

## **SUPPORTING STATEMENT**

### **OMB -2120-XXXX** **Safety Management Systems for** **Part 121 Certificate Holders**

#### **Justification**

**1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.**

The *Aviation Safety and Federal Aviation Administration Extension Act of 2010* (the Act), Public Law 111-216, § 215 (enacted on August 1, 2010). The Act requires the FAA to initiate rulemaking requiring all part 121 air carriers to implement a Safety Management System (SMS). The Act requires a notice of proposed rulemaking (NPRM) within 90 days of the enactment and a final rule within twenty-four months of enactment.

Collection and analysis of safety data is an essential part of an SMS. In addition, a primary component of an SMS is the publication of the safety policy, which establishes the foundation for the SMS. Two other essential components of SMS are safety risk management (SRM) and safety assurance. The certificate holder is required to maintain records of the outputs of these processes. Safety promotion is the other component of SMS. Within it, the certificate holder is required to maintain training records and records of communications used to promote safety. However, it is important to note that some part 121 certificate holders already have and maintain some of these documents and records as a result of other voluntary or required programs. In addition, the data, records, and documentation will not be submitted to the FAA. They will be used by the certificate holder in operation of its SMS.

Finally, because of the complexity involved in the development and implementation of an SMS, a phased-approach to implementation within the certificate holder will be used. Part of the initial phase is the development of an implementation plan, which will guide the certificate holder's implementation, as well as provide the basis for the FAA's oversight during the development and implementation phases. The implementation plan is the only new document or data the certificate holder will submit to the FAA due to the new rule.

**2. Indicate how, by whom, and for what purpose the information is to be used.**

The certificate holder will use the data it collects to identify hazards and instances of non-compliances with requirements and standards. The data will not be submitted to the FAA. The safety policy, outputs of safety risk management and safety assurance processes, and training and communication records will be kept by the certificate holder and used in its SMS. The certificate holder will also use the data, records and documentation to show compliance with Title 14 CFR part 5. However, none of these data, records or documentation will be submitted to the FAA.

**3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology.**

The only information that must be submitted to the FAA is the certificate holder's SMS implementation plan. The FAA does not specify how or in what media documents and records must be maintained relative to the requirements in this proposed rule. Therefore, the certificate holder is free to use whatever systems and media it deems appropriate, including existing systems. However, in accordance with the Government Paperwork Elimination Act (GPEA), the FAA will not only allow and accept, but encourages the use of automation and electronic media for the gathering, storage, presentation, review, and transmission of all requests, records, reports, tests, or statements required by this proposed rule. Any such transmission must be with the provision that such automation or electronic media has adequate provision for security (i.e., that in the case of submissions of implementation plans, they may not be altered after review and acceptance by the FAA), and that the systems or applications are compatible with the systems or applications used by the FAA. One hundred percent of the proposed rule is available electronically and includes hyper-linking of table-of-content entries directly to the appropriate section of the proposed rule and to associated preamble language for further explanation. The FAA is working to insure that the process maintains this 100% availability to respondents throughout the world.

**4. Describe efforts to identify duplication. Show specifically why any similar information already available cannot be used or modified for use for the purpose(s) described in 2 above.**

The only information that must be submitted to the FAA is the certificate holder's SMS implementation plan. The FAA has reviewed other public-use reports and finds no duplication. No other agency collects this information and similar information is not available from any other sources. The SMS implementation plan, as well as information required to be collected and maintained by the certificate holder (this is not submitted to the FAA) is peculiar to each certificate holder operating under the provisions of 14 CFR, part 121. The information necessary is available from that certificate holder only, is not available from any other source, and is to be used by the certificate holder in its SMS.

The FAA does not specify how, or in what media, documents, and records must be maintained relative to the requirements in this proposed rule. However, it encourages certificates holders to use existing mechanisms and systems to minimize the burden. For instance, the FAA encourages certificate holders to maintain training records required by this proposed rule using the same mechanisms and systems it uses for other required training records.

**5. If the collection of information has a significant impact on a substantial number of small businesses or other small entities (item 5 of OMB Form 83-I), describe the methods used to minimize burden.**

Using the Small Business Administration (SBA) definition of small entity (North American Industrial Classification Code # 481111, Scheduled Passenger Air Transportation, 1,500 employees), approximately 64 part 121 certificate holders that will be affected by the final rule are classified as small entities. FAA Flight Standards Service inspectors work with certificate holders on a case-by-case basis to ensure compliance with required standards and information collection are not unduly burdensome. Also, procedures are in place for a certification holder to request an exemption from a reporting or recordkeeping requirement that is financially burdensome or operationally difficult.

In addition, the only submission that is required to the FAA is an SMS implementation plan. It is important to note that the scale and complexity of the implementation plan would be consistent with the scale and complexity of the operation. Therefore, the impact on small business would be minimized. The required safety policy, outputs of safety risk management and safety assurance processes, and training and communication records will be kept by the certificate holder and used in its SMS. The FAA does not specify how, or in what media, documents and records must be maintained relative to the requirements in this proposed rule. However, it encourages certificates holders to use existing mechanisms and systems to minimize the burden. Finally, the material published in conjunction with this rule is informative and explanatory with regards to the requirements, and potential ways to comply with them.

**6. Describe the consequence to Federal program or policy activities if the collection is not conducted or is conducted less frequently, as well as any technical or legal obstacles to reducing burden.**

Collection and analysis of safety data is an essential part of an SMS. In addition, a primary component of an SMS is the publication of safety policy, which establishes the foundation for the SMS. Two other essential components of SMS are safety risk management and safety assurance. The certificate holder is required to maintain records of the outputs of these processes. Safety promotion is the other component of SMS. Within it, the certificate holder is required to maintain training records and records of communications used to promote safety. However, it is important to note that the data, records and documentation will not be submitted to the FAA. They will be used by the certificate holder in operation of its SMS. Without these essential components, the certificate holder's SMS will be incomplete, and likely not as effective.

Because of the complexity involved in the development and implementation of an SMS, a phased-approach to implementation with the certificate holder will be used. Part of the initial phase is the development of an implementation plan, which will guide the certificate holder's implementation, as well as provide the basis for the FAA's oversight during the development and implementation phases. The implementation plan is the only new document or data the certificate holder will submit to the FAA. Without the implementation plan, the FAA will not be able to monitor the certificate holder's implementation.

**7. Explain any special circumstances that would cause an information collection not be conducted in a manner -**

- **requiring respondents to report information to the agency more often than quarterly;**

There are no special circumstances requiring respondents to report information to the agency more often than quarterly.

- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**

There are no special circumstances requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it.

- **requiring respondents to submit more than an original and two copies of any document;**

There are no special circumstances requiring collection of information to be submitted in more than an original and two copies of any document.

- **requiring respondents to retain records other than health, medical, Government contract, grant-in-aid, or tax records for more than 3 years;**

As proposed, outputs of safety risk management processes must retained for as long as the resultant safety risk control remains relevant to the operation. This is necessary because safety risk controls are used to control or mitigate safety risk. Without the record, the analysis of a safety issue and the reason for a risk control could be lost or forgotten. Thus, the risk control itself could be eliminated without knowledge of the consequences.

As proposed, outputs of safety assurance processes must retained for a minimum of 5 years, This is necessary because these outputs provide baseline history, which allows the certificate holder to assess the impact of changes in the operation on its safety performance.

- **in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**

There are no special circumstances that would cause an information collection to be conducted in connection with a statistical survey.

- **requiring the use of a statistical data classification that has not been reviewed and approved by OMB;**

There are no special circumstances that would cause an information collection to be conducted in a manner requiring the use of a statistical data classification not reviewed and approved by OMB.

- **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use;**

There are no special circumstances that would cause an information collection to be conducted in a manner that includes a pledge of confidentiality that is not supported by authority established in statute or regulation.

- **requiring respondents to submit proprietary trade secret, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

As proposed, the only submission to the FAA would be an SMS implementation plan, which is required 6 months after publication of the final rule. All other required data, records, and documentation is held and used by the certificate holder. The submission of an SMS implementation plan does not require respondents to submit proprietary trade secrets or other confidential information.

**8. Describe efforts to consult with persons outside the agency to obtain their views on the availability of data, frequency of collection, the clarity of instructions and record keeping, disclosure, or reporting format (if any) and on the data elements to be recorded, disclosed, or reported.**

On July 23, 2009, the FAA issued an advanced notice of proposed rulemaking (ANPRM), soliciting comment on the appropriate applicability and scope of a potential SMS rule. The ANPRM requested information from air carriers, operators conducting charters, maintenance repair stations, and design and manufacturers on their experiences with SMS, the costs associated with implementing SMS in their organization, and recommendations for documentation, recordkeeping, data collection and sharing, and training requirements necessary for implementation of an SMS. The FAA received 90 comments in response to the ANPRM from a variety of commenters, including air carriers, aircraft designers and manufacturers, service facilities, trade associations and private citizens. Seven part 121 operators and six trade associations representing the 121 operators or their employees submitted comments in response to the ANPRM.

On February 12, 2009, the FAA formed the Safety Management System Aviation Rulemaking Committee (ARC), to seek recommendations from industry experts on the scope of the rulemaking. On March 31, 2010, the ARC, which is comprised of representatives from air carrier operations, maintenance organizations, and design and manufacturing companies and associations, submitted a report to the FAA providing recommendations regarding the public comments to the ANPRM and the proposed SMS rule.

A notice of proposed rulemaking was published on November 5, 2010, vol. 75, no. 214, pages 68224-68245, allowing for public comments. Any comments received on the Paperwork Reduction Act portion of the NPRM will be addressed in the PRA submission for the Final Rule.

**9. Explain any decision to provide any payment of gift to respondents, other than remuneration of contractors or grantees.**

There are no monetary considerations for this collection of information.

**10. Describe any assurance of confidentiality provided to respondents and the basis for the assurance in statute, regulation, or agency policy.**

As proposed, the only submission to the FAA would be an SMS implementation plan, which is required 6 months after publication of the final rule. All other required data, records, and documentation is held and used by the certificate holder. However, the respondents have been given no assurance of confidentiality.

**11. Provide additional justification for any questions of a sensitive nature such as sexual behavior and attitudes, religious beliefs, and other matters that are commonly considered private. This justification should include the reasons why the agency considers the questions necessary, the specific uses to be made of the information, the explanation to be given to persons from whom the information is requested, and any steps to be taken to obtain their consent.**

There are no questions of a sensitive nature.

**12. Provide estimates of the hour burden for the collection of information. The statement should indicate the number of respondents, frequency of response, annual hour burden, and an explanation of how the burden was estimated.**

The information provided below is a very general estimate given the limited detailed data and information that carriers were able to provide. The FAA recognizes that because of limited information and the flexibility of the proposed rule that there is a significant amount of variation surrounding these estimates.

<b>Proposed part 5</b>	<b>Description</b>	<b>Initial Burden Hours</b>	<b>Annual Burden Hours</b>
<b>119.8 /5.95</b>	<ul style="list-style-type: none"> <li>Develop and submit an implementation plan</li> <li>Develop and maintain SMS documentation describing safety policy and SMS processes and procedures</li> </ul>	90 Carriers * 3000 hours a year = 270,000 hours per year  270,000 hours per year * 3 years = <b>810,000 total hours</b>	90 carriers * 350 hours = <b>31,000 hours annually</b>
<b>5.97</b>	<ul style="list-style-type: none"> <li>SMS Records: output of SRM, output of SA, communication records, training records</li> </ul>	90 Carriers * 2000 hours a year = 180,000 hours per year  180,000 hours per year * 3 years = <b>540,000 total hours</b>	90 carriers * 3500 hours = <b>315,000 hours annually</b>
<b>Total Burden</b>		<b>450,000 hours per year for a total of 1,350,000 over 3 years</b>	<b>346,000 hours annually</b>
<b>Total Initial and Annual Burden (First Three Years)</b>		<b>796,000 hours annually</b>	

## 119.8 Development and Submission of Implementation Plan

All certificate holders are required to develop and submit an implementation plan. Given the complexity involved in the development and implementation of an SMS, a phased-approach to implementation within the certificate holder will be used. Part of the initial phase is the development of an implementation plan, which will guide the certificate holder's implementation, as well as provide the basis for the FAA's oversight during the development and implementation phases. The SMS implementation plan is the only new document or data the certificate holder will submit to the FAA. It is a one-time submission due six-months after the publication of the final rule.

### 5.95 SMS documentation

A carrier would be required to establish and document a safety policy that outlines the policy and objectives of the company. Although much of the information would depend on a carrier's specific operation and size, all carriers would need to document the following: implementation plan, commitment to safety management and objectives, responsibilities of an accountable executive and management representatives, and a coordinated emergency response plan. Costs for SMS documentation come from both the necessary man hours to research and document the safety policy, processes, and procedures, as well as the actual documentation.

The FAA estimates that there are approximately 90 operators who would be respondents that would be in compliance with these proposed requirements. The initial documentation, including the implementation plan and SMS documentation would occur over a three-year period. On average, an operator may incur roughly 3,000 hours annually. Carrier also reported recurring costs for updates to the manual. The FAA assumes that the majority of document updates are minor at minimal cost but we provide an estimate below.

#### **Implementation Plan and SMS Documentation (Initial Hourly Burden):**

**2 full time employees per carrier; 3000 hours per year**

**90 certificated carriers x 3000 hours annually = 270,000 hours annually**

**270,000 hours annually \* 3 years = 810,000 total hours**

**SMS Manager; 1500 hours per year \* \$67<sup>1</sup> per hour = \$100,500**

**\$100,500 \* 90 carriers = \$9,045,000 per year**

**\$9,045,000 per year \* 3 years = \$27,135,000 total for 3 years**

**Support Staff/ Analyst; 1500 hours per year \* \$29<sup>2</sup> per hour = \$43,500**

**\$43,500 \* 90 carriers = \$3,915,000 per year**

**\$3,915,000 per year \* 3 years = \$11,745,000 total for 3 years**

**\$27,135,000 Total Labor Cost; SMS Manager for 3 years**

**+ \$11,745,000 Total Labor Cost; SMS Support Staff/ Analyst for 3 years**

**\$38,880,000 Total Initial Labor Costs for 3 years**

**+ 25,733,400 Material Costs of Documentation for 3 years**

**\$64,613,400 Total Estimated Initial Cost Burden for 3 years**

#### **Estimated Recurring Annual Cost for SMS Documentation:**

<sup>1</sup> [www.bls.gov](http://www.bls.gov); salary plus burden of additional staff

<sup>2</sup> [www.bls.gov](http://www.bls.gov); salary plus burden of additional staff

**2 full time employees per carrier; 350 hours per year**  
**90 certificated carriers \* 350 hours = 31,000 hours annually**

**SMS Manager; 100 hours per year \* \$67 per hour = \$6,700**

**\$6,700\* 90 carriers = \$603,000 per year**

**Support Staff/ Analyst; 200 per year \* \$29 per hour = \$5,800**

**\$5,800 \* 90 carriers = \$522,000 per year**

**\$603,000 Total Labor Cost; SMS Manager**

**+\$522,000 Total Labor Cost; SMS Support Staff/ Analyst**

**\$1,125,000 Total Labor Cost per Year**

**+\$252,000 Material Costs of Documentation per Year**

**\$1,377,000 Total Estimated Annual Recurring SMS Documentation**

### **§ 5.97 SMS records**

This proposed rule would require carriers to record output from their safety risk management (SRM) process, safety assurance (SA) process, safety communications and SMS training. Under safety risk management carriers would identify hazards and assess the control of associated risks. For safety assurance carriers would acquire data with respect to its operations, products, and services to monitor the safety performance of the organization. Carriers must develop and maintain means for communicating safety information and provide training to the necessary personal. All of these records depend on a carrier's operations. The FAA does not specify how, or in what media, documents and records must be maintained relative to the requirements in this proposed rule. However, it encourages certificates holders to use existing mechanisms and systems to minimize the burden. The FAA also believes that there would be minimal additional costs for the maintenance of training records since part 121 certificate holders already maintain training records.

There are approximately 90 operators that would be required to implement, operate and maintain an SMS. The FAA recognizes that this estimate may be a little high given the flexibility of the proposed rule and the variation in carrier operations. Also, operating costs would begin after the development, documentation, and implementation of an SMS.

### **Estimated Implementation Costs:**

**2 full time employees per carrier; 2000 hours per year**

**90 certificated carriers \* 2000 hours = 180,000 hours annually**

**180,000 hours annually \* 3 years = 540,000 total hours**

**SMS Manager; 1000 hours per year \* \$67 per hour = \$67,000**

**\$67,000\* 90 carriers = \$6,030,000 per year**

**\$6,030,000 per year \* 3 years = \$18,090,000 total for 3 years**

**Support Staff/ Analyst; 1000 per year \* \$29 per hour = \$29,000**

**\$29,000 \* 90 carriers = \$2,610,000 per year**

**\$2,610,000 per year \* 3 years = \$7,830,000 total for 3 years**

**\$18,090,000 Total Labor Cost; SMS Manager for 3 Years**

**+\$7,830,000 Total Labor Cost; SMS Support Staff for 3 Years**

**\$25,920,000 Total Labor Cost for 3 Years**

**+\$26,356,200 Equipment/Software Implementation Costs for 3 Years**

## **\$52,276,200 Total Estimated Implementation Cost Burden for 3 Years**

### **Estimated Annual Operating Costs:**

**2 full time employees per carrier; 3500 hours per year**

**90 certificated carriers \* 3500 hours = 315,000 hours annually**

**SMS Manager; 2000 hours per year \* \$67 per hour = \$134,000**

**\$134,000\* 90 carriers = \$12,060,000 per year**

**Support Staff/ Analyst; 1500 per year \* \$29 per hour = \$43,500**

**\$43,500 \* 90 carriers = \$3,915,000 per year**

**\$12,060,000 Total Labor Cost; SMS Manager**

**+\$3,915,000 Total Labor Cost; SMS Support Staff**

**\$15,975,000 Total Labor Cost per Year**

**+\$4,056,900 Material Costs (i.e. - Annual Equipment/Software Updates, etc.) per Year**

**\$20,031,900 Total Estimated Annual Operating Costs**

**13. Provide an estimate of the total annual cost burden to respondents or record keepers resulting from the collection of information. The cost estimate should be split into two components: (a) a total capital and start-up cost component (annualized over its expected useful life) and (b) a total operation and maintenance and purchase of services component.**

There are costs associated with implementation and the continual operation of an SMS. Under implementation, carriers would purchase any equipment or software necessary to collect and analyze output from a carrier's SRM, SA, and/or communication and training records. Carriers have 3 years to fully implement their SMS. After the initial purchase carriers would also incur subsequent costs in the form of updates. The FAA received responses for carriers that indicated that larger carriers may spend between \$0 to \$500,000 per carrier on the initial purchase of equipment /software and \$0 to \$50,000 on annual updates. This is part of the equipment/software costs listed above (5.97) and sums to approximately \$26,356,200 over 3 years or \$8,785,400 annually for the initial purchase and \$4,056,900 for annual updates.

**14. Provide estimates of annualized cost to the Federal Government.**

As proposed, certificate holders will have 3 years to implement an SMS from the publication date of the final rule. At that point, SMS will be another requirement of holding a part 121 certificate and overseen by FAA like the other requirements. In fact, it is envisioned that over time SMS within certificate holder organizations will allow FAA to better target its surveillance resources, therefore being more efficient. At a cost of \$50 per hour, we estimate an additional 10,000 hours annually. The total estimated annualized cost to the Federal Government is roughly \$0.5 million.

**15. Explain the reasons for any program changes or adjustments reported in Items 13 or 14 of the OMB Form 83-I.**

SMS is a new requirement, so this is a program change. It is important to note that, with the exception of the SMS implementation plan, the data, records, and documentation will not be submitted to the FAA. They will be used by the certificate holder in operation of its SMS.

**16. For collections of information whose results are planned to be published, outline plans for tabulation and publication. Address any complex analytical techniques that will be used. Provide the time schedule for the entire project, including beginning and ending dates of the collection of information, completion of report, publication dates, and other actions.**

There is no plan for tabulation or publication.

**17. If seeking approval to not display the expiration date for OMB approval of the information collection, explain the reasons that display would be inappropriate.**

No such approval is being sought.

**18. Explain each exception to the certification statement identified in Item 19. "Certification for Paperwork Reduction Act Submissions," of OMB Form 83-I.**

There are no exceptions.