

## ***Advocacy Recommends That FAA Re-Assess Impact Proposed Air Carrier Safety Management Systems Rule on Small Business***

On March 4, 2011, the U.S. Small Business Administration's (SBA) Office of Advocacy (Advocacy) submitted comments to the Federal Aviation Administration (FAA) on FAA's *Proposed Safety Management Systems for Part 121 Certificate Holders Rule*. [75 Fed. Reg. 68224 (November 5, 2010)]. FAA's proposed rule would require each Part 121 certificate holder (i.e., scheduled air carriers) to develop and implement a safety management system (SMS) to improve the safety of their aviation related activities. SMS is defined by FAA as a comprehensive, process-oriented approach to safety throughout an organization, including an organization-wide safety policy, formal methods of identifying potential hazards, mitigating and continually assessing risk, and the promotion of a safety culture. SMS is viewed as a performance-based approach to safety that would be required in addition to compliance with all other FAA regulations.

In response to the publication of the proposed rule, Advocacy hosted two small business roundtable meetings, on December 14, 2010 and January 9, 2011, respectively, to discuss the proposed rule and obtain small business input on it. Advocacy's comments are reflective of the issues raised during the roundtable meetings.

A complete copy of Advocacy's letter to FAA is available at: [www.sba.gov/advo/laws/comments/](http://www.sba.gov/advo/laws/comments/).

- Small business representatives would like FAA to structure the SMS rule as a tool to achieve compliance with FAA regulations, which have produced a very high level of safety.
- Small business representatives are concerned that FAA's proposed SMS rule is too open-ended and vague, and could cause uncertainty among both small businesses and FAA inspectors as to what is acceptable as a matter of compliance. As such, Advocacy recommends that FAA consider limiting the scope of the proposed SMS rule to compliance with FAA regulations and restricting the ability of FAA inspectors to second-guess safety decisions beyond those regulations.
- Small business representatives are concerned that while SMS may be appropriate for large, complex organizations, it is too costly and complex for small businesses. For this reason, Advocacy recommends that FAA consider limiting the scope of its SMS rule and not extending an SMS mandate to other sectors of the aviation industry until it has been fully implemented and tested for Part 121 air carriers.
- Small business representatives are concerned that the definition of "hazard" in the proposed rule is overly broad and would force regulated entities to consider conditions that have nothing to do with the safe operation of an aircraft. Based on these comments, Advocacy recommends that FAA clarify that the definition of hazard relates to aviation safety and does not include extraneous environmental, health, and safety components.

For more information about rule, please visit Advocacy's Web page at [www.sba.gov/advo](http://www.sba.gov/advo) or contact Bruce Lundegren, Assistant Chief Counsel, at (202) 205-6144 (or [bruce.lundegren@sba.gov](mailto:bruce.lundegren@sba.gov)).