



A bold voice for transportation workers

AN EPIDEMIC OF AIRCRAFT MAINTENANCE OUTSOURCING

Recently, President Barack Obama – in a public event praising the company Master Lock for bringing jobs home from China – made a commitment to new policies that slow the pace of outsourcing in America. This shift in policy is exactly what America needs if we are serious about rebuilding a middle class that for generations has been the foundation of our economy. Today, just like the employees at Master Lock and in thousands of manufacturing and other workplaces across America, U.S. aircraft mechanics are seeing their jobs disappear as work is sent abroad in the midst of the airline industry's 25-year epidemic of outsourcing.

The rampant outsourcing of aircraft maintenance work – especially to foreign facilities that are not always held to the same oversight and safety standards as U.S. stations – has decimated a high-skilled U.S. aviation workforce and created perverse incentives for U.S. air carriers to forum shop for low maintenance costs. That is why, for example, JetBlue performs much of its aircraft maintenance in Costa Rica and why most major air carriers send their aircraft for overhaul to repair facilities that dot the globe. This situation has created an un-level playing field for U.S. workers as federal policy has not ensured that foreign stations are adequately inspected and held to the same high safety and security standards we demand in this country.

Just last month, we saw the latest example of this outsourcing wave when American Airlines, using the one-sided tools of federal bankruptcy law, proposed to cut thousands of maintenance jobs from its ranks. For decades, these jobs have provided workers and their families a chance at the middle class and formed the economic bedrock for the communities in which they live and work. In the last decade, the American Airlines workforce has dedicated itself to remaking and modernizing the carrier's maintenance operations. In fact, these workers even helped implement an aggressive "in-sourcing" program that created a new revenue stream for the company years before the recent events at Master Lock received the President's attention and recognition. It now appears that American Airlines wants to send these jobs abroad wherever cheaper labor costs can be found in facilities that manage to obtain Federal Aviation Administration (FAA) certification.

The drive to outsource maintenance work isn't unique to the situation unfolding at American Airlines. According to the DOT IG, major U.S. air carriers outsource 71 percent of heavy airframe maintenance work with about 27 percent of that work going to foreign stations. In other words, a U.S. traveler has about a one in five chance of flying in a plane that had maintenance work performed overseas. And to make matters worse, it was government policy 25 years ago that opened the floodgates to this outsourcing binge.

In 1988, the FAA inexplicably changed its longstanding rules and allowed U.S. carriers to outsource work to foreign stations even when the aircraft or components in question operated exclusively in this country. Before this rule, aircraft engaged in international travel could receive needed and emergency work abroad, but heavy overall work and scheduled maintenance was left to U.S. facilities that operated under the rigid rules enforced by the FAA.

After the 1988 rule change, this limitation was eliminated and stations could and did get certified by the FAA for the sole purpose of using their low-cost structure to lure work away from the U.S. At the same time, foreign facilities were allowed to operate and work on U.S. aircraft without meeting the same safety standards and oversight that are required at U.S. facilities. While Congress has moved at various times to close this safety and security gap, government foot-dragging has left this epidemic of outsourcing unchecked.

We are heartened, however, by new mandates imposed on aircraft repair stations enacted just last month that will provide the Administration with a fresh opportunity and framework to address these issues. Section 308 of the FAA Modernization and Reform Reauthorization Act of 2012 mandates that each foreign repair station certified to work on U.S. aircraft be inspected at least once a year by the FAA. As part of its overall oversight responsibilities, the FAA must establish a safety assessment system for contract repair stations and ensure that foreign stations are subject to appropriate oversight based on risks and consistent with U.S. requirements. The FAA is also required to publish an annual report detailing any improvements to its ability to identify and track where U.S. air carriers



perform maintenance work and to provide a staffing model to determine the best placement and number of needed inspectors. We remain extremely concerned with efforts to turn over inspection activities exclusively to foreign civil aviation authorities. It is our hope and expectation that the mandates and requirements included in this section will ensure that FAA inspectors remain responsible for the oversight and safety compliance of FAA-certified repair stations.

The new law also imposes, for the first time, an alcohol and controlled substance testing program for employees of foreign repair stations performing safety-sensitive maintenance functions for U.S. carriers. We have long objected to the double standard whereby U.S. mechanics working in this country are subject to strict testing requirements while foreign mechanics working on the exact same aircraft, supposedly under the same FAA requirements, manage to evade these rules. This provision must be used by the FAA to eliminate this air safety loophole. We urge the agency to swiftly implement this requirement and to ensure that the drug and alcohol testing program adopted by the agency adheres to the same high standards imposed on U.S. maintenance workers.

Finally, the FAA Modernization Act closes down non-certified stations from performing safety-significant work on U.S. carriers. For too long, carriers and repair stations have outsourced work to a web of contractors and subcontractors that are not even certified by the FAA and routinely fall through the cracks of enforcement. The FAA must move aggressively to implement these new rules and ensure that limits on non-certified repair stations are enforced vigorously.

We also call on the Transportation Security Administration (TSA) to fulfill its statutory responsibilities to ensure the security of contract repair stations. After the horrific events of 9/11, Congress required TSA to promulgate security rules for foreign and domestic repair stations that were due by August 2004. After three years of inaction by the Bush Administration, Congress again stepped in and prohibited the FAA from certifying any additional foreign repair stations until the security rules were completed by TSA. This moratorium remains in place today. We are strongly opposed to legislative proposals in this Congress to remove this moratorium until acceptable security rules are in place.

The Obama Administration's TSA did move forward with a proposed rule in 2009 and recognized that as the agency "tightens security on other areas of aviation, repair stations increasingly may become attractive targets for terrorist organizations attempting to evade aviation security protections currently in place." We agree with this observation but believe that TSA's proposed rule does not go far enough to ensure the security of repair stations and must be improved before it is finalized. The proposal fails to impose any threat assessment of employees at contract repair stations, security plans are not subject to review or approval by TSA and the question of unannounced inspections is ambiguous at best.

As air carriers have cut costs to the bone while government policy was silent or accommodating, a generation of aviation mechanic jobs has disappeared. Allowing this trend to continue is irresponsible both from an economic and safety perspective and it must be stopped. As the President continues to speak out against an outsourcing epidemic that plagues our economy, we urge his Administration to take a stand against rampant and irresponsible outsourcing of aircraft maintenance work. The opportunity to do so now exists following enactment of new congressional mandates in the FAA legislation and pending security rules. Now it is time for our government to implement new and existing congressional directives designed to ensure the safety and security of aircraft maintenance work performed abroad.

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