.

I thank you for providing me the opportunity to speak with you this morning.

Mr. COSTELLO. The Chair thanks you, Mr. Zuccaro, and the Chair now recognizes Mr. Cipriano.

Mr. CIPRIANO. Thank you, Mr. Chairman. Chairman Costello, Ranking Member Petri, Members of the Committee, my name is Joe Cipriano. I am President of Lockheed Martin Business Process Solutions. I am joined by my colleague, Monte Belger, Vice President of Lockheed Martin Transportation Security Solutions.

Monte represents the technology elements of our AFSS program, and I represent the business, process and people elements of the program. We both thank you for the opportunity to share the progress we have achieved in this unprecedented competitively-sourced program.

Flight services are intended to help promote safe flight operations, and safety is our highest priority. Many general aviation pilots rely on the knowledge and skills of flight service personnel. These personnel provide pilots with information such as pre-and in-flight weather briefings, flight planning assistance and aeronautical notices. They can also provide in-flight support to pilots who are lost or in need of assistance.

In February of 2005, the FAA awarded Lockheed Martin the contract to consolidate 58 legacy sites in the continental United States, Puerto Rico and Hawaii into 18 upgraded automated flight service stations with estimated savings to the taxpayers of $2.2 billion over 13 years.

In October of 2005, Lockheed Martin took over the operation of the existing flight service stations and began the process of modernizing the facilities and equipment, relocating over 400 flight specialists, training over 1,000 flight specialists and introducing new services to the pilot community.

Since February of this year. Lockheed Martin flight services has provided six million flight services. We have handled approximately 80,000 preflight calls per day with wait times averaging less than 45 seconds. In-flight calls have virtually no wait time.

During the early phases of transition, we experienced unacceptable service problems. These problems resulted in call waiting times that were too long and flight plans that sometimes became lost in the automated system. We also received an unacceptable number of complaints that flight service personnel were not sufficiently familiar with local areas they were briefing.

We have given high priority to addressing these issues and have seen the results in improved services. Pilot complaints have decreased to less than one tenth of 1 percent. Each complaint is carefully analyzed and the pilot filing the complaint contacted within 72 hours. Problems are addressed through equipment upgrades, procedures changes and training.

I would like to now briefly share some of the lessons learned over the course of this transition.

First, a baseline review of legacy system documentation should be accomplished prior to establishing program schedules. A significant early challenge we faced was acquiring documentation for interfaces with the national airspace. Documentation was inadequate to support systems engineering efforts and ultimately had to be developed by the program team.

The team's time spent to complete this work decreased the time available for systems transition and shifted the transition period into a time of high demand for flight services.

Second was overstaffing during transition. In spite of making job offers to all the legacy FAA flight specialists including incentives, our initial workforce was significantly smaller than expected. The lower than expected number of trained legacy staff proved insufficient to support transition during a high workload period.

Ultimately, adjustments to the transition schedule, accelerated hiring and rehiring retirees allowed staffing to catch up with the workload. We learned that overstaffing during major transitions is a good investment.

Third, regularly communicate with all stakeholders and assure that effective outreach programs are in place to capture local area knowledge. The universe of interested people is large, and we need to set appropriate expectations with each group as well as keep everyone advised of progress.

In response to what we have learned during transition, we have made improvements to respond to local requirements. For example, we have created dedicated phone service for pilots flying within the Washington, D.C. restricted flight area, Gulf of Mexico helicopter pilots and medical emergency flights. In short, we learned to architect nationally but to implement locally.

Fourth, the FAA and Lockheed Martin must work together in partnership. Integrating the nationally-architected FS21 system with a regional legacy system flushed out a number of issues. To address concerns as they arise, we have now established weekly joint operations review meetings to ensure a smooth working interface between Lockheed Martin's services and FAA air traffic operations.

In conclusion, today the transition is nearing complete, but we are not slowing down improvements in process, training or technology. We continually work with the FAA and stakeholders to improve services to general aviation pilots, and we will apply best practices from lessons learned.

Thank you again for the opportunity to be here today, and we are pleased to answer any questions you may have.

Mr. COSTELLO. Thank you.

The Chair now recognizes Mr. Belger.

Let me announce to everyone that we have four votes pending on the floor of the House. We have about five minutes. So we will hear Mr. Belger's testimony, recess and come back after the last vote which I would expect we would ask everyone to be back around 12:30.

Mr. BELGER. Thank you, sir. I have no additional statement.

Mr. COSTELLO. Well, the Chair then would take a few minutes to ask a few questions at this time.

Mr. Boyer, you state in your written testimony that the FAA should have focused more on a qualitative performance assessment as opposed to the metrics system that they used. I wonder if you might elaborate more on that.

Mr. BOYER. Well, I think you can work hard to use a call director and the metrics that come off of abandon rate, time to answer, et cetera. But, once again, what is the quality of the briefing?

The best way you are going to find that out is by talking to customers of the service through some kind of satisfaction rating and to listen to them and their arguments as you have heard in your districts for members, I am sure, who are pilots. We need to put some subjective evaluations to this besides just the quantitative ones.

Mr. COSTELLO. I am going to go to Mr. Cipriano at this time.

We all have concerns, because of the experience with this contract, about ADS-B. You heard that from Mr. Boyer, Mr. Zuccaro, the Chairman of the Full Committee and many others. You have talked about lessons learned in your written testimony.

I wonder if you might tell us why Lockheed had such an aggressive schedule in April of this year, moving forward with the site consolidations schedule before you fully developed and worked out all of the kinks and errors, to correct them, and why you chose to undertake the task during the busiest time of year, during the summer.

Mr. CIPRIANO. Yes, sir, I will try to answer that question. Certainly, we would have rather not have done the transition during the busiest flying time, but we had two things that were driving.

One, there was a need. There were facility leases that the FAA owned that were expiring on the 1st of October and equipment leases as well. We needed to be able to get out of those facilities and turn them back to the FAA. So we had that deadline facing us.

Secondly, and this is probably the biggest issue, the workforce that we had was attrited. The workforce, when we acquired it, first of all, we started out with less people than we would have liked to have had. Then as the schedule slipped, the people had made plans to retire, to move on, to do other things, and we were losing folks.

We could not operate the system with the number of people we were having. The FS21 allowed us to operate the system with half as many people. So the faster we could get to the FS21 system, the easier it would be to deal with this personnel problem.

We were also hiring people and training them as quickly as we could and took other measures to deal with the workforce issue, but the problem was we had a diminishing workforce. The best way to address that was with a system that took less people.

Mr. COSTELLO. A couple of other quick questions and I would ask you to be brief in your answer.

On September 22nd, the system crashed. The FS21 system crashed on September 22nd, and it went down for a four hour period nationwide. I wonder if you could tell us the cause and, number two, what is the backup system when a crash like this happens.

Mr. CIPRIANO. Yes, we do have a backup system, AISR, which is used, and we can do weather briefings and file flight plans when the system is down.

September 22nd, I don't recall a crash of the system on September 22nd.

Mr. COSTELLO. You don't recall?

Mr. BELGER. August 9th, we had a relatively significant outage. We had a communication outage a couple weeks ago.

Mr. CIPRIANO. September 22nd doesn't ring a bell with me. If it did occur, we can certainly give you for the record the details.

Mr. COSTELLO. I would ask you to submit that for the record.

Also, you heard in my opening statement what took place this past Sunday. Do you have any information to share with us as to the cause of the lack of information on the part that the pilots received?

Mr. CIPRIANO. Well, we don't have all the details yet. We are reviewing the tapes of all of the pilots that we talked to. The FAA has an investigation, as you know, underway. Regarding the pilots, we are cooperating with the FAA.

At this point, we think we talked to four of the pilots at least, and we are reviewing the tapes and the information. When those details are known, I mean they will be known.

Mr. COSTELLO. Last question before we have to break, Mr. Cipriano, you talked about lessons learned. Tell us about what you have learned and what you would do differently if you had to do it over again.

Mr. CIPRIANO. I think the biggest thing we would do differently if we were to do this over again would be to work the people problem. In other words, try and expand the workforce before we started the transition process, so we would have a sufficient number of people to operate the existing system while we were training for the new system. That caused a great deal of our problems, the lack of trained workforce.

Mr. COSTELLO. Let me say before we have to break here and take a short recess, I said to the first panel and I will say to you and I want Lockheed to know this. The FAA heard it, and I want you to hear it.

This is not going to be the last hearing that we are going to hold on this subject, and we want to make certain that Lockheed performs to the best of its ability under the terms of the contract and that the FAA is doing their job to enforce the contract. We find the best way of making certain that those things happen is to continue to hold people accountable, and that is what we intend to do. That is the purpose of this hearing, to learn information, find out what needs to be done in order to provide the services that the users are entitled to.

With that, the Chair will call a recess. When we return, the Ranking Member, Mr. Petri, or his designee will be recognized to ask questions.

The Chair will recess until 12:30. We stand in recess.

[Recess.]

Mr. LARSEN. [Presiding.] I will call the Committee back to order. Where we left off was with questions from Mr. Petri.

Mr. PETRI. Thank you very much.

Thank you all for your testimony. I had one really not particularly formal question, just sort of an information question for Mr. Boyer.

I am not a licensed pilot. I have, obviously, as everyone else, a lot of friends who are.

People in our part of the world do a lot of sailing and do all over the Country too. There are always wonderful aids now that people buy, services on their BlackBerry or various other types of arrange-

ments, weather channels and so on and so forth. I am just curious to know how all this fits in with that.

We have this Government system. People are required evidently to check in and to get updates.

But in the real world, people have now a number of different sources, and they probably often will check them, put in their flight plan. There may even be services that will give them, through some sort of weather channel or some other type of source of information, peril information. Sometimes it will agree. Sometimes it will be different but satellite-based and other information.

Can you comment on all of that and if we maybe should be looking at trying to take advantage of some of these open source type things that exist or if it is not invented here and not done by the Government, then it is not right or whatever?

Mr. BOYER. No. It is a very good comment, and I probably glossed over it when I said times are changing. That is one of the prime reasons we supported this and did our own study.

When we set up the existing antiquated flight service station system in the eighties that the Chairman was mentioning before, there weren't all those things there.

You just talked about some enhancements. There are now boxes for $2,400. Put it on the plane or on your boat, and you can see the radar picture. You can tell if you are going into those storms that Chairman Oberstar was talking about.

I think it is one of the reasons that we shouldn't be too alarmed about staff reductions to a certain level because in a modern system you are not going to need all the same explanations.

The portal that we asked that we finally get up and running is going to allow the pilot to be looking at their computer screen—we didn't have that back in the seventies with the original system—and the briefer to be looking at the screen and talking about the picture they are both seeing. So today's system, what Lockheed has put in place and what we have endorsed as far as an overall system is taking advantage of those things.

Nothing, however, beats an official briefing sanctioned by the FAA. Some of these things like the electronic system called DUATs are official briefings, but watching the weather channel does not give you that the President is going to be in Emmitsburg on Sunday and that there will be a restricted piece of airspace. So you do need that phone call, and you do need to talk to a briefer on certain pieces of information.

Mr. PETRI. But the underlying technology is basically the same, the satellite system that everyone is plugging into. The idea of having the requirement that people check with the FAA or the now contracted out system is so to get specific information for that flight and also to get a more professional read on that weather information.

Mr. BOYER. I was looking at our survey earlier, and that is exactly right. It is basically the same information. There are some things in the flight service station system that really only they have. Some of the NOTAMs, they are able to interpret their gobbledygook to the average person who gets it on a little PDA because a lot of it is encoded.

I was noticing that a lot of the use of the system is the private pilot, the less sophisticated pilots. It is people flying VFR. It is a large amount of student pilots. These are the people who really need some assistance in getting a briefing, and these certified briefers do provide that assistance.

Mr. PETRI. But we don't require this for people who are piloting boats. I guess they are on their own, but people piloting planes get this service from the Government.

Mr. BOYER. Well, I think piloting a plane gives you that added dimension of you are not on the water, the same as you are not driving a car. You can't pull off the side, pull up to the shore and wait out a thunderstorm. You better darn well know where you are, and you are obviously dealing with that dimension which is extremely important.

Mr. PETRI. Thank you.

I really would like to get the take from our panelists from Lockheed Martin on the questions to the previous panel on the personnel situation and your sense as to how it was handled and what lessons were learned and what maybe improvements could be made. There are a number of unhappy folks out there who don't feel the system worked for them, and I wonder if you could comment on that.

Mr. CIPRIANO. I know there are some folks that feel like they may have been impacted. All I can do is answer for what we did.

What we did was match the benefit program and match the 401(k) program that the Government had for their employees, and we offered that package to 100 percent of those people that were impacted by the outsourcing. We also offered relocation packages. We offered employment bonuses, retention bonuses, all sorts of things to try to make that transition to the private sector as easy as possible.

I can't talk to what the Government did or didn't do relative to the Government retirement piece of it.

Mr. PETRI. Finally, and I suspect Mr. Larsen will want to add something, could you comment on what you are doing—I guess it is a training curve for many of your people with fewer centers and with new personnel in many cases—about the local knowledge question and interpreting the data to be most useful and relative for pilots in different parts of the Country?

Mr. CIPRIANO. Correct. To the extent that local knowledge was documented in a notebook or something, we captured that during our due diligence phase and made that information available on the computer to people that are briefing that particular area.

But a lot of the local knowledge is in the heads of the briefers, and that is why we offered jobs to them and we tried to capture those people. Even though they might be briefing helicopters in the Gulf from Dallas-Fort Worth, they are people that we hired from Louisiana that were doing that same thing, that same job.

Now we lost some of them because some of them didn't want to move to Dallas-Fort Worth or were ready to retire and so forth. So there was a decrease in the number of those folks that resulted in some of the problems we saw in the reduction in local knowledge. But we captured that knowledge, and we incorporated it in training courses.

We certify our specialists to be specialists in a particular local, area of operation, and we incentivize them to get certified. They have to be certified in at least one area, and we give them incentives to be certified in multiple areas with increased pay.

Mr. PETRI. One last question, I am kind of curious on this. If it is working off of a common platform, and I know my travel agent works from home and interacts. Is there a reason why people have to be in a particular center if they have access to all the same knowledge?

Then you can have call forwarding and do all kinds of things. Maybe you could have kept some of these people by letting them do this sort of thing.

Mr. CIPRIANO. That is why we kept open the 20 locations instead of closing down to 1 or 2 because from a technical standpoint, you could have supported all the operations out of 1 large place. And so, we picked the places that we retained open in order to retain as many people as possible at the locations that had large numbers of people and that were in areas where people like to live where it was easy to recruit, good cost of living and so forth.

But you are right, it could have been done. We could have done this and not closed any of the stations and retained all those people, but the costs would have been higher. We were in competition for a solution, and the solution we came up with, we believe, was the right compromise between all the different factors involved.

Mr. LARSEN. Thank you.

Unless another Member shows up, this will be the last set of questions unless Mr. Petri would like to do some follow-up.

With regard to some staffing issues, I am assuming still your desire and your stated goal is to get to about 1,000 staff, and you are at about 850 or so. Is that about right?

Mr. CIPRIANO. We are actually at 912 right now, and we have another 60 or so in training. So we are well on the way to get to 1,000, but we are not staffing to a number. We are staffing to performance, and so we will add staff as necessary the meet those performance measures.

Mr. LARSEN. This then gets to another set of questions. With the transition over the last couple of years, you mentioned there were some folks who were close to retirement or at retirement, so they took retirement.

Do you have demographics on your current workforce then to indicate how many folks do you anticipate might be leaving within the life of the first five years of the contract and what is your plan to do further recruitment to replace those folks?

Mr. CIPRIANO. We expect that we are going to continue to have significant attrition over the next several years because although we have added people.

Mr. LARSEN. How would you define significant attrition?

Mr. CIPRIANO. I would say greater than 15 percent a year.

Mr. LARSEN. Fifteen; one, five?

Mr. CIPRIANO. Yes.

Mr. LARSEN. Okay.

Mr. CIPRIANO. Because the average experienced age of our workforce is still 20 years even though we have been adding new people out of school, but we have created relationships and created a

training academy to deal with this issue. We have classes going on all the time, and we also have arrangements with Embry-Riddle and other universities that graduate students that have the basic knowledge necessary to go in this kind of work.

We hire them, put them into our training academy and then we are flowing them as quickly as we can into the workforce to try to get ahead of this retirement wave.

Mr. LARSEN. Just to summarize, paraphrase, that is, what I heard is you are going to staff up to a number. It is going to be around 1,000, but it will be more focused on the performance level required.

Your attrition rate is about 150 folks per year. You are anticipating about 150 folks per year based on an 1,000 base.

Mr. CIPRIANO. Yes, sir.

Mr. LARSEN. Your plan then is to use the training academies and the training courses to fill those spots as you move forward.

Mr. CIPRIANO. That is correct.

Mr. LARSEN. Mr. Belger, good to see you again and maybe you can answer a question about the internet portal. When do you anticipate that being operational and available?

Mr. BELGER. Our plan is to put it out for initial use in December of this year. We want to get some real world experience with pilots. AOPA has offered graciously to help us get some pilots throughout the Country to have hands-on experience with it.

We will learn from that experience, and we hope to have it out in the field next year after we go through this hands-on exposure later this year.

Mr. LARSEN. So you will do a beta test not just on a region but as best you can an objective sample of pilots throughout the Country with AOPA?

Mr. BELGER. Yes, sir. We would like to get a very objective sample of different types of pilots, pilots who use it in different ways, different parts of the Country, different times of day, different types of flight plans and really stress it before we put it out for the general use.

Mr. LARSEN. Mr. Boyer, any thoughts on that?

Mr. BOYER. I think it is a good idea. We all do that when we have a new site, and it can't come fast enough.

We offered the best of our best. Actually, our air safety foundation, because this is such a safety of flight issue, is going to be using some of their contacts to supply whatever number of names they need.

Mr. LARSEN. Great. Have the problems in quickly issuing NOTAMs been corrected?

Mr. CIPRIANO. Yes, sir, we believe they have. The reports we are getting back is there is a much, much improved situation.

Mr. LARSEN. You mentioned the incentives that you providing to briefers. Can you talk through with us what the incentives specifically are with regards to local knowledge?

Mr. CIPRIANO. Yes. I will have to get back to you on the record with the exact amount, but if you are certified in more than one region in terms of local knowledge, it means you passed the test and your supervisor certifies you. Then you get more pay.

I don't know exactly what the amount is, but it is enough to encourage people to do that so that we have a bigger pool of people that are certified in local knowledge to route a call to in the busier areas.

Mr. LARSEN. Is that the plan or is that happening? Are you seeing more people, more of your employees trying to get that second certification?

Mr. CIPRIANO. Yes, we are. I believe as they become more familiar with the new FS21 system and are more comfortable with it, then we will see even more people participate in that.

Mr. LARSEN. When a pilot calls in and is routed to the next available specialist, if that specialist is in a distant geographical location from where the pilot is, it seems to me we can't be guaranteed that that person is certified for the area. Is that right?

Mr. CIPRIANO. That is correct. If you select next available specialist, then it is possible, about 12 percent of the time right now, you would get somebody that was not trained in the area that you are interested in. You can select a particular area, and you will talk to someone from that area that has a certification.

Mr. LARSEN. But you will be in line, in the queue, until such time that person is available.

Mr. CIPRIANO. Correct, but those queue times are coming down and, like I say, they are averaging 45 seconds.

Mr. LARSEN. On the average of 45 seconds, is that on the initial call or is that on any call from beginning to when the pilot hangs up? That is does it include the transfer or just include the pickup in the first location?

Mr. CIPRIANO. It includes from the time the pilot calls in until he is connected with a specialist.

Mr. LARSEN. Okay, alright.

Mr. Boyer, I think in your testimony you had some thoughts about changes in the geographical location. It is better to hold on, be on hold for X number of minutes and get your answer versus 45 seconds and not get your answer?

Mr. BOYER. I think there has to be some education to that, so the pilot has a selection. There are a lot of things a pilot needs to do.

Mr. Petri, you mentioned it. There are a lot of just transactional things that don't need that, that knowledge. They don't need that knowledge of, let's say, Puget Sound where there are different weather patterns and just different areas of the Sound. And so, you can make that selection yourself.

I know things have probably been, shame on us. I think our card will help with that, to get out that fact.

I think the Achilles' heel in this whole thing from the very start has been local knowledge. I was talking when you were out on the break. We have to look at how you impart that.

I mean just consider yourself right here in Washington. Local knowledge: restaurants to go to, who is open when, what parking lots close at what time. That is local knowledge that is here in the head.

The same thing goes to weather patterns, where those thunderstorms exist over, let's say, the Blue Ridge Mountains or this or that. There has to be a better way to take that and translate it and

then train pilots on it because I don't know at the moment somebody who has been through the certification course—and we have them and we get them—that they always have what we really look at as pilots as the local knowledge that we need.

Mr. LARSEN. In my initial round of questions earlier, I brought up some issues specific to Washington State, and I can do some follow-up with you all after the hearing on that specifically. But there is an additional issue, and I am wondering who we are going to handle that.

The 2010 Winter Olympics are in Vancouver, British Columbia, in February and then followed up by the Paralympics in March. With any Olympics, there are a lot of issues, a lot of issues on the ground obviously with border crossings, and much of the U.S. traffic is anticipated to fly into, say, SeaTac or maybe into Bellingham and then drive across.

That being said, in that same area, there are 33 to 40 individual airstrips or airports. You will have a lot of people flying around. The security shed during the Olympics is going to have an impact not just on the B.C. side of the border but certainly on the Washington State side.

Are you anticipating that? Are you making plans for that with the FAA in terms of how to address the specific issues that will be involved with presumably flight restrictions in that area during that period of time?

Mr. CIPRIANO. At this time, I don't think we have started those discussions, but we certainly will in sufficient time to deal with it. There are a number of things that happen during the course of a year, airshows, even holidays when the traffic patterns change dramatically. I expect the campaign season that is going to come up is going to increase the number of restricted zones and so forth.

We are always working those with the FAA to determine what the appropriate response and the appropriate staffing is, so we can get the right number of people dedicated to support those special situations.

Mr. LATOURETTE. It seems to me that folks in the flight stations will have to be trained specifically to the specific conditions surrounding this three to four weeks in February and two to three weeks in March of 2010. Based on my experience so far as a co-chair of our own Governor's task force on the Olympics, starting today is about three years late in planning for this. I would just encourage you to that, and we have been encouraging FAA as well as all the other Federal Agencies to keep this on the radar.

Mr. CIPRIANO. I have it noted, sir.

Mr. LATOURETTE. All right, thanks. Those are all the questions I have.

Mr. Petri?

With that, I want to thank the panelists on panel two and, of course, panel one as well, and this hearing is adjourned.

[Whereupon, at 1:05 p.m., the Subcommittee was adjourned.]

STATEMENT OF
THE HONORABLE JERRY F. COSTELLO
SUBCOMMITTEE ON AVIATION
HEARING ON
THE TRANSITION FROM FAA TO CONTRACTOR-OPERATED FLIGHT SERVICE STATIONS:
LESSONS LEARNED
OCTOBER 10, 2007

- I want to welcome everyone to our Aviation Subcommittee hearing on the Transition from FAA to Contractor-Operated Flight Service Stations: Lessons Learned.

- The Federal Aviation Administration (FAA) awarded Lockheed Martin a $1.8 billion privatization contract to consolidate 58 flight service stations nationwide into 19, including three new hubs, and maintain and manage the system.

- It was during this consolidation that pilots started reporting long wait times, dropped calls, missing flight plans, and specialists ill-prepared to brief pilots on requested routes.

- An event just this past Sunday illustrates how important it is for the FSS to work properly. On Sunday October 7, there were several pilots violated by a pop-up (Temporary Flight Restriction) TFR over Emmittsburg, MD. President Bush was there for a firefighters' event and had flown over from Camp David. There were a dozen pilots who violated this restriction. This is a sad, but extremely reflective example of how the flaws in the FSS system can adversely affect pilots.

- The following is a first-hand report from one of the violated pilots last Sunday.

    - Pilot attempted to call FSS 3 times between 9:00AM and 9:30AM, but hung up due to excessive wait times (10 min+)
    - Was connected to a briefer between 9:30AM and 9:45AM.
    - Pilot asked and received a "Standard Briefing" for a flight originating at W91 direct N94, then

direct and landing Hazelton, PA, departing "Within the hour"

- Pilot asked the briefer if there were any TFR's along his route
- **The briefer stated that he checked the route and the pilot would not encounter any Special Use Airspace or expanded TFR's.**
- Pilot was intercepted by the military while en-route to N94, 5.4 nm in the expanded P-40 (the numbered restricted area around Camp David) TFR area.
- Pilot was diverted to Hagerstown, was interviewed by the Secret Service and released.
- After being released by the Secret Service, pilot attempted to contact FSS for a briefing out of Hagerstown direct to Hazelton.
- Pilot selected Maryland when prompted and was connected to a briefer located in Raleigh, NC.
- The briefer informed the pilot that he would be unable to help him as his "equipment had just failed."
- The briefer told the pilot to stay on the line to await a transfer.
- After 10 minutes of holding, the pilot hung up and redialed FSS 800 number.

- When the pilot asked about the disposition of P-40 and the proper procedure for departing Hagerstown, the briefer put the pilot on hold to speak with a supervisor.
- When the briefer came back on the phone, he informed the pilot that **they were unsure if they needed a discrete transponder code and were confused as to whether or not the TFR's were still active**.
- This confusion was never resolved before the pilot gave up with the briefer; the pilot clarified proper procedures with the Hagerstown Tower upon departure.

➢ I firmly believe that the FAA needed to do more aggressive oversight of this contract. After numerous letters and conversations with former Administrator Blakey, I was pleased to see the FAA step in to make sure Lockheed Martin was meeting its performance goals required by the contract.

➢ The FAA embarked on this consolidation effort because it believed that Lockheed Martin's FS21 would deliver flight

services with greater efficiency, while continuing to provide a high level of safety at a reduced cost.

- Costs continue to increase on this contract because of delays and "adjustments" wanted by Lockheed Martin which could reduce the expected cost savings. I am interested in hearing from the FAA and the DOT IG whether the expected cost savings are being achieved.

- The DOT IG also released a report on the controls over the FSS contract and made a number of recommendations. I am interested in hearing from both the FAA and the DOT IG whether these recommendations were implemented and what we have learned in this process. Phil Boyer, who represents the users of the FSS, is here with us today and I hope he will provide some feedback for us so that we can continue to

ensure our pilots get the safety critical services they expect and need.

- Ultimately, regardless of who has the contract for this service, the FAA is responsible for ensuring that the users get everything they need from the system, which includes quality customer service and safety. I want to learn more about what FAA is doing to achieve those goals because the lessons from this contract will have a huge effect on how we deal with contracting out the ADS-B system.

- With that, I want to again welcome our witnesses today and I look forward to their testimony.

- Before I recognize Mr. Petri for his opening statement, I ask unanimous consent to allow 2 weeks for all Members to

revise and extend their remarks and to permit the submission of additional statements and materials by Members and witnesses. Without objection, so ordered.

JERRY F. COSTELLO
12TH DISTRICT, ILLINOIS
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PLEASE RESPOND TO THE OFFICE CHECKED BELOW:

COMMITTEES & SUBCOMMITTEES:
TRANSPORTATION & INFRASTRUCTURE
AVIATION (RANKING MEMBER)
RAILROADS
WATER RESOURCES AND ENVIRONMENT
SCIENCE
ENERGY

Congress of the United States
House of Representatives
Washington, DC 20515–1312

October 15, 2007

The Honorable Mary E. Peters
Secretary
U.S. Department of Transportation
1200 New Jersey Ave, SE
Washington, D.C. 20590

Dear Secretary Peters:

On October 10, 2007, the House Aviation Subcommittee held a hearing on the transition from FAA to contractor-operated Flight Service Stations and the lessons learned. As a result of that hearing, to continue oversight of this important contract and to ensure quality customer service and safety, I am requesting a progress report every 90 days to ensure that the FS21 service provided by Lockheed Martin is equal to or better than the old FAA operated system. In particular, the report should include the steps that Lockheed Martin is taking to correct the prominent deficiencies, as a result of FSS consolidation, in providing adequate local knowledge for every pilot's intended route of flight.

Please have each report sent to the House Aviation Subcommittee; 2251 Rayburn House Office Building; Washington, DC 20515.

Thank you for your attention to this matter.

Sincerely,

Jerry F. Costello
Member of Congress

JFC/cf

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STATEMENT OF
REP. JOHN MICA, Ranking Member
HEARING ON
"The Transition from FAA to Contractor-Operated Flight Service Stations: Lessons Learned"
October 10, 2007, 10:00 a.m., 2167 RHOB

I want to thank the Chairman for holding this very important oversight hearing today.

In 2001, while I was Chairman of the Aviation Subcommittee, the Government Accountability Office (GAO) and the Department of Transportation Inspector General (IG) published reports critical of the FAA's Flight Service Station (FSS) program.

Both reports cited problems including the high cost of maintaining the program, $550 million a year; widespread inefficiencies; and the Government's failed attempts to modernize the legacy Flight Service Station computer system.

The FAA pursued the A-76 process for Flight Service Stations in order to save money while modernizing the system and ensuring a consistent level of reliable and safe service for pilots.

Therefore, the FAA took on the largest, non-defense, A-76 process worth about $1.8 billion. This effort is estimated to save

the Federal Government approximately $2.2 billion over the ten-year life of the agreement.

While I was Chairman of the Aviation Subcommittee, I supported the FAA's decision to pursue the A-76 process for the Flight Service Station Program and remain supportive now.

In February 2005, the FAA announced that Lockheed Martin won an open bid contract and was awarded a five-year fixed-price contract (with five additional option years) to modernize and operate the Flight Service Station system (FS21 system) and tie all facilities together into a single network.

At the time the contract was awarded, I was particularly pleased to see that Lockheed's performance was going to be rated based upon 21 performance metrics. One of the important benefits of this contract is a clear process to track performance and ensure accountability --- elements that were absent from the legacy Government-run flight service station system.

A few of the performance metrics include –

(1) That a live briefer answer pilot calls within 20 seconds and radio calls within five seconds at least 85% of the time;

(2) That flight plans filed correctly within three minutes; and

(3) That less than five percent of all calls get a busy signal.

Additionally, the Lockheed contract includes customer satisfaction requirements like penalties intended to lower the number of customer complaints and rewards for scoring well on customer satisfaction surveys.

In October 2005, Lockheed took over the existing Flight Service Stations as a "turnkey" operation. The takeover did not impact continuity of service and according to pilots, went smoothly.

Pilots reported shorter delays and fewer dropped calls during the first 18 months after the FAA handover. An AOPA survey conducted in August 2006 indicated a majority of pilots said service was "good" or "very good."

As part of its Flight Service Station program, Lockheed planned to consolidate the existing 58 Flight Service Stations into three "Hubs" and 15 modernized "legacy" sites.

By April 2007, Lockheed launched an aggressive implementation plan to transition to the new FS21 technology and opened three new Flight Service Station hubs and began closing 39 Flight Service Stations nationwide. As of today, the consolidations are complete except for Islip and San Juan.

Unfortunately, problems reported by pilots skyrocketed after implementation began --- including extended call hold times; missing or dropped flight plans; inadequate local knowledge by FSS specialists; and problems with the issuance of Notices to Airmen (NOTAMs). It appears that many of the problems initially reported have been addressed. But, it is important to learn from this process.

The Lockheed Flight Service Station contract is a huge and unprecedented contract. Therefore, not surprisingly, there have been some "hiccups" along the way.

While safety has never been compromised, customer service and customer satisfaction has been impacted.

Luckily, the Lockheed Martin Contract allows for close government oversight and clear performance evaluation. In fact, according to the IG, in fiscal year 2006, the contractor incurred $8.9 million in financial penalties and submitted corrective actions plans to resolve other performance measures that were cited as deficient.

That is the benefit of this type of contract. The FAA did not track performance metrics data while it operated Flight Service Stations and as a result there is no data to compare the FAA and

Lockheed programs. But, it is my belief that the strict performance evaluation, imposition of penalties, and immediate corrective action did not take place prior to the Lockheed Flight Service Station contract.

In any event, I think everyone can agree that there are areas where service can be improved. In particular, I look forward to hearing testimony on---

- Why the implementation of FS21 System occurred at the beginning of the busy general aviation season.
- How the FAA and Lockheed are working through problems with the FS21 computer system communicating with the FAA's computer system.
- Staffing under FS21 calls for a reduction in workforce from 2,300 employees down to approximately 950-1000 employees. I'd like to hear where LM currently stands with its workforce and what they are doing to assure these facilities are appropriately staffed with knowledgeable workers.

Finally, I would specifically like to call attention to an incident that occurred on August 9th when Lockheed attempted a software update and as a result caused a disruption in service.

It is my understanding that the back-up system was used the entire time, weather briefings remained available, and flight plans could still be filed. I further understand that at no time on August 9th was safety ever compromised. But I would like to have a better understanding of what happened that day and how we can be assured that future updates will not have the same result.

Again, I want to thank the witnesses for coming today and look forward to learning more about the Flight Service Station transition, FAA oversight, and Lockheed's level of performance and accountability.

Although things aren't perfect just yet, I would view this as a success story and a model for future government contracts.

Thank you and I yield back the remainder of my time.

1

Harry E Mitchell

Statement of Rep. Harry Mitchell
House Transportation and Infrastructure Committee
Subcommittee on Aviation
10/10/07

--Thank you Mr. Chairman.

--Today we are examining the lessons learned from the transition from FAA to contractor-operated Flight Service Stations.

--Keeping these stations safe and reliable is absolutely critical. Pilots rely on these stations for weather information as well as the filing of flight plans, and this impacts safety.

2

--Two years ago, the FAA began transitioning the system from government run to one run by a federal contractor.

--Since then, the system has experienced numerous problems, and has failed to meet certain performance targets.

--I look forward to hearing from today's witnesses about what is being done to improve this system, as well as what thoughts

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they may have about what, in retrospect, should have been handled differently.

--I yield back.

STATEMENT OF THE HONORABLE JAMES L. OBERSTAR
CHAIRMAN, COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON AVIATION
OVERSIGHT HEARING ON
"THE TRANSITION FROM FAA TO CONTRACTOR-OPERATED FLIGHT SERVICE STATIONS:
LESSONS LEARNED"
OCTOBER 10, 2007

I would like to thank Chairman Costello for convening this Aviation Subcommittee hearing on the Transition from FAA to Contractor-Operated Flight Service Stations: Lessons Learned. The FAA's move to "privatize" Flight Service Stations (FSS) is estimated to be worth $1.8 billion and represents one of the largest non-defense outsourcing of services in the Federal Government. The justification by FAA was that the agency expected to save somewhere between $1.7 and $2.2 billion over the 10-year life of the contract. In addition, the contract promised to modernize the delivery of flight briefing services and bring much-needed modern technology into an antiquated system.

As we will hear today, this transition and consolidation of FSS from FAA to the private contractor, was not without difficulty, and while certain aspects of the process went fairly well, it was also plagued by technical and management problems that could and should have been avoided.

FAA has recently announced another large contract to procure the development, deployment, and operation (also by a private contractor) of the first critical element of the NextGen ATC system, known as the Automatic Dependent Surveillance system or ADS-B. There are parallels between the privatization of FSS facilities and how the FAA intends to procure the ADS-B infrastructure, which will be wholly-owned by the contractor and very critical ATC services will be leased by the FAA. In fact, the successful deployment of the NextGen ATC system is entirely dependent upon how effective and reliable the ADS-B network proves to be.

Thus, we are here to examine whether there are important lessons that can be learned from the FSS modernization and consolidation project, which may apply to FAA's management of the ADS-B contract. We will continue to examine this issue next week on October 17, when Chairman Costello, Ranking Member Petri, and the Aviation Subcommittee hold a hearing dedicated exclusively to ADS-B.

The service disruptions seen this past summer in services provided by the contractor-run FSS facilities were unacceptable and inconvenient. These problems denied many general aviation pilots critical information necessary to plan for safe flights. Many general aviation pilots, out of frustration, hung up and flew without

receiving weather information, important notices-to-airmen, and route-of-flight briefings.

The use of FSS services by general aviation pilots is optional, even though these services are a vital tool for safe flight. For commercial aviation, ATC services are mandatory, thus, the stakes are much higher for NextGen, and if we see similar deployment and service difficulties in the provision of ADS-B services, the repercussions would be far greater.

In the FSS modernization and consolidation effort, I also believe that the FAA needed to do more aggressive oversight of this contract. We sincerely hope that FAA has learned important lessons from this experience, and we will maintain stringent oversight to ensure that they maintain very tight controls over the ADS-B effort, as well as all other aspects of the NextGen deployment.

I would also like to thank the witnesses for their testimony today, and I look forward to the insights you will share.

STATEMENT OF
REP. THOMAS E. PETRI, Ranking Member
SUBCOMMITTEE ON AVIATION
HEARING ON
The Transition from FAA to Contractor-Operated Flight Service Stations: Lessons Learned
October 10, 2007 10:00am, 2167 RHOB

This past summer, Lockheed Martin and the FAA finalized the transition of flight service station services from the antiquated, costly legacy system to a modernized, networked integrated system.

This process was the result of a nearly 2-year transition effort during which 58 facilities were consolidated down to 18 modernized facilities, providing roughly 90,000 briefings per week at an estimated cost savings to the government of roughly $2.2 billion over the life of the contract.

However, as with any transition of this size and complexity, problems arose, including lost flight plans, long hold times, and system outages. My office heard complaints in our area. Compounding these problems was the high call volume during the busy summertime flying season.

While this subcommittee should certainly look into the problems that have arisen during the transition period, we should also consider how quickly the problems have been solved.

For instance, there were problems with Lockheed Martin's FS 21 automated system interfacing with the FAA legacy systems.

Yet, workarounds were quickly developed by Lockheed Martin to bring the system back online.

Proper agency oversight of the contract is critical. In the case of this contract, the FAA has mechanisms built into the contract that incentivize good service and penalize poor service. The contract has 21 performance measures, called "acceptable performance levels", and, based on these metrics, Lockheed Martin is eligible for rewards or penalties.

Additionally, under the Lockheed contract any contract underrun, or savings, is returned to the government if any one of the "acceptable performance levels," or APLs, is not met.

Because understaffing could lead to missing an APL, and thus losing all savings, the contract disincentivizes understaffing.

I look forward to hearing more from our witnesses on these and other controls within the contract that ensure quality service for the users.

As with any transition, flight service station briefings have changed. Pilots who may have talked to the same briefer for 15 years are probably surprised now when they talk to someone new. While it may be a little different experience, the quality of the briefing is what is most important. Our aviation system is modernizing, and Flight Service Stations must do so as well.

While the transition to Lockheed Martin's enhanced system has been a challenge, surveys from the user community have shown satisfaction with how Lockheed Martin has responded to the issues that arose during the transition, and show steadily improving grades on the quality of service.

Now that the busy summer flying season is wrapping up, I look forward to hearing what Lockheed Martin is doing to ensure a seamless flying summer in 2008.

I look forward to hearing from our witnesses, and yield back the balance of my time.

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Statement of Phil Boyer, President

Aircraft Owners and Pilots Association

For the

**U.S. HOUSE TRANSPORTATION AND INFRASTRUCTURE
AVIATION SUBCOMMITTE**

Hearing

On

**The Transition from FAA to Contractor-Operator
Flight Service Stations: Lessons Learned**

October 10, 2007

The Aircraft Owners and Pilots Association (AOPA) is a not-for-profit individual membership organization of more than 413,000 pilots. Representing two-thirds of all pilots in the United States, AOPA is the largest civil aviation organization in the world. AOPA's mission is to serve the interests of its members as aircraft owners and promote the economy, safety, utility and popularity of flight in general aviation aircraft. General aviation encompasses all of aviation with the exception of the commercial airlines and the military.

Thank you for holding this hearing on the Federal Aviation Administration's (FAA) outsourcing to Lockheed Martin to operate the Flight Service Station (FSS) system that provides important weather, safety and security information to the nation's pilots. This hearing is timely in the wake of the extreme difficulties faced by pilots since the system under went a severe period of poor performance for much of the year. Examining what went wrong, what is being done to correct problems and lessons learned that may be applicable for any future FAA efforts to outsource aviation services is appropriate. In many ways this was the first step in the FAA's NextGen air traffic control system.

Certainly, the lessons learned from the FSS experience are extremely important as the FAA contemplates using outsourcing for the provisions of ATC services. While not the topic of this hearing, it has direct application to the FAA's contract for Automatic Dependant Surveillance-Broadcast (ADS-B) services.

Looking back it also validates AOPA's insistence that Direct User Access Terminal (DUAT) not be a part of the FSS outsourcing. DUAT, a proven alternative to FSS, is an FAA funded online briefing tool that allows pilots to receive information similar to that provided by a telephone briefing, and permits the electronic filing of a flight plan. The importance of this system as a back up was crucial as the Lockheed Martin provided service failed to meet the needs of pilots. AOPA urges this Subcommittee to insist that the FAA continue providing this important back up to FSS well into the future.

Painful Lessons on FSS Outsourcing

As I appear before you today, the FSS system modernization and consolidation is nearly complete. The reasons for the outsourcing, to modernize the FSS system and decrease the cost of the service, are valid but the goal of better service to pilots has not yet materialized and the service level is not where it needs to be. Pilots continue to experience long hold times, calls are dropped, and briefer quality and their knowledge of local area is lacking.

It is crucial to aviation safety that Congress maintains an active role in overseeing the FAA's management of the FSS program.

Although AOPA chose to work with the FAA, rather than oppose the contracting out (outsourcing) of FSS services, it has been a difficult transition as the old system was replaced and a new one implemented. We supported the

outsourcing because the FAA's FSS system was expensive to operate and antiquated. The FAA's employees were good, but the system was a kludged-together technological mess straight out of the 1970s, based on mainframe computers.

The outsourcing of the FSS system promised billions of dollars in cost savings, the one unique general aviation service provided by the FAA. This is important because AOPA's research showed that flight service cost more than $500 million per year to operate, almost $25 per pilot contact. Outsourcing also was viewed as a means to modernize the system and improve service to pilots. Thus far, based on information from pilots, it has not met these expectations.

What Could Have Been Done Differently?
AOPA has found itself in the unenviable position of having to explain the FAA's and Lockheed Martin's failure to the general aviation community. AOPA wants the modernized computer system called Flight Service 21 (FS21) to succeed because pilots have the most to lose if FS21 does not deliver services as promised. That is why since February 2005, AOPA has had nearly daily communication with FAA and Lockheed Martin, as well as periodic executive level meetings. It is certainly important that those affected by any outsourced services be involved in providing feedback about the services to the FAA.

Many of the problems experienced by pilots could have been avoided if the FAA exhibited stronger leadership, had more qualitative performance measurements, and Lockheed Martin had not been so aggressive in consolidating and closing facilities.

- **The FAA's executive management did not take full responsibility and accountability for the FAA's obligation to pilots for outsourced FSS services.** It was important that the highest levels of the Agency stay engaged in managing this significant effort. Commitment to high-level FAA oversight of Lockheed Martin was insufficient to ensure adequate performance and seek rapid solutions to performance problems once it became obvious it was not working as planned. It took repeated prodding of FAA and Lockheed Martin by AOPA and ultimately Congress for high-level commitment to address problems. Any future outsourcing projects like this one will require closer oversight at all levels to ensure the safety of pilots and passengers is not compromised.

- **The FAA showed little concern for overseeing contract performance that mattered most to pilots through the quantitative and qualitative performance standards once the contract was issued and modernization and consolidation began.** The Agency emphasized strict adherence to certain quantitative performance measures, ignoring severe problems that users were experiencing with the system. Numbers and statistics only tell part of the story and masked underlying issues and

problems. The FAA seemed to focus on penalizing Lockheed Martin for not meeting metrics, while ignoring the catastrophic system failures that literally shut down the service. On future contracts, the FAA should exercise its authority in properly managing risks and mitigation strategies for "worst case scenarios."

- **FAA management did not pay close attention or evaluate the effects of changes and revisions made to the FSS system as Lockheed Martin altered its schedule for consolidation and modernization that culminated the problems that pilots experienced this year.** Other than financial penalties, the FAA seemed helpless in addressing the serious technical problems with the FS21 computer system; an overly aggressive consolidation schedule and poor timing of the FS21 launch to coincide with the start of the busiest season for flying. Lockheed Martin was aware of numerous problems with the system at the time it was launched and worked with briefers to devise "work arounds." The FAA also permitted Lockheed Martin to rapidly close existing FSS stations at an average rate of three per week shortly after opening its three hub stations while many of its 16 satellite stations were closed for modernization with new FS21 equipment.

- **Finally, the FAA and Lockheed Martin were slow to respond to pilots' concerns about critical services such as the importance of local area knowledge.** That is the principle that FSS briefers are familiar with specific information for the areas they cover. It was a theme AOPA emphasized repeatedly before and after the contract was awarded. This continues to be a major concern of AOPA members.

Old System – New Management Needed

Prior to the outsourcing, the FSS system was operated by 2,300 FAA employees at 61 locations throughout the United States. It served as an important source of aviation weather for general aviation pilots. Pilots could telephone, and in some cases, visit a flight service station in their area to receive weather information for their region and along their route of flight. Pilots could also file a flight plan and learn about hazards along their route and at their destination airport. During flight, a pilot could also radio the nearest flight service station to receive updated weather and hazard information, and receive emergency services as conditions changed.

But, this system had major problems. In fact, for nearly 30 years the FAA's FSS modernization and consolidation program was a saga of management errors and a string of broken promises to the nation's pilots, as well as Congress. It took the FAA from 1981 until 1997 to complete its first consolidation of 317 FSSs into 61 automated FSSs. And even then, the FAA's FSS computer system was never fully implemented. AOPA testified before this subcommittee on September 30, 1997, criticizing the FAA's handling of FSS consolidation that caused almost

irreparable damage to the FAA's relationship with the general aviation community. Fast-forward ten years and we have a similar message -- the general aviation community is disappointed by the FAA's handling of FSS modernization and consolidation through its outsourcing contract with Lockheed Martin.

Recognizing that the FAA was failing in its attempt to incorporate a windows based computer system for FSS, called the Operational and Supportability Implementation System (OASIS), it was obvious a new approach was needed. To prepare for the future, AOPA conducted its own studies, analyzing the costs of the FSS system and identifying ways to modernize and lower the cost of the system.

The government was aware of problems and in 2001 the Office of the Secretary of Transportation's Office of Inspector General conducted a study on Automated Flight Service Stations as well. The IG report determined that significant savings could be realized by consolidating sites in conjunction with modernization. (Report Number AV-2002-064).

An illustration of the FSS system's shortcomings occurred when it could not meet the demands of the post 9/11 airspace security environment. At that time, security restrictions were changing access requirements for the airspace on a frequent basis and FSS briefers were unable to obtain accurate and timely information to inform pilots. Ironically, many FSS specialists relied upon AOPA's Web site for up-to-date information because the FAA's computer system was simply incapable of meeting their needs.

These factors prompted the FAA to conduct an Office of Management and Budget "A-76" study to contract flight services either to a group of FAA employees or an outside source. Recognizing that the study could be a catalyst for significant improvement in the FSS system that had been floundering for years, AOPA decided to work with the FAA on the outsourcing initiative.

There were three major stipulations for AOPA's non-opposition: FSS briefings would continue to be provided by the government without a fee; the service would respond to the needs of the general aviation pilot; and it would not apply to Direct User Access Terminal (DUAT), a proven government provided online alternative to FSS.

AOPA Attempting to Be Part of the Solution

While the FAA initially resisted AOPA efforts to be an "advisor" to the agency as it developed the performance standards for the contractor bids, eventually they allowed, even welcomed AOPA's participation. AOPA used member survey data to help develop the criteria important for pilots as part of the 21 performance metrics in the contract. This included answering phone calls within 20 seconds, acknowledging radio calls within five seconds and providing service within 15

seconds, filing flight plans within 10 seconds, and conducting pilot satisfaction studies and surveys on a regular basis.

Lockheed Martin Concept Looked Good On Paper
Lockheed Martin won the competitive bid with a contract that was initially determined to save $2.2 billion over ten years and most importantly implement improved services for pilots through a modernized computer system called Flight Service 21 (FS21). Lockheed Martin also promised a Web portal for pilots allowing pilots and briefers to look at the same text, graphics, and other elements that emulate the FS21 console. The Lockheed Martin concept meant the FAA's 58 flight service stations outside of Alaska would be consolidated into three hub facilities and 17 satellite locations. The FAA chose to exclude Alaska based services from the A-76 process.

The same week of the contract award, AOPA executives met with Lockheed Martin officials for a firsthand look at FS21. At the meeting we asked all the tough questions that every pilot would want to know about a service that is so vital to the safety of general aviation flights and Lockheed Martin seemed to have all the answers. Lockheed Martin promised extensive training on local knowledge so calls would be forwarded only to briefers who were knowledgeable of the area the pilot was calling from. Lockheed Martin also said the selection of the FSS locations was not by chance but based on where the pilot population resides, where aircraft accidents have occurred most frequently, and where it would cause the least disruption to the workforce.

The backbone of FS21 was an all-new sophisticated phone system to distribute calls to FSS specialists trained with specific knowledge of a pilot's geographic weather, topography and airspace. Pilots would also have the option of registering information on pilot certificate and ratings, and personal minimums so when a call is answered the briefer will instantly know who he or she is speaking with and tailor the information based on flying experience. If a last minute temporary flight restriction (TFR) or other notice came up affecting a pilot's itinerary, FS21 would send an email or text message with the information.

Initial Service Was Good – But Troubling Signs Started to Appear
After Lockheed Martin took over the existing FSS system service actually improved. Calls were answered more quickly and fewer calls were dropped. In August 2006, AOPA surveyed its members and the majority said that service was "good" or "very good."

This initial optimism faded as the schedule was delayed and rumors of problems began circulating among the aviation community. Finally, two years later in April 2007, Lockheed Martin launched FS21. Not only was the launch a disaster, but the promises of personalized service from knowledgeable briefers has not come to pass. The system quickly reached a crisis point with at least two system-wide outages of the state of the art phone system that is supposed to be the backbone

of FS21. On a related note, the promised Web portal has yet to be launched. The launch dates were pushed back from June to August 2007, to "possibly by the end of the year."

Aggressive Consolidation and Modernization – Big Problems for Pilots
In April Lockheed Martin launched its modern flight service system by declaring its three FS21 hubs operational and began aggressively consolidating the old FAA stations at the rate of three a week. Immediately, major problems surfaced. Computers in the new hubs crashed, pilots' calls were not answered in a timely manner and the quality of many pilot briefings was insufficient.

April is the start of prime flying season and the weather in April 2007 was particularly nice. The good-flying-weather-call-onslaught hit, and the system was unable to support pilots' calls into FSS. Within days, it became apparent that the aggressive FS21 launch was not going well. Service to pilots deteriorated and quickly reached a crisis point.

At times, there were complete computer system outages leaving briefers and pilots without access to the weather information necessary for safe flight and unable to file flight plans. In some cases these outages lasted more than an hour, bringing many aspects of general aviation to a halt. In addition, pilots encountered long hold times when calling for a weather briefing, often waiting 30 minutes or more or being disconnected before ever having the opportunity to speak with a briefer.

Even more frustrating, flight plans put into the system were dropped and were not available to air traffic controllers. Many pilots found that flight plans they had filed by telephone with FSS had been lost or never entered into the air traffic control system forcing them to delay or cancel flights.

Pilots often ended up with briefers who had no knowledge of the local area – a crucial need identified well before a contract was issued. Airport managers also reported that they could not file notices to airmen (Notams) to alert pilots to runway closures or lighting outages.

AOPA Members Validate the Complaints – FSS Broken and Failing!
These comments illustrate the hundreds AOPA received about FSS problems:

"Initially it (Lockheed Martin run FSS) had the appearance of work fairly well, but I can tell you that in the last month they have briefers that can't spell airplane let alone give a briefing. I filed my flight plan 4 times and each time it was lost. Once I had to wait 20 minutes for them to answer with other times in the 5 to 10 minute range. Is there anything the AOPA can do to help me out or give me some suggestions? I have never before written a complaint to anyone at AOPA, but this new FSS is a disaster."

"I'm a flight instructor with countless first-hand pilot accounts of where FSS has been unreachable. Earlier this week, for example, I had a primary student out on his second cross-country. The weather looked threatening to him, so he contacted FSS as he had been instructed to do when such occasions arise. No answer, no answer, no answer, I've lost faith in flight service....but what do you do when your out on a flight and have no other option!"

"The sudden non-availability of timely FSS support forces all of us GA pilots to fend for ourselves... For low time, inexperienced pilots, it's an invitation to disaster."

"An FSS briefer actually told me that he could not give him the weather because he did not know how to operate the equipment!"

"Briefer had no local knowledge of geography or how far apart my airports were. I requested local Notams and briefer said he didn't have them, only had Notams for Colorado!"

"I finally got a briefer after 15 min. He was apologetic about the long wait and told me I would need to help him with identifiers and such during the briefing because he was not familiar with the area. Good thing I was familiar with the area or we would have been out of luck. The recording says that you will be connected with a briefer familiar with you area. Well, I guess there are not quite enough of them."

Members responding to an AOPA survey of active pilots conducted at the end of May validated that there were significant problems.

- More than two-thirds of members said that service in the preceding 30 days had become worse, nearly half said that they were "dissatisfied" or "very dissatisfied" with their preflight briefing.
- 66 percent said that their calls, which are supposed to be answered within 20 seconds, were never or seldom answered within one minute.
- The majority gave high marks for briefer professionalism and courtesy, but rated briefers' local geographical and meteorological knowledge as poor.

While we did anticipate some problems, this was unacceptable. AOPA explained this situation to members as being similar to replacing rusty old water pipes - you have to dig up the street, there will be a few hours when you do not have water, and the water will run rusty red for a little while. But it is almost as if Lockheed Martin started digging up the old pipes without having the replacement pipes onsite.

Initially, the FAA accused AOPA of overstating the problems. We were alarmed by the lack of support from the Agency to help pilots despite the numerous AOPA

member comments like the following illustrating the scope of the problems being experienced:

"Called to file an IFR flight plan and took 15 minutes for a briefer to respond. He couldn't get my flight plan into "the system" but after conferring with someone I was told that they had figured it out. I'm on the taxiway, engine running and call for clearance - no flight plan. Try to call FSS on radio frequencies, no response. I sat for 45 minutes before getting the darn flight plan filed and activated. How much is this chaos and ineptitude costing? After almost 40 years of civil and military aviation experience, this is another reason for me to quit flying and sell our aircraft."

" I had an encounter with serious weather that occurred, in part, because I was unable to obtain a FSS briefing. Instead, I filed via DUATS computer system and reviewed the pages of coded weather information that followed. Frankly, I missed several of the subtle weather points that a briefer could have provided me!"

System Starts to Improve by Mid-summer – But Problems Continued
AOPA continued to hear from members about problems all through the summer. In a late June survey of AOPA members, pilots reported the rapid decline in service had leveled off but overall satisfaction was still very low.

- 24 percent said FSS service had improved in the preceding 30 days, but 35 percent said it had become worse.
- Nearly 50 percent of respondents rated briefer meteorological knowledge as "poor" or "very poor."
- 38 percent said their calls are still not being answered within a minute and some reported hold times in excess of 10 minutes.
- 24 percent of pilots continued to experience dropped calls when they attempt to contact FSS.

Need for Formal Problem Identification and Solutions
By the end of July, AOPA was still receiving numerous complaints from members. While the FS21 system was nearly fully implemented, some pilots still complained of long hold times, briefers' lack of local area knowledge and dropped flight plans.

This prompted AOPA to ask the FAA to create a telephone hotline to report complaints about FSS service. In response, the FAA implemented the toll free Flight Service Comment Line in late July. Pilots are urged to call to report any problems and provide details such as date, location, and aircraft identification to allow the FAA to identify the specific flight involved. The FAA reviews all complaints and passes the information to Lockheed Martin for resolution within 15 days. AOPA also receives a copy of these complaints.

Current Status – Improvements Slow in Coming
In a survey of members done in the last week of September, pilots reported that the system was performing better than the two previous surveys, but problems remain. While these do not match official FAA/Lockheed Martin performance metrics, it is a statistically valid reflection of what the pilots are reporting to AOPA.

- 64 percent reported being satisfied with the service, but 26 percent were dissatisfied.
- 69 percent of respondents gave a satisfied rating for briefer knowledge, but 20 percent were dissatisfied, indicating continued problems with the quality of the briefing.
- 37 percent of pilots reported that they have hung up while waiting to speak with a briefer indicating a frustration with hold times.
- 85 percent were satisfied with briefer professionalism, while 8 percent were dissatisfied.
- Finally, 38 percent noticed an improvement in service level in September, 49 percent noticed no change and 13 percent noticed deterioration.

The Future of Flight Service
Looking ahead, the ongoing service improvements must continue in order for pilots to have confidence in the new FSS system.

The FSS Hotline continues to receive an average of 100 calls a week with pilot complaints about service. As recently as last week, an area pilot said that the FS21 is "spotty at best." Last week he experienced two lost flight plans in two days. Pilots continue to complain that they are not given critical TFR information, even when they ask.

Going Forward
The outsource concept for FSS remains a good one. It saves dollars, provides a needed service in what should be a twenty-first century manner, and frees the FAA from day-to-day operation of a classic in-flight and preflight briefing service. AOPA was surprised by the transition problems of a major company that has a solid track record in providing far more complex systems and services to the government.

In addition, where appropriate the Federal Aviation Administration has and will consider the outsourcing concept for other non-aircraft separation needs in our National Airspace System. However, this is not privatization – which means the agency must maintain a high level of accountability for this and other projects handled in a similar manner. FAA cannot sign such a contract for services and then ignore their safety, standards and oversight responsibilities. The agency must consider the supplier as their vendor and assign the same high-level management supervision to the supplier as they do their own workforce.

Similarly, since the FAA is a federal agency under the ultimate supervision of our Congress, AOPA applauds you, Mr. Chairman, for calling this hearing and learning from this flawed transition. Imagine the chaos if this had been a critical airline service, and the result being further delays and inconvenience to the traveling public? The constituents in your Districts would have been voicing their concerns to your offices as they do today about flight delays, cancellations and over-booking. AOPA shouldered the criticism and backlash from the pilot community, and unfairly, I might add.

AOPA, representing the customers, continues to act proactively. Later this month, an FSS information card is being inserted into the half million copies of our two monthly magazines. This tear-out card will be provided to pilots for streamlining their use of this new system. Also, in the works is a major online course being produced by the AOPA Air Safety Foundation that will be available to all pilots at year's end. This interactive 20-minute tutorial is designed to brief pilots on how to work with the new Lockheed Martin contracted system.

The FAA must re-examine its Performance Measurements, and not rely on those initially established, since they clearly do not give the proper picture of the timeliness and quality of the service. It is interesting to note that at an early meeting with the FAA and Lockheed Martin, as we reviewed the measurements and early results, I asked how these compared to the old FAA service metrics? The answer was, "We didn't measure ourselves with the old system." Let's add new metrics where appropriate and remove those that have no use in the safety or customer service paradigm.

As an example, Lockheed Martin has a metric that requires a standard phrase to be read at the end of each call that advises the pilot to file in-flight weather information by radio. Failure to provide this standard phrase is a penalty to Lockheed Martin and also impacts dollars that would go to the workforce. The phrase is unnecessary for a majority of briefings, especially training flights and those who call for specific information, not a full route briefing.

This hearing serves an important purpose. It lets pilots know that our Congress (the Board of Directors, so to speak, of the FAA) cares about this vital service. It also serves to make them aware that you know the problems it has and are occurring. I encourage you to ask pilots in your District, "how goes it, with the new Flight Service," at any opportunity that arises. That is what AOPA has been doing, and will continue to do, with surveys like those presented earlier in this testimony. And today I pledge that AOPA will make that survey data of our members and all pilots available to the FAA, Lockheed Martin and periodic summaries to this Committee. In return, I would ask, Mr. Chairman, that the FAA be required to submit a report back to this Committee every 90 days, for at least a year, or such time when the report can emphatically state the FS21 service by Lockheed Martin is equal to or better than what it replaced from the FAA.

Thank you for the opportunity to appear before you today, I would be pleased to respond to any questions you may have.

Testimony of Joseph R. Cipriano,
President, Lockheed Martin Business Process Solutions
and
Monte Belger,
Vice President, Transportation Systems Solutions,
Lockheed Martin Transportation and Security Solutions
Before
The House Committee on Transportation & Infrastructure
Subcommittee on Aviation
On
The Transition From FAA to Contractor-Operated Flight Service Stations: Lessons Learned

Wednesday, October 10, 2007

Chairman Costello, Ranking Member Petri and Members of the Subcommittee:

Thank you for the opportunity to discuss "The Transition from FAA to Contractor-Operated Flight Service Stations: Lessons Learned." I look forward to sharing the progress we have achieved on this unprecedented competitively-sourced program. This testimony will provide a background on the AFSS contract and transition from the legacy FAA systems to the new Lockheed Martin-operated and FS-21-based system. I will then discuss our lessons learned during implementation of this program.

The AFSS program represents the largest non-defense outsourcing of services in the federal government where industry and government competed to develop and implement a solution that met both the constraints and performance objectives of the program. The constraints took the form of annual spending caps and a fixed date for vacating facilities and releasing obligations for government owned or leased equipment. The performance objectives were specified in terms of Acceptable Performance Levels (APLs) which the competitors were allowed to propose for measurement and accomplishment of performance objectives subject to FAA approval. Lockheed Martin's proposal was deemed by the FAA to have the best approach for meeting the outsourcing objectives within program constraints.

While most of the services provided are optional for pilots' use, most General Aviation pilots rely on the knowledge and skills of flight service personnel who work diligently to provide services to the overall transportation system. These personnel provide general aviation pilots with information such as pre-and in-flight weather briefings, flight planning assistance, and aeronautical notices. They can also provide in-flight support to pilots who are lost or in need of assistance. The Lockheed Martin-operated AFSS network is helping pilots fly safely by using a state-of-the-art information system (FS-21) that facilitates pilot weather briefings, en route communications, and search and rescue services. Features of the FS21 system include:

- Redundant data centers geographically separated;
- Dynamic call routing capability to respond to geographic surges;
- Common data base allowing nationwide retrieval of flight plans;
- Common procedures across all sites; and,
- Dynamic prioritization of calls such as medical emergency flights.

Lockheed Martin is proud to have been awarded this program to develop and implement the best value solution for the future of Automated Flight Service Stations (AFSS).

The Automated Flight Service Stations (AFSS) Contract Background

On February 1, 2005, FAA awarded Lockheed Martin the contract to consolidate 58 sites in the continental United States, Puerto Rico and Hawaii into 18 upgraded Automated Flight Service Stations, including three large Hub facilities, with estimated savings to the taxpayer of $1.7B over 10 years. This was the result of a fair and open competition, based on competency and price. In October of 2005, Lockheed Martin took over the operation of the 58 flight service stations, which suffered from outmoded technologies and deteriorating facilities, and began the process of modernization.

During a seven-month transition Lockheed Martin developed and installed state-of-the-art automated communications and data processing systems, closed 41 facilities across the country, opened three new main operational Hub facilities, relocated over 400 flight service personnel, trained and certified over 1,000 flight specialists, and introduced new services to the pilot community. This was accomplished during the peak flying season while enhancing and keeping the system safely operating. With the exception of two facilities which will close in November and December of this year, the facility transition phase was completed on September 24, 2007. Since February of 2007, LM Flight Services has handled over 3 million phone calls, and provided approximately 6 million flight services. In addition, Lockheed Martin proposed an innovative FS-21 web service that supports General Aviation Pilots and AFSS specialists allowing them to view a common weather picture during briefings. This web portal will be tested by a small group of GA pilots this December, and will then be available to the GA community once testing and necessary changes are complete.

Challenges/Issues

During the peak of the transition period between April and June, 2007, as we fully implemented the new FS-21 system, we experienced unacceptable service problems. These problems resulted in briefing times and call waiting times that were too long, and flight plans that were lost in the automated system. We also received an unacceptable number of complaints that flight service personnel were not sufficiently familiar with the local areas they were briefing.

Lockheed Martin Response

We have given high priority to successfully addressing and correcting those major issues, resulting in continuous improvement. Seven months after the start of transition, all of the FAA legacy sites have been refurbished with modern flight support systems and three new hub facilities have been opened. For the first time ever, flight service performance can be monitored in real time across the entire nation.

Today, pilot complaints are decreasing to sustained daily levels of less than 0.1%. Each complaint is analyzed and the pilot filing the complaint is contacted within 72 hours. Systemic problems are addressed through equipment upgrades, procedure changes, and training. A few statistics demonstrate improvements:

- In the last two months we averaged over 80,000 calls per week with wait times averaging less than 40 seconds.
- Our "caller abandon" rate over the past two months has averaged approximately 4% against a contract requirement of 7%.
- Over the same period, 60% of our calls have been answered in less than 20 seconds.
- In the last week we only received 40 complaints, related to the nearly 200,000 flight services provided.

Conclusion

Lockheed Martin has transitioned 58 loosely-integrated flight service stations into a fully integrated nationwide system of 18 operational facilities. Although the transition is nearing completion, we are not slowing down improvements in processes, training, or technology. We continually work with the FAA and stakeholders to improve service to general aviation pilots and we will apply best practices from lessons learned.

LESSONS LEARNED

I. The Legacy System:

A review of legacy system documentation should be accomplished prior to establishing program schedules for completing transition. As we moved forward on implementing the AFSS program, we realized that technical and schedule constraints limited the solution options to those that could be implemented quickly. These conditions led to a minimal development approach, i.e. use of commercial off-the-shelf (COTS) hardware and software and redeployment of the legacy FAA staff. The system development that was required was largely tied to integration of COTS with the legacy National Airspace System (NAS) infrastructure. One significant early challenge the program faced was acquiring documentation for existing legacy interfaces with the NAS. An assumption during program planning was that this documentation would be available at program start. Documentation was unavailable or inadequate to support the system engineering effort and ultimately had to be developed by the program team. The additional time that was spent during the development phase to complete the engineering and integration work decreased the remaining time available for system transition in order to meet the FAA's established schedule and shifted the transition period into a time of high demand for flight services.

II. Human Factors/Staffing:

A. The hiring of the legacy workforce went smoothly but despite offering hiring incentives and retention bonuses, the number of people that choose to transition from the FAA to Lockheed Martin was less than expected. The lower-than-expected number of trained legacy staff proved sufficient to operate the legacy infrastructure during the lower workload months due to innovative changes to operating procedures, but it was insufficient to support transition during a high workload period. To put things in perspective, we had 1260 flight service specialists when we went live with FS-21, compared to an estimated 1760 flight service specialists the FAA employed to handle a similar workload in 2005. By April 2007, flight service specialist attrition had reduced staffing to 1200.

B. Reduced Staffing resulted in long waits for service to pilots in some areas. The impact of the reduced staffing became painfully apparent in April 2007 when call volumes surged due to the start of peak flying season. At this same time, a segment of the workforce was in training, relocating to new work locations, and a new system was being operationally transitioned. Ultimately, accelerating training of new flight specialists, slowing transition, staffing with overtime, and rehiring of recently retired flight specialists as part time workers allowed staffing to catch up with the workload by the beginning of July. However, there were limited options on staffing with a certified, trained workforce because many people had made plans to re-locate or retire based on program schedules and there was limited ability to stretch the transition period without

increasing attrition and exacerbating the problem. We now know to overstaff during transition to account for unanticipated attrition and learning curves and design off-ramps so there are options to move transition schedules based on performance and environmental changes.

III. Stakeholders:

A. Regularly communicate with all stakeholders who might be affected by the changes. In retrospect, we could have developed a very proactive and over-inclusive outreach program including everyone impacted – general aviation pilots, helicopter operators, the FAA, the local communities, media, and Congress. The universe of interested people is large and we need to set appropriate expectations with each group as well as keep all parties advised of progress.

B. Ensure that effective outreach programs are in place to capture local area knowledge and local area-unique services provide by each facility. Our new system was architected as a national system and was integrated into the FAA's loosely aligned regional system. A national system brings the benefits of improved services to pilots, enhanced ability to balance workloads across the country and substantially reduced operating costs. The challenge we faced was to achieve these benefits while being cognizant of the flight service specialists' established relationships with local pilots whom they communicated with frequently. Now that we are over the critical transition hurdle, we have made and are continuing to make site specific improvements to respond to local requirements. For example, we have created dedicated direct phone services for pilots flying within the Washington DC restricted flight area, Gulf of Mexico helicopter pilots, and medical emergency flights. The ability to react quickly, to listen and to understand local needs and to be willing to implement creative solutions is critical. In short, we learned to "architect nationally but implement locally."

C. Establish a process for the FAA and Lockheed Martin to continue to work together to refine and improve flight service operations. We have established weekly joint operations review meetings to ensure a smooth working interface between Lockheed Martin Flight Services and FAA Air Traffic Operations. Technical issues are identified and resolved through joint Technical Interchange Meetings. For example, a major pilot concern has been missing flight plans. A joint analysis of the problem discovered there were software problems both within the Lockheed Martin system and the FAA's Host computers. By working together we have significantly reduced the number of missing flight plans.

IV. Metrics and Government Oversight:

Meaningful oversight by the Federal Government is vital, as is the need to develop appropriate objectives and performance measures. The Government must establish appropriate controls to monitor performance. Although operational performance

categories were established by the FAA, they were not baselined prior to contract award and they were not vetted by the user community, i.e. the pilots who are receiving the services. As a result, some of the established metrics focused our actions on lower priority areas and some were so unrealistic that flight specialists were discouraged from trying to meet them. We recommend for the future that performance metrics be initially established, monitored during the transition, and finalized following completion of transition. Performance goals should be used which encourage continuous improved performance.

Mr. Chairman, thank you for the opportunity to submit this testimony for the record.

Before the Committee on Transportation and Infrastructure
Subcommittee on Aviation
United States House of Representatives

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The Conversion of Flight Service Stations From FAA to Contract Operations

Statement of
The Honorable Calvin L. Scovel III
Inspector General
U.S. Department of Transportation

Chairman Costello, Ranking Member Petri, and Members of the Subcommittee:

We appreciate the opportunity to testify today regarding the conversion of the Federal Aviation Administration's (FAA) flight service stations to contract operations. Specifically, we would like to discuss the following three issues regarding the transition of flight services from FAA to contract operations:

1. The management controls established by FAA over the initial transition;

2. Problems that the contractor (Lockheed Martin) encountered during the consolidation phase of the transition, which ultimately led to service disruptions to users; and

3. Key issues that Lockheed Martin and FAA need to address going forward.

First, I would like to briefly discuss the background of this transition. Flight service stations provide general aviation pilots with aeronautical information such as pre- and in-flight weather briefings, flight planning assistance, and aeronautical notices (e.g., runway closures or temporary flight restrictions). In addition, while employees at flight service stations do not control air traffic, they can provide in-flight support to pilots who are lost or in need of assistance.

During the month of August, flight services received an average of between 85,000 and 90,500 calls per week. Flight services are provided at no charge to users and are intended to help promote safe flight operations. However, most of the services provided are optional for pilots' use.

Pilots may also obtain flight information using online services such as Direct User Access Terminal Service (known as DUATS), an automatic weather briefing and flight plan processing service that allows pilots to obtain weather data and file flight plans via personal computer.

On February 1, 2005, FAA awarded a 5-year fixed-price, incentive-fee contract (with 5 additional option years) to Lockheed Martin to operate the Agency's flight service stations in the continental United States, Puerto Rico, and Hawaii. On October 4, 2005, Lockheed Martin took over operations at the 58 flight service stations, and, on that date, approximately 1,900 specialists and additional support staff became employees of Lockheed Martin. The 2-year transition period ended last week. However, to protect those employees that were close to retirement, Congress passed legislation that allowed any flight service station employee who was within 2 years of retirement to remain employed with FAA, thereby retaining their Federal benefits and pension.

The subject of outsourcing Government operations is an important policy area for Congress and the Administration that has generated significant attention. However, it

is important to recognize that FAA's flight service stations needed to be modernized. Many stakeholders, including FAA and our office, recommended consolidating FAA's 58 flight service stations into fewer locations to reduce costs and improve operational efficiency, regardless of whether those services continued to be provided by FAA or a contractor.[1]

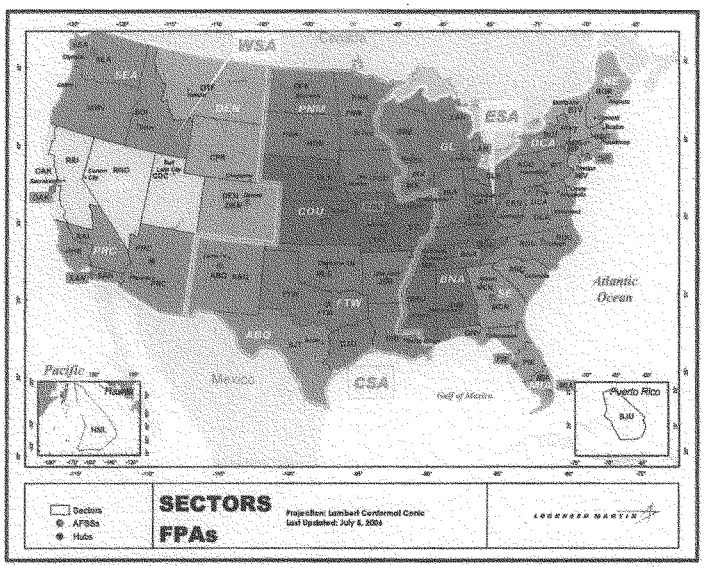
FAA anticipates that by contracting out flight service facilities, it will save $1.7 billion over the 10-year life of the agreement. These savings are based on the difference between the Agency's projected costs of operating the flight service stations versus the cost of the Lockheed Martin contract. The savings are expected to be achieved through a series of changes to reorganize flight service stations operations and modernize facilities and equipment. The planned changes include the following:

- Consolidating the 58 FAA-operated flight service stations into 3 new hub facilities and 15 refurbished stand-alone facilities.
- Deploying FS-21, Lockheed Martin's new flight services operating system. The new system connects the facilities through a single, nationwide operating system that will allow flight service specialists to file flight plans, access aeronautical and weather information, and provide other information to pilots for any airport in the country.
- Reducing flight service specialist staffing levels from approximately 1,900 specialists to about 1,000 specialists as a result of the technological and operational changes noted previously.

The consolidation is nearly complete at this point, and FS-21 is operational. Lockheed Martin has opened the 3 hub facilities, refurbished and reopened the 15 continuing sites, and transitioned 40 closing facilities into the 3 hubs. Two sites remain to be consolidated: the Islip flight service station in November (into the Washington hub) and the San Juan flight service station in December (into the Miami facility). Lockheed Martin has also completed realignment of the flight service areas from the original 58 areas into the 15 consolidated areas, as shown in figure 1 below.

[1] OIG Report Number AV-2002-064, "Automated Flight Service Stations: Significant Benefits Could Be Realized by Consolidating AFSS Sites in Conjunction With Deployment of OASIS," December 7, 2001. OIG reports and testimonies are available on our website: www.oig.dot.gov.

Figure 1. Fifteen Realigned Flight Service Areas



The transition, however, was not an easy one. In hindsight, of course, it is always easier to see what should have been done differently. Nevertheless, even at the time, it was clearly an ambitious undertaking to deploy a new operating system and "de-bug" it during live operations while consolidating 58 locations down to 18. At the same time, an entire workforce had to be acclimated to a new system (most at new locations)—all within a 6-month period. During the transition, there was a significant number of problems with providing services to users, including long wait times, dropped phone calls, lost flight plans, and poor briefings. We found that many of those problems have since been resolved.

The focus now needs to be on ensuring that quality services are provided to users efficiently and cost effectively. Key issues for Lockheed Martin and FAA going forward include the following:

- Meeting acceptable levels of performance over the next several months (the contractor is currently not meeting 13 of the 21 performance measures).

- Achieving anticipated savings (this is particularly important since the bulk of the savings are forecast in the out-years of the contract).

- Maintaining adequate staffing levels and sufficient training of flight service specialists to meet users' needs (Lockheed Martin expected to have 1,000 specialists on board at the end of the transition but had only 842 specialists as of September 1, 2007).

An important point, Mr. Chairman, is that as a result of the outsourcing, FAA's responsibility over flight service stations has changed from a provider of services to an oversight role of contracted operations. Although the Agency has outsourced the day-to-day operations of its flight services, it is still ultimately responsible for the services that these facilities provide to general aviation users of the National Airspace System. Therefore, FAA needs effective controls in place over its contractor to ensure that the quality of services is maintained and that the estimated savings are achieved.

In May, we issued an interim report on this outsourcing effort.[2] Our testimony today is based on that audit and our ongoing work to monitor the progress and problems of this transition. I would now like to discuss the three issues that we see as key to the outsourcing effort.

FAA Established Effective Management Controls Over the Initial Transition to Contract Operations by Implementing a Well-Structured Contract and Internal Controls

We found that FAA established a series of effective management controls over the initial transition from FAA to contract operations. For example, FAA used a contract mechanism (fixed-price plus incentive-fee) that allows for careful monitoring of the contractor's performance and a series of internal controls for enforcing it. Our May 2007 report examined those controls. Overall, we found that FAA had implemented effective internal controls to monitor the operational and financial aspects of contracted flight service operations. At the onset of the contract, FAA:

- realigned its existing Headquarters Flight Services Office to oversee the transitional, operational, and financial aspects of the flight services contract. This office includes a quality assurance branch that measures Lockheed Martin's performance against contractual performance measures and an operations branch that oversees the contractual operations of flight service stations.

- maintained an operational evaluation group under the Air Traffic Organization's Vice President for Safety that conducts reviews of flight service stations to ensure that FAA regulations and procedures are followed by contractor personnel. The group has also adjusted its monitoring procedures to reflect changes in flight services provided by Lockheed Martin.

[2] OIG Report Number AV-2007-048, "Controls Over the Federal Aviation Administration's Conversion of Flight Service Stations to Contract Operations," May 18, 2007.

- convened an Executive Board of Performance and Cost Review, which monitors the cost and operation of the outsourced flight service stations. The Board; which is made up of officials from FAA's Flight Services Program Office, managers from various FAA lines of business, and Lockheed Martin; serves as the primary managerial oversight board and reviews contractually mandated financial and operational reports for outsourced flight service activities.

- included 21 performance measures in the contract, which range from operational efficiency to customer service, against which Lockheed Martin is evaluated. Lockheed Martin can earn up to $10 million annually in bonuses for meeting an acceptable performance level (APL) associated with each measure but can also be financially penalized for not meeting an APL. The 21 performance measures and the associated APLs are included in the exhibit to this statement.

In our opinion, these controls are an important mechanism for future management of the contract. Each control provides FAA with the tools needed to administer the contract, evaluate contractor performance, and determine if cost savings have been and will be achieved.

We also found that FAA had used these controls to monitor and assess contractor performance and, in some cases, has financially penalized the contractor. For example, during fiscal year (FY) 2006, Lockheed Martin earned $6 million for meeting the APLs for 15 of the performance measures. However, the contractor did not meet five of the performance measures, either during a quarter or for the year. As a result, the contractor incurred $8.9 million in financial penalties and submitted corrective action plans to resolve other performance measures that were cited as deficient.

In addition, FAA's Air Traffic Organization Office of Finance completed an internal review of the flight services transition in May 2006 and recommended, among other things, that FAA conduct an assessment of the cost baseline used, update projected cost savings, and ensure that the quality assurance branch has sufficient resources to adequately validate contract performance levels. FAA is addressing those recommendations.

Lockheed Martin Experienced Delays in Developing FS-21, Which Led to an Aggressive Consolidation Schedule and Ultimately Service Disruptions for Users

While the Agency implemented effective management controls over the initial transition, Lockheed Martin experienced significant problems during the consolidation phase of the outsourcing effort. Lockheed Martin experienced a 10-month delay in developing FS-21, which led to a very aggressive consolidation schedule during the busy summer air travel season.

In addition, because of the delay in development, Lockheed Martin began installing and using the system in live operations with identified deficiencies still uncorrected. As a result, there was a significant number of problems in providing services to users, including long wait times, dropped phone calls, lost flight plans, and poor briefings. The apex of these problems occurred in May.

Many of those problems have now been resolved. For any future, similar undertakings, however, there are several lessons learned that can be gleaned from this experience. These include (1) ensuring that new systems are fully developed before becoming operational so that they provide the services contracted for with no "de-bugging" during live operations; (2) ensuring that sufficient attention is paid to human factor issues, such as acclimating a workforce to new systems and new circumstances; and (3) taking swift and decisive interventions when outcomes (even intermediate ones) fail to meet requirements.

Lockheed Martin Experienced Delays in Developing FS-21 and Significant Problems During Deployment

One of the key factors for a successful conversion was having FS-21 operational before the start of the consolidation. FS-21 was critical to consolidating locations because it allows specialists to access weather information, Notices to Airmen (NOTAM), and other locality-specific information for any location in the Nation. This capability was limited with the prior software and was primarily site-specific. Without the ability to access nationwide information from the hubs, Lockheed Martin would not be able to relocate specialists to the new facilities or re-align geographic responsibilities.

After a 10-month delay in development, Lockheed Martin began using FS-21 in February 2007 at its Washington (Ashburn, Virginia) hub facility. Since then, it has been installed at the other hub facilities and at the 15 continuing sites. However, while FAA tested the system and determined that it met the requirements of the Agency's flight service order, the system went operational—even though Lockheed Martin had not fully completed development and testing of the system.

Since becoming operational, the system has had both hardware and software issues, some of which are still being resolved. These issues include flight plans being lost, temporary flight restrictions appearing that did not exist, pilots being unable to file or brief for heliports, and flight plans appearing as still open even after they were closed.

These problems were compounded by the fact that a large portion of the consolidation occurred during the spring and summer, when general aviation activity is at its highest and when service disruptions can have a significant impact. Lockheed Martin has been regularly performing software drops to fix the problems, with the most recent

one occurring on September 10, 2007, and this has helped to resolve most of the problems.

The system has also suffered several outages which, in some cases, significantly affected operations. For example, a complete FS-21 system outage occurred on May 8, 2007, and lasted for 1 hour and 20 minutes. While Lockheed Martin quickly resolved the problem, the outage resulted in specialists losing every call in progress, every call on hold, and flight plans that were not already issued to FAA. It also caused a backlog of calls for the entire day.

While most of the initial problems with FS-21 have been resolved, the system still does not provide all of the services required for flight services. To meet these requirements, Lockheed Martin is utilizing a series of workarounds until FS-21 can provide the services. For example, Lockheed Martin recently implemented its NOTAM functions for FS-21 but is using FAA's legacy NOTAM system as a back-up. In addition to the hardware and software issues, specialists were being trained on FS-21 during the consolidation. This resulted in fewer specialists being available to field calls. Many of the specialists that *were* available were using FS-21, with which they were still relatively unfamiliar.

For any future, similar undertakings, a key issue will be to ensure that problems with a new system are addressed during testing and before deployment to a live, operational environment. In addition, sufficient attention needs to be paid to human factors issues, such as training the workforce and acclimating it to new systems and new circumstances.

Delays in FS-21 Development Led to a Very Aggressive Consolidation Schedule

With delays occurring in the development of FS-21, FAA and Lockheed Martin embarked on an aggressive consolidation schedule. Starting last February, the plan was to close and consolidate the existing 58 sites into the 3 hub and 16[3] refurbished locations; finish development, testing, and installation of FS-21 at the hubs and continuing sites; and install digital communication lines to support the FS-21 system. All of this was to occur within a 6-month timeframe, which was originally scheduled to be completed by July 2007.

However, due to the large scope of the consolidation and issues associated with FS-21, the consolidation schedule was delayed several times, with some facilities delayed 4 months or longer from their original schedule. Though there were delays, we note that the facilities consolidation was still completed before the end of the 2-year transition period, which ended last week.

[3] Lockheed Martin's original plan was to have 16 refurbished facilities, but it revised that number down to 15 facilities after deciding to consolidate the San Juan facility into the Miami facility.

The contractor's decision to delay the consolidation of some facilities was based in part on reducing risks associated with transition. According to Lockheed Martin officials, the delay gave the contractor time to evaluate the status of the consolidation, make adjustments, and resolve problems that arose during the consolidation. Additionally, by keeping the existing facilities open longer, Lockheed Martin kept the staffing levels up, and seasonal workers were brought in for the busy periods. For example, two facilities located in southern Florida, scheduled to close at the same time, stayed open longer because Lockheed Martin did not want to have two high-volume facilities closing at the same time.

As a Result of Problems During the Consolidation, Services Were Disrupted When Demand for Flight Services Was at the Highest Level

Since the facility consolidations began in February, there have been numerous complaints from users regarding operational performance issues of flight service stations. According to FAA, user complaints received by Lockheed Martin reached a high of 326 during the week ending May 13, 2007. However, the number of complaints has since dropped. During the 7-day period ending September 12, 2007, FAA received 152 complaints on its customer service line. The three most common complaints were lost flight plans, communication issues, and quality of services.

Lost Flight Plans: Pilots who fly under Instrument Flight Rules are required to file a flight plan before taking off. In addition, many Visual Flight Rule pilots also file flight plans in case of an emergency or an accident. We found that since FS-21 was implemented, numerous flight plans have been lost, requiring pilots to file the plans again while they are either on the ground or in mid-air. According to FAA and Lockheed Martin officials, there were two reasons for flight plans being lost during the early stages of the transition.

- First, when flight plans were sent to the HOST computer at en route centers, the plans included an identifier that was used during FS-21 testing. As a result, the en route HOST computer would not process the plans because it did not recognize the identifier. To Lockheed Martin's credit, this problem was identified on April 26 and resolved 1 week later.

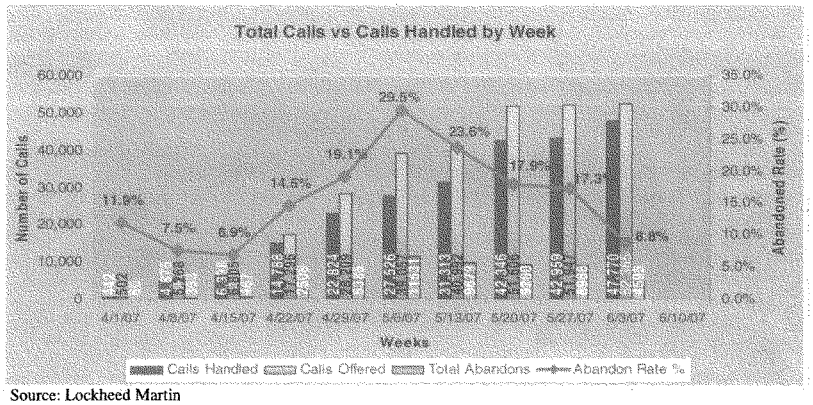
- Second, although closing flight service facilities physically move to one of the hubs, communications must still pass through the old facilities to reach the appropriate specialist. As a result, the communication addresses of these closing facilities still "virtually" exist. However, HOST computers at FAA en route centers were not accepting information from facilities listed as closed.

In addition, some of the HOST computers were not set up to accept flight plans from facilities that were not within their geographic area. When Lockheed Martin was sending flight plans to these en route centers from adjacent facilities, the HOST

computer was not accepting flight plans because it did not recognize the address of the flight service station that was sending the flight plan. Lockheed Martin and FAA addressed these issues with a series of software drops at the Agency's en route centers.

Communication Issues: Users are also having communication difficulties with contract flight service stations. Pilot complaints include long wait times to speak with a specialist, busy signals, and dropped calls. This has resulted in users abandoning their calls to flight service stations. For example, during the week of May 6, nearly 30 percent of all calls handled by the FS-21 system were abandoned by users (see figure 2).

Figure 2. Calls to Flight Service Stations



Source: Lockheed Martin

Lockheed Martin has resolved some of these issues. For example, Lockheed Martin instituted a call off-loading system last year that would direct a pilot's call to a facility in that flight area. Call off-loading allows pilot calls to be transferred to adjoining flight service stations when the original servicing facility becomes too busy or does not have adequate staffing on duty to handle a user's request. This reduces the wait time for services, such as pilot briefings, and equalizes work among the flight service stations.

Call off-loading was originally utilized by FAA in southern California and the eastern United States in cases where a facility received an inordinate number of requests at the same time. Lockheed Martin initially expanded call off-loading into a nationwide program. However, in some cases, we found multiple facilities that had to adjust their operations to cover off-loaded calls from short-staffed facilities, which created a cascading effect across the country.

For example, one flight service facility supervisor noted that calls at the San Diego, California, flight service station were off-loaded last summer to the Albuquerque, New Mexico, flight service station due to staff shortages. However, this overloaded the Albuquerque facility and required Albuquerque's calls to be sent to the Fort Worth, Texas, flight service station and Fort Worth's calls to be transferred to facilities in the East.

To address this issue, FS-21 now identifies the area of the caller and puts calls on hold for 2 minutes at the local facility before transferring the call to a facility in an adjacent flight plan area. If a specialist is not available there, the call is held for another 2 minutes and then transferred to the first available specialist, which could be anywhere in the country. This increases the likelihood that a pilot's call will be answered by a specialist in or near the pilot's local area and helps adjust workload among the facilities.

Quality of Service: Users have complained about flight specialists' inadequate knowledge of basic flight specialist duties, FS-21, and local information. As a result of these problems, user satisfaction regarding flight services has declined. The Aircraft Owners and Pilots Association conducted several surveys of pilots regarding services received from contract flight service stations. According to its most recent survey (July 10, 2007), 24 percent of those surveyed noted that the quality of flight services has improved, but 41 percent had seen no change. Thirty-six percent said the quality had actually worsened over the previous 30 days.[4]

The issue of local knowledge has proven particularly difficult to resolve and will need to be carefully scrutinized during the next phases of operation. This is a challenge because FS-21 was specifically designed as a national system under which specialists can brief pilots for any airport in the country. However, this also means that specialists do not necessarily have intricate knowledge of the area they are covering, which some pilots expect them to know. To have that level of knowledge, specialists must "certify" or become an expert on a specific flight area (i.e., the area's terrain, airports, navigational aids, flight restrictions, and weather, etc.).

Lockheed Martin is offering a bonus to all specialists who certify in at least two service areas. The intent of this incentive is to have more specialists certified in more areas, thus expanding local knowledge using the existing workforce. Whether this will be a viable solution, however, is uncertain. The new 15 areas are much larger than the previous 58 and will require greater effort on the part of specialists to become certified. It will take time to determine if the incentives offered are a sufficient enticement for specialists to certify on more than one area.

[4] We were unable to determine how this satisfaction rating compared to when FAA operated the flight service stations because FAA did not collect metrics on customer satisfaction.

As we stated previously, while FAA is no longer responsible for the day-to-day operations of flight service stations, it is still ultimately responsible for the services these facilities provide users of the National Airspace System. As such, FAA needs effective controls in place to ensure that the quality of services is maintained and that the estimated savings are achieved. In any future, similar undertakings, a key issue will be to ensure that swift and decisive interventions are taken when outcomes—in this instance, services—fail to meet requirements, even intermediately.

In response to our May 2007 recommendations, FAA recently made additional adjustments to its controls in terms of oversight of the services provided by Lockheed Martin. These included the following:

- Implementing a customer service system that is independent of the contractor. We recommended that FAA develop a customer service mechanism independent of Lockheed Martin for users to address concerns regarding contracted flight services. Those actions were necessary so that FAA could independently determine if user needs were being adequately met under contract operations.

  FAA subsequently established a website link (independent of the contractor) for monitoring customer service. The system allows users to either call or e-mail FAA with their comments on the services provided by the contractor. Customer complaints are then sent to Lockheed Martin, which has 15 days to address the complaint and notify the Agency of the actions taken.

- Instituting a staffing monitoring system over flight service stations. We recommended that FAA develop and implement management controls for monitoring contractor staffing. While FAA initially disagreed with our recommendation, it has since concurred and is developing and implementing management controls, including metrics to determine if specialist staffing is sufficient.

Clearly, these are steps in the right direction; the key now will be ensuring that these tools are effectively used and that resulting corrective action is taken as needed.

Key Issues Lockheed Martin and FAA Need To Address Going Forward

While it appears that many of the transitional problems have been resolved, there are at least three key watch items going forward. These are (1) achieving acceptable levels of performance during the next several months before the next busy period for general aviation, (2) achieving the anticipated savings, and (3) maintaining adequate staffing levels and training of flight service specialists to meet users' needs.

Achieving Acceptable Levels of Performance

A key issue going forward will be ensuring that Lockheed Martin is meeting APLs for the 21 performance measures outlined in the contract. The performance measures evaluate how well the contractor is performing on a series of metrics ranging from customer service to operational efficiency. Some performance measures are evaluated annually, some quarterly, and some are weighted more heavily than others. The performance measures are critical because they measure how well the contractor is performing in terms of the quality and safety of services provided.

During FY 2006, Lockheed Martin earned $6 million in bonuses for meeting contractual performance measures; however, it did not achieve acceptable performance for five of the measures, resulting in $8.9 million in financial penalties. In addition, through the third quarter of FY 2007, Lockheed Martin has not met the APLs for 13 of the 21 performance measures either for a quarter or for the year (see exhibit). Of particular concern are the increasing number of operational errors and deviations. The number of operational errors has doubled, from 3 in FY 2006 to 6 through August of FY 2007, and operational deviations have increased fourfold, from 3 in FY 2006 to 14 through August of FY 2007.

The errors were the result of specialists either not briefing pilots on airport closures or providing incorrect information. Most of the deviations were caused by specialists not briefing pilots on the Washington Air Defense Identification Zone and temporary Presidential flight restricted zones.

While improvements are clearly needed in the contractor's current performance, it is important to recognize that most of the problems occurred in the second and third quarters of FY 2007, while the transition was ongoing. With the transition ending, we would expect performance to improve.

However, this is a key watch item. If the contractor's performance does not improve over the next several months, it could indicate fundamental problems with how Lockheed Martin is operating flight services. FAA must closely monitor the contractor's performance in terms of the APLs. FAA and Lockheed Martin also intend to revisit the performance measures to ensure that they are realistic and provide the best metrics for measuring performance.

Achieving Anticipated Savings

Another watch item is ensuring that the anticipated cost savings from the outsourcing are realized. FAA's anticipated savings are based on the difference between its estimated costs of operating the flight service stations versus the cost of outsourcing the services. These savings are expected to be achieved through a series of changes, developed by Lockheed Martin, which will reorganize flight service stations operations and modernize facilities and equipment.

FAA originally estimated that it would save $2.2 billion from outsourcing its flight service activities over the 10-year life of the contract. However, FAA has also reported that savings over the 10-year life of the contract would be $1.7 billion. According to the Director of the Flight Services Program Office, the difference between the two estimates is that FAA's original cost savings estimate included approximately $500 million in cost avoidances. Those cost avoidances were associated with not hiring additional flight specialists during the A-76 competition in 2003 in anticipation of consolidating facilities, regardless of whether services would be operated by FAA or a contractor.

We came to the same conclusion in our 2001 report on flight service stations. In that report, we recommended that FAA consolidate its 61 flight service stations (the number at the time of our review) into 25 locations while continuing to operate them. We also estimated that FAA would likewise save approximately $500 million through attrition and reductions in overhead and acquisition costs as a result of consolidation. In its response to our recommendation, FAA went one step further by proposing the A-76 study.

We believe that the $1.7 billion cost savings estimate is a more accurate representation of the actual savings of the contract. The decision not to replace departing specialists was made before the contract with Lockheed Martin, and the associated savings would have been achieved even if FAA continued to operate the flight service stations instead of outsourcing the services. Accordingly, we believe that FAA needs to clarify its savings estimates.

FAA must ensure that savings estimates are met each year because most of the anticipated savings are expected to be achieved in the later years of the contract. One important tool that assists FAA in monitoring the actual savings to the estimates is a variance report. This tool allows FAA to identify cost overruns, determine the reasons for the overruns, and allow for adjustments to ensure that savings are realized.

According to the Agency's first-year variance report, FAA spent approximately $75 million less than it anticipated spending during the first year of the outsourcing. Based on the cost savings estimate, FAA anticipated spending more on flight services during the transition phase of the outsourcing (the first 2 years of the contract) versus when it operated the facilities. However, the report noted that due to delays in implementing FS-21, some communications, testing, and evaluation costs were pushed out until FY 2007. As a result, potential second-year savings could be less than anticipated. FAA is re-forecasting the planned savings based on its performance to date and updated assumptions.

In addition, FAA may face a further reduction in savings over the life of the contract due to two issues. First, Lockheed Martin is requesting an equitable adjustment to the contract. Most of the adjustment, $102 million, is based on the contractor's claim that

it was not provided with the correct labor rates when it submitted its bid. Lockheed Martin is claiming that the actual wage rates for flight service specialists are significantly higher than what FAA instructed bidders to assume and that FAA knew, or should have known, that the rates were higher than what the company proposed. If the adjustments are approved, it will reduce the potential cost savings to the Agency. This issue is still being negotiated between the two parties.

Second, Lockheed Martin requested last year that the Department of Labor (DOL) reconsider the wage rates for flight service specialists. It stated that the current classification neither described all of the work that specialists perform nor recognized the differences in skill levels among specialists. On September 29, 2006, DOL issued a new three-tier rate scale for flight service specialists, which could result in significantly higher wages for newly hired flight specialists.

FAA subsequently appealed this decision, but DOL denied the appeal on May 21, 2007. The Agency expects Lockheed Martin to submit another Request for Equitable Adjustment regarding this issue.

Maintaining Adequate Staffing and Training for the Flight Services Workforce

Finally, FAA must ensure that the contractor adequately staffs flight service stations and that specialists are properly trained to ensure that users' needs are met. Lockheed Martin has a strategy for staffing its facilities. It involves utilizing a management system, known as e-Workforce, which tracks call volume and traffic trends for flight service stations. The contractor intends to use this information to determine if specialist staffing levels are sufficient and ensure that service areas are appropriately staffed to meet demand.

However, Lockheed Martin has only recently starting collecting data and does not expect to start testing the system until next spring. In the meantime, we believe that that FAA needs to monitor specialist staffing levels to ensure that users receive the services they expect from flight service stations, including local knowledge.

In May, we recommended that FAA develop and implement management controls for monitoring contractor staffing. While FAA initially disagreed with our recommendation, it has since concurred and is developing and implementing management controls; these include metrics to determine if specialist staffing is sufficient.

On September 7, 2007, the FAA contracting officer sent Lockheed Martin a letter expressing concern with the operational staffing and organizational alignment for operations at flight service stations. According to the letter,

> In [the contract], Lockheed Martin states that 1,400 operational personnel are required at the end of the Transition. As of September 1, 2007, however,

> operational staffing is below 1,000, with 842 specialists. While Lockheed Martin has taken some steps to address staffing, including hiring [part time] employees and extensive use of overtime, the FAA is concerned with operational staffing levels to meet current and forecasted demand for services.

On September 17, 2007, Lockheed Martin and officials from FAA's Flight Services Program Office met to discuss staffing. Based on those discussions, FAA requested that Lockheed Martin provide "a corrective action plan addressing the staffing problem, milestones for proposed solutions, follow-up actions that will be taken to validate that the corrective actions were successful, and proposed management controls to ensure a thorough and effective staffing plan is executed."

FAA evaluators have also expressed concerns regarding the contractor's specialist training program. For example, an evaluation of the Miami flight service station noted that, in some cases, recently certified specialists did not provide weather advisory information or local NOTAM information, incorrectly identified the three-letter location identifiers to pilots, and did not understand certain flight plan notification messages. In light of these concerns, Lockheed Martin has made some changes to its training program. It recently began conducting 1-day, "refresher" training classes for all specialists, which include reviewing flight service processes and procedures. However, the contractor has made only minor adjustments to other areas of its training program. For example, Lockheed Martin originally provided 5 days of hands-on FS-21 training, with an additional 1- to 1 and a half-day of on-the-job training with an instructor.

While the contractor subsequently added another half-day refresher class, specialists basically learn how to use FS-21 as they work live traffic. FAA needs to continue carefully monitoring Lockheed Martin's training program to ensure that specialists are properly trained on flight procedures and FS-21.

In closing, while FAA and Lockheed Martin are finishing the consolidation and working to resolve outstanding problems, it remains unclear if further adjustments need to be made. Traffic levels usually decrease after the summer air travel season, providing FAA and the contractor with the time to make necessary adjustments. Also, FAA officials are looking into ways to use the current contractual provisions to improve services. If similar service problems occur next spring and summer, however, FAA may have to institute changes in the way that contract flight service stations are operated. This could include substantial modifications to the contract and result in significant reductions to the anticipated savings.

That concludes my statement, Mr. Chairman. I would be pleased to answer any questions that you or other Members of the subcommittee might have.

EXHIBIT. LOCKHEED MARTIN'S PERFORMANCE ON THE CONTRACTUAL PERFORMANCE MEASURES FOR FY 2007 (QUARTERS 1-3)

ID	Performance Measures	Acceptable Performance Level	Did Lockheed Martin Pass or Fail?	Quarter Failed (if Applicable)	Quarterly or Annual Evaluation
1	AFSS Customer Satisfaction Rating	84%	Neither* (See Note)	n/a	Annually
2	Conformity Index Score	85%	Fail	2nd	Annually
2a	Services Conformity Index	80%	Fail	3rd	Quarterly
3	Employee Evaluation Index Score	90%	Pass	n/a	Annually
4	Number of Operational Errors	Not to exceed 2 per year	Fail	2nd	Annually
5	Number of Operational Deviations	Not to exceed 6 per year	Fail	2nd	Annually
6	Number of Validated Customer Complaints	Less than or equal to 1%	Pass	n/a	Quarterly
7	Percentage of Calls per Day Answered Within 20 Seconds	80%	Fail	3rd	Quarterly
8	Percentage of Dropped Calls per Hour Over 20 Seconds Wait	Less than or equal to 7%	Fail	3rd	Quarterly
9	Percentage of Radio Contacts Acknowledged Within 5 Seconds	80%	Pass	n/a	Quarterly
10	Percentage of Radio Contacts Service Initiated Within 15 Seconds	85%	Pass	n/a	Quarterly
11	Percentage of Error-Free Flight Plans Filed	95%	Fail	1st, 2nd, 3rd	Quarterly
12	Percentage of Domestic Flight Plans Filed Within 3 Minutes	95%	Pass	n/a	Quarterly
13	Percentage of International Flight Plans Filed Within 5 Minutes	90%	Fail	1st	Quarterly
14	Percentage of Pilot Reports Processed Within 120 Seconds	90%	Fail	3rd	Quarterly
15	Percentage of Error-Free Pilot Reports Transmitted	90%	Fail	3rd	Quarterly
16	Emergency Services Evaluation Index Score	95%	Fail	1st	Annually
17	Percentage of Overdue Aircraft Located Prior to Issuance of QALQ	94%	Pass	n/a	Quarterly
18	Percentage of Domestic Notice to Airmen (NOTAMS) Accepted	90%	Pass	n/a	Quarterly
19	Availability of Services	Per NAS-SR-100	Fail	3rd	Annually
20	Percentage of Calls per Day Blocked	Less than or equal to 5%	Fail	3rd	Quarterly

* Note: Although customer satisfaction is one of the performance measures included in the contract, the survey that is used to develop the document is still in progress. Therefore, Lockheed Martin is not yet being evaluated on this performance measure.

TESTIMONY OF JAMES H. WASHINGTON, ACQUISITION EXECUTIVE, AND JOHN STAPLES, DIRECTOR, FLIGHT SERVICE PROGRAM OPERATIONS, AIR TRAFFIC ORGANIZATION, FEDERAL AVIATION ADMINISTRATION, BEFORE THE HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE, SUBCOMMITTEE ON AVIATION ON THE TRANSITION FROM FAA TO CONTRACTOR-OPERATOR FLIGHT SERVICE STATIONS: LESSONS LEARNED

October 10, 2007

Good Morning, Chairman Costello, Congressman Petri, I welcome the opportunity to appear before this Subcommittee, and discuss an important issue; the transition from the FAA to a contractor operated system of Automated Flight Service Stations. My name is Jim Washington, and I am Vice President for Acquisition and Business Services of the Air Traffic Organization, and the Acquisition Executive for the Federal Aviation Administration. Accompanying me is John Staples, Director of Flight Service Program Operations for the Air Traffic Organization.

As you know, the FAA and our contract partner, Lockheed Martin, are working together to provide the customer with the best, most efficient and cost effective system of flight service stations possible. Let me also state that efficiency and cost savings are not the first priority for the FAA and Lockheed Martin. The first priority is, and always will be, the safety of the aviation system, no matter the size of the aircraft or the number of persons on board.

Let me take a moment here to quickly review the history of the Automated Flight Service Station contract. On February 1, 2005, the FAA awarded a performance-based contract to Lockheed Martin for the services provided to general aviation pilots through a

government network of 58 Automated Flight Service Stations (AFSSs). The contract was awarded following a 15-month A-76 study begun in 2003.

Prior to the modernization effort, pilots could telephone, and in some cases visit, a flight service station in their area to receive weather information for their region and along their planned route, file a flight plan, and learn about flight restrictions and hazards along their route and at their destination airport. During a flight, pilots could also radio the nearest flight service station to receive updated weather and hazard information, and receive emergency services, as conditions changed. The FAA's FSS system relied on outdated 1970s-era computer technology; maintaining and operating this obsolete system became increasingly difficult and expensive. The General Accounting Office and the Department of Transportation's Office of Inspector General both issued reports that were critical of the existing FSS system, and recommended consolidation of FSS locations, citing significant cost savings. These reports helped drive the A-76 process which resulted in the contract award to Lockheed Martin.

Lockheed Martin was chosen to provide services based on a public private competition in which five bidders, including the FAA's Most Efficient Organization (MEO), competed. The total cost of the award was $1.8 billion covering an initial performance period of five years, with consecutive three-year and two-year award term options. Expected savings and cost avoidances resulting from this contract are in the range of $2.2 billion in capital and labor over a 13-year period.

As part of the bid, Lockheed Martin is expected to make improvements through the introduction of new processes and systems. A new suite of equipment, Flight Services 21 (FS21), has been installed, providing information to specialists and pilots using this service. There are plans for significantly more effective use of the Internet. For the first time, internet users and pilot weather briefers will be able to see the same information while talking to each other. Also, Lockheed Martin is consolidating the services provided by the 58 former FAA sites into 3 new Hubs (located in Leesburg, VA, Ft. Worth, TX, and Prescott, AZ.) and 15 refurbished existing facilities.

On October 4, 2005, Lockheed Martin initiated the delivery of flight services to the flying public. Lockheed Martin staffed all the AFSSs with incumbent employees and continued to provide flight services following the same policies and procedures used by the FAA on October 3, 2005. From an existing FAA AFSS workforce of approximately 2,300 specialists, approximately 1,650 incumbent personnel accepted job offers from Lockheed Martin for day one of operations. In February 2007, Lockheed Martin began implementation of its modernized FS21 system. Currently, Lockheed Martin has almost completed its consolidation to 3 new hubs and 15 refurbished facilities. The refurbished facilities have FS21 console equipment and other improvements.

This performance-based services contract is managed by the FAA through a combination of service requirements defined in a Performance Work Statement (PWS), service standards defined in a Performance Requirements Summary (PRS), and a quality

management structure ensuring effective performance standards measurement as documented in a Quality Assurance Surveillance Plan (QASP).

The Flight Services program requirements were conveyed to the contractor via a Performance Work Statement (PWS) which contained approximately 300 explicit service requirements in four high level categories *Preflight Services, Inflight Services, Operational Services and Special Services*. The contract also incorporated by reference all relevant policies, orders, methodologies, procedures and regulations that govern how Flight Services are to be rendered by the FAA to the flying public. The PWS explicitly gave the contractor the flexibility to meet these service requirements using any reasonable and realistic system architecture and staffing approach. The performance basis for the contract was set in a Performance Requirement Summary (PRS) which contains 21 service level metrics that define acceptable performance levels (APLs), enabling the government to measure contract performance and ensure the quality of service. These metrics were designed to reflect the overall service delivered by the FAA before the transition to a performance-based contract.

On February 22, 2007, Lockheed Martin began the process of consolidating the 58 AFSSs in the continental United States, Hawaii, and Puerto Rico, into 18 facilities and implementing their new system, FS21. FS21 includes all the system tools required for Lockheed Martin flight service specialists to provide services required by the FAA including weather briefings, flight planning, and air-to-ground services to the flying community. Air-to-ground services include providing weather updates and aeronautical

data, enroute flight advisory service, airport advisory service at select locations, activating and canceling flight plans, lost aircraft and emergency assistance. As with the deployment of any new system or any consolidation, some issues have developed. Many of these problems were anticipated and mitigations put in place prior to the start of transition; however some exceeded the anticipated level of service degradation. In April of 2007, pilots began reporting excessive call wait times, dropped calls, lost flights plans, and specialists unfamiliar with expanded area knowledge. During the same time period, reports of problems with issuing, disseminating and coordinating Notices to Airmen (Notams) were also initially identified. The Federal Aviation Administration has taken timely action in response to these problems. We are holding Lockheed Martin accountable for meeting the requirements of the contract. Lockheed Martin has and continues to execute a corrective action plan that outlines the steps to be taken in each of these areas and is attacking these problems aggressively.

Let me briefly describe for you some of the oversight activities that the FAA has implemented to monitor Lockheed Martin in its implementation of the AFSS contract.

The FAA reviews recordings of air to ground radio and telephone communications between pilots and flight service personnel to validate performance data submitted by Lockheed Martin. FAA quality assurance evaluators perform site inspections at Lockheed Martin flight service stations. Full facility evaluations are conducted by evaluators from the FAA Air Traffic Organization's Safety and Evaluations Group. The National Weather Service examines pilot weather briefers and provides the results of the examinations to the FAA. Within the QA

program, the FAA has in place a group of 14 Quality Assurance Evaluators (QAEs) responsible for monitoring Lockheed Martin performance. This is done through facility visits and phone audits. Between 2006 and 2007, the QAEs have conducted 2,142 quality assurance calls to Lockheed Martin facilities, completing 1201 in 2006 and 940 year-to-date in 2007. By the end of 2007, the QAEs will have also completed 66 facility visits over the past two years, with 38 in 2006 and 28 (22 completed and 6 left to do) in 2007.

The FAA has received and filed a number of complaints regarding the service of Lockheed Martin under the AFSS contract. During the time period of July 23, 2007 to September 30, 2007, a total of 1150 complaints were filed over the phone and through the web covering Lockheed Martin's services in the following areas: Pilot Briefings, Flight Plans, Clearances, Weather Reporting Data, NOTAMs and In-Flight/Flight Watch.

The two most common complaints heard from GA pilots have been long call wait times and dropped flight plans. FAA is working with Lockheed Martin to fix these problems, and Lockheed Martin has taken a number of steps to reduce or eliminate the problems.

Dropped calls and long call wait times, impact the ability to obtain weather briefings and clearance delivery requests prior to flying and close out or cancel flight plans once completed. Dropped calls and long wait times for pilot weather briefings is frustrating and inconvenient; however, the aircraft has not yet departed and is still assimilating information and planning the flight, and therefore is not in jeopardy. Dropped calls and

long call wait times for flight plan cancellation/closures can result in airspace being tied up and/or the unnecessary initiation of search and rescue operations.

Dropped calls and long call wait times for clearance requests could affect safety if a pilot chooses to depart in undesirable conditions without a flight plan or briefing. The primary impact is inconvenience to the pilots and their customers, economic impact of unnecessarily burning fuel and possibly having to refuel, and a possible increase in workload for the terminal or enroute controller.

Software changes were implemented on May 18, and July 19, 2007 that have significantly decreased the number of abandoned calls. The abandoned call rate reached a peak during the week of May 6th, 2007 at 29.5% and for the week ending September 30 it was 3.4%. The contractually required APL is 7% or less for abandoned calls. Ongoing analysis to determine if additional updates/corrective actions are required continues.

Call hold times have also decreased over the past several weeks. While pilots may still experience longer waits during peak periods, the average call wait time is now consistently below forty-five seconds, down from the peak times experienced in mid-May of approximately eight minutes. Lockheed Martin has rehired employees to supplement staffing during transition and adjusts staffing to meet the call volume by day and hour of the day. Fifteen facilities have reopened, providing additional resources to help meet the workload. All but two facilities have consolidated allowing specialists to become more familiar with FS21 resulting in decreased call handle times.

Dropped flight plans present more of a technology problem than a staffing problem. Lockheed Martin made several software changes to FS21 including one that forces a specialist to select the type of flight. This has reduced the number of errors specialists are making. Also, as of July 5, 2007, the ARTCC Host computer have been adapted to respond to and process flight plans from FS21 addresses, further reducing the number of dropped or lost flight plans. Another issue identified was FS21 addressing of flight plans with departure airports located near ARTCC boundaries. In many cases, flight plans for those airports should be transmitted to ARTCCs other than the one the airport is geographically located in. Lockheed Martin made an adaptation change on September 10, 2007 for those airports. This should resolve the majority of remaining lost flight plans.

The FAA has been monitoring Lockheed Martin's staffing levels throughout the facility consolidation. As of September 10, 2007 operational staffing was 842 full performance level specialists. This decrease in staffing from the October 4, 2005 level of 1650 is due to normal attrition as well as Lockheed Martin's facility consolidation plan. While Lockheed Martin has taken some steps to manage staffing fluctuations, including increased hiring of developmental specialists, use of temporary employees, and extensive use of overtime, the FAA is concerned with ensuring Lockheed Martin maintain operational staffing levels capable of meeting current and forecasted demand for services. To this end, the FAA and Lockheed Martin have engaged in a management effort to

establish metrics and take appropriate actions. This approach will support more refined and appropriate staffing levels for future operations.

Dependent upon Lockheed Martin's meeting of an Accepted Level of Performance (APL), they receive a financial award or a credit from the FAA, unless a Lockheed Martin Corrective Action Plan is accepted in lieu of a credit. A quarterly, executive-level Board of Performance and Cost Review (BCPR) meeting provides a venue for the performance evaluation discussion with representation from both Lockheed Martin and FAA. Thus far, the FAA has levied $12.2 million in financial penalties for performance in FY 2006 and the first two quarters of FY 2007 in cases where Acceptable Performance Levels (APLs) were not met. In FY 2006 and the first two quarters of FY 2007, awards totaling $6.0 million were offered by the FAA in cases where Lockheed Martin met or exceeded the APLs.

Actions taken by the FAA and Lockheed Martin are showing results. Complaints received by Lockheed Martin have dropped off sharply, from a high of 326 the week ending May 13 down to 99 the week ending September 30 – a decline of more than 69 percent. FAA believes that continuing to monitor Lockheed Martin operational performance through FAA-internal evaluations, external evaluations by the Office of Inspector General, validation of Lockheed Martin evaluations, feedback from AOPA and the FAA complaint process, and holding Lockheed Martin accountable to performance with monetary credits and awards tied to 21 metrics defining quality service, will yield the results we sought to achieve when awarding the AFSS contract.

The AFSS Program is on track to achieve its estimated $2.2 billion savings and cost avoidance in capital and labor over a 13-year period. Although transition costs at the beginning of the contract have varied or shifted, the FAA continues to be on track toward achieving its originally estimated savings and cost avoidance.

The Congress provided the FAA with the authority – through the ATO – to operate more like a business. FAA is doing so through this performance-based contract with Lockheed Martin to operate the FSS system. We are conducting appropriate oversight; we know about the problems through our own monitoring and audits, and through complaints from AOPA and directly to the FAA complaint line; and we are taking appropriate actions under the contract. FAA is also working with Lockheed Martin to fix the problems, so that together we can provide the proper service to the customer.

In conclusion, Mr. Chairman, the FAA believes that through its oversight of the contract, and through working with Lockheed Martin and AOPA to address and remedy the identified service problems and delays, we will be able to achieve the safe and efficient AFSS system envisioned when the contract was awarded to Lockheed Martin, while realizing the cost savings to the taxpayer that validate the decision to contract for these services through a performance based contract vehicle.

I thank the Subcommittee for the opportunity to discuss this important issue. This concludes my testimony, and I would be happy to answer any questions.

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HELICOPTER ASSOCIATION INTERNATIONAL

TESTIMONY ON TRANSITION FROM FAA TO CONTRACTOR-OPERATED FLIGHT SERVICE STATIONS: LESSONS LEARNED

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON AVIATION
UNITED STATES HOUSE OF REPRESENTATIVES

OCTOBER 10, 2007

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Dedicated to the advancement of the civil helicopter industry

HELICOPTER ASSOCIATION INTERNATIONAL
TESTIMONY ON
TRANSITION FROM FAA TO CONTRACTOR-OPERATED
FLIGHT SERVICE STATIONS: LESSONS LEARNED

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON AVIATION
UNITED STATES HOUSE OF REPRESENTATIVES

October 10, 2007

Good morning Mr. Chairman, and Members of the House Aviation Subcommittee. My name is Matt Zuccaro, and I am the President of the Helicopter Association International.

I am honored to appear before you today and sincerely appreciate the opportunity to address this most important topic. I respectfully request that you accept my full written testimony into the official record.

HAI is a not-for-profit, professional trade association of over 2,600 members, inclusive of 1,400 companies and organizations. Member companies include helicopter and heliport operators, manufacturers, and industry support organizations. Unlike many other trade associations, operations conducted by HAI members are not limited to one type of specific flying or purpose. HAI members operate helicopters across a wide spectrum of uses, such as on-demand charter, offshore oil and gas platform support, utility services, corporate support, public service, law enforcement, emergency services, agricultural, as well as private use.

We are here today to discuss the FAA transition to contractor-operated Automated Flight Service Stations and to draw valuable lessons as the FAA draws closer to implementation of the recently awarded Automatic Dependent Surveillance-Broadcast (ADS-B) contract. ADS-B will usher in a new air traffic control system that will dramatically increase air traffic efficiency. The prime contractor, ITT Corporation, will build the ADS-B ground stations and own and operate the equipment, with the FAA paying a subscription charge for ADS-B broadcasts transmitted to properly equipped aircraft and air traffic control facilities.

As Members of this committee are aware, helicopters play a crucial role in the Gulf of Mexico energy production process, taking supplies and employees to and from oil platforms. Nearly 3 million passengers are transported via helicopters over the Gulf of Mexico en route to various oil platforms each year. The numbers are astonishing: over 400,000 flight hours per year, with over 10,000 passengers and over 3,400 flights being flown each day.

Earlier this year, helicopter traffic in the Gulf region was negatively impacted when the transition to contractor-operated flight service stations resulted in the closure of several AFSS stations in the Gulf region. The AFSS contractor was totally unfamiliar with offshore helicopter operations in the Gulf, thus incapable of determining the ultimate impact on our industry of closing those AFSS stations.

As a result, helicopter pilots immediately began experiencing delays of 30 to 45 minutes when filing flight plans, resulting in excessive hold times. Furthermore, even when flight plans were filed, flight plans were lost by the contractor or missing when the pilot made a call for a clearance. The contractor personnel manning the flight service operations center were unfamiliar with the flight protocol for the Gulf of Mexico – they lacked knowledge of the special IFR grid structure for helicopter flight plans in the Gulf and in many instances, these operators were located many thousands of miles away from the AFSS facility they were ultimately connected with. This situation resulted in significant delays and could have severely impacted the safety of thousands of workers on oil rigs had the 2007 hurricane season brought forth a major Category 3, 4, or 5 storm in the Gulf.

To accomplish the missions helicopter pilots are tasked with each day, seamless and uninterrupted service by a qualified vendor is vital. Flight delays cost the oil industry lost production time, and during periods of rapidly approaching storms, prompt and timely evacuation of thousands of employees from offshore oil platforms and drilling sites increases the tempo. Even more serious, especially in the 9-11 era, is the important knowledge of squawk codes for NORAD (North American Radar Defense). Simply stated, the Gulf of Mexico is a unique area.

Only after direct intervention by the FAA Administrator and Members of this Committee, did Lockheed Martin sit down with our industry in Houston to address our concerns, develop procedures and processes to meet the needs of the offshore community, familiarize themselves with operations in the Gulf, and most importantly, ensure safety of helicopter operations from the panhandle of Florida all the way to Corpus Christi, Texas. Unfortunately, during the transition to contractor-operated Flight Service Stations, tremendous FAA institutional knowledge about gulf aviation operations was lost, and the pleas of our pilots fell on deaf ears until senior FAA leadership and Congress stepped in.

I am happy to inform this committee that local operating procedures have now been written by the Fort Worth Hub Plans and Procedures Specialist. A dedicated, direct phone line, with calls restricted to Gulf of Mexico operations, has now been established by Lockheed Martin, easing pilot difficulties when utilizing satellite phones (automatic numeric menus and satellite phones don't integrate well). The line became effective on or about August 6; however, this occurred several months after pilots began pleading for help.

HAI's partnership with the FAA in the form of a Memorandum of Agreement (MOA) to support low altitude weather and communications in the Gulf will facilitate Phase I of the ADS-B technology. The helicopter industry has made a significant commitment to assist the FAA in ADS-B Phase I, providing in-kind services valued in excess of $100 million over the life of the project – to include helicopter transport for FAA and contract personnel and space on offshore platforms where equipment will be installed.

The approach the FAA has taken in laying the groundwork for ADS-B Phase I is unprecedented. The agency is listening, truly listening, and working closely with industry as this initiative moves forward. I sincerely hope that once the ADS-B contract is fully implemented and serious work gets underway that I will be able to make the same statement. It is a tragic shame when a contractor doesn't work with and listen to customer concerns and it becomes necessary for industry to come to your doorstep.

I am optimistic that initiatives such as this hearing, will avert such a situation with regard to the implementation of ADS-B technology, the first phase of the NexGen system.

Thank you for providing this opportunity to speak with you regarding this important matter.

Oct 8, 2007

The following is for consideration of the House Transportation and Infrastructure Committee and Subcommittee on Aviation. I am a Flight Service Specialist at one of the Lockheed Martin Flight Service Stations. I wish to remain anonymous for obvious reasons.

The following incident occurred during the summer of 2007 at an airport without an RCO (remote communication outlet to Flight Service) or a RCAG (remote communications air to ground to ATC). The only way to obtain a departure clearance is by calling Flight Service on the phone for a void time clearance. Late in the evening a Lifeguard aircraft (air ambulance) with a critical patient onboard called the Flight Data (FD) line to request a clearance. The pilot was using a cell phone. The specialist at the FD position was unable to obtain the clearance due to the cumbersome communication system of the FS21 system.

Before the transition began, departure clearance request came only from local airports where the specialists had the necessary lines to request clearances from the appropriate ATC facility. The system required pressing only three buttons. First, the specialist pressed a button to access the interphone line and then pressed a two digit dial code & was connected directly to the sector controller responsible for issuing clearances.

Under the FS21 system the clearance request came from an area that the FD specialist did not have direct lines to the controlling ATC facility. The process to obtain a clearance request involved a complicated multi-step process using commercial lines that rarely works. Initially the specialist was unable to make the call because the specialist needed to be "available" and when the specialist switched to available; another call would immediately drop in. The specialist asked the pilot if they could call the pilot back but by the time the specialist was dropped out of the multi-step process three times the aircraft had departed in IFR to LIFR conditions and picked up the clearance in the air.

The pilot of the Lifeguard aircraft did what he had to do to transport the critical patient and in no way should be blamed for being less than "safe". He was forced to make the decision of departing in less than ideal and possibly dangerous conditions. The FD specialist did everything he could to provide the necessary service. The FS21 equipment failed because the parameters used to develop the system were apparently provided by sources that had no idea how Flight Service worked. This was a dangerous situation with deteriorating weather conditions and the contractor's equipment has placed the pilots and specialists in the role of "guinea pig".

It is very important to understand that the FAA bares a large amount of the blame for this situation. They botched the outsourcing process badly by rushing the process and writing inaccurate and incomplete descriptions of Flight Service duties. This resulted in poor service and compromised safety. Additionally, many of the Air Traffic Control Specialists working operations in Flight Service lost vestment in their pensions. Our lives and careers have been devastated by these unconscionable actions. Thank you.

Daniel J Holodick Congressional Hearing on Flight Service 9/18/2007

My name is Daniel Holodick, and I was a part of the 2005 FAA Reduction-in-Force of the more than 2,500 controllers within the Flight Service option. I am writing to provide input to the forthcoming hearing with members of the FAA about the Flight Service contract. At a minimum, I request that this document be made a part of the official record in this hearing.

Twice, during the Spring of 2006, I was refused permanent employment with the new Flight Service contractor, Lockheed Martin. So, I resigned from that temporary position with this company to search for a job in the federal government so that I could re-qualify for my federal retirement; a pension that was guaranteed by the FAA when I was hired in 1984 and which I was just over 2 years short of obtaining.

This has been a very frustrating and difficult period in the life of my family and me. After well over one hundred applications, I was finally re-hired by the FAA to work for a lower wage at the Seattle, WA, Air Route Traffic Control Center. My family has been required to remain in Hermon, ME, since Spring of this year, as we have been unable to sell our home in the current unfavorable housing market. Between our two jobs, my wife and I are only just able to maintain our house in Maine and my small apartment in Enumclaw, WA, and she is left with raising our two teenage daughters without my help.

This scenario is common with most of the controllers that were terminated by the FAA during a scheme that was supposed to have saved them money. Not only did this process not accomplish this savings, but it also created a situation that affected the safety and security of the general aviation community and this country in general.

Lockheed Martin has performed abysmally during this takeover, as evidenced by a recent FAA Inspector General report, the Aircraft Owners and Pilots Association (AOPA), and numerous complaints from general aviation pilots *and* specialists who now work for this company. You will undoubtedly hear otherwise during this hearing by officials of the FAA, AOPA, and, of course, Lockheed Martin (many of whom are former FAA officials), who will spin a positive story about this flawed contract. I would like to provide a couple of examples that describe some of the many problems:

During the transition, Lockheed Martin continued to change and spin the rules. One example was stating "everyone would get a job". That soon changed to "jobs would be filled on a first come first served" basis. If you didn't get your application in by a certain time, you would not make the cut. Now, with 20/20 hindsight, I believe Lockheed Martin would have done things differently. Many that said they would go to the new position, backed out and found employment elsewhere, or retired. Lockheed quickly put out a number of re-offers with minimal participation. They even went to former retired FSS specialists offering them positions to make it past the crucial transition period. Some were retired over 10 years and were rehired, some were medical retirements.

Speaking of medical requirements - during the FAA Flight Service Station (FSS) years, all operational specialists were required to maintain a Class 2 flying medical. The same required by "real" controllers. It made sense as we were relaying clearances, talked to live traffic on the radio, performed critical safety related jobs, etc. Now, this is suddenly not required by the FAA contract with this company! There is something wrong with this picture. I am not even sure that

there is a "drug free" clause. Do they have random drug testing as was in the FAA? During my short period of employment with Lockheed Martin, we were advised that we should "self report" any medical conditions.
I truly can continue to talk endlessly about this privatization debacle, but with the upcoming hearing, and the possibility to answer some fair questions for the 2000+ former Flight Service controllers and their families, I believe my request to be fair and reasonable. I do not view this as a partisan issue, as we are all taxpayers. Without a doubt, this FAA catastrophe has greatly affected the safety and security of many individuals of this country, and these are questions that should be asked.

I will assume the following individuals will be (or should be) present at your hearing: Marion Blakey, FAA administrator; Ventris Gibson, FAA Human Resources Manager; and Joann Kancier, former FAA's competitive sourcing office, who now works for Grant Thornton, the firm that started the FSS privatization ball rolling.

Questions for Marion Blakey:

- How was Lockheed Martin guaranteeing a workforce when there was no way they knew that ex-FSS folks would hire on with them, and there were no other jobs like it in the country where they can obtain a workforce?

- Was there any agreement to supply a workforce to LM by not allowing the majority of qualified FSS specialists to get hired at other FAA positions?

- What is the actual "net" savings after all the smoke clears, considering the following?

    - Delays ----LM has revised its schedule 9 times.

        - This was addressed in the contract, and penalties should have been levied, leased buildings are still being paid by whom?

    - Payroll and operation costs realized?

    - Bonuses to all the Facility managers?

    - All the Severance pay to the eliminated Flight Service employees?

    - All the leave buyouts, both annual and sick leave?

    - Bonuses to the folks that lead the outsourcing? Joann Kancier, Jim Washington, Ventris Gibson?

    - Manpower spent by FAA legal, fighting the Age Discrimination case filed by former FSS employees?

    - Broken leases at a minimum 40 FSS city owned buildings?

        - Auditors need to re-look at the delays on extending building leases not because of closure date delays but for communication equipment that will

need to be move in some facilities. One example; The FAA will maintain the lease that is in place for another 3 years after St. Louis AFSS closes its doors permanently due to communications equipment that will need to be relocated and no reason why it will take this long. This is not an isolated case and will happen to other facilities after closure. St, Louis AFSS's yearly lease is around $300,000(three hundred thousand) a year.

Marion Blakey claimed that Flight Service cost varying amounts to operate, but usually she claimed between $500 million and $600 million per year. Not only did this figure include budgets for departments such as AF (Airways Facility) and regional offices, which were not included in the A-76, but the figure was grossly inflated to begin with. The true cost was less than half that, after subtracting those operating budgets.

- Why was it that when the smaller VFR towers were privatized, all controllers who wanted to move to a larger FAA tower were offered the opportunity, and actually offered a paid relocation, and FSS folks received nothing when we were out-sourced?

- Why during routine operations were you able to provide retirement seminars to employees nearing retirement, but when the entire workforce in flight service needed the seminars, there was no money in the budget?

- Why was it that when the FAA decided to "consolidate" regional offices (another mess congress should look at) to 3 main hubs, all employees were offered a full relocation package, AND if they decided they would not want to relocate, they were promised help in finding a federal job of some sort in the local area? Why wasn't this option offered to FSS specialists?

- Why has the FAA blocked attempts by FSS folks who are trying to obtain their earned federal ATC retirement by changing the rules and regulations mid-stream? (Now required to possess a CTO, (Control Tower Operation certificate).

Questions for Ventris Gibson:

- Why has the FAA changed its rules and regulations (during the selection process to other FAA positions) on the fly to keep FSS folks locked up with LM?

- Why does each FAA HR regional office provide different and conflicting answers to questions that should be cut and dry regarding reemployment?

- Did you not state at the New Orleans NAATS (former Flight Service union) meeting that all FSS have priority over other applicants, and will be looked at before CTI, off the street hires, cross-federal hires? Why is it not so?

- You stated that Russ Chew (Former COO) was committed to doing everything possible to make the elimination of FSS in the federal workforce as easy on the specialist as possible. Where is Mr. Chew now?

- In a various press releases, you stated that everyone was offered a job with LM, why were many refused employment, long term with LM during the critical transition phase? (First come, first served) Why did you leave out that simple word "temporary"?

- How many FSS specialists to date have been re-hired at equal to or higher salaries than previous? How many of them were former FAA supervisors and/or managers?

- How many former FAA and/or FSS department heads now work for Lockheed Martin?

    - Jeff Griffith, Monty Belger etc.

Joann Kancier:

- How was it that Lockheed Martin received higher scores on the "equipment" portion of the FSS bid than the MEO (FAA bid), considering Lockheed Martin had only a concept of a system, but the MEO already had "Existing equipment" in place and operational in the National Airspace System and remains the system of operation in Alaska?

I encourage the committee to contact some of the current Lockheed Martin employees and ask them some questions about how this new system is operating. Seattle Flight Service remains one of the Lockheed Martin legacy sites, and I am certain that a visit would be enlightening to the Congressional Transportation Committees. Regretfully, it will most likely have to be anonymously, LM is an "at will" company, which means that many, if not all, will fear retaliation for speaking the truth.

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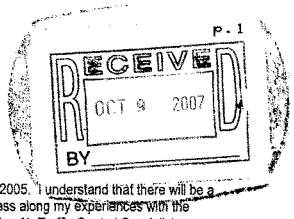

Oct 7, 2007

Dear Representative Oberstar,

I am writing to you regarding the FAA A76 outsourcing that occurred in October, 2005. I understand that there will be a hearing on Wednesday, Oct. 10th regarding the outsourcing and I would like to pass along my experiences with the process. I was one of approximately two-thousand five hundred FAA Flight Service Air Traffic Control Specialists affected by the outsourcing. All of us affected were outsourced "through no fault of our own" as stated by the R.I.F. papers. This was the first large scale outsourcing of an entire group of federal employees in one of the special retirement categories (such as Air Traffic Control, Fire Fighting and Law Enforcement) and unfortunately the FAA was less than honorable during the process. In my case I had nineteen years and six months of the necessary twenty years of good time required. In other words, I was 97.5% towards reaching the critical twenty-year milestone.

Unfortunately, during the process it became evident that there were several shortcomings in the Federal regulations that protect civil servants from situations such as outsourcings and RIFs. During the outsourcing process, I made several suggestions to the FAA on ways to fairly treat those affected. These included crediting accumulated annual and sick leave as well as credit hours towards the ATC good time calculation (these could be viewed as extra hours worked for the benefit of the agency), and either pro-rating retirements or allowing us to "buy" the necessary time (this would have been a particularly fair way in that the onus would have been placed on the RIF'd employee as to whether it was worth it or not at the time). In all cases the FAA chose not to address the issue in any manner regardless of whether you were a few years short to only a few days. Those of us affected were devastated by this unconscionable behavior. In my case, all of my career and life planning decisions over the past twenty years were based on reaching the twenty-year milestone. Unfortunately, I cannot "go back" and start over and I am therefore relying on elected officials to correct the injustice.

With that in mind, I write this letter asking for your help in correcting this problem. As chairman of the House Transportation and Infrastructure Committee, I sincerely hope that you can help. It is my understanding that normally in a RIF, the affected employee receives a five year credit towards their retirement (in this case it should be ATC good time, since I was removed from an ATC position). Additionally, those if us in the special retirement categories paid a higher rate towards our retirements. Because of the RIF, the higher rate that I have paid over the last twenty years is lost and any retirement calculation in the future will be based on a lower contribution rate.

Please remember that I am not asking to be given anything. I was less than six months short of reaching the twenty-year milestone and was outsourced through no fault of my own. There are also bigger issues associated with this situation, not the least of which is, if the government will not honor its pension commitments to loyal employees than what incentive does the private sector have to do so. I respectfully request that you as a member of the committee address the issues regarding lost pensions due to the Flight Service outsourcing. This will be an important part of the "Lessons Learned".

The FAA admitted that the Flight Service A76 outsourcing was necessary due to an "aging workforce" in Flight Service and poor management and inefficiencies within the FAA bureaucracy. Those FAA employees actually in direct contact with the aviation community (in the trenches if you will), should be the last ones who should pay the "tab of FAA mismanagement". Please keep in mind that many of these FAA managers shamelessly rewarded each other with bonuses during the outsourcing and now work for contractors involved in the outsourcing process. Rest assured, none of them lost their pensions in the transition to the private sector. Thank you in advance for your consideration of this matter. If you have any questions, please feel free to contact me.

Respectfully,

Robert M. Venable

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Jerry F. Costello, Illinois
Chairman Subcommittee on Aviation
Committee on Transportation and Infrastructure
U.S. House of Representatives
110th Congress

Sept. 11th, 2007

Ref: Hearing; The Transition from FAA to Contractor-Operated Flight Service Stations: Lessons Learned
Friday, September 28, 2007 10:00AM

Mr. Chairman;

After 25 years working as a flight service specialist, with over 150,000 accident free pilot weather briefings, I have become afraid to go to work. Even my degree in Meteorology, private consulting experience, and unblemished record do not provide me the confidence to do what the new contractor Lockheed Martin requires.

In the past, pilots would rely on the "Flight Service Specialist" as the weather and airspace professional, who kept up with the system rules, weather situations, and airspace restrictions so they, the pilots, wouldn't have to. Obviously, someone who watches these things, day in and day out, over many years, knows the vagaries, anticipates the flaws, and can provide valuable assistance to the non-professional user. However, the encyclopedic knowledge that is required of a flight service specialist concerning airspace, terrain, weather, security, ATC systems, NWS systems, aircraft and human nature, does have limits.

Prior to privatization, a flight service specialist would take an "Area Rating Test" over his geographical area of responsibility. This area rating knowledge consisted of knowing airports, approaches, ATC facilities, radio frequencies, military training routes, terrain, and indigenous weather trends. When Lockheed Martin took over operations, our geographical area of responsibility was increased four to five times the old amount (several states). The volume of "area knowledge" requirements were correspondingly reduced, but we still felt comfortable in our duties.

Lockheed Martin's new FS21 computer system has proved to be a debacle. I started my Flight Service career on mechanical teletype machines and then went through four generations of FAA computer system upgrades. Lockheed Martin's FS21 system is not only inferior but dangerous. Radar pictures cannot be trusted, satellite views become a big pixel smear, and severe weather warnings may be missing, days old, or contradictory. Specialists refer to the FS21 system as the "weegie board". Trying to use the "weegie board" on your home area of responsibility certainly has drawbacks, but we have enough experience to know which data is reasonable or which is suspect.

As Lockheed was unable to meet their contractual requirements regarding speed in answering pilot calls, those calls were routed to the "next available briefer" anywhere in the United States. This call forwarding brought pilot calls to briefers who "had not a clue" as to the particulars of a flight on the other side of the country. We didn't know exactly where the pilot was located, what the terrain was, the weather trends, the airspace identifiers, or the airspace restrictions. The pilots didn't want to talk to us, and we felt unsafe briefing them. Couple that with trying to extract dubious information out of the "weegie board", and you can see the potential for catastrophe.

Our complaints fall on deaf ears. Lockheed's potential bonus, from the FAA, for speed in

answering calls, outweighs all prudence and safety concerns. Though it is a simple task to transfer an incoming call to the appropriate area rated briefer, we are forbidden from doing so. In fact, management encourages specialists to "snitch" on coworkers, so that they might hunt down and punish any offending specialist.

Money is outweighing safety. Lockheed works toward satisfying their contracted performance levels. Safety is not their concern. The FAA contracting office tries to score Lockheed on the minutia of our duties rather than scoring on the purpose of our employment, lives saved. My expert judgment is no longer valued and is in fact discouraged. Rote "lawyers speak" replaces considered evaluation and pilot consultation. I used to enjoy helping pilots and passengers arrive safely at their destinations. Now, I read from a script (based on teletype procedures), and pretend to do my job, hoping the pilot will hang up and try to call back, getting a briefer closer to home. The pilots know the difference, as can be seen in their dramatic shift away from "Flight Service" to internet weather. Fewer calls make Lockheed's job easier and their performance bonuses attainable. Do fewer flight service calls mean fewer fatalities? No, but it does mean more money. The contractor is not being rewarded for improving flight safety but is being rewarded for running off the taxpayer.

The lesson learned here is that performance scoring on a public service contract should be geared to the basic goals of the service and not to the metrics of methodology. In this case that means achieving fewer accidents, fewer fatalities, and happier pilots, and not measuring speed of poor service or myopically counting checklist tick marks.

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