

*Affiliated With American Federation of Labor And Congress of Industrial Organizations*

# Transport Workers Union of America

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## DEPARTMENT OF LEGISLATIVE & POLITICAL AFFAIRS

### TESTIMONY OF JAMES C. LITTLE INTERNATIONAL PRESIDENT OF THE TRANSPORT WORKERS UNION (TWU)

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#### BEFORE THE SUBCOMMITTEE ON AVIATION OF THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE HEARING ON FAA OVERSIGHT OF OUTSOURCED AIR CARRIER MAINTENANCE

MARCH 29, 2007

The Transport Workers Union of America, AFL-CIO (TWU) on behalf of its 130,000 members in the transportation industry, including the airline mechanics at American Airlines, appreciates the opportunity to appear before this Committee. I particularly want to commend the Committee for turning the spotlight on what has been a long-ignored source of danger to U.S. airline passengers – the double standard applied to aircraft maintenance at outsourced stations as opposed to that performed at the carriers themselves.

Indeed, the TWU has long sought one level of safety and security for all maintenance on all aircraft used in domestic air service. We have particularly fought to undo the irresponsible regulatory changes in 1988 that allowed the Federal Aviation Administration (FAA) to certify foreign aircraft repair stations to work on U.S. aircraft not engaged in international travel and to do so under different standards than that applied to domestic stations. Our concerns have only grown in the aftermath of the September 11 terrorist attacks as we have fought to bring heightened awareness to the many security problems that remain unaddressed at contract repair stations.

#### **Standards and Oversight Misaligned With Risk**

Understanding that resources to ensure safe and secure air travel are not unlimited, the TWU starts from the premise that those repair facilities which pose the greatest safety risks and the greatest security risks are those that should be subject to the toughest

standards and receive the most intense scrutiny by the FAA. It is quite apparent that exactly the opposite is the case.

Arguably the safest, most secure maintenance work is that done *in-house by the carriers* themselves. This work receives the greatest scrutiny and oversight by the carriers – the work is done under the direct control of the carriers’ supervisors and there is an additional layer of supervisors and inspectors dedicated to compliance with FAA safety regulations.

Receiving less direct oversight from the carriers is work they contract out to *domestic contract repair stations*.

Posing substantially greater risk than either of the above is work done at *foreign contract repair stations*, far from direct supervision by the carrier, and work done by *non-certificated domestic repair stations* which are supposed to be the responsibility of the carrier.

#### Carriers’ In-House Repair Work

This is the work that is held to the highest standards and receives the majority of FAA inspection oversight, despite the fact that more than 50% of maintenance on aircraft flown in U.S. domestic service is now outsourced. Mechanics who work on aircraft are usually certified under Part 65 and for those that sign-off on this work this certification is required. All U.S. mechanics are subject to random drug and alcohol testing. They must pass criminal background checks to work there. And carrier operations are subject to unannounced inspections by FAA inspectors at any time and any place.

#### Foreign Aircraft Repair Stations

Compare this to the certification of foreign aircraft repair stations. First, they are exempt from many of the rules and standards that apply to domestic repair stations.

**Drug & Alcohol Testing.** In all but a handful of stations (where local laws require it), foreign repair personnel do not have to pass drug and alcohol tests to work on aircraft destined for U.S. domestic air service.

The U.S. Congress has determined that any amount of drug or alcohol impairment on the part of aircraft mechanics presents an unacceptable risk to airline passenger safety. The U.S. Supreme Court has upheld this requirement on the grounds of safety (limiting it to “safety-sensitive personnel”). Our members have come to accept the random drug and alcohol testing regulation, though these requirements are obviously still a source of fear and uncertainty.

I am not here protesting drug and alcohol testing, but if the FAA believes it is necessary to ensure the safety of U.S. domestic air service, how can it be any less necessary when that work is performed overseas. Either it is a necessary safety precaution and it should

be applied to everyone who works on maintaining aircraft for U.S. domestic service or it really isn't necessary and should be repealed in the U.S. We should not degrade airline safety by creating a loophole by which domestic carriers can avoid drug and alcohol testing.

I am not saying, as some have claimed that foreign countries must change their laws to institute wide-spread testing. What I am saying is that, in the interest of achieving one level of safety, foreign stations who want the right to work on U.S. registered aircraft that operate in this country be required to meet the same safety and security standards the FAA imposes on U.S. domestic stations.

This is not interference in the sovereignty of other countries, but consistent with U.S. practice in many other areas of safety. We require automobiles imported into the U.S. to meet *our* safety standards, no matter what the standards of the country of their manufacture. We require food imported into the U.S. to be grown in a manner consistent with our health and safety laws. It makes no sense that we insist on U.S. safety standards for automobiles and food, but not for aircraft where the potential danger should be apparent.

**Aircraft Mechanic Certification.** There are dozens of other requirements the FAA imposes on aircraft maintenance performed domestically from which foreign repair stations are exempt. The FAA says experience is not enough to work on these aircraft – mechanics who perform any number of jobs on U.S. aircraft are required to go through a thorough and grueling certification process to receive a Part 65 mechanic's license. There is no such requirement of foreign stations. Nor are mechanics who work on planes at foreign repair stations even required to be able to read the repair manual so long as there is one person at the station who can and who signs off on their work.

**Dual Security Standards.** Following the events of September 11, an additional layer of protections and restrictions were imposed on domestic aircraft maintenance to provide increased security from terrorist attacks. Every airline passenger is familiar with changes affecting passengers and flight procedures – restricted entrance to gates, no-fly lists, hardened cockpit doors, etc.

But an equally stringent set of procedures was implemented to cover mechanics and ramp employees. First, limited access areas were established strictly controlling access to all aircraft. Second, Congress and the Transportation Security Administration (TSA) imposed criminal background checks and terrorist watch list reviews on all aviation workers, including mechanics, who have unescorted access to a secure area of an airport. In addition, the FAA and TSA issued rules that require the FAA to revoke airman certificates, which include a Part 65 mechanic certification, of any individual determined by the TSA to pose a threat to aviation security.

Again, these rules were put in place because policymakers believe it is important to ensure the security of those that work in these sensitive positions. Yet neither the FAA, the TSA, nor any other U.S. government agency requires any type of background check

for workers at foreign stations who repair or maintain U.S. aircraft. At least at domestic contract repair stations Part 65 mechanics are covered by the TSA/FAA rule. While in theory the TSA/FAA rules apply to Part 65 mechanics located overseas, foreign stations are allowed to work on U.S. aircraft without having any certified mechanics; as such, from a practical standpoint, this rule does not apply to foreign stations.

Loose or nonexistent security at foreign aviation facilities provides a window of opportunity for terrorists with designs on U.S. air travel. From a security standpoint it is not hard to imagine how certified foreign aircraft repair stations, working on U.S. aircraft, could provide terrorists with an opportunity to sabotage U.S. aircraft or components that will eventually re-enter the U.S.

For this reason, and in light of the absence of criminal background checks, secured areas and other security precautions at foreign bases, Congress in the 2003 FAA Reauthorization required the FAA to issue a regulation providing for security audits of all foreign repair stations and empowered it to revoke certification from any station that failed to meet acceptable security standards. They were to complete final rules by August 2004 and finish audits 18 months after the rule was issued..

In blatant disregard of the will of Congress and the safety of the flying public, the FAA and TSA have blatantly ignored this legislative requirement. The result is a gaping hole in our security perimeter. U.S. air passengers fly under the belief that there is a regimen in place to make certain that terrorists do not have access to the planes they fly in. That is not true and will remain a fantasy until we subject foreign repair stations to the same level of security as domestic stations.

**Dual Standards on Oversight and Inspection.** The different, unequal requirements applied to various repair stations is only one source of the misalignment between risk and resources. The unequal enforcement of those requirements is another.

A 2003 report by the Department of Transportation Inspector General (IG) found that while foreign stations were widely used by U.S. carriers, some FAA-certified foreign repair stations are not inspected at all by FAA inspectors because civil aviation authorities review these facilities on FAA's behalf.

Again, there are consequences when foreign inspectors are utilized. The IG determined that foreign inspectors do not provide the FAA with sufficient information to determine what was inspected, what problems existed and how they were addressed. The IG reported that one foreign authority representative explained that "they did not feel it was necessary to review FAA-specific requirements when conducting repair inspections."

Those foreign stations which are inspected by the FAA hardly fare any better. The law requires a recertification inspection every two years, and for many stations that is all they get. When the regulations governing foreign repair stations were loosened in 1988, there were 200 such stations. That number has exploded 350% since then, yet oversight has not kept pace.

In 1997, the last year for which we have numbers, the FAA had 73 International Field Officers to service 497 foreign repair stations. The number of foreign repair stations has increased 40% since then to 697 while the number of IFOs has held constant (74).

Second, even this small amount of oversight is rendered useless since *U.S. policy requires the FAA to give advance notice to a country of any inspection of FAA-certified aircraft repair stations sited in their country*. This is true even in those countries rated category 3, meaning the country's civil aviation authority does not comply with the International Civil Aviation Organization's (ICAO) standards for safety oversight.

FAA inspections in the United States are unannounced and unexpected. All my members working in shops or online know that an inspector could show up unannounced at any time, looking over their shoulder while they accomplish their work. And inspectors in the U.S. have the run of the plant – there is no place they don't go. The FAA requires unannounced inspections at all FAA-certified U.S. repair stations, insisting it is essential to air safety. They argue that it is human nature to put forward your best practices and best appearance if you know there will be an inspection, behavior which would reduce the effectiveness of the inspection. One assumes that individuals at foreign stations are no less human. If the safety of the flying public requires unannounced FAA inspections, then this must be the standard for all repair stations wishing to perform work on aircraft for domestic U.S. service.

Again, we are told that the double standard on unannounced inspections is at the insistence of the State Department in order to respect national sovereignty. Again, as I argued in the case of drug and alcohol testing, no one is suggesting we violate the sovereign rights of another country – they can allow unannounced inspections or not, as they prefer. But should they refuse, then the U.S. should exercise *its* sovereign right not to certify repair stations in those countries to work on aircraft used in U.S. domestic service.

#### *FAA-Certified Domestic Contract Repair Stations*

While domestic contract repair stations certified by the FAA are required to meet the same standards on things like drug and alcohol testing, Part 65 mechanic license certification, etc., there is a distinct double standard in the enforcement of these rules in comparison with maintenance done by the carriers in-house.

Even two years after September 11, the Department of Transportation Inspector General (IG) found that the FAA had continued to concentrate its inspection and oversight resources on air carriers' in-house maintenance operations, citing one carrier where the FAA completed 400 inspections of the carrier's in-house operations while only seven inspections were conducted of the contract repair stations used by that carrier to outsource work. Given the growth of contracted maintenance to over 50% of U.S. air carriers' maintenance budgets, this double-standard in oversight procedures must be

corrected, especially as our government embarks upon new regulations aimed at protecting against security breaches at foreign and domestic contract repair stations.

The fact is that this lack of oversight has consequences. Specifically, the IG review discovered weaknesses in 86 percent of the contract repair stations visited. The IG found repair stations that did not (1) use the parts required by the maintenance manual; (2) properly calibrate tools and equipment that were being used in repairs; (3) have information on file to show that mechanics approving completed repairs had the necessary training and qualifications to do so; and (4) correct deficiencies previously identified by FAA inspectors. The IG determined that “left uncorrected, these deficiencies could lead to an erosion of safety...and sent undetected by FAA surveillance because of the weaknesses in FAA’s oversight structure.”

These concerns are not just academic. On January 8, 2003 Air Midwest flight 5481 (doing business as US Airways Express) crashed shortly after take-off at Charlotte-Douglas International Airport killing two crew members and 19 passengers. The National Transportation Safety Board found that a contributing cause of the accident was the lack of oversight, both by the FAA and the carrier, of work being performed at a contract repair facility in Huntington, West Virginia.

#### *Non-Certified Repair Facilities*

There also exist noncertificated repair facilities, supposedly used by the carriers to perform minor maintenance, such as checking of engine oil levels, changing tires, etc. But a 2005 IG Report finds that, following the principle of give-them-an-inch-and-they-take-a-mile, many carriers are using them to perform scheduled and critical maintenance. Without repeating what you can read in the IG report, let me state the obvious. It makes no sense to have safety rules if carriers don’t have to follow them. These stations are supposed to be under carrier oversight, but the IG found that in many cases that consisted primarily of “telephone contact.” If carriers’ in-house maintenance work requires FAA inspection and oversight, how much more true is this of repair shops out from under the watchful eye of the carriers? All repair facilities that perform maintenance on aircraft used for U.S. service should be required to be FAA-certified, meet the same standards, and receive at least the same amount of oversight as in-house repair facilities.

#### **Costs and Parameters**

I am sure there is no one in the room who does not understand that I am appearing here, not only on behalf of the safety and security interests of U.S. air travel, but also on behalf of the jobs of our members who are forced to compete on this unlevel playing field.

But, before anyone lets loose a cry of “Special Interest”, let us be clear that all sides in this debate are representing their interests. Those in the aviation industry who champion the double standard are simply trying to save money by getting the work done out from under the costs imposed by U.S. safety and security safeguards. Industry representatives admitted as much when they testified in front of the TSA against implementing security

audits of foreign bases. And foreign interests petitioning for the status quo no doubt see a business opportunity they do not want altered.

Cheap labor is one thing, but allowing airlines to escape the costs of complying with safety and security procedures through FAA-created loopholes is another. One is simply the era of globalization; the other involves a conscious flouting of US aviation safety and security measures to save a buck. It defeats the entire purpose of FAA regulation.

So, by all means, let's address the money question.

### **Taxpayer Costs**

It falls into two categories. First, is the cost to the taxpayer. Applying the same inspection regimen to foreign and domestic contract repair stations as is currently applied to carriers' in-house maintenance would obviously require a large increase in the number of FAA inspectors. However, if the regulatory scheme makes any sense at all (that is, if it makes sense to apply it to U.S.-based work), then saving money by not enforcing the regulations makes no sense.

We see three non-exclusive solutions to this problem which we submit without preference:

- Increase the budget for FAA inspections and mandate they be done overseas with the same frequency and rules as done in the U.S.
- Reduce the cost of foreign inspections by reducing the number of FAA-certified foreign repair stations to only those required for international aviation service.
- Take some of the inspection and oversight currently done on carriers' in-house maintenance and move it to foreign and domestic contract repair stations.

### **Air Carrier Costs—A Different Model**

What makes the sacrifice of safety and security even more tragic is that outsourcing to foreign or domestic repair stations is not the only way U.S. air carriers can become cost-efficient.

American Airlines together with the employees chose a different path. They realized that real efficiency comes from tapping the knowledge and experience of the hands-on workers. In a process that began with skepticism and wariness on both sides, American rejected the go-into-bankruptcy-and-gut-the-union-contract school of management and allowed workers and union a real voice in organizing the work.

Understanding that turning out the work more efficiently, and streamlining its entire operation is tied to job security and wage gains, our Aircraft Maintenance Technicians (mechanics), and support staff at American have done such a good job that we are currently in-sourcing work from other airlines.

Labor costs are only one part of the cost of repairs. Every week an airplane sits in the shop represents lost revenue. By turning the work around faster than other repair stations,

we are able to return aircraft to revenue service fast enough to offset our labor costs. As example: What normally would take twenty five (25) days to do a complete major aircraft overhaul, it now takes 13 days, and overall reduced costs by fifty five (55) percent.

### **MAJOR RECOMMENDATIONS**

- 1) Require that all maintenance on aircraft used in domestic U.S. service be done in FAA-certified repair facilities.
- 2) Require, as a condition of FAA-certification, that all repair stations meet the same standards. This includes, but is not limited to, drug and alcohol testing and Part 65 aircraft mechanic certification. Any requirement that is not imposed on foreign stations should be repealed as a requirement of U.S. stations.
- 3) Reconfigure FAA inspection and oversight to place the greatest scrutiny on those repair stations which audits determine to pose the greatest risk to safety and security.
- 4) Require, as a condition of FAA-certification, that all repair stations be subject to unannounced FAA inspections. The FAA shall be prohibited from certifying any repair station in a country that prohibits unannounced inspections and shall immediately revoke any existing certifications in that country.