August 4, 2010

The Honorable Thomas E. Petri
Ranking Member, Subcommittee on Aviation
Committee on Transportation and Infrastructure
United States House of Representatives
Washington, DC 20515

Dear Representative Petri:

Thank you for your January 21, 2010, letter requesting that we examine the approximately $5.1 million in costs associated with the Federal Aviation Administration’s (FAA) December 2009 Air Traffic Organization (ATO) Managers Conference in Atlanta, Georgia. FAA organized the conference to provide training to managers on its new, 3-year labor agreement with the National Air Traffic Controllers Association (NATCA). The new agreement, effective October 1, 2009, has an estimated cost of approximately $670 million and includes significant changes in pay and working conditions that impact about 15,700 controllers nationwide as well as FAA management.

To ease implementation of the agreement, FAA held three, week-long conferences in December 2009 for approximately 3,200 of its air traffic managers and frontline supervisors at the Omni Hotel in Atlanta, Georgia. While the main reason for holding the conferences was to train its managers and supervisors on the terms of the new agreement, FAA stated it also planned to provide them with leadership techniques, skill training, and tactics for a more positive working atmosphere as well as training on FAA’s Safety Management System policies. FAA also planned to emphasize managing employee performance and improving morale of FAA employees tasked with managing air traffic.

Your letter noted that this type of training was needed. However, media coverage of the conference raised questions about the appropriate use of valuable Government resources. Accordingly, we reviewed the costs associated with the conference, including (1) all expenses and estimates related to the event; (2) FAA’s adherence to its acquisition guidelines and best practices; and (3) ways FAA could have minimized or reduced total costs, which could also be applied to similar conferences and events.
To complete this review, we met with FAA officials to discuss the reasons and planning for the conference and analyzed planning documents; reviewed accounting records, invoices, and the contract with the Omni Hotel; and reviewed a random sample of 96 travel vouchers of conference attendees to determine if charges adhered to FAA and Federal travel policies.

**Conference Costs Were In Line With Agency Estimates**

Based on our review of FAA’s records, the total cost of the conference was approximately $5 million, which is consistent with FAA’s original estimate. FAA’s estimate included travel, per diem, and hotel costs as well as costs related to holding the event. The conference costs were paid from FAA’s Operations account. As shown in the figure below, most of the costs related to the event were travel costs (i.e., airfare, hotel rooms, per diem, and other incidental expenses). Travel costs averaged approximately $1,300 per attendee. Based on the random sample of 96 travel vouchers of conference attendees we examined, we did not identify any improper employee charges billed to the Agency.

**Figure. Cost Breakdown of the Conference**

<table>
<thead>
<tr>
<th>Expense Item</th>
<th>Associated Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel and Room &amp; Board</td>
<td>$4,153,914</td>
</tr>
<tr>
<td>Hotel Conference Expenses</td>
<td>$591,273</td>
</tr>
<tr>
<td>Other FAA Costs</td>
<td>$292,544</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$5,037,731</strong></td>
</tr>
</tbody>
</table>

Source: FAA

The $591,273 in hotel expenses includes charges that were not directly related to room rentals. These included costs for hotel audio/visual equipment, two luncheons per session, and refreshments during the morning and afternoon breaks for the conference. Due to the size of the conference, the Omni Hotel provided the meeting space free of charge and, under terms of the contract, provided one complimentary evening reception during each of the weeks that a training session was held. The reception, which was optional for conference attendees, included free food and non-alcoholic drinks and featured a cash bar if attendees wished to purchase alcoholic beverages. The other costs incurred by FAA include items outside of hotel and travel expenses, such as event planning and logistics, printing attendees’ training materials, reviewing and summarizing attendees’ evaluations, and arranging an advance visit to the meeting site for conference organizers.
FAA Followed Its Acquisition Guidelines and Best Practices When Planning and Conducting the Conference

When planning conferences or seminars, Federal agencies are required to follow General Services Administration (GSA) regulations. However, in 1996 FAA was exempted from most Federal Acquisitions Regulations, and the Agency has its own guidance for planning conferences or other large events as part of its Acquisition Management System (AMS). Our review found that FAA followed its AMS guidance, Agency policies, and prior best practices when planning and conducting the conference. These included the following:

- The AMS requires that conference organizers within the ATO obtain approval from its finance and legal divisions before initiating a conference. Conference organizers received approval from the Chief Financial Officer on August 24, 2009, and from the Office of Chief Counsel on October 22, 2009.

- Conference organizers began planning the conference in May 2009, well before an agreement was reached. According to FAA officials, conference planners were not sure when the agreement would be signed or when it would take effect, and the ATO wanted all its facility managers to be briefed on the contract by the end of 2009.

- Based on a similar FAA conference held in 2006, organizers had a process in place to solicit and evaluate multiple cities that could host the conference. This included criteria for determining the location of the conference, such as selecting from within the contiguous United States, having an airport hub, and ensuring sufficient hotel and meeting space to host the event. FAA considered 14 cities as the potential host city for the conference—5 met its requirements for further examination. Out of these five cities, Atlanta was judged to be the “best value” to FAA and provided the lowest costs in terms of travel, rooms, and per diem. Once Atlanta was selected, FAA considered four hotels to host the event. The Atlanta Omni Hotel was judged as the best value, based on criteria including total cost, sufficient rooms for attendees, and available conference space to properly accommodate the event.

- There were two breaks per day at which refreshments (non-alcoholic) were provided at a cost of $232,000 (or approximately $24 per person per day). Employees were not required to reduce their per diem expenses by that amount because the costs were allowable under FAA’s AMS conference guidance. In our opinion, they also appear to be reasonable.

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2. FAA’s Acquisition Management System (AMS) Procurement Guidance: Section T3.2.2.5.h(1)(b), FAA Sponsored Conferences, Seminars, Ceremonies, and Workshops.

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FAA Explored Other Options When Planning the Conference but Determined That They Would Be Ineffective

In an attempt to reduce costs, FAA evaluated several alternatives to hosting a nationwide conference but determined that these were not viable. The alternatives included:

- **Smaller Conferences**: While FAA could have held smaller conferences at ATO regional service centers, organizers did not formally evaluate this option because they believed it would be too difficult to coordinate multiple locations instead of one site, and they wanted to ensure training consistency.

- **Video Conferencing**: While video conferencing was one option, FAA officials noted that this option was not feasible because not all FAA’s facilities have video-conferencing capability. Further, those officials did not think that video conferencing would be effective for multiple days of training.

- **Using FAA Facilities**: Under the AMS, FAA must consider utilizing Government space for conferences and similar events. While FAA did consider using Government facilities, it determined that no space was large enough to accommodate the conference requirements.

- **On-Line Alternatives**: FAA officials stated they never really considered providing the training using on-line resources or simply sending out PowerPoint slides because they did not consider those methods to be as effective as attending training in person. Those officials also stated that given the importance of the agreement, they wanted to ensure they provided effective training to air traffic managers.

There was, however, an opportunity for FAA to reduce the cost of the conference. During each week of the conference, FAA provided two working luncheons that featured speakers which served as additional training sessions. This type of luncheon is common for Government conferences. The cost of the luncheons was approximately $198,000, or about $31 per person per day. Attendees were required to reduce their per diem expenses by $13 per day (a total of approximately $83,000). However, the actual cost of the luncheons was $115,000 more than what FAA withheld from the attendees’ per diem. Eliminating the luncheons could have reduced the total cost of the event by that amount.

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3 FAA’s Acquisition Management System (AMS) Procurement Guidance: Section T3.2.2.5.b, FAA Sponsored Conferences, Seminars, Ceremonies, and Workshops.
Conclusion

Air traffic controllers represent one of the largest unionized workforces in the Federal Government. The new collective bargaining agreement between FAA and NATCA is the product of years of negotiation and an important step in attempting to resolve past differences between the Agency and the union. The new agreement also differs considerably from the previous contract in that it includes new pay and benefit provisions that are unique to this workforce. Given those factors, FAA believed that it was necessary to provide in-depth training to its air traffic control managers to ensure that the new agreement is implemented efficiently, uniformly, and within cost estimates. Officials responsible for planning the events followed Agency guidance and selected the “best value” when determining the city and venue for the event. While there were some opportunities available to FAA that may have reduced the cost of the event, FAA did have business reasons for not pursuing them.

Based on our findings, we are not making any recommendations to FAA. If I can answer any questions or be of further assistance, please contact me at (202) 366-1959 or Matthew E. Hampton, Deputy Assistant Inspector General for Aviation and Special Program Audits, at (202) 366-1987.

Sincerely,

Calvin L. Scovel III
Inspector General