The Heritage Foundation
Executive Memorandum

No. 887

June 19, 2003

WILL CONGRESS PROTECT THE UNIONIZED GOVERNMENT MONOPOLY AT THE FAA?

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President George W. Bush's effort to improve government services and reduce costs by requiring competitive contracting for commercial-type jobs in the federal bureaucracy has been actively opposed by many civil servants, their unions, and Members of Congress who want to protect select employees from private-sector competition.

Under the Federal Activities Inventory Reform Act signed by President Bill Clinton in 1998, federal agencies are required to identify those positions that are commercial in nature, as opposed to those that are "inherently governmental." This year, the federal government identified 850,000 such commercial jobs, and the Bush Administration is requiring agencies to open a portion of them each year to competition from the private sector to determine who can do the best work at the least cost. The U.S. Department of Defense (DOD) has used this process for several decades and has realized average savings of 30 percent when positions are exposed to formal competition. Although many opponents misrepresent this policy as an anti–federal worker outsourcing program, the existing government work force wins about half the competitions by improving operations and lowering costs.

Blocking Competition. Despite the success of competitive contracting at the federal, state, and local levels, opposition to it is formidable. So far this year, Members of Congress have introduced several bills to protect influential groups of workers. In June 2003, the House and Senate passed reauthorization legislation for the Federal Aviation Administration (FAA), and both versions include provisions shielding controllers (the Senate version also shields flight service station personnel) in the FAA's air traffic control system from competitive competition. The legislation would do this by reclassifying these FAA jobs as inherently governmental, thereby prohibiting any competitive contracting for them.

The congressional declaration that these jobs are inherently governmental would surprise the hundreds of private-sector controllers working in the 218 U.S. control towers already contracted out to private business. It would also surprise the thousands of controllers working in the privatized and/or commercialized air traffic control systems in the United Kingdom, Canada, Switzerland, Australia, Germany, and more than a dozen other countries.

An April 2000 study by the Office of the Inspector General at the U.S. Department of Transportation confirmed that the 187 Level 1 towers that FAA had contracted out to private operators (as of 1999) saved the agency $250,000 per tower per year. The report also estimated that extending the

Produced by the
Thomas A. Roe Institute for
Economic Policy Studies

Published by
The Heritage Foundation
214 Massachusetts Ave., NE
Washington, D.C.
20002–4999
(202) 546-4400
heritage.org

This paper, in its entirety, can be found at: *www.heritage.org/research/governmentreform/em887.cfm*

contracting program to 71 additional FAA-staffed Visual Flight Rule towers could yield an even greater annual savings of $881,000 per tower because of a new FAA pay system for government controllers. Significantly, the study found that there was "little difference in the quality or safety of services provided at Level 1 towers whether they were operated by the FAA or by contractors." The contracted towers were slightly more error-free (0.05 errors per 100,000 operations) than comparable FAA towers (0.06 errors per 100,000 operations).

Prejudice vs. the Facts. Behind the prejudice exhibited by some Members of Congress against private companies and their workers is the misperception that they will not perform as well as government workers and that any federal competitive contracting—if allowed at all—should be limited to simple, unskilled tasks. In contrast to these congressional prejudices, the DOD has aggressively embraced competitive contracting for a variety of vital services and has been doing so for several decades. Money saved on contracted services can be redirected to defense needs, and competitive contracting frees highly trained uniform personnel for more vital tasks. From 1995 to 2000, the DOD conducted 286 separate competitions under the guidelines of Office of Management and Budget (OMB) Circular A–76 with an estimated annual savings of $290 million. Examples of contracted national security services range from the simple to the highly sophisticated and include housing, tank repair, communications, supply management, and aircraft maintenance, including the B–2 stealth bomber. As is evident from the military's recent swift successes in Afghanistan and Iraq, DOD's aggressive use of competitive contracting does not seem to have undermined military performance.

However much proponents of unionized controllers argue that the proposed FAA prohibition reflects a special situation, it is in fact just another legislative effort to preserve the status quo and shelter government workers from the competitive forces with which most Americans comfortably exist. One notable example is last year's effort to preserve the Government Printing Office's printing monopoly; yet, when OMB opened the contract to print the federal budget to competition, the cost dropped by 24 percent from the previous year.

Another example is the effort by Senator Edward Kennedy (D–MA) to prevent competitive contracting at the National Park Service, where much of the work force is involved in routine maintenance, lawn care, and janitorial work. Despite DOD's proven contracting success with sophisticated services, Senator Kennedy contends that contracting will "put many of our great national treasures in the hands of private contractors who may put their profits above national interests." Similar efforts include attempts to derail the Army's ambitious effort to open 200,000 jobs to competition and an amendment sponsored by Senator Barbara Mikulski (D–MD) that forbids the White House from spending any money to manage its competitive contracting program. These attempts have not yet succeeded, although an earlier effort in the Senate to protect the U.S. Army Corps of Engineers from complying with the program was successful.

Conclusion. In response to House and Senate passage of FAA bills that protect government workers from competition, the White House has issued a Statement of Policy threatening to veto any bill that includes such prohibitions on the President's ability to manage the federal work force effectively on behalf of the taxpayers and service users. The White House is to be commended for this stand, and President Bush should carry out that threat if Congress fails to remove the offending prohibitions in conference.

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