

STATEMENT OF THE HONORABLE DONALD D. ENGEN, FEDERAL AVIATION
ADMINISTRATOR, BEFORE THE HOUSE COMMITTEE ON GOVERNMENT
OPERATIONS, SUBCOMMITTEE ON GOVERNMENT ACTIVITIES AND
TRANSPORTATION, CONCERNING SAFETY OF THE AIRLINE INDUSTRY,
JUNE 14, 1984.

Madam Chairwoman and Members of the Subcommittee:

I am pleased to appear before the Subcommittee today to present an overview of the current level of safety provided to the travelling public by our air transportation industry.

The Airline Deregulation Act, enacted in 1978, ushered in a new economic framework for the airline industry. This era of deregulation has offered both opportunity and challenge to the industry--opportunity both for new companies to enter the air transportation business and for existing airlines to expand and add routes; challenges to compete not just on the level or quality of service provided but on cost as well. As we would expect, some airlines have adapted well; others have not. The recent recession added a further challenge for the industry.

The dynamics of these economic factors and the changes they have brought on the industry have presented challenges to the FAA as well. Ease of entry into the airline industry has increased new entrants dramatically in recent years. Some airlines have expanded their operations while others have retrenched, and many have shifted their route structures. There is a greater reliance on commuters today, and the mix of

aircraft in the fleet is more varied than ten years ago.

These factors have added to the FAA's workload in certificating new entrants, have caused us to make adjustments in our workforce to conform to route and airline structure changes, and have required the FAA to seek out ways in which to increase productivity of our field inspector workforce. Rather than expanding its workforce to meet these challenges, however, the size of the FAA air carrier inspector workforce has decreased somewhat over the last decade. This fact became a concern to Secretary Dole who sensed that the FAA inspector workforce may have been stretched too thin to meet the heavy emphasis she has placed on an increased safety role. Accordingly, she directed last February that FAA's air carrier inspector workforce be increased by 166 positions to 674 positions.

To date, we have hired 76 additional inspectors, have tentatively selected 53 more, and will fill the remaining vacancies by the end of this fiscal year. These positions have been distributed throughout the regions based on workload. I should add that, as a Member of the National Transportation Safety Board at the time of the Secretary's decision to increase inspector staffing, I shared her concern about the FAA's inspector staffing level and strongly welcomed the increase in FAA surveillance capabilities.

The Secretary also asked the FAA to conduct a period of added safety surveillance of the airline industry. A substantial portion of this effort, referred to as the National Air Transportation Inspection (NATI) program, has been conducted during my tenure as Administrator.

I would like to take a few moments to describe the NATI program and what has resulted from this important effort. Under the NATI program the FAA conducted inspections of all Part 121 air carriers and Part 135 commuter air carriers, using a two-phase approach. In Phase I, the FAA, using slightly more than 800 inspectors from 90 district offices located in 9 regions, intensified and increased the number of safety inspections of the 327 air carriers nationwide. Phase II of the program consisted of a series of more in-depth inspections of selected air carriers or segments of the industry identified during the Phase I inspection process as having possible deficiencies. I want to emphasize that under the NATI program we were not inspecting safety levels per se; rather, we were looking to see through our inspections if the appropriate methods and systems were established to assure compliance with regulations, standards, company manuals, and good, safe operating practices. Aviation safety is predicated on setting appropriately high safety standards and then having the systems in place to see that those standards are met on a continuing basis.

Phase I of the NATI program began on March 4 and ended on March 24. During that time, FAA inspectors conducted about 13,500 airworthiness and operations inspections on an around the clock basis. Based upon information developed during that process, detailed Phase II inspections were conducted of 43 airlines during the months of March through May.

In short, we undertook a comprehensive look at the airline industry of a magnitude which is unparalleled in recent history. I am proud of the efforts put forth by our inspector workforce during these last several months. They have provided us with the kind of view of the industry's operating and maintenance practices which I believe was only possible to get from the kind of "hands-on" approach we used. Although the working group has not completed its final report and recommendations, let me provide you with a brief synopsis of where we are in the process and what I think we have learned from this effort so far.

The vast majority of the airlines looked at during Phase I of the NATI program were found to have a good overall safety posture. This ultimately proved to be the case as well with the majority of the 43 airlines selected for the Phase II inspections because of apparent problems found during Phase I. Naturally with an inspection of this scope there were a number of regulatory violations discovered of a minor or technical

nature such as failure to log training time or a pilot's failure to have his airman's certificate on his person. Corrective action was taken in these cases. More significantly, however, where serious problems were found, we did not hesitate to take decisive action. For example, FAA took action against four airlines to suspend or revoke their operating certificates or to withdraw their operating authority. In four cases where problems were detected by the FAA during NATI inspections, airlines voluntarily suspended further operations until those problems were corrected. We are still considering what enforcement action, if any, to take in response to other apparent regulatory violations uncovered during our inspections.

Overall, from our intensified surveillance efforts, we confirmed that the vast preponderance of operators have a high regard for compliance with prescribed safety standards and take effective measures to assure that their procedures and systems yield compliance with those safety standards. Consequently, they are continuing to offer a high degree of safety to the American travelling public. On the other hand, as in any facet of life, there is a very small number of operators who pay too little attention to regulatory requirements, thereby reducing the margin of safety offered by those requirements. The massive effort we recently undertook helped us ferret out this kind of operator and put the air transportation community on

notice that we are serious about our safety enforcement responsibilities. The FAA is willing to work with those who really want to learn how to improve their operations from a safety perspective, but we will not tolerate laxity in safety practices.

As I mentioned earlier our final NATI report and analysis of its findings are not complete. Therefore, my conclusions are characterized in a generic sense. Notwithstanding, my impression is that the NATI program shows that the thrust of our surveillance and enforcement programs have, on the whole, worked well in helping to achieve regulatory compliance. It also confirms to me the value of having an FAA presence, in the form of our inspector workforce, felt in the aviation community, and suggests to me that some airlines warranted more careful scrutiny from the FAA earlier on. The increased inspector staffing will better enable us to meet our certification responsibilities without impacting our surveillance functions as much as might have been the case earlier, and vice versa. Also, during my tenure, I will be emphasizing my view of the importance of surveillance both to correct and to deter deficiencies in complying with proper practices.

The added inspector staffing will also enable us to pay closer attention to new entrants, once they have been certified, and

to rapidly expanding carriers. Preliminary NATI findings indicate to me that this is an area where an intensified FAA effort is needed, because the experience level of new airline entrants in the complexities of managing an airline is typically not as great as for the established airlines. It also appears that some of the carriers, established as well as new entrants, have expanded to the point that a strain has been placed on their ability to manage the new operations with the kind of attention to detail that is necessary. Also, I am concerned because I perceive, in some cases, top level management has sometimes focused its emphasis more on marketing than on the operational side of the business, a shortcoming which must be corrected. The FAA needs to oversee these operations with more emphasis than in the past to assure that adequate systems are in place so that problems can be anticipated and headed off.

During the NATI program, we also found that some operators have allowed their self-audit or quality control functions to deteriorate, apparently electing to have the FAA oversee their operations instead. This is an area on which we will concentrate in our continuing inspections of operators. I am also concerned that it appears from our inspections that contractual services for training, maintenance, and support functions provided to airlines have not been adequately monitored, with the result that it appears that programs have sometimes been inadequately tailored for the scope of the

operations conducted. I expect that one result of the NATI findings will be added FAA surveillance in this area, and increased focus placed as well on the carriers' responsibility to assure that the programs for which they are contracting meet regulatory requirements.

As we further analyze the data compiled during the NATI inspections and fold it into a longer-term safety analysis effort, no doubt there will be added conclusions we can draw. But for now, my overall reaction is that the industry has, with few exceptions, met its safety responsibilities and that the FAA with added surveillance capabilities and insight into where to pinpoint its efforts will be able to better foster the proper procedures leading to improved attitudes and safety within all segments of the air carrier industry.

Before closing, Madam Chairwoman, let me briefly touch on the FAA's policy for surveillance of financially troubled airlines and for airlines experiencing labor-management difficulties, since I understand this is of interest to the Subcommittee.

It is FAA written policy--and has been for many years--for FAA inspectors to be alert to any outward signs of financial deterioration of an airline, such as a delay in meeting payrolls or a high rate of employee turnover. When it appears that significant difficulties are being experienced by an operator, FAA guidelines call for the region holding the

airline's operating certificate to consider increasing technical surveillance of the carrier. And I might add that this is done fairly routinely. Although it can be difficult to draw any clear correlation between the distressed financial status of an operator and poor compliance with safety requirements, the FAA for purposes of increasing its surveillance efforts of a financially ailing operator has long been willing to assume that there may be such a relationship. I don't intend to change that cautious approach in any respect since it represents the kind of prudent oversight of safety to which I am committed.

FAA policy also directs that special emphasis be given to the inspection of operations conducted by an operator during a strike of the operator's personnel. This policy calls for the increased surveillance on a continuous basis of all phases of operation affected by the strike until normal operations are resumed. It is also FAA policy that, under no circumstances, shall an FAA inspector express to any party to the strike or in public his opinions concerning non-safety issues which may be involved. The FAA's responsibility concerns safety only, and our sole duty is to assure that safety standards are maintained during the strike.

When a strike occurs at an airline, the FAA principal inspectors for that airline are called upon to determine the

locations and operational and maintenance areas which will require increased inspection coverage and to advise the FAA regional office of this proposed action to provide the necessary surveillance. Special emphasis is placed by FAA inspectors on the qualifications and training of airmen used to perform the duties of the striking airmen, particularly on the adequacy of the operator's training program for the original and continued qualifications of these airmen.

I would like to reemphasize that the FAA's role in a labor-management dispute is purely and simply one of safety. We do not take sides. Our sole concern is whether the operations are being conducted safely. During my tenure as Administrator, our role will continue to be limited strictly to that safety function, and FAA policy will continue to call for added, special surveillance during labor disturbances.

In closing, Madam Chairwoman, I want to assure you and the American travelling public that our intensive look at the air transportation system confirms that the travelling public is continuing to receive the high level of safety it both deserves and has come to expect. You may be further assured that I will spare no effort as Administrator to improve even more upon the outstanding safety record of the aviation industry.

That completes my prepared statement. I would be pleased to respond to questions that you may have at this time.