

January 20, 2021

Mr. Tim Shaver
Deputy Director, Office of Safety Standards, AFS-2A
Federal Aviation Administration
800 Independence Avenue SW
Washington, DC 20571

Dear Mr. Shaver:

On behalf of the Flight Standards Transparency, Performance, Accountability, Efficiency Aviation Rulemaking Committee (FST PAcE ARC), we are pleased to provide you with the attached ARC report and its recommendations on Flight Standards Performance Objectives and Metrics.

This attached report satisfies the requirements of the FST PAcE ARC charter tasking. The recommendations focus of the eleven objectives specified in the ARC's Terms of Reference and provide detailed actions that the agency can accomplish to achieve these performance objectives.

When implemented, these recommendations will improve accountability, transparency, and standardization within the agency. The framework for the majority of the recommendations is collaboration with stakeholders, ensuring that stakeholders are provided with required standards and confirming that communication expectations are met while also addressing training to ensure consistency within the agency.

The ARC does recognize that the training aspects of the recommendation may be beneficial for the Safety Oversight and Certification Advisory Committee's Subcommittee Workforce Development and Training Tasking.

We appreciate the opportunity to provide this recommendation.

Sincerely,



Capt. Bob Fox
First Vice President and National Safety Coordinator
Air Line Pilots Association, International
FST PAcE ARC Industry Co-Chair

**Federal Aviation Administration
Flight Standards Transparency, Performance, Accountability,
Efficiency Aviation Rulemaking Committee**

Section 221 Subgroup

Report to ARC

20 November 2020

Background: At the initial meeting of the Federal Aviation Administration (FAA) Flight Standards Transparency, Performance, Accountability, Efficiency Aviation Rulemaking Committee (FST PAcE ARC), held on 20-21 February 2020, the Committee directed the establishment of a *Section 221 Subgroup*, for the purpose of assessing FAA tasking set forth in the *FAA Reauthorization Act of 2018*. Specifically, the Subgroup was assigned the responsibility of reviewing and providing appropriate recommendations related to the performance objectives outlined in section 2. (c) of the FST PAcE ARC Charter dated August 1, 2019:

“In carrying out subsection (a), the Administrator shall establish performance objectives for the FAA and the aviation industry to ensure that, with respect to flight standards activities, progress is made toward, at a minimum-

- (1) eliminating delays with respect to such activities,*
- (2) increasing accountability for both the FAA and the aviation industry;*
- (3) achieving full utilization of FAA delegation and designation authorities, including organizational designation authority;*
- (4) fully implementing risk management principles and a systems safety approach;*
- (5) reducing duplication of effort;*
- (6) eliminating inconsistent regulatory interpretations and inconsistent enforcement activities;*
- (7) improving and providing greater opportunities for training, including recurrent training, in auditing and a systems safety approach to oversight;*
- (8) developing and allowing utilization of a single master source for guidance;*
- (9) providing and utilizing a streamlined appeal process for the resolution of regulatory interpretation questions;*
- (10) maintaining and improving safety; and*
- (11) increasing transparency”*

The membership of the Section 221 Subgroup consisted of a combination of FST PAcE ARC members and subject matter experts sponsored by ARC members.

Section 221 Subgroup Membership:

Ellen Birmingham	United Airlines	Chris Martino*	HAI (Chair)
Timothy Blaisdell	FAA (Advisor)	Mike Mertens*	Duncan Aviation
Alan Clay	American Airlines	Ray Morgan	FAA (PASS)
Christopher Cooper*	AOPA	Frank Pizzonia	ALPA
David Earl*	Flight Safety International	Daniel Porter	FAA (PASS)
Rikki Gardonio	ALPA	Neil Raaz	American Airlines
Jim Graham*	Delta Airlines	Leslie Riegle*	AIA
Aimee Hein	CAE	Chuck Schramek	Delta Airlines
Jens Hennig*	GAMA	Kimball Stone*	American Airlines
Sarah MacLeod*	ARSA		

*ARC Members

During the February 2020 in-person meeting, the Section 221 Subgroup met in an initial breakout session to discuss the tasking and develop a list of initial recommendations to guide the Subgroup. The Subgroup produced an initial report (*FST PAcE ARC – Section 221 Subgroup Report of Initial Meeting and Recommendations - February 20, 2020*) capturing the discussions and providing initial recommendations for future discussions. This report is provided as an attachment.

Due to several issues, the largest of which being the impacts of the global COVID pandemic, the Section 221 Subgroup did not meet again until July 21, 2020; after which the Subgroup established a weekly meeting schedule. The group held 11 meetings between 21 July and 14 October, discussing each performance objective in detail and developing recommendations for the ARC’s consideration.

The following recommendations are submitted by the Section 221 Subgroup for FST PAcE ARC consideration, and to inform the ARC’s final recommendations to the FAA.

Recommendations:

Performance Objective 1: Eliminate delays with respect to Flight Standards Activities.

Overview: To address delays associated with Flight Standards Service activities, the group exchanged information related to various past experiences and projects. It seemed differences in FAA/industry encounters were dependent on the experience and level of participant knowledge. The group acknowledged that AFS organizations must deal with a wide scope of topics to include current and new applicants, certificate holder projects and requests, and oversight responsibilities. The Agency has developed various systems over the years to accommodate evolving oversight functions and is now establishing the safety management systems required by ICAO. However, there are not readily available or apparent standards for processing and communicating the steps and progress associated with these activities to (and from) stakeholders.

The delays experienced by current stakeholders will only increase as new and innovative applications, submitted by users that lack familiarity with the agency's requirements, continue to rise. A standardized approach to processing must be achieved that will ensure current certificate holders and knowledgeable applicants will be processed with minimal delay. It will also ensure that new entrants have useful guidelines to be successful in their applications.

From established and transmitted performance standards and communication requirements, the agency and stakeholders can mutually and independently develop metrics and analytics. These metrics and data, in turn, allow and encourage continual stakeholder feedback so the standards can be adjusted to accommodate difficulties encountered. As such, the Subgroup recommends the agency:

1. Collaborate with stakeholders to develop standards for steps and milestones required to complete applications, ongoing certificate holder requests and related oversight activities. Steps should be regulations-based and communication requirements should consider applicant, certificate holder and agency personnel capabilities and knowledge so appropriate safety assessments and adjustments to the steps, milestones and communications can be monitored.
2. Provide stakeholder access to those standards and communication expectations so applicants and certificate holders will be aware of the requirements and to ensure internal and external accountability can be monitored.
3. Provide and/or develop training to educate agency personnel and the various types and levels of stakeholders on the process standards and communication requirements. This will promote a common understanding between agency and industry, and will support direct feedback mechanisms. The agency can leverage established educational functions to preserve resources and enhance implementation.

Performance Objective #2: "Increasing accountability for both the FAA and the aviation industry."

Overview: Neither the FAA nor industry can realize system accountability without fulfilling Performance Objective 1 recommendations. The group mutually agreed that by establishing processing standards and communication requirements, the agency and its stakeholders would have the tools necessary to both eliminate delays and to establish accountability. The Subgroup recommends the agency:

1. Collaborate with industry in the development and publishing of standards related to the activities associated with the duties and responsibilities of the employee when completing certification activities in accordance with the regulation and guidance. For each activity, develop and publish performance standards and expected completion times. Make FAA employees and industry aware of the standards and expectations so both may keep the other accountable to reasonable timelines for activities and expected performance and communication requirements.
2. Develop/implement an FAA AVS-wide Tracking and Feedback System to demonstrate progress from point of access, through all FSA phases until completion, with expected timelines, receipts and feedback mechanisms at each level. From established performance standards, the agency and the industry can develop tracking metrics/analytics, input, and feedback mechanisms. This will enable each to review standards to ensure the activities, performance and time expectations are properly aligned and improvements are based upon objective criteria.
3. Reestablish the FAA online personnel directory. To do so would support a minimum level of accountability by providing minimum information on the agency's hierarchy. The agency's website provides general information on each office within the agency. However, those telephone numbers

are no longer the most efficient method of communication. To elevate or directly communicate a difficulty experienced at a local level, it is essential that stakeholders be able to find the names, titles and emails of the agency's personnel.

Performance Objective #3: "Achieving full utilization of FAA delegation and designation authorities, including organizational designation authority."

Overview: The group believes the term "full utilization" means appropriate utilization of existing delegation as well as opportunities for broader use, with retention of responsibility and statutory authority by the Administration. The group noted that there is confusion over the extent and nature of steps or tasks that *can be* delegated; without understanding the extent and nature of the agency's authority, it is difficult to develop a method for evaluating the safety risk associated with the function or to develop standards and analytics.

The current national emergency has highlighted the delegations that are most useful to the agency and its stakeholders. When the delegated authority can be exercised without undue and duplicative oversight, it has proven to be productive without any impact on safety. On the other hand, delegations can cause delays if the oversight is inappropriate or excessive. Group members expressed deep frustration when processes included multiple layers of oversight, creating delays due to "second-guessing" or local preferences (or interpretations) for paperwork adjustments of functions that supposedly had been delegated.

The group also recognized that not all functions (to be delegated) are equal. Factors such as risk assessment levels, applicant or delegee qualifications, supporting quality and safety management systems, and accreditations always need to be considered. That said, the Subgroup agreed that, considering those factors, it would be possible for the agency to develop a "master document" encompassing standards and procedures to be used to evaluate current, new, or different delegations. That document would establish appropriate levels of risk, qualifications, quality and system requirements and oversight needs, and the methodology for evaluating current, new or different requirements.

To establish a more robust and stable system for delegations and delegees, the Subgroup recommends that, in collaboration with stakeholders, the agency:

1. Review and consolidate the steps and milestones recommended in Performance Objective 1 to create a comprehensive list of the discretionary functions and associated tasks that *can be* delegated to private persons/entities.
2. Use the current system to establish designations utilizing consistent qualification standards that are uniformly applied as an institutional method for applicants, while preserving the elements of the current Part 183 rule. Efforts should include:
 - a. Establishing a risk-based system to evaluate the expansion of delegation authority/items.
 - b. Developing clear qualification requirements for individual and organizational appointments and for the agency personnel responsible for oversight.
3. Provide guidance for applicants to obtain pre-qualification credits for elements accredited through recognized 3rd-party entities that are guided by quality and safety management standards. The agency is urged to review the policy instituted during "Linda Daschle 90-day Review."

Performance Objective #4: “Fully implementing risk management principles and a systems safety approach.”

Overview: Most industry stakeholders support SMS principles for all levels and types of certificate holders and operations; the Subgroup was no different. However, the reality is that the agency’s regulations only require those elements and principles be applied to part 121 operators. Further, the agency only has resources for those certificate holders. The group expressed frustration with the inability to obtain official FAA recognition for SMS use by aviation entities other than part 121 certificate holders, e.g., part 135, part 145, part 142, delegation holders, etc. The need is particularly acute for international operations since certain ICAO States have adopted SMS into their laws and regulations that dictate recognition by the domestic CAA. Although not required by the FAA, many Part 91 and 135 operators that operate internationally find themselves in need of FAA-approved SMS to comply with international requirements.

The Subgroup viewed the agency’s understanding of SMS principles as somewhat inconsistent, particularly among individual inspectors and management teams. Some agency employees believe the goal of SMS is to have no mistakes, misjudgments, or accidents. Others understand that an SMS assesses, reassesses, and mitigates aviation safety risks to an acceptable level (at least compliance with the regulations) and that risk acceptance belongs to the operator/certificate holder. The operator’s acceptable level of risk is based on system task analysis and applies safety assurance data to ensure resources are aimed at the greatest risks.

To address immediate concerns and to support agency development of its own SMS elements, the Subgroup recommends that, in collaboration with industry stakeholders, the agency:

1. Develop methods for FAA acceptance of voluntary SMS programs, that are accredited through third-party entities, to enable operators to meet international CAA compliance requirements. Issue letters of authorization or acknowledgement that recognize third-party SMS audit programs.
2. Develop standards and elements that will enable the agency to quickly assess and approve (or find acceptable) voluntary programs. Provide, or recognize/accept, training programs for both agency and industry personnel that will ensure effective program execution.

Performance Objective #5: “Reducing duplication of effort.”

Overview: The Subgroup members related experiences where multiple inspectors or offices appear to be overseeing, investigating, or auditing the same compliance elements and requests. Subgroup members experiences varied depending upon the sophistication of operations and the knowledge/experience of agency personnel. The redundancy is exacerbated when more than one office or division is involved in the activity. As an example, the group recognized the challenges related to the installation of STCs by a repair station with organizational or multiple individual designees and designations on an aircraft flown internationally. With several offices or divisions involved, applicants and certificate holders experience conflicting or contradictory information and instructions.

The group acknowledges and appreciates the development of the Redundancy Reduction Program (RRP), as briefed to the ARC during its February 2020. However, the program has not been realized and does not include requests for information or feedback from stakeholders to enhance program effectiveness or efficiency.

The group believes that its Performance Objective 1 recommendation to develop steps and milestones for activities will enable efficient and effective sequencing and assignment of oversight activities that appear to be beyond the RRP purview. To address redundancy issues, the Subgroup recommends that, in collaboration with industry stakeholders, the agency:

1. Provide regular written or oral reports to its personnel and stakeholders on the elements reviewed, evaluated and request information on refining the elements to ensure redundancy does not creep back into the system.
2. Seek information from stakeholders on redundancy related activities through:
 - a. Program or surveys by trade associations
 - b. Standard verbiage in applicable rulemaking announcements
 - c. Addition of topic-centric questions in any applicable recurring surveys, e.g., the annual GA survey
3. Create efficiency recognition award programs that encourage all stakeholders to identify duplicative efforts within the organization.
4. Explore single companies with like-kind facilities in various locations that can be managed under single certificates by single Certificate Management Offices/Units. (e.g. one repair station company with multi satellite locations, or iaw 14 CFR Part 142 flight training centers)

Performance Objective #6: “Eliminating inconsistent regulatory interpretations and inconsistent enforcement activities.”

Overview: The Subgroup recognizes this longstanding goal for all stakeholders. The CRI-ARC recommendations are being realized; however, the activities accomplished need review and adjustment to attain even-handed compliance oversight and enforcement or compliance program application. Therefore, the Section 221 Subgroup recommends that, in conjunction with industry stakeholders, the agency:

1. Conduct an open review of its internal and external guidance to ensure it aligns with, and can be traced directly to, pertinent and applicable regulations. Ensure clear language is used to distinguish the regulatory standard and expectation from best practices or industry standards that exceed the regulation.
2. Enforce the current dictate that any future guidance be specifically referenced to a pertinent and applicable regulation.
3. Create an independent Aviation Advisory Board/Panel to assist/advise the RCCB. This Board/Panel should be able to provide general and industry information during the RCCB deliberations and monitor the progress of RCCB actions to enhance accountability in the Agency and industry. The subgroup agreed that the current RCCB program is seldom used because industry issues are not accurately represented in the inter-agency review.
4. Establish a standardized training program for inspectors and industry stakeholders, to include competency testing on regulations rather than guidance.
5. Ensure consistent and routine application of compliance program criteria.

Performance Objective #7: “Improving and providing greater opportunities for training, including recurrent training, in auditing and a systems safety approach to oversight.”

Overview: During the discussions of all performance objectives, the Subgroup identified “training” as a critical element each time. Standardized training across the enterprise is essential to align the industry’s understanding of what must be accomplished to achieve regulatory compliance with the FAA’s understanding of enforcement oversight activities. Simply stated, both sides need to be on the same page. Inefficiencies, waste, and frustration on the part of both industry and FAA personnel are the results of an inconsistent and disjointed training system. Non-standard training promotes the development of local policies and interpretations by inspectors that may not be aligned with regulatory requirements.

All training should be aligned with, and traceable to, specific regulation requirements, not guidance. The Subgroup agreed that within the FAA structure, this would be better served through enhanced interaction and alignment of the policy developers and training developers.

The Subgroup also recognized that the topic of training was being reviewed by a number of organized groups to include, for example, the SOCAC. All agreed that having several organized groups simultaneously working parallel projects could be more distracting than helpful to the agency.

Therefore, the Section 221 Subgroup recommends that, in conjunction with stakeholders, the agency:

1. Conduct an analysis of training development processes, to include the tracing of training requirements to specific regulatory requirements. Eliminate or correct training that is disjointed from, or counter to, regulation.
2. Ensure training program content is standard across both industry and regulator student pools. To the maximum extent possible, allow regulator and industry personnel to attend the same training sessions, to include expanding Oklahoma City training courses to more industry personnel.
3. Expand the ability of ASI’s to train with industry, in industry settings. Industry supported mentorship programs could provide valuable experience to new ASIs.
4. Establish a Joint Industry/FAA Training Oversight Group. This collaborative group would be responsible for such actions as training course evaluation and review, ensuring training alignment with regulations, and providing feedback to the agency.
5. Expand training delivery systems to maximize the use of on-line/e-learning tools. Employ the (previously recommended) Joint Industry/FAA Training Oversight Group to evaluate and recommend content appropriate for on-line learning.

Performance Objective #8: “Developing and allowing utilization of a single master source for guidance.”

Overview: The Subgroup fully supports the FAA’s deployment of the Dynamic Regulatory System (DRS) as a solution to this performance objective. Several of the organizations represented on the ARC and the Section 221 Subgroup had the opportunity to work with the FAA during the DRS testing phase and were impressed with the capability provided to the industry. The Subgroup understands that the

capability has been fully implemented and is ready for use. Therefore, the Section 221 Subgroup recommends that the agency:

1. Sustain the DRS as the agency-supported solution to provide single-source access to regulatory guidance and information. Where appropriate, continue to build on the program to enhance and expand capabilities and value to the industry.

Performance Objective #9: “Providing and utilizing a streamlined appeal process for the resolution of regulatory interpretation questions.”

Overview: The Subgroup fully discussed the scope of processes available to address regulatory interpretation questions and disagreements with inspectors. Three recurring themes arose:

1. That FAA resolution processes are extremely slow and, in general, operators cannot wait months for resolution to issues that may be preventing them from conducting business in the near term. The team believed this is the primary reason for the relatively low use rate of the RCCB and Consistency and Standardization Initiative (CSI) processes.
2. That operators believe, whether real or perceived, that reporting above an inspector often fosters an unhealthy relationship with the inspector, impacting future interactions.
3. That both industry and FAA personnel are not as familiar with available reporting processes as they could be.

For operators, there must be a system in place that supports “no fault discussion” when questions or disagreements arise, providing a route for fair, unbiased and rapid resolution of issues, without any concern of retribution. At the same time, the FAA must promote and sustain a “just culture” environment in which inspectors are able to operate. New regulatory interpretations potentially introduce risk by changing existing methods of compliance. Before completing the interpretation process, the FAA should assess the possible consequences within the industry. If incorrect, unsustainable, or unreasonable regulatory interpretations do occur, they should be addressed through appropriate methods including formal training or informal counseling.

Therefore, the Section 221 Subgroup recommends that, in conjunction with stakeholders, the agency:

1. Conduct a joint evaluation of current reporting processes available to industry to identify gaps, inefficiencies and inadequacies. The joint team should produce a report highlighting the findings and providing recommendations to address shortfalls.
2. Enhance outreach activities related to existing reporting programs, to enhance industry’s understanding of the programs and processes.
3. Evaluate the use of third-party entities to facilitate a rapid response/resolution of time-sensitive issues between industry and the FAA. Where appropriate, implement use of FAA-accepted third-party resolution processes.

Performance Objective #10: “Maintaining and improving safety.”

Overview: The Subgroup recognizes the broad scope of this performance objective. Several safety-focused discussions were held throughout the evaluation of the 11 Section 221 performance objectives, and the Subgroup recognizes the wide range of programs the FAA has in place to address safety. The Subgroup also recognizes the healthy partnerships the FAA maintains with industry in the form of FAAST

team activities, safety teams (e.g. GAJSC, UAST, USHST, etc.) and outreach programs. The consensus of the Subgroup is that the FAA has a direct focus on improving industry-wide safety, and these programs and efforts are effective in delivering safety to the industry. The FAA should continue to deliver and, where appropriate, expand on these programs.

The Subgroup discussed the accuracy and suitability of flight hour data gathered from non-air carrier operators. The lack of flight hour reporting requirements for part 91 and 135 operators, as an example, draws attention to the perceived accuracy of published accident rates. That said, the Subgroup also discussed the means by which the FAA gathers data and projects flight hours for fleets with no reporting requirements. The general consensus was that the data gathered is close enough for the majority of fleets being monitored.

To address the issue of improving safety, the Subgroup focused on two areas:

1. Enhanced monitoring systems
2. Safety culture

Across the aviation industry there are segments of the non-air carrier fleet that demonstrate significant voluntary investment in the collection and use of FDM data. NBAA cites that 131 operators are active participants in ASIAs. Despite this bright spot, state of the market flight monitoring systems are relatively underutilized across the majority of non-air carrier operations. Flight Data Monitoring (FDM) programs are a recognized and proven safety multiplier in conjunction with an active safety management system, particularly when linked to an Aviation Safety Information Analysis and Sharing (ASIAs) program. These systems are designed to have an impact on safety before the accident, and not after it has occurred. As these systems become lighter and more affordable, they will become accessible to more operators.

Secondly, focusing attention on “safety culture” was viewed as a critical area which could produce tangible enhancements to overarching industry safety. Effective safety starts at the ground level of an aviation organization and must permeate through the entire organization. It must be supported from the top-down, as well as the bottom-up. Education and outreach programs would have a noteworthy effect by assisting organizations in the development of a healthy safety culture.

Therefore, the Section 221 Subgroup recommends that, in conjunction with stakeholders, the agency:

1. Promote and leverage, to the full extent possible, the use of modern flight monitoring and safety enhancing systems. Continue to support the efforts to expand the availability of ASIAs programs across the entire aviation enterprise.
2. Develop enhanced training/outreach programs that address the benefits of a healthy organizational safety culture. Provide resources and tools to assist organizations in their efforts to develop and improve the culture of their organizations.
3. Evaluate current flight data collection methods from across the non-air carrier fleet to determine suitability for supporting accurate mishap rate development and analyses.

Performance Objective #11: “Increasing transparency”

Overview: “Transparency” discussions, for the purpose of this Subgroup, were focused on the basic concept that processes, actions, and procedures of the agency be easy to understand and easily viewed

in action. The foundational tenets of transparency also include both open communications and accountability. For any application for certification or authorization, the FAA office of responsibility point of contact should be able to identify where an application is in the process; when it entered the current phase, when it is expected to move to the next phase, and who specifically is responsible for moving it to the next phase. The Subgroup agreed that the ten Performance Objectives leading to this one all contained elements related to improved transparency.

The Subgroup also agreed that a major function of transparency includes healthy relationship building, partnerships, and recurring interactions with the industry. Interactions with industry organizations, participation in industry groups, attending industry gatherings, etc., all play a part. Transparency, like safety, is best served when it is part of an organizational culture. It must be embraced from both the top-down and the bottom-up. Additionally, the programs the agency offers must be inclusive, to the maximum extent possible, of industry partners in terms of development and execution.

Therefore, the Section 221 Subgroup recommends that the agency:

1. Implement recommendations contained in this report. Nearly all of the recommendations will have a positive impact on opening communications, enhancing relationships and, as a result, increasing transparency.
2. Implement agency-wide policy that supports enhanced FAA and industry interactions through participation in activities such as industry group meetings, conferences and expositions, and the expansion of training programs to include more agency/industry cross training.

Conclusion: The Section 221 Subgroup appreciates the opportunity to participate and provide industry input to the ARC on these important issues. The Subgroup stands ready to discuss its recommendations with the full ARC and looks forward to contributing to the development of the final recommendations report of the FST PAcE ARC.

#

Attached: FST PAcE ARC – Section 221 Subgroup Report of Initial Meeting and Recommendations -
February 20, 2020