

**Future of Aviation Advisory Committee
Labor and World-class Workforce Subcommittee
Record of Meeting**

July 8, 2010

Communications Workers of America (CWA)
Washington, DC

Public Announcement

The U.S. Department of Transportation (DOT), Office of the Secretary of Transportation, told the public of this Future of Aviation Advisory Committee (FAAC) Labor and World-class Workforce Subcommittee meeting in a Federal Register notice published June 17, 2010 (75 FR 34520).

Subcommittee Members in Attendance

Name	Affiliation(s)	
Patricia A. Friend <i>(Subcommittee Chair)</i>	International President	Association of Flight Attendants (AFA)–CWA, American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)
David Barger	President and Chief Executive Officer	JetBlue Airways Corporation (JetBlue)
Thella F. Bowens <i>(by telephone)</i>	President and Chief Executive Officer	San Diego County Regional Airport Authority
John M. Conley	International Administrative Vice President and Air Transport Division Director	Transport Workers Union of America (TWU), AFL-CIO
Robert L. Lekites	President	United Parcel Service (UPS) Airlines
Ana McAhron-Schulz	Director of Economic and Financial Analysis	Air Line Pilots Association, International (ALPA)
Richard Pyatt <i>(attending for Ms. Egnotovich)</i>	Vice President–Government Relations	Goodrich Corporation (Goodrich)

Subcommittee Members Not in Attendance

Name	Affiliation(s)	
Cynthia M. Egnotovich	Segment President, Nacelles and Interior Systems	Goodrich

Other Officials Present

Name	Affiliation(s)	
Christa Fornarotto	Deputy Assistant Secretary, Aviation and International Affairs	U.S. Department of Transportation (DOT)
Regis Milan <i>(Alternate DFO)</i>	Associate Director and Special Assistant to the Deputy Assistant	DOT

**Future of Aviation Advisory Committee
Labor and World-class Workforce Subcommittee
Record of Meeting**

July 8, 2010

Communications Workers of America (CWA)
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Secretary for Aviation and
International Affairs

Marlise Streitmatter	Deputy Chief of Staff	U.S. Department of Transportation (DOT)
Terri Williams <i>(Designated Federal Official (DFO))</i>	Director, Center for Organizational Excellence	Federal Aviation Administration (FAA)

Other Persons Present

Name	Affiliation(s)
Jan (Jay) Aul	FAA
Bob Bergman	UPS
Chris Brown	United Air Lines, Inc.
Mia Clarkson	Transportation Trades Department, AFL-CIO
Greg Dellinger	AAR Corporation
Bernard Diederich	DOT, Office of the General Counsel
Wayne Donato	United Steelworkers
John Donnelly	TWU, AFL-CIO
Michelle Duquette	MITRE Corporation Center for Advanced Aviation System Development (CAASD)
Donna S. Gleason	The Boeing Company
Jeffrey Goodell	JetBlue
Mark Hansen	FedEx Express
Dean Hubbard	TWU, AFL-CIO
Lauri Isbrandtsen	T. White Parker
Robert Land	JetBlue
Anthony Thomas McCloud	FAA
Lydia E. Mercado	DOT Research and Innovative Technology Administration
Neil Modzelewski	PAI Consulting
Rick Pittaway	DOT
Liz Spear	ALPA
Marlise Streitmatter	DOT

**Future of Aviation Advisory Committee
Labor and World-class Workforce Subcommittee
Record of Meeting**

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BACKGROUND AND WELCOMING REMARKS

This is the record of the first meeting of the Labor and World-class Workforce Subcommittee of the FAAC, a federal advisory committee formed pursuant to and subject to the requirements of the Federal Advisory Committee Act (FACA).

Ms. Patricia A. Friend, Subcommittee Chair, AFA-CWA, called the meeting to order at 1:07 p.m. She welcomed the Subcommittee members and public in attendance. Ms. Friend then asked each of the Subcommittee members to introduce themselves. She introduced Ms. Terri Williams, FAA, the DFO for the meeting, and asked her to summarize FACA requirements.

Ms. Williams noted that the meeting was being conducted under FACA, and outlined her own responsibilities as DFO, including maintaining information on costs and membership, ensuring efficient operations, and keeping publicly available records of FAAC activities.

Ms. Williams noted that meetings of the Subcommittee are accessible to the public, and stated that interested persons have the opportunity to submit comments before each meeting either by email at faac@dot.gov or by submission to the regulatory docket at www.regulations.gov (Docket No. DOT-OST-2010-0074). She added that the minutes of each meeting will be made available both in the regulatory docket and on the FAAC Web site at <http://www.dot.gov/faac>.

Ms. Williams read the formal statement required under FACA. She noted that although the meeting was open to the public (and members of the public were attending the meeting), participation in the meeting was limited to Subcommittee members, their alternates, and Federal officials. She added that only Subcommittee members and their alternates were entitled to vote on Subcommittee business. Ms. Williams then turned the meeting back over to Ms. Friend to open substantive discussion.

DISCUSSION

Ms. Friend asked each Subcommittee member to provide a synopsis of issues they wanted the Subcommittee to examine. Mr. John M. Conley, TWU, noted recommendations in three areas that he believed were fundamental to labor's interests: (1) in the area of international air commerce, build incentives into policy and law that discourage outsourcing, and refrain from modifying existing cabotage restrictions; (2) reform bankruptcy laws to prevent employers from avoiding obligations to workers; and (3) establish a dignity of work culture.

Mr. Robert L. Lekites, UPS, noted the Subcommittee's charter requires it to develop recommendations to ensure a world-class workforce to support a robust aviation industry. He asked that, in light of changing socioeconomic factors, the Subcommittee examine avenues for recruiting the best and brightest of the future workforce. He stated that the combinations of skills required for jobs in the aviation industry are unique, and called upon the industry to provide exemplary training and education programs and to create a working environment attractive to future employees.

**Future of Aviation Advisory Committee
Labor and World-class Workforce Subcommittee
Record of Meeting**

July 8, 2010

Communications Workers of America (CWA)
Washington, DC

Mr. Richard Pyatt, Goodrich, stated that his company had submitted copies of a 2008 study on workforce issues conducted by the Aerospace Industries Association (AIA), a 2008 report by the Interagency Aerospace Revitalization Task Force, and a presentation by the National Association of Manufacturers (NAM) on education reform and workforce development. He noted that the United States currently faces an aging science and engineering workforce, with 26 percent of science, technology, engineering, and math (STEM) degree holders aged 50 or older as of 2008. He further stated that half of these employees are expected to leave full-time employment by age 62. Mr. Pyatt also stated that fewer American students are pursuing degrees in STEM disciplines, particularly doctoral-level degrees.

Mr. Pyatt cited an FAA projection that 72 percent of air traffic controllers will be eligible for retirement by 2016, with approximately 15,000 controllers expected to leave the workforce between 2008 and 2017. He noted that, in addition to replacing these controllers, the Next Generation Air Transportation System (NextGen) will require additional staff with such skills as systems engineering and program management, as well as scientists, researchers, and financial experts. Mr. Pyatt recommended that the Subcommittee seek input from Ms. Jennifer McNally, NAM, as a subject matter expert on workforce issues.

Ms. Ana McAhron-Schulz, ALPA, offered suggestions in three broad categories: retaining current employees, attracting the best and the brightest individuals as new employees, and ensuring the National Mediation Board (NMB) is equipped to meet its responsibilities. With respect to retaining new employees, Ms. McAhron-Schulz recommended that government policy be crafted to ensure U.S. air carriers, and, by extension, their employees, receive a fair share of flying opportunities when participating in alliances, joint ventures, and similar arrangements. She also recommended maintaining existing limitations on cabotage and foreign ownership of air carriers. Furthermore, she endorsed passage of proposed bankruptcy reform legislation, which would reestablish collective bargaining as the primary means of modifying labor contracts.

With respect to attracting high quality employees, Ms. McAhron-Schulz suggested the government should ensure pilot certification requirements reflect current real-world needs. She noted that certification requirements have not been updated in several decades and urged action on a relevant advance notice of proposed rulemaking recently published for public comment. Ms. McAhron-Schulz echoed Mr. Conley's call for a just culture framework in the industry. She also asked that the DOT examine the request for proposal process used by fee-for-departure air carriers. She cautioned that competition based solely on cost may result in a lowering of standards.

Finally, Ms. McAhron-Schulz recommended that the government ensure appropriate funding of the NMB to enable it to address its backlog and to ensure labor negotiations do not remain pending for undue lengths of time.

Mr. David Barger, JetBlue, asked the Subcommittee to examine new ideas and not revisit areas that have already been extensively discussed. He expressed his intention to submit a paper to the Subcommittee. Mr. Barger stated, from his perspective, an important issue is the need to incorporate financial metrics into policy decisions. He drew a correlation between lack of investor interest in

**Future of Aviation Advisory Committee
Labor and World-class Workforce Subcommittee
Record of Meeting**

July 8, 2010

Communications Workers of America (CWA)
Washington, DC

aviation because of unfavorable returns on investments with an inability to attract and retain quality employees. Mr. Barger expressed interest in a discussion of several other issues: the impact of current tax laws and regulations on the industry, opportunities offered by foreign investment, and use of NextGen and other technologies to revitalize the industry and attract new employees. Mr. Barger suggested a review of existing labor statutes to identify potentially outdated policies might be worthwhile. Finally, he noted the market capitalization of the entire industry, from original equipment manufacturers to operators, is roughly equivalent to that of a single technology business like eBay, Inc., and stressed a need to attract shareholders to aviation.

Ms. Thella Bowens, San Diego County Regional Airport Authority, stated that the employment needs of airports differ from those for other sectors of the aviation industry, but she encounters many of the same challenges in recruiting and maintaining quality employees. She noted airports, like other sectors, will require employees with STEM skills. She also observed that many of the attractive benefits of public sector work, such as pensions and job security, have been eroded in recent years, which impacts the ability of publicly owned airports to compete with the private sector for employees.

Following these opening statements, Ms. Friend noted that some of the issues raised during opening statements had also been raised during other subcommittee meetings, including the Subcommittee on Competitiveness and Viability. She stated an issue she believed the Subcommittee could reach consensus on is the need for technical skills development. She noted that the materials submitted by Goodrich contained many good suggestions. Ms. Friend sought and received consensus that the need for technical skills development will be a basis for recommendations by the Subcommittee.

Ms. Friend also stated that she agreed with Mr. Conley's sentiments on the importance of a culture of dignity in the workplace, and asked him to expound briefly on how to foster such a culture. Mr. Conley acknowledged that one of the keys to attracting the skilled employees required by the industry will be stability and profitability. He also stressed the importance of a shared view that the aviation workforce is valued as a vital national resource. Mr. Conley referred to a recent article describing the work environment experienced by flight attendants. He noted an increasingly common practice, particularly at Asian air carriers, of limiting employment of flight attendants to a term of 5 years. Mr. Conley noted that such practices and attitudes will not attract career-oriented workers, and suggested this practice is not in the industry's best interest. Mr. Conley stated that creating a productive new labor-management model also will require recognition by labor that the economic climate for air carriers has changed fundamentally and likely, irreversibly.

Mr. Conley called for an environment that embraces the involvement of employees and their collective bargaining representatives as partners in decisionmaking, sharing of information with employees and representatives, recognition and reward of employee accomplishments, and a view of employees as assets that contribute to the value of the enterprise, rather than obstacles to be negotiated.

Ms. Friend noted an issue ALPA raised in its submissions to the Subcommittee involved the long timeframe required for labor negotiations and mediations under the Railway Labor Act (RLA). She noted ALPA's recommendations included ensuring the NMB is adequately funded, and suggested that such action could foster an improved labor-management environment.

**Future of Aviation Advisory Committee
Labor and World-class Workforce Subcommittee
Record of Meeting**

July 8, 2010

Communications Workers of America (CWA)
Washington, DC

Ms. Friend suggested that the broad concept of instituting a culture of dignity in the workplace was another possible ground for consensus, and sought input from the Subcommittee members.

Mr. Barger agreed on the need for dignity and respect in the workplace, but stated that this need does not dictate a single approach on how to achieve it. He noted there are many different successful business models in the air carrier industry, and suggested there may likewise be more than one effective labor-management model, including models that do not involve collective bargaining. Mr. Barger acknowledged that the development and evolution of labor-management relationships should not be impeded by long, drawn out processes, and stated that action should take place in a timely manner.

Mr. Pyatt presented his belief that commercial success generally requires respect for employees, and expressed support for Mr. Barger's position that the specific details of labor-management relations may differ significantly from enterprise to enterprise.

Mr. Lekites stated his experience has taught him that good labor-management relations are of critical importance to a successful operation. He added success requires labor and management to work together, which in turn requires mutual respect, honesty, and good communications. Mr. Lekites also noted that managing labor relations for the aviation part of his organization differs greatly from managing relations for ground transport. He described how his company, which had absorbed employees from diverse aviation enterprises, developed its "Captain's Leadership Program" to establish its own culture. Under the program, positive efforts are made to make captains and crewmembers feel that they are respected as leaders and as managers of valuable company assets, and to help foster pride in on-time service to customers.

With respect to the NMB, Mr. Lekites expressed his belief that the NMB does a good job, but is often used as a political device.

Ms. Friend sought input from the Subcommittee on actions it might recommend to the Secretary of Transportation to educate employers on the benefits of an environment of mutual respect, or otherwise encourage them to develop such environments. She noted, parenthetically, that a specific airline's advertising is detrimental to a culture of dignity, and sought ideas on how, short of a prohibition, such conduct could be discouraged.

Mr. Barger suggested self-policing might be a good approach. He stated this would require operators and industry organizations to take a more public role in speaking out against undesirable conduct.

Mr. Conley suggested the Secretary of Transportation should convene a forum devoted to the subject of labor-management relations and workplace dignity. He noted the Secretary's stature would provide authority to such a forum. He stated this would give stakeholders from throughout the industry the opportunity to interact with representatives from air carriers that have created a healthy workplace environment. He noted the poor financial performance of the industry in 2003, while inflicting significant damage, had one positive effect by creating an environment of open communication and cooperation between labor and management. Mr. Conley added that for at least one major air carrier,

**Future of Aviation Advisory Committee
Labor and World-class Workforce Subcommittee
Record of Meeting**

July 8, 2010

Communications Workers of America (CWA)
Washington, DC

that environment has continued to this day. He stressed both labor and management should remember at all times their mutual dependence on each other for survival.

Ms. Bowens expressed interest in a forum or summit as envisioned by Mr. Conley, but suggested that real progress in developing guidelines for better labor-management relations might require a series of such events over time, to permit long-term discussion of ideas.

Mr. Barger also stated that a forum could have a positive outcome, but noted the success of initiatives of this nature requires careful planning, selection of participants, and followup work. He suggested the Subcommittee develop the concept in greater detail before presenting it to the FAAC as a recommendation.

Mr. Lekites stated a forum is not inherently a bad idea, but agreed with Mr. Barger that the outcome of such an endeavor depends on many variables, including the individuals participating. He cautioned against setting expectations too high. He also noted that successful labor-management relations must be built from the ground up, and cannot be based on work rules developed elsewhere.

Ms. McAhron-Schulz expressed agreement with much of what had been said previously. She noted discussing detailed recommendations might be premature, and suggested the Subcommittee use this meeting to reach broad consensus on the areas it wishes to discuss further.

Ms. Friend agreed with Ms. McAhron-Schulz and suggested the Subcommittee should attempt to develop three broad areas of consensus by the end of the meeting. She noted, however, the Subcommittee must develop concrete, actionable proposals for the Secretary by its final meeting.

Ms. Friend recognized a request by Ms. Christa Fornarotto, DOT, to address the Subcommittee. Ms. Fornarotto reiterated Ms. McAhron-Schulz's comment that the Subcommittee is not expected to produce specific recommendations at this time. She stated that the FAAC expects each subcommittee to present three to five issue areas at the next FAAC meeting on July 14, 2010, but has not requested specific recommendations, such as Mr. Conley's suggestion for a forum. She noted the Subcommittee had begun to define issue areas with opportunities for ample discussion.

Ms. Friend stated that the Subcommittee had already reached consensus on the need to stimulate technical skills development in the workforce and on the need to create a culture of dignity and respect in the workplace. She sought suggestions on a third area of consensus that is not duplicative of areas already staked out by other subcommittees. Ms. Bowens stated the two areas on which the Subcommittee had already reached consensus are extremely broad, and suggested that, unless a third area clearly warranting examination is submitted, the existing areas could be further divided into subareas, each of which could support multiple recommendations.

**Future of Aviation Advisory Committee
Labor and World-class Workforce Subcommittee
Record of Meeting**

July 8, 2010

Communications Workers of America (CWA)
Washington, DC

Mr. Pyatt sought clarification on whether the Subcommittee's consensus on the need to develop STEM skills included a proposed recommendation submitted by Goodrich that research and development tax credits be expanded. Ms. Friend stated any ideas or proposals that would further the goal of skills development may be discussed. She noted that other subcommittees have assigned development of recommendations in specific areas to individual members or groups of members, and gave the Subcommittee the option of proceeding in a similar fashion.

Mr. Barger noted that other subcommittees had already expressed their intent to examine areas of focus potentially relevant to labor and workforce issues, including return on invested capital, which was staked out by the Subcommittee on Competitiveness and Viability. He agreed that the subcommittees should not duplicate each other's work. He then suggested a third area of focus for the Subcommittee might involve a public education effort. Mr. Barger expressed his belief that the general public is unaware of or takes for granted the scope and complexity of the aviation industry and the monumental coordination of efforts that makes air transportation possible. Ms. Friend observed this could fall under the umbrella of attracting talented individuals to the industry.

Mr. Lekites noted Mr. Barger's reference to return on capital, and added he has encountered labor representatives who fail to acknowledge the impact of labor cost on financial performance.

Mr. Lekites described two key objectives for a successful labor-management relationship: management must respect employees and their concerns and the parties must achieve a level of understanding such that labor leaders have the same concerns as management leaders. He suggested relations between labor and management can be dramatically improved by communication with employees about why business decisions that affect employees are made, and on how employees' performance and compensation affect profitability.

Mr. Conley agreed that communication and understanding by both labor and management can produce favorable results. He offered anecdotal evidence in which a coordinated effort by labor and management had permitted an employer using represented labor to achieve a refurbishment task at a lower per-unit cost than if it outsourced the work. He stated at times, management can be too quick to reach a determination on economic feasibility without engaging labor representatives in an attempt to reach a creative solution.

Ms. Friend stated there did not appear to be disagreement that communication and understanding between labor and management is highly desirable. She asked for input on whether any action by the DOT could encourage such communication and understanding. Ms. McAhron-Schulz stated open and frank communication does often occur in the industry, but noted the inherent instability of relationships between labor and management is problematic. She added changes in leadership on either the management or labor side can degrade a productive relationship. She stated in addition to communication and understanding, relative job security is also crucial to a culture of dignity in the workplace. Ms. McAhron-Schulz noted employees who believe their jobs are secure would be more willing to engage in frank communication and imaginative solutions.

**Future of Aviation Advisory Committee
Labor and World-class Workforce Subcommittee
Record of Meeting**

July 8, 2010

Communications Workers of America (CWA)
Washington, DC

Receiving no further comments on how to implement a culture of dignity in the workplace, Ms. Friend turned to the broader questions that had been posed to the Subcommittee at the first meeting of the FAAC:

- What crucial skills will be needed in the industry over the next 10 years?
- How will the industry attract and retain employees with these skills?

Ms. Friend stated the National Air Traffic Controllers Association (NATCA) had submitted materials to the Subcommittee. She noted the Subcommittee would review the submission and take it into account in its discussions.

Ms. Friend also offered some of her personal thoughts on the subject of retaining quality employees in the workforce. She suggested the Subcommittee consider the motivations of skilled individuals entering the workforce. She posed the question of what makes a person want to work in the aviation industry instead of other industries, and what makes individuals remain in the industry on a long-term basis.

Mr. Pyatt stated that Ms. Friend's comments are not limited to air carriers, but are applicable to all segments of the aviation industry. He noted expectations in the business world have changed fundamentally and will continue to change, and it is incumbent on businesses to recognize and adapt to changing circumstances. He stated businesses must continually ask the question of how to engage young people entering the workforce, and stressed that success is dependent on looking forward, rather than looking back.

Ms. McAhrn-Schulz stated significant efforts are being made to encourage students to pursue careers in the industry. She noted much attention is given to airline positions, such as flight crewmembers and mechanics, and sought comments on what problems airports are experiencing in attracting skilled employees.

Ms. Bowens stated the challenges facing airports can be similar to those facing other industry segments, but because airports tend to be smaller, standalone entities, they are not impacted significantly by complex labor issues. She stated a dynamic and engaged workforce requires that all levels of the organization be involved in decisionmaking. She noted her airport engages in community outreach efforts to attract talented employees, and stated representatives of her airport participate in community groups and work closely with the local economic development corporation. She reiterated many of the advantages the public sector has traditionally offered to job seekers are diminishing and noted that, like other segments of the industry, airports need creative, energetic, business-focused individuals to perform their missions. Ms. Bowens also added, while aviation holds an allure for many individuals, relying on the exotic nature of the industry to attract candidates does not ensure the industry recruits the best and the brightest young people. She stated attracting quality workers requires continuous efforts over long periods of time. She added her airport works to educate students at all levels and the community at large of the importance of the industry.

**Future of Aviation Advisory Committee
Labor and World-class Workforce Subcommittee
Record of Meeting**

July 8, 2010

Communications Workers of America (CWA)
Washington, DC

Mr. Lekites echoed Ms. Bowens' statements on the importance of community engagement. He noted his company partners extensively with government and quasi-governmental entities at the State and local level to ensure a continued availability of qualified employees and the continued viability of the local economy.

Mr. Conley suggested that the Subcommittee, when considering issues surrounding attracting and retaining employees, keep in mind that arrangements such as part-time employment or seasonal employment are increasingly common, in some cases as entry-level positions. He posed the question of where such employees fit in the strategic plans of employers, and whether management considers them to be valuable long-term investments.

Mr. Barger stated at his company, longevity of employment is largely up to the individual. He noted when faced with a challenging economic climate, his company has sought and obtained cooperation from employees to avoid actions such as furloughs and pay cuts.

Mr. Lekites stated his company also tends toward long-term employment of individuals, but acknowledged this approach is not universal and many industry participants do not follow a career-oriented model.

Ms. Friend directed the discussion to international issues, such as joint ventures, foreign investment, and cabotage. She noted this area may be somewhat controversial and might not yield as much consensus as other areas. She asked Ms. McAhron-Schulz to comment on concerns her organization's constituents may have with joint ventures.

Ms. McAhron-Schulz stated the principal concern is that crewmembers and other employees of U.S. air carriers have a continued opportunity to work. She added under various business arrangements, such as alliances and joint ventures, there is a possibility that the share of physical flight operations conducted by foreign air carriers may significantly exceed their economic participation in the arrangement, and that the share and growth of operations conducted by U.S. air carriers may be diminished. She stated ALPA supports legislative efforts to protect U.S. jobs and job growth in this area, and recommends that this position be part of the national aviation policy.

Mr. Barger stated discussion of issues such as foreign participation in the U.S. airline market must take place in the context of the overall return on investment to shareholders. He stated the issues raised before the Subcommittee, including attracting and retaining employees, foreign investment levels and open skies, outsourcing of maintenance, industry tax burdens, and costs related to environmental regulations impact profitability and economic health. He expressed his opinion that until some consensus is reached on these issues, the industry will continue to experience "boom and bust" cyclical fluctuations. He added that long-term profitability and stability will require development of creative and innovative solutions to changing environments. Mr. Barger noted these issues may overlap with those being addressed by the Subcommittee on Competitiveness and Viability, and suggested the possibility of a dialogue between the two subcommittees.

**Future of Aviation Advisory Committee
Labor and World-class Workforce Subcommittee
Record of Meeting**

July 8, 2010

Communications Workers of America (CWA)
Washington, DC

Ms. Friend expressed support for the proposition that the need for economic stability and profitability are prerequisites to any discussion. She stated that the concern of her organization's constituents is that they continue to play a role in the industry. Ms. Friend and Ms. McAhron-Schulz also confirmed that the issue of ticket taxes and return on invested capital are being addressed by the Subcommittee on Competitiveness and Viability.

Mr. Lekites noted that the shifting nature of economic conditions and use of new business arrangements require companies to be flexible to continue to grow. He stated companies must partner with organizations that can help them accomplish what they cannot alone. He noted the need for protective restrictions must be balanced with the need for operational flexibility.

Mr. Barger asked the Subcommittee to discuss issues such as legislative restrictions on foreign ownership. He acknowledged the issue is controversial and consensus is not likely, but expressed his belief that it is important to discuss such issues. He drew parallels between the air carrier industry and the automobile industry. He explained the building of manufacturing plants by foreign automobile manufacturers has had a positive economic and employment impact on southern states in the United States. He added foreign investment in his company has similarly created jobs domestically. He questioned whether limitations in place since the 1940s should be reexamined in light of a drastically changed economic and operating environment.

Mr. Barger also discussed use of foreign repair facilities by air carriers. He stated decisions to source work to such facilities are not driven solely by cost, but can also be driven by the availability of facilities capable to perform required work.

In response to Mr. Barger's comments, Ms. Friend related a concern held by her organization and its constituents. She described a scenario in which a foreign air carrier acquires a majority share of a large U.S. air carrier, and restructures the joint operations of the air carriers such that the foreign air carrier performs all international operations, relegating the U.S. air carrier to a position as a feeder for the foreign air carrier. Ms. Friend sought comment on how to avoid that outcome or otherwise alleviate that concern. Mr. Barger acknowledged the stated concern, but also expressed the opinion that this would be an extreme case.

Ms. Bowens noted there is tension between the desire for financially stable airlines and the desire to limit foreign ownership and influence over a resource of such vital importance.

Mr. Pyatt stated there are also national security reasons to ensure U.S. air carriers maintain an appreciable portion of international flying under the Civil Air Reserve Fleet (CRAF) program. He observed it is important to maintain a strong international air fleet to support military transportation needs. He also noted the role of reservist pilots has come to the forefront in recent conflicts, and stated the maintenance of deep ranks of pilots who may be called up for military service is key to ongoing national security.

**Future of Aviation Advisory Committee
Labor and World-class Workforce Subcommittee
Record of Meeting**

July 8, 2010

Communications Workers of America (CWA)
Washington, DC

Mr. Barger also noted other legislative and regulatory issues he would be interested in discussing. He noted the history of air carriers continuing to operate through multiple bankruptcies in recent decades has tainted the ability of all air carriers to attract capital, regardless of the history of the individual air carrier, and questioned whether this policy best serves the industry and the nation. He noted the Subcommittee on Financing might be more appropriate to address this issue. Ms. Friend stated that the Subcommittee on Financing had specifically declined to address bankruptcy or entry barriers for startups.

Mr. Conley noted that although access to capital might be negatively impacted, there always seem to be lenders willing to finance airlines, albeit under stringent terms at times. He also noted that the alternative to permitting airlines to reorganize under bankruptcy is to liquidate insolvent entities under Chapter 7 of the Bankruptcy Code, which causes significant unemployment issues. Mr. Barger stated he does not endorse aggressive application of Chapter 7 to the airline industry, but hopes to spark a conversation on the impacts of bankruptcy and other policies on low cost air carriers that do not conform to a traditional air carrier model. Ms. McAhron-Schulz noted the difficulties that would be associated with modifying bankruptcy policy to serve the needs of a single industry.

Mr. Barger also expressed interest in a frank discussion of whether the provisions of the RLA remain in the best interests of all employers and employees, including employees who are not organized under a collective bargaining agreement. Ms. Friend presented two potential areas of discussion with respect to the RLA and such companies: how representation should be organized and how a binding agreement can be reached. Mr. Barger noted there are numerous other issues that warrant discussion, such as recent changes within the NMB and the ability of organized workforces to decertify.

Mr. Pyatt sought comment on whether the Subcommittee should examine labor and workforce issues relating to air traffic control (ATC). He noted that NextGen implementation will result in significant changes to the way ATC tasks are performed and the skills required in the ATC field. Ms. Friend agreed that NextGen would raise many issues relating to the workforce, and noted NATCA's submission included concerns associated with consolidation of ATC facilities and that some consolidation would necessarily be associated with NextGen implementation. She requested and obtained consensus that the impact of NextGen be designated as a third issue area for future discussion by the Subcommittee.

Mr. Pyatt suggested some questions for the Subcommittee to consider with respect to NextGen:

- What new technologies will be introduced by NextGen and what new certifications will be required?
- What changes to the physical ATC infrastructure will be necessary?
- How can changes be effectively implemented with minimal disruption to individuals?

Mr. Pyatt urged that representatives of the ATC workforce be involved in the decisionmaking process early on, to avoid unforeseen consequences and the need to revisit past decisions.

**Future of Aviation Advisory Committee
Labor and World-class Workforce Subcommittee
Record of Meeting**

July 8, 2010

Communications Workers of America (CWA)
Washington, DC

Mr. Barger expressed support for Mr. Pyatt's comments, and suggested the Subcommittee examine the impact of NextGen on multiple workforces, including downstream impacts of implementation. He also raised the question of how NextGen will impact the ability to attract and retain employees.

Mr. Lekites stated his company has participated in some testing of NextGen technologies, and noted both the significant impact NextGen can have on the efficiency and productivity of the industry, and the importance of carefully managing the introduction of new technology to the workforce.

Ms. Friend noted that, in addition to ATC workers, NextGen implementation would affect individuals represented by Professional Aviation Safety Specialists, AFL-CIO. Mr. Conley noted aircraft dispatchers would be similarly affected.

Mr. Conley also raised the issue of disparate standards applied to repair facilities in the United States and abroad. Mr. Conley sought consensus from the Subcommittee in support of a single set of standards for such facilities, including the same diligence and intensity of background checks, language requirements, and drug and alcohol testing programs.

Mr. Pyatt acknowledged that a single, high level of safety is desirable, but cautioned against imposing mandates on other nations, particularly in light of existing bilateral agreements that may address the same issues. Ms. Friend noted such a mandate would be limited to facilities conducting maintenance on U.S.-registered aircraft.

Ms. Fornarotto again addressed the Subcommittee to reiterate that it should reserve development of specific recommendations until it had the opportunity to fully discuss issue areas, receive input from subject matter experts where appropriate, and vet proposals. Ms. Friend noted, again, that the Subcommittee would not reach consensus on all issues, but comprehensive discussion is important.

Ms. Friend next asked the Subcommittee to consider the issue of labor standards under open skies agreements. She noted the availability of inexpensive labor in other countries may negatively affect domestic employment. Ms. Friend stated Mr. Conley had proposed that the DOT include labor provisions in bilateral aviation agreements. She noted some labor provisions had been included in Phase II of the United States-European Union agreement, which requires ratifying countries to comply with core International Labor Organization (ILO) provisions. Ms. Friend sought input on whether continuing to impose such requirements on international agreements would undermine the United States' bargaining position.

Mr. Lekites stated he was not familiar with the specific requirements of ILO provisions. He noted his primary concern would be with determining the additional costs associated with flying under an agreement with such provisions, as compared to flying to nations not covered by such an agreement. He also acknowledged that open skies and bilateral agreements are crucial to the future growth of the U.S. aviation industry.

**Future of Aviation Advisory Committee
Labor and World-class Workforce Subcommittee
Record of Meeting**

July 8, 2010

Communications Workers of America (CWA)
Washington, DC

Ms. McAhron-Schulz expressed support for the inclusion of ILO provisions in international agreements. She noted inclusion of such provisions would help to put the aviation workforce in the United States on an equal footing with foreign workforces in competition for flying and maintenance opportunities.

Ms. Bowens asked the Subcommittee to consider one additional issue relevant to labor and workforce issues. She noted the inability of airport and tenant employees to satisfy background check requirements for airport security credentials is increasingly problematic, especially with respect to lower-level positions. Mr. Conley echoed Ms. Bowens' concerns, noting that there appear to be different standards applied at different but comparable airports. Mr. Pyatt expressed a desire for additional information on the scope and pervasiveness of the problem.

Ms. Friend noted that such concerns speak to the issue of attracting workers to the industry, and solicited comments on how the problem might be addressed. She questioned whether it would be possible to implement a variable stringency of background checks, based on the necessary access for performance of the employee's duties. She also echoed Mr. Pyatt's desire for more information on the extent of the issue nationwide.

Ms. Bowens stated that, based on interaction with colleagues, she believed the problem to be a pervasive one, especially in large airport markets. She accepted the responsibility to gather more detailed information on the problem and report back to the Subcommittee.

CLOSING REMARKS AND ADMINISTRATIVE MATTERS

In closing, Ms. Friend summarized the three issue areas the Subcommittee had identified for presentation to the FAAC at the July 14 meeting: development of technical skills in the workforce; establishment of a culture of dignity and respect; and assessment of the impact of NextGen implementation on various workforces.

Ms. Friend stated the materials submitted by Goodrich on skills development presented an excellent starting point for the Subcommittee's future discussions. She volunteered to reach out to NATCA for input on the impact of NextGen on the ATC workforce. Mr. Conley volunteered to obtain similar input from an appropriate person or organization on the impact on dispatch personnel.

Ms. Friend proposed that, with the exception of the final meeting, the Subcommittee's future meetings take place by telephone. She proposed July 29, 2010, for the next Subcommittee meeting, which was subsequently rescheduled to August 6. She also raised the possibility that working groups could be formed under the Subcommittee to refine issues under discussion.

**Future of Aviation Advisory Committee
Labor and World-class Workforce Subcommittee
Record of Meeting**

July 8, 2010

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ADJOURNMENT

Ms. Williams solicited a motion for adjournment. On motion, duly seconded and approved by the majority of the FAAC members present, the meeting was adjourned.

The meeting adjourned at 3:47 p.m.

I hereby certify that, to the best of my knowledge, the foregoing minutes are accurate and complete.

Approved by: _____

Terr Williams
Terr Williams, Designated Federal Official

Dated: _____

Aug 6, 2010

Ratified on: _____