

Aeronautical Repair Station Association

the hotline

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Alexandria, VA

www.arsa.org



Sarah Says

What a Year

By Sarah MacLeod, ARSA Executive Director

It is true; the years go faster as you get older. It is also true that you can accomplish more in less time using less energy. So, let's count a few of the things the Association has done in 2011 to ensure government hears and heeds the concerns of the aviation maintenance industry.

- (1) Count one is in the legislative arena. Armed with monies dedicated to "lobbying" activities, the Association's Government Affairs Committee and legislative team launched "Lift the Ban," a campaign to change the law prohibiting the Federal Aviation Administration (FAA) from issuing "new" repair station certificates to companies outside the United States (unless, of course, you are in Canada, where you don't need a certificate from the FAA to work on U.S.-registered aircraft). That effort is in full swing; find out what you can do to ensure American competitiveness.
- (2) Count two highlights the activities of the Positive Publicity Campaign, which has:
 - (a) Ensured aviation maintenance is defended in the media; most notably, the Association's executive director interview with Miles O'Brien on PBS' Frontline that aired Jan. 18.
 - (b) Gathered economic data on the international maintenance industry, specifically, the study of *Bilateral Aviation Safety Agreements: Reducing Costs for the Aviation Industry*. Collecting basic economic data on the international industry will become institutionalized so that current information is always available to members, legislators and the media.
 - (c) Taken the Association "social" through Facebook, Twitter and LinkedIn.
- (3) Count three combines legislative education with regulatory when the team directed letters to the administration regarding restriction of political speech and the inaction by the Transportation Security Administration (TSA) which resulted in the ban on issuing "foreign" repair station certificates. While the letters did not bring positive results, they do ensure we know where our battles will be fought.

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Sarah Says, continued

- (4) Count four is the less than sexy regulatory compliance arena where the association has asked the FAA to:
- (a) Issue limited specialized service ratings for repair stations approved to work on pressure cylinders.
 - (b) Clarify that fabrication is not a maintenance function, therefore it neither needs approval nor do the persons performing the work need to be drug and alcohol tested.
 - (c) Comply with the Regulatory Flexibility Act in full when considering the cost of the drug and alcohol testing programs.
 - (d) Rescind a disastrous “draft” interpretation of part 39, which requires strict compliance with hundreds of pages and processes in service bulletins incorporated by reference in airworthiness directives.
 - (e) Follow its own plain language rule on maintenance duty and rest provisions.
 - (f) Provide specific guidance on how to handle multiple part identification situation in the maintenance arena.
 - (g) Cease issuing parts manufacturer approvals for “materials”.
- (5) Count five deals with “getting to know” each other. The association participated in two direct outreach programs in Washington and Oklahoma and provided speakers for key aviation maintenance event. The staff was treated to a tour of Dassault to familiarize everyone with a “real repair station”.

These are merely highlights; every day of every week of every month during the year is devoted to the contract maintenance providers of the international aviation industry. Persistence is paramount to ensuring good government action (or inaction) that allows good business to continue.

Legal Briefs

Looking Ahead

By Craig Fabian, ARSA Vice President of Regulatory Affairs & Assistant General Counsel

Over the past year, we have tried our best to present legal topics in a relatively brief, easily digestible format. We intend to continue that trend in 2012 by offering a series of short articles each month that cover a specific theme. Member topic suggestions are welcomed; in that case, think of it as “a member asked” on steroids. First among the subjects for 2012 will be a series of articles on the sale and purchase of aircraft parts. The areas covered will include the FAA regulations that apply, and the responsibilities for individuals and companies under those rules. It also serves to draw attention to ARSA’s new online training capabilities, which will cover these topics in 2012.

Until next month, Happy Holidays from everyone at ARSA!

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Regulatory Lookout

NLRB Delays Posting Rule Again

The [National Labor Relations Board](#) (NLRB) has again [delayed](#) the date by which employers are required to post a notice advising employees of their unionization rights, pushing the compliance deadline to April 30, 2012.

The Board's action comes in response to a federal court's request to delay the rule while it considers legal challenges to the rule (including one from ARSA's partners at the [Coalition for a Democratic Workplace](#)).

Despite the delay, the NLRB Office of the General Counsel is directing regional NLRB offices to "carry out this important Agency initiative." ARSA is reminding its members that there is no requirement to post the notice until – at the very earliest, April 30, 2012 – and only then if the court upholds the rule and if the effective date is not pushed back further.

For a list of frequently asked questions about the rule from the NLRB, [click here](#).



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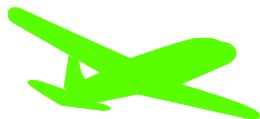
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Final Documents/Your Two Cents

"Final Documents": This list includes Federal Register (FR) publications such as final rules, Advisory Circulars (ACs), policy statements and related material of interest to ARSA members. For proposals opened for public comment, see **"Your Two Cents."** The date shown is the date of FR publication or other official release.

"Your Two Cents": This is your chance to provide input on rules and policies that will affect you. Agencies must provide the public notice and an opportunity for comment before their rules or policies change. Your input matters. Comments should be received before the indicated due date; however, agencies often consider comments they receive before drafting of the final document begins.

"Final Documents" and **"Your Two Cents"** are available at <http://www.arsa.org/FDYTC>.



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A Member Asked

By Sarah MacLeod, ARSA Executive Director

Q: This company previously purchased ARSA's [human factors training materials](#). Do the materials address the new Maintenance Annex Guidance (MAG) requirements?

A: The course material meets the EASA requirements. Although the recent Maintenance Annex Guidance (MAG) lists a few additional human factors "elements" (MAG section B, paragraph 17) to those previously identified and accepted by EASA, we confirmed that the training requirements have not changed. [This letter](#) addresses the topic and suggests that the MAG be updated for clarification (see the first bullet point on PDF page 1 of 21) in line with EASA's position (see Attachment 1 at PDF page 4 of 21).

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Quality Time

Drug & Alcohol Testing

ARSA's Drug and Alcohol Testing Legal Challenge Comes to a Close

ARSA's long legal battle with the FAA over the agency's poorly developed 2006 drug and alcohol testing rule came to a close this year. While the outcome was not what the Association hoped, it paved the way for broader regulatory reform.

ARSA initiated the challenge to the rule due to its mandate that anti-drug and alcohol testing programs apply to aviation maintenance contractors "at any tier." The Association viewed this requirement as an unnecessary and burdensome expansion of requirements that already demanded employees performing "safety sensitive" functions—including aircraft maintenance—directly or under contract be tested. The Association believes, then and now, that expanding the D&A testing requirements to all maintenance subcontractors at any tier did not add any safety benefits to the maintenance process.

What the expanded testing did was add a massive economic burden to the industry. According to ARSA's analysis at the time, the rule affected as many as 22,000 companies in the aviation industry. This contrasted sharply with the FAA's findings that the rule would affect only 300.

The Association based its challenge upon the legal protections of the Regulatory Flexibility Act (RFA) that requires government agencies to consider the economic effect rules will have on small businesses. The RFA mandates an analytical process for determining how best to achieve public policy objectives without unduly burdening small businesses. The law requires such an analysis during the rulemaking process unless an agency presents a compelling reason for not doing so.

The FAA failed to perform this analysis before introducing the new testing rule.

In July 2007 the U.S. Court of Appeals for the District of Columbia Circuit agreed with ARSA that the FAA violated the RFA by not properly considering the impact of its rule ([ARSA, et. al. v. FAA, 494 F. 3d 161](#)). While the Court upheld the agency's testing requirements, it remanded the rule, directing the FAA to conduct the proper RFA analysis.

For more than three years, the FAA made no effort to comply with the ruling. This blatant disregard of the court's mandate forced ARSA to file a [writ](#) with the court on Feb. 17, 2011 to force the FAA to perform this analysis.

Though the negative economic consequences of the agency's failure to properly analyze the 2006 rule have already driven small business away from aviation services, ARSA's action was an effort to give teeth to the RFA's protections and establish a precedent of accountability for neglecting regulatory protections.

On March 1, 2011, the court again sided with ARSA and [ordered](#) the FAA to prepare an RFA analysis. In response, the FAA [published a final RFA analysis](#) in July 2011 that reasserted its claim that the rule did not have a substantial economic impact on small businesses, and dismissed ARSA's [comments](#) showing otherwise.

Going Forward

As 2011 comes to a close, ARSA is taking the "lessons learned" to achieve broader regulatory reforms.

The fact that the court recognized the FAA's failure to comply with the RFA and demanded that the agency do so was an important step in giving teeth to the RFA's requirements. Unfortunately, the FAA's actions indicate that an agency can get around the RFA's mandates by simply paying them lip service.

ARSA will continue to push for improvements to strengthen and improve the RFA. The Association has [testified](#) before Congress on the need to strengthen small business protections and remains a key player in the push for RFA reform in Washington.

The Association is highly supportive of the Regulatory Flexibility Improvements Act of 2011 ([H.R. 527](#)) [passed by the House on Dec. 1, 2011](#).

Employment Law & Repair Stations

Emerging ADA Issues

By Jonathan W. Yarbrough <jyarbrough@constangy.com>. Constangy, Brooks & Smith, LLC, 80 Peachtree Rd., Ste. 208, Asheville, NC 28803-3160. © Copyright 2011 Jonathan W. Yarbrough ALL RIGHTS RESERVED

Jonathan is experienced in representing employers in employment law issues; his pragmatic approach can also help keep relationships with employees from becoming difficult. Please contact him for questions regarding employment relationships.

Does Requiring a High School Diploma Violate the Americans with Disabilities Act (ADA?)

This question has been addressed by the Equal Employment Opportunity Commission, but only in an informal discussion so far.

The issue arises because there are many individuals who as a result of their disability would not be able to obtain a high school diploma and therefore will not qualify for jobs which require a diploma. For this reason a diploma requirement which screens out disabled individuals who are unable to graduate must be job-related and consistent with business necessity. That is, it must accurately measure the ability of an individual to perform the essential functions of the job *with or without accommodation*.

A good test to determine if a diploma requirement is truly job-related is to ask whether the job functions in question could be performed just as easily by someone who does not have a diploma.

In addition, even if the diploma requirement meets the job/related/business necessity test, if the applicant requests a reasonable accommodation, the employer must engage in an "interactive process" to determine if the applicant could perform the job with an accommodation. An interactive process involves a discussion with the applicant to discuss ways that the employer might be able to address the applicant's limitations and find an appropriate accommodation. Under these circumstances, the applicant must prove that an available position exists that he was qualified for and could, with reasonable accommodations, perform. For example, should the position for groundskeeper require the employee to occasionally complete requisition orders for equipment, a reasonable accommodation for a severely dyslectic applicant would be to take the completed orders to a supervisor for final review.

In order to avoid potential ADA discrimination claims, it would be wise for employers to review any minimum education/diploma requirements to assure that the requirement is truly necessary in light of the particular job function and if so, to consider any accommodation that would allow a disabled applicant to meet the essential functions of the job.

Is Obesity a Disability under the ADA?

While the law is not settled on this question, there are indications that obesity may be the latest in the ever evolving list of disabilities of which employers must now be aware.

The ADA's definition of impairment does not include a physical characteristic, such as weight that is within a "normal range" and is not the result of a physiological disorder. However, the Equal Employment Opportunity Commission's compliance manual states that "severe obesity, which has been defined as body weight more than 100% over the norm, is clearly an impairment." The compliance manual also provides that neither the underlying cause nor whether voluntary conduct (for example, overeating) led to the condition are relevant in determining whether obesity is an impairment.

In a recent case, the employee (deceased when the lawsuit was decided) weighed more than 400 pounds when she was hired. When she was terminated eight years later she weighed 527 pounds. The employer argued that she was terminated because her obesity impaired her job performance. The employee argued that she was terminated because the employer perceived her as disabled due to her obesity.

The court found that her obesity was an impairment and caused her to be actually disabled because of her resulting diabetes, heart problems and hypertension. Thus it was not necessary to require that obesity be based on a physiological impairment. The court also concluded that she could have likely performed her job with reasonable accommodations.

Although the courts are not in agreement as to what, exactly, is necessary to establish whether obesity is an impairment under the ADA, employers should nevertheless move with caution prior to taking adverse action against the severely overweight employee. Carefully documenting performance problems is definitely the first step in avoiding subsequent claims of discrimination.

Aeronautical Repair Station Association	Registration Open! Annual Repair 2012 Symposium Click here for information	March 14-16, 2012 Ritz-Carlton Hotel Pentagon City Arlington, Virginia
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Reminder: Clock is Ticking to Cut Your Company's 2011 Tax Bill

As 2011 draws to a close, companies are running out of time to take advantage of a temporary capital investment incentive. If your company purchases equipment this year, you can dramatically reduce your 2011 tax bill.

The [Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010](#) (TRJA) extended and expanded the depreciation bonus created in 2008. For 2011, it's an unprecedented 100 percent; for 2012, it's 50 percent. By lowering your taxable income, bonus depreciation can significantly cut your 2011 and 2012 federal tax bills, freeing up cash in the near term.

Assume you buy and place in service in 2011 a new piece of equipment costing \$100,000. Using bonus depreciation, you can "write off" the full amount this year, reducing your taxable income by \$100,000. If you're in the 35 percent tax bracket, that can reduce your 2011 tax bill by \$35,000.

ARSA is supporting lobbying efforts to extend 100 percent depreciation for one more year. If that doesn't happen, in 2012 things get a little more complicated: the depreciation bonus will fall to 50 percent. You'll be able to write off half the purchase cost plus the percentage of the remaining basis you'd ordinarily write off in the first year. For a \$100,000 machine with a five-year MACRS life you'll be able to write off \$60,000 (\$50,000 with bonus depreciation plus one-fifth of the remaining \$50,000 in basis).

There are some important nuances to keep in mind:

First, to qualify for bonus depreciation, the equipment must be new. That means the "first use" must occur with the taxpayer who claims the benefit. Used equipment that doesn't qualify for bonus depreciation might still qualify for Sec. 179 expensing.

The equipment has to be placed in service in the year in which you claim the bonus (2011 for 100 percent and 2012 for 50 percent). In other words, if what you're buying takes a long time to deliver, don't wait until December to place your order.

Next, the property must fit into one of the categories for which bonus depreciation is allowed: property depreciable under the Modified Accelerated Cost Recovery System (MACRS) with a recovery period of 20 years or less (most tangible property used in a business will fall into this category), as well as select water utility property, computer software, and leasehold improvements.

Bonus depreciation is elective, not mandatory. You don't have to use it if you don't want to. And it applies for both regular and alternative minimum tax purposes. But there are some potential downsides. The more you depreciate now, the less you'll be able to depreciate later. In other words, your tax bill in future years may be higher because you'll have less to deduct. Also, if you depreciate 100 percent now and sell the asset before the end of the asset's MACRS recovery period, it may increase your tax bill in the year you sell. (Like-kind exchange (LKE) can help mitigate some of that potential depreciation bonus "hangover".) And some states don't recognize the depreciation bonus, which may result in additional tax complexity.

But when considering the downsides, consider this: Would you rather take the tax break now and invest the money in your company, or would you rather let the U.S. government hold onto it for you for the next several years?

From a tax standpoint, there's never been a better time to invest in your company's future. **Of course, this article doesn't constitute specific tax or legal advice, so be sure to check with your accountant or tax professional if you want to take advantage of the law.** But don't wait ... the clock is ticking! More info is available at <http://www.depreciationbonus.org>.

Support ARSA's Positive Publicity Campaign

Contract maintenance is under assault in the media, with bad press having negative political consequences. ARSA is working to get out the facts about the industry: Repair stations make air travel safer, air carriers more efficient, and important economic contributions. Our Positive Publicity Campaign (PPC) needs your support.

Through the PPC, ARSA has already:

- Analyzed public perceptions of contract maintenance;
- Quantified the industry's global economic impact and positive U.S. balance of trade; and
- Determined the industry's state-by-state employment footprint

The PPC continues to highlight the benefits of contract maintenance for global civil aviation. The campaign's next steps will significantly enhance the Association's public relations capabilities by adding new staff, institutionalizing economic research, more aggressively monitoring and responding to media coverage, regularizing media outreach, developing model PR procedures for the industry, and coordinating media and communications trainings on behalf of the repair station community.

For your Association to be successful, we need YOUR help. Consider pledging your support to the PPC today and join the ranks of industry leaders already backing ARSA's ambitious agenda for the industry.

[Click here for more details about the PPC](#), or email questions to [Jason Langford](#), ARSA's communications manager. Pledge your financial support [here](#).

A Risky Proposition

How America's Lost Tolerance for Risk Is Bankrupting the Country and Dragging the Economy Down

By Christian A. Klein, ARSA Executive Vice President

An ARSA member and I were recently talking politics. "Christian," he asked, "what's it going to take to solve this mess?" My first reaction was, "Which *one*?" I wasn't trying to be funny. We're facing some pretty big challenges in Washington: massive budget deficits, mounting debt, a dysfunctional tax code, a stagnant economy, unsustainable entitlement programs, partisan paralysis, and historic distrust of government. But as I've reflected on our conversation, it's occurred to me that these individual "messes" are really all related to a single, broader cultural problem: a lost tolerance for risk in American society.

The willingness to take risks was once the defining American value. Immigrants took enormous risks just coming here. The overwhelming majority left everything and everyone they knew to go to a place they'd never seen in search of a better quality of life. Once they got to America, the risk-taking didn't end. Many used their life savings to start businesses or farms. Some moved to remote and unsettled parts of the country. Wherever they were, enormous risks were accepted as necessary to success.

Then something changed. Towards the middle of the last century, in the wake of the misery caused by the Great Depression, Americans were offered a Faustian bargain: cede wealth and liberty to the government and it will get rid of risk in your lives. Roosevelt sold America on the notion that government should shield its citizens from want and fear, thereby obligating Congress and the president to take affirmative action to protect those "freedoms" as if they were enshrined in the Constitution.

The problem is that eliminating all that risk costs massive piles of cash. Unfortunately, we've been seduced by the idea that government can protect us from every potential harm.

Thus, was born the modern regulatory state. Over the past three quarters of a century, the government has swelled to gargantuan proportions to protect you in every aspect of your life, whether from being killed by terrorists, being poisoned by contaminated food or improperly manufactured pharmaceuticals, dying in a plane or car crash, having your child injured by a defective crib or toy, living in poverty, starving to death, drinking polluted water, being injured in the workplace, being fired because of your race, being sexually harassed by your boss, and the list goes on and on.

Taken individually, each of these has merit. The problem is that eliminating all that risk costs massive piles of cash (not mention the impact on our individual liberties). Unfortunately, we've been seduced by the idea that government can protect us from every potential harm. We've learned to enjoy living with less risk, but we haven't collectively come to terms with the immense direct and indirect costs. And I believe that's the fundamental source of tension in modern American politics.

Unfortunately, neither political party talks honestly about this issue. Democrats seem willing to add ever more regulations to satisfy our need to feel protected, no matter how great the cost or how incremental the benefit. Republicans talk about slashing the size of government without looking Americans in the eye and telling them cutting spending means giving something – and maybe a lot – up.

Big Government isn't the problem, it's just a symptom. The real problem is why we *have* Big Government. It's because we demand a government solution to every new risk that emerges. As Pogo said, "We have met the enemy ... and he is us." The dissonance between the results our elected officials have led us to expect and results they can actually deliver is at least a partial cause of the historic distrust in government.

The \$14 trillion national debt is one consequence of the government policies we've adopted since the 1930s, but our new attitude towards risk has other less obvious repercussions. Risk is the basis of entrepreneurship; it's fundamental to success in business, investing, banking, and capitalism. If we teach Americans to avoid all risk, it will undermine the vitality of the U.S. economy ... or maybe it already has.

If we want government to keep protecting us from everything that could possibly go wrong in our lives, there's no choice but to dramatically raise taxes. Instead, I think it is time for Americans to have a grown-up conversation, not about the size of government or what it does, but what results we expect. That might wake us all up to the fact that government can't solve all our problems while helping us regain our self-reliance and risk tolerance. Starting that conversation will itself mean taking a political risk, but it just might put us on track to fixing the mess.



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ARSA Action

ARSA Asks for Major Repair Interpretation

In a [Dec. 7](#) letter, ARSA requested that the FAA reconsider its position on the applicability of “automatically defined” major repairs listed in Title 14 of the Code of Federal Regulations (14 CFR) part 43, Appendix A. Previous air carrier petitions on the matter were denied.

Part 121 and 135 air carriers with continuous airworthiness maintenance programs (CAMP) have elevated safety standards to meet, alleviating the need for Appendix A. Indeed, the plain language in part 43 directs these air carriers to follow the CAMP, without considering the Appendix.

In practical terms, forcing carriers to follow the outdated Appendix dilutes the intended value of the major repair classification and therefore reduces safety, “if everything is important, then nothing is important”.

ARSA looks forward to the FAA Chief Counsel's response.

Your Opinion Counts!

Whether it's assisting with regulatory compliance, advocating for the aviation maintenance industry on Capitol Hill, or standing up for the industry in the media, ARSA is committed to being a strong voice for the industry and providing excellent service to its members. To ensure the Association continues to meet member needs, ARSA will conduct its 2012 member survey in January.

Input from members is critical to ensuring resources are targeted appropriately. The survey will help ARSA identify issues of common concern, quantify the value of products and services, and find new opportunities for the years ahead. The data also supports ARSA's advocacy on your behalf.

Keep your eyes peeled; your participation in the survey will help ARSA strengthen the voice of the aviation maintenance industry.

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ARSA Makes Recommendations for Audit Review Project

ARSA is working closely with international aviation authorities to reduce the overwhelming number of contract maintenance audits. The first challenge is to determine the quantifiable burden audits put on repair stations.

To assist in that process, in a [Dec. 21 letter](#) to the FAA's contractor, FJ Leonelli Group, ARSA made several recommendations to a proposed repair station survey. ARSA's comments will help ensure that the necessary framework is built to address the untenable reality of non-stop, overlapping, and duplicative audits.

ARSA also requested a meeting to discuss survey results and any discrepancies before FAA implementation of guidance or policy changes. ARSA will independently verify the FAA's survey results by coordinating its own survey in the first quarter of 2012.

FAA Responds to ARSA Letter, Re: Multiple Part Identification

In response to an [ARSA request](#), the FAA will review agency policy and guidance regarding part identification when more than one number is applied to a part at production.

In a Dec. 6, 2011 [letter](#), FAA Aircraft Maintenance Division Manager Steven Douglas stated that the FAA, “[shares ARSA's] concern that the presence of multiple part numbers may cause confusion when maintaining such parts and interfere with recordkeeping.” The Agency plans to review “affected FAA policy and guidance and revise them as necessary,” including Order 8130.21, *Procedures for Completion and Use of Authorized Release Certificate*.

Holiday Tradition Continues with Aviation Maintenance Scholarship

In lieu of holiday cards and gifts to members, ARSA donated \$1,000 to the [Northrop Rice Foundation](#) (NRF) for an aviation maintenance scholarship. The award will go to a student attending a FAA certificated Part 147 Aviation Technician School, with the winner selected by NRF's Board of Directors.

"Due to the industry's need for skilled technical workers, ARSA continued its tradition of making a contribution to a deserving student. In the spirit of true holiday cheer, the Association doubled down on this worthwhile cause and increased its donation over last year's \$500," said ARSA Executive Director Sarah MacLeod.

The development of a qualified technical workforce has long been one of ARSA's top priorities as its members routinely list a shortage of skilled labor among the industry's biggest challenges.

"This gift will benefit a deserving student and aid the aviation community in recruiting a highly trained technical workforce," MacLeod said.

To be eligible for the award, students must be attending a Part 147 aviation technical school and submit all the materials listed on the [general application](#) by January 31, 2012.

"We are grateful for ARSA's continued efforts to promote excellence in aviation maintenance technical education through this award," said NRF President Jim Lukins. "This Association's willingness to double their commitment this year truly symbolizes ARSA's long record of supporting repair stations and commitment to developing a skilled, safety conscious workforce."

More information about the ARSA supported scholarship is available at:

[http://www.northropicefoundation.org/index.php/scholarships](http://www.northropricefoundation.org/index.php/scholarships).

ARSA Thanks Babbitt for Years of Service to the Aviation Industry

ARSA Executive Director Sarah MacLeod issued the following statement in response to the resignation of Randy Babbitt as administrator of the FAA:

"We at ARSA were disappointed to hear that Randy Babbitt is leaving the FAA. During his tenure, he worked tirelessly to improve aviation safety and the quality of FAA's oversight. We thank him for his many years of outstanding service to the aviation industry. ARSA looks forward to pursuing the same goals with Acting Administrator Michael Huerta."

Positive Publicity

As part of ARSA's ongoing [Positive Publicity Campaign](#) (PPC), the association is actively working to enhance the media's understanding of our \$50 billion industry and its vital importance to global civil aviation. To accomplish this goal, ARSA monitors media coverage about aviation maintenance to spread the word about the valuable role repair stations provide their communities in jobs, economic opportunities, and community involvement. These are some of this month's top stories highlighting the industry's contributions.

[Two Hamilton techs feted for 50 years of work](#) (*Harford Business Journal*)

[Aftermarket Business for Aviation Companies Rising](#) (*Kansas.com*)

[Aerospace company offers promise of Fairhope jobs to laid off Fokker AIRINC staff](#) (*Baldwin County Now* (AL))

[Aerospace Sector Pumped over \\$5 billion into San Antonio Economy in 2010](#) (*San Antonio Business Journal*)

[Oxford Aviation to Hire 20](#) (*MaineBiz.com*)

[Winston-Salem Aircraft Maintenance, Repair Company to Expand](#) (*News Record* (Greensboro, NC))

[Two new facilities for ExecuJet Australasia](#) (*CharterX.com*)

[Sen.: More Aircraft Maintenance Jobs for Cets](#) (*Army Times*)

[Company Flies in Promising Dozens of Jobs](#) (*KTIV* (Sioux City, IA))

[Delta Lifts Profit with Repair Work on Rivals' Planes](#) (*Minneapolis Star Tribune*)

ARSA on the Hill

To keep *the hotline* readership informed of ARSA's legislative activities, welcome a new feature: ARSA on the Hill. This column presents a monthly roundup of ARSA's advocacy on Capitol Hill and the Association's efforts in coalition activities aimed at improving the national business climate.

During the month of December, ARSA met with numerous House and Senate offices to discuss the Lift the Ban survey results and the need for Congress to permit the FAA to certificate new "foreign" repair stations.

During discussions, the Association continues to encourage passage of a multiyear FAA reauthorization bill that does not detrimentally impact the aviation maintenance industry.

The Association sent a [letter](#) to House and Senate leadership warning of the havoc created by a lack of long-term FAA authority and urging lawmakers to rapidly complete a bill that will allow the maintenance industry to grow and prosper.

The Association met with aviation industry colleagues to discuss FAA reauthorization efforts and ARSA's Lift the Ban campaign. ARSA also participated in coalition meetings with lawmakers urging repeal of the estate tax.

The Government Affairs Committee action item for December asked committee members to [share specific details of effect of the foreign repair station ban](#) so that ARSA could pass along stories of the ban's impact to the House Homeland Security Committee.

Government Affairs Committee members were also asked to ensure that ARSA had current [solicitation consent for ARSA PAC](#). To become more involved in ARSA's Government Affairs Committee, contact [Daniel Fisher](#), ARSA's vice president of legislative affairs.

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Bills on the Hill

A 23rd Extension?

With the current extension of Federal Aviation Administration (FAA) operating authority expiring on Jan. 31, 2012, Congress will have just six legislative days to finalize a new FAA law upon its return from recess Jan. 17.

Despite hope, Congressional leaders were unable to resolve the difference between the House and Senate passed bills ([H.R. 658](#), [S. 223](#)) prior to the end of 2011. Except for the contentious provision regarding a rule change to the way the National Mediation Board (the NMB) counts unionization votes at airlines, most issues were apparently resolved.

The NMB provision has fallen to House Speaker John Boehner (R-OH) and Senate Majority Leader Harry Reid (D-NV). Consequently, the bill has been neglected as Congress battled a series of more immediate crises, i.e., the budget deficit and the extension of the reduced payroll tax rate. The measure remains a political hot potato as both leaders position themselves to score a legislative "victory" on the matter.

Both Reid and Boehner have signaled their desire to resolve the matter before the Jan. 31 deadline, but given history and the short time available, it is a problematic.

Many in Washington are looking at the reality of a 23rd extension of FAA operating authority. House Transportation & Infrastructure Committee Chair John Mica has stated that another extension may contain controversial policy provisions and that the will of the House to pass an additional extension is minimal.

This confluence of events could lead to another shutdown showdown for the FAA.

House Votes to REIN in Regulation

The House approved the Regulations from the Executive in Needs of Scrutiny (REINS) Act ([H.R. 10](#)) on Dec. 7, 241-184.

The REINS act would check the power of regulators, requiring congressional approval before implementing any regulation with an economic impact of more than \$100 million. An amendment to the bill offered by Rep. Pete Sessions (R-TX) would also require federal agencies to consider the potential employment effects of any rule submitted to Congress under that act.

Having now passed the House, the measure will await action in the Senate where Sen. Rand Paul (R-KY) has introduced a companion measure ([S. 299](#)). However, Senate Majority Leader Harry Reid (D-NV) has indicated that the legislation will not be considered by the Senate and the Obama administration has pledged to veto the REINS Act should it be approved by the upper chamber.

TSA in No Hurry on Security Rule

In a [letter](#) to aviation industry groups, Transportation Security Administration (TSA) Administrator John Pistole stated the agency does not plan to release its repair station security rule until fourth quarter 2012 at the earliest.

Pistole's letter comes in response to a [Nov. 22 coalition letter](#) from 20 aviation associations and companies (including ARSA) to Department of Homeland Security Secretary Janet Napolitano expressing concern with the TSA's nearly decade long delay in producing a rule.

The continued delay reinforces the necessity of ARSA's "[Lift the Ban](#)" campaign to spur congressional action to eliminate the prohibition on FAA certification of new foreign repair stations. Congress imposed the ban to punish the agency for not meeting its 2003 obligation to produce a rule, but rather than encourage the agency to act, the ban has only punished the aviation maintenance industry and undermined its growth.

Furthermore, the TSA's inaction shows that the agency does not consider repair stations to be a realistic security threat, but is rather choosing to focus its resources on areas it considers a greater danger.

While ARSA agrees that repair stations pose a miniscule security risk, the fact remains that without the rule, or an act of Congress to lift the ban, repair stations will continue to suffer.

House Committee Seeking Stories Highlighting Impact of Foreign Repair Station Ban

The House Homeland Security Committee is requesting letters from U.S. companies detrimentally impacted by the ban on FAA certification of new foreign repairs stations.

As part of its "[Lift the Ban](#)" campaign, ARSA's legislative team continues to meet with congressional leaders regarding TSA's failure to finalize repair station security rules and the subsequent FAA foreign repair station certification moratorium. The "[Lift the Ban](#)" [survey results](#) were useful in providing a snapshot of the ban's effect on the aviation maintenance industry; however, the committee is looking for more specifics including job loss numbers, lost revenues, and other information detailing the economic impact the ban is having on U.S. companies.

Tell your story! [Click here](#) and follow these instructions:

- Save the pre-written Word document as a file on your computer.
- Complete the pertinent details of the letter (which are in bold).
- Add any other details that help tell your company's story.
- Place the message on your company's letterhead.
- Scan and send to Daniel.Fisher@arsa.org so we can compile and deliver to the committee.

If you have any questions or need help please contact Daniel Fisher, ARSA's vice president of legislative affairs (daniel.fisher@arsa.org or 703-739-9543).

Members of the Association may display the Member Web Badge on their company Web site. Contact arsa@arsa.org for information.



House passes Workforce Democracy & Fairness Act, as NLRB Proceeds on Ambush Elections

On Nov. 30, the House approved the Workforce Democracy & Fairness Act ([H.R. 3094](#)), 235-188.

H.R. 3094 addresses recent actions by the National Labor Relations Board (NLRB). Specifically, the bill would block the Board from moving its ambush election proposal aimed at shortening the timeline of organizing elections, denying employees' access to critical information about unions and stripping employers of free speech and due process rights.

The bill also would reverse the Board's recent decision in [Specialty Healthcare](#), which changed long-standing precedent on determining which group or "unit" of employees will vote in the union election. The new standard makes it almost impossible for anyone to challenge the bargaining unit chosen by the union and will result in the formation of "micro-unions".

ARSA joined its partners at the [Coalition for a Democratic Workplace](#) on a [letter strongly supporting](#) H.R. 3094.

Meanwhile, on the same day, the NLRB voted in favor of considering the ambush election rule in the near future. In a 2-1 vote, the Board adopted a resolution that will serve as the basis for a final rule.

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Union Drops Boeing Charges, Contentious NLRB Future

On Dec. 9, the National Labor Relations Board (NLRB) dropped a complaint against Boeing after the company reached an agreement with the International Association of Machinists and Aerospace Workers (IAMAW).

IAMAW filed the complaint to prevent Boeing from opening a new manufacturing facility in South Carolina, a right-to-work state, rather than adding new manufacturing capacity in Washington. The union and NLRB alleged that Boeing was illegally retaliating for past labor actions, while the business community decried the NLRB case as an unprecedented example of government overreach.

The NLRB dropped the charge against Boeing at the request of IAMAW immediately after the company signed a four-year agreement with the union's members to produce the new 737 in its Seattle-area facility.

Many in the business community feel that the dropped case is actually a loss for Boeing, an indication that the future of business could be marred by political blackmailing and a Board willing to help unions get the upper hand in labor negotiations.

Obama Makes Controversial NLRB Appointments

On Dec. 14, President Obama announced plans to nominate two new members to the NLRB. Unfortunately, both the president's nominees are labor attorneys with a marked pro-union background.

Obama nominated Department of Labor Deputy Assistant for Congressional Affairs Sharon Block and International Union of Operating Engineers General Counsel Richard Griffin to the Board's two open positions.

It is clear that the administration wishes to make the Board an even more union-friendly body. Given the NLRB's recent activities, including its role in the Boeing case and the [proposed](#) "ambush election" rules to dramatically speed up union elections (see related story in [Regulatory Lookout](#)), the addition of two more union advocates will only make the Board more anti-employer.



ARSA members: Click here to save!

Have You Seen These People?

This month, ***the hotline*** introduces readers to the leadership of the [House Armed Services](#) Committee. This committee has oversight authority over the Department of Defense, including the armed forces and the National Guard. The panel also oversees the national security functions of the Department of Energy.

Rep. Buck McKeon (R-CA-25)



Rep. Buck McKeon is serving his tenth term representing California's 25th Congressional District.

McKeon is the chair of the Armed Services Committee. He also sits on the Education & the Workforce Committee, including the Subcommittee on Higher Education & Workforce Training. Additionally, McKeon is a member of the Congressional Unmanned Systems Caucus, the Western Caucus, and the Republican Study Committee.

A graduate of Brigham Young University, McKeon was a small business owner, banking executive, and served one term as the mayor of Santa Clarita, California before his election to the House. McKeon lives with his wife, Patricia, in Santa Clarita. They have six children and 31 grandchildren.

Congressman McKeon's Washington, DC office:

2184 Rayburn House Office Building
Washington, D.C. 20515-0001
202 225 1956
<http://mckeon.house.gov/>

Rep. Adam Smith (D-WA-9)



Rep. Adam Smith is serving his eighth term representing Washington's 9th Congressional District.

Smith is the ranking member of the Armed Services Committee. He also sits on the Foreign Affairs Committee and the House Permanent Select Committee on Intelligence. Smith is the co-chair of the Intellectual Property Caucus, and is a member of the 21st Century Healthcare Caucus, European Union Caucus, International Conservation Caucus, and Waterways Caucus.

A graduate of Fordham University and University of Washington School of Law, Smith was a prosecutor, and served in the Washington State Senate for five years before his election to the House. Smith lives with his wife, Sara, in Tacoma. They have two children.

Congressman Smith's Washington, DC office:

2402 Rayburn House Office Building
Washington, D.C. 20515-0001
202 225 8901
<http://adamsmith.house.gov/>

For more information about these and other lawmakers visit www.ARSAAction.org.

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International News

ICAO Releases Global Aviation Safety Report

The [International Civil Aviation Organization](#) (ICAO) released the [State of Global Aviation Safety - 2011](#), a review of worldwide aviation safety performance and collaborative efforts among international air transport stakeholders improve safety.

The report provides a comprehensive picture of safety-related initiatives and successes of ICAO and its member states in taking a proactive and collaborative approach to aviation safety. With more than 30 million scheduled flights across the globe in 2010, the report stresses the need for continued vigilance to ensure that safety remains the number one focus for the industry.

International Roundup

Editor's Note: In order to provide more international coverage, the Association now presents a monthly roundup of world events pertaining to the industry.

[Qantas Reaches Agreement with Engineers](#) (AFP)

[Study Confirms Huge Market Potential in Brazil](#) (The Gaurdian (Prince Edward Island, Canada))

[Aeronautical Engineering School May Get T&T Recognition Soon](#) (Stabroek News (Georgetown, Guyana))

[Middle East Queuing up for the World's Breakthrough Aircraft](#) (Arabian Aerospace)

[AI's Rs.110 crore MRO Commissioned](#) (TheHindu.com)

[Aircraft Consumption in India Expected to Reach US \\$24B by 2016:](#) (Machinist.in)

[Malaysian Prime Minister Wants AirAsia to Keep MRO Work in Malaysia](#) (Aviation Week)

[Dubai Airshow Logs Record Attendance, Industry-Wide Optimism, and More than \\$63 billion in Aircraft, Maintenance, Flight Training Orders](#) (MilitaryAerospace.com)

[India Seeks U.S. Investment To Boost Aviation Sector](#) (Aviation International News)

Member Spotlight

KLM Royal Dutch Airlines, Engineering & Maintenance, Amsterdam, Netherlands

KLM Engineering & Maintenance (E&M) (one of three Air France KLM businesses) provides MRO services ensuring properly managed aircraft operation and cost minimization. The company has 75 years of experience managing large aircraft fleets. KLM E&M has a joint organization responsible for strategy, marketing, business development and external communication and the company puts personnel through stringent apprenticeship and training cycles to ensure a quality workforce. The unified structure and training practices create unparalleled customer interface.

An airline with an MRO arm, KLM E&M understands customer challenges. This, in addition to its technical superiority, allows the company to offer some of the most competitive "Mean Time Between Removals" in the market.

For more information on KLM Royal Dutch Airlines, Engineering & Maintenance, visit <http://www.afiklmem.com>

Are you an ARSA member who would like to be in the "Member Spotlight?" If so, please contact Keith Mendenhall <Keith.Mendenhall@arsa.org>.

Connect with ARSA:



Welcome New Members

[Aerospace Turbine Rotables, Inc.](#), Wichita, KS

[Component Control](#), San Diego, CA

[Marvel-Schlebler Aircraft Carburetors, LLC](#), Gibsonville, NC

[MOOG Inc, dba Mid-America Aviation, Inc.](#), West Fargo, ND

[Ottosen Propeller & Accessories, Inc.](#), Phoenix, AZ

[Rose Aircraft Services](#), Mena, AR

[Strom Aviation, Inc.](#), Waconia, MN

Regulatory Compliance Training

Editor's Note: With the holiday season in full swing, ARSA is taking the month off from bringing our readers Regulatory Compliance Training. But don't expect too much of a vacation—we will resume the mental workout with the January 31, 2012 issue of *the hotline*.

