

STATEMENT OF THE HONORABLE DAVID R. HINSON, FEDERAL AVIATION ADMINISTRATOR, BEFORE THE HOUSE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE, SUBCOMMITTEE ON AVIATION, CONCERNING REGULATORY COSTS. FEBRUARY 1, 1995.

Mr. Chairman and Members of the Subcommittee:

I welcome the opportunity to appear before you today to discuss the FAA's approach to the safety regulation of our air transportation industry. With me today is Tony Broderick, FAA's Associate Administrator for Regulation and Certification. I understand and appreciate the Subcommittee's interest in examining the potential burdens on the aviation community that may result from the regulation of its activities.

The FAA's responsibilities for aviation safety are extremely encompassing, as the Members of this Subcommittee know so well. The aviation safety regulatory framework that we have established, in cooperation with the aviation community-at-large, has helped the United States achieve world preeminence not only in safety, but in virtually all aspects of aviation technology. Our regulatory system continues to serve as a world model, and facilitates the introduction of American concepts and technology into other air transportation systems worldwide.

At the core of this record of success has been a commitment from all segments of the aviation community to a continuous striving for a level of performance and safety that exists neither in any other form of transportation nor anywhere else in the world. There is a fundamental recognition in aviation that the failure to adhere to extremely high standards of safety can yield catastrophic results, and that, in light of the public demand for such high safety requirements and continuing focus on aviation safety, a lapse in that commitment can produce a potentially devastating loss of public confidence in our system.

Our safety objective of "0" accidents is in keeping with those public expectations and consistent with the FAA's history as a world leader in air safety.

Producing the level of safety we have achieved in our air transportation system does not come without cost, and it does not take an economics degree to recognize that, with few exceptions, the person who will ultimately pay that cost is the air traveler. I can assure you that a critical element of our rulemaking process is to examine that potential cost, and balance that cost against the benefits that would be achieved through taking a particular regulatory action. Economic analysis is a key requirement that we follow in considering a rule, and has been for some time.

On the whole, I believe that we do a credible job of identifying and balancing the costs of our rulemaking proposals against their anticipated benefits, although clearly there are areas where we can and should continue to improve. For example, we now issue about 400 airworthiness directives (which we refer to as AD's) a year. These AD's are issued not only to correct problems in U.S. air transportation, but they fulfill an obligation we have to the international community under the Chicago Convention, which requires prompt dissemination of safety information pertaining to aircraft we have certificated. An AD is issued to correct an "unsafe condition" that has arisen with a particular type of aircraft, typically based on a review of incident or accident data, and may call for certain types of inspections to be performed or for a design or equipment modification. By necessity, many of these are issued on an emergency basis because of the need for immediate action to protect the flying public, although, even then, we provide an opportunity for public comment to determine if there are prudent and more economical ways to modify the rule that has been issued. Where time permits, we issue a notice of proposed rulemaking to obtain comment in advance of adopting the rule.

We have also sought to involve affected parties in helping us to identify and prioritize rulemaking approaches that will provide cost-beneficial safety improvements. Both the Aviation Rulemaking Advisory Committee and the Aviation Security Advisory Committee have assisted in this effort. Also, on January 10, 1994, we issued a public request seeking the identification of rules that may be unnecessarily burdensome. In response to that request, we received comments from nearly 200 parties in all segments of aviation, identifying over 400 candidates for review by the FAA. We have reviewed each of these comments, and last Friday we released publicly a 400 page summary of the action we would take in response to each of them. In combination with the input we got from our recent safety conference, I believe we have a good picture of the best regulatory course to steer in the coming months. For example, we will focus on policy changes needed to implement the Flight Operations Quality Assurance (FOQUA) Program, which the airlines and pilots placed high on their list of priorities.

Last June, we also held a benefit-cost conference in Washington, D.C. Approximately 130 people attended, including 70 representatives of the airlines and other organizations that represent the aviation industry. Three working groups were established that focused on issues of concern to: (1) air carriers and airports; (2) aviation manufacturers; and (3) the general aviation community. The industry recommendations and criticisms have been summarized and the agency is currently developing a work plan to address those concerns. The FAA is also participating in a government-wide effort to develop guidelines for better regulatory economic analysis.

It is, of course, oftentimes a challenging task to balance timeliness and adequacy of a possible regulatory approach to address a safety problem against the burdens it may impose. However, we remain continuously mindful of the need to do so. For example, we have sometimes been criticized for the timeliness or adequacy of actions we take in



response to safety recommendations we receive from the National Transportation Safety Board (NTSB). But there is a fundamental difference between recommending that a particular course of action be followed and bearing responsibility for taking that action. And there is a sound reason for that distinction. The NTSB is not responsible, nor in my view should it be, for considering the potential burdens or costs that may be associated with the implementation of its recommendations. It provides us with its unvarnished safety recommendations. Concurrent with our technical safety evaluation of those recommendations, we must also consider the benefits of adopting such recommendations along with the burdens they may impose on our air transportation system. For that reason, we typically examine whether there may exist non-regulatory or alternative regulatory means of achieving the safety objectives, which can optimize the safety benefits to air travelers while lessening the burdens that would otherwise be imposed.

The same kind of scrutiny applies in cases where, following a public rulemaking process, we adopt improved or new airline safety standards that will apply prospectively. The issue often arises whether we should require a retrofit of existing aircraft to those same standards, and, if so, the timeline that should be followed for cost and scheduling purposes. In some cases, we have found a middle ground that provides improved safety but in a carefully tailored way. For example, several years ago, we adopted improved standards for aircraft cabin materials to protect passengers from the risk of fire, which in the case of an otherwise survivable accident poses the greatest risk to survival. The flammability standards applied prospectively to new aircraft to be delivered to an airline. With respect to aircraft that already existed in the airline fleet, however, we asked that the improved materials be used when a particular aircraft underwent the next refurbishment of its interior materials. That type of measured approach provided for the phased safety upgrade of the entire fleet over time, while exacting a substantially lesser burden on the industry.



In closing, Mr. Chairman, I would like to assure you and the Members of the Subcommittee of our commitment not only to continue to press for justified safety improvements in behalf of the traveling public, but to do so in a responsible way that recognizes an appropriate balance between benefits and burdens of our actions. We look forward very much to working with you on this and other matters affecting the aviation community during this Congress.

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