

exist to document the fact that this is systemic. What I have been told is that it could potentially be systemic, and I take that very seriously.

So, while the evidence exists for the southwest region, I take that as a lesson learned and put in place what I have begun to describe in terms of the safety information recording system to assure that this doesn't happen anywhere else.

Mr. COSTELLO. I will have other questions after other Members have an opportunity to ask.

The Chairman now recognizes the gentlemen from Oregon, Mr. DeFazio.

Mr. DEFAZIO. Thank you, Mr. Chairman.

Let's go back to what I think is partially the root of this whole problem, which is the erosion of the mandate which we reset in 1996 to exclusively focus on safety to this customer service initiative, where regulated airlines became clients, which obviously is causing tremendous confusion among people who are supposed to be inspecting and regulating them.

Who initiated the customer service initiative? Where did that come from? Mr. Ballough, you are a political appointee. The first time I heard about it was a Secretary at a speech, but where did this come from? Who wrote it?

Mr. BALLOUGH. The customer service initiative, sir, was an AVS effort with all of the lines of business, all directors, from the respect of services in the AVS organization.

Mr. DEFAZIO. Well, you are using the language in all the lines of business.

Mr. BALLOUGH. Excuse me, sir. Let me clarify.

Mr. DEFAZIO. You are a Government agency.

Mr. BALLOUGH. Yes.

Mr. DEFAZIO. And you are supposed to be regulating in the public interest for public safety, and the law very clear in 1996.

Mr. BALLOUGH. Yes.

Mr. DEFAZIO. So could we address it as a Government agency, please.

Mr. BALLOUGH. Yes. The Agency took this initiative to address concerns and articulate rights for the industry, whoever they may be. It was intended to elevate a question, to get a right to an answer to a question that they would pose to us.

Mr. DEFAZIO. So the industry complained to whom? Was this initiated at the Secretary's level? At the White House level? Or did professional employees other than politicals come and say, We need this customer service initiative? Are you telling me it was professional employees?

Mr. BALLOUGH. This was in our safety organization, sir.

Mr. DEFAZIO. So the safety organization, line employees, at what level? Since you are saying it was within the organization and it was professionally generated, do you want to tell me about this, Mr. Sabatini? Where did this come from?

Mr. SABATINI. Well, Mr. DeFazio, first let me say Jim Ballough is not a political appointee, he is a career service employee.

Mr. DEFAZIO. I am sorry. I forgot. I thought he was political.

Mr. SABATINI. Sir, I would like—

Mr. DEFAZIO. He came from here working for Republican staff, so I thought he was political. I am sorry.

Mr. SABATINI. So let's go back to the early 1990s, where industry came in and complained to Congress that there was a lack of responsiveness on the part of the FAA, who was heavy handed in how they were treating the air carrier industry. As a result of that, there was legislation creating—and it exists today—a Management Advisory Council, which is the MAC, and it is part of the mechanism that was put in place to improve the FAA and force us to listen to the concerns that business people have at that high level so that we can be responsive.

The customer service initiative has been taken totally out of what it was intended to be. The customer service initiative, sir, is to treat anyone, whether it is a student pilot or a private pilot or an applicant for any one of our certificates, in a respectful, professional, courteous manner.

Mr. DEFAZIO. Right. I can understand that, but the question is it seems like this leans very far in the direction of where the airlines, companies worth tens of billions of dollars with tens of thousands of employees, become clients of individual inspectors. Clients?

Mr. SABATINI. Mr. DeFazio, let me say—

Mr. DEFAZIO. I mean, we seem to have a little confusion here. You heard from these people earlier. I do apologize, I was confusing Mr. Ballough with Mr. Ballough, who is a political appointee. Sorry. I apologize for that. It is spelled differently, too.

Mr. SABATINI. The customer service initiative was never intended for anyone in our organization, in our safety organization, to ever start referring to people as clients. I heard that for the first time today, sir. That is unacceptable.

What I am hearing is that we are going to re-calibrate and make certain that we are, in fact, not abandoning enforcement, that enforcement is part of our tools. That is part of how we gain compliance.

What you said earlier this morning, Mr. Chairman, it is not just compliance with the rules. That is an absolute. It is also operating at the highest levels of safety day in and day out. That is what we strive for.

Mr. DEFAZIO. But, as you can understand, Mr. Sabatini, given the peculiar bent of this Administration to being, you know, rabidly anti-regulatory, it seems that somehow at some point to line employees the airlines became clients. I just wonder where that came from.

Mr. SABATINI. Sir, I am the career senior safety officer in the FAA. I can tell you this: no one ever instructed me to treat entities differently than what they are in the regulations, and that is they are applicants. They are air carriers with the responsibility to comply with the rules. I was never challenged on safety decisions. So I take that responsibility and I also take the responsibility that we are going to re-calibrate this misunderstanding, because clearly there was a misunderstanding from what I heard today from the witnesses. And let me add I consider Mr. Boutris a hero and I commend him for coming forward, for having the integrity to come forward and the courage to do that.

Mr. DEFAZIO. Because a lot of the emphasis in this and materials provided, particularly the flow chart for how one would file a complaint and where it would go, it really seems to me that we sent out the wrong message here. I am just trying to get at whether this is totally inadvertent or whether we have political pressure applied here, as everywhere else in the Bush Administration where they are saying we don't regulate, markets will regulate. God, no one would fly an airplane that was unsafe, because that would be bad for business when it crashes. Markets can regulate themselves, just like Wall Street just did.

I am feeling like we are coming in sort of a situation here that is similar. Somehow this thing became perverted at the application level, at least in one region, and I fear in many more. And we are hearing from the IG he thinks the same thing.

Mr. SABATINI. Well, sir, I believe that it is inadvertent.

Mr. DEFAZIO. You believe it is inadvertent. I am glad to hear that, but I still will have questions.

Mr. Chairman, I am over my time. I will have more questions in another round.

Mr. COSTELLO. Ms. Johnson?

Ms. JOHNSON. Thank you, Mr. Chairman.

I would like to pose this question to whomever, I guess the chief safety person. At what point was Southwest Airlines notified of the discrepancies in safety?

Mr. SABATINI. They are the ones who discovered it.

Ms. JOHNSON. But I hear you talking about a \$10 million fine. What is your justification?

Mr. SABATINI. Well, prior to their time where they disclosed a possible noncompliance with the airworthiness directive, they had flown those airplanes for an extended period of time on thousands and thousands of flights.

Ms. JOHNSON. With no paper trail of you telling them that that is not safe enough?

Mr. SABATINI. Well, it is the responsibility of the air carrier for them to comply with the rules. The FAA—

Ms. JOHNSON. I understand that, but you have inspectors to notify them when they are not in compliance, don't you?

Mr. SABATINI. Well, when we discover noncompliance we do that.

Ms. JOHNSON. But you had to wait for them to tell you about the problems they were having?

Mr. SABATINI. Well, I would characterize it as we were informed, and when we were the people responsible in the FAA for taking swift and summary action and putting those aircraft on the ground failed to do that. During that period of time between notifying the FAA until the time that they did get those airplanes into compliance, they operated roughly 1,400 flights. The penalty is based on a calculation that is a formula that is in our Compliance and Enforcement Handbook. It is not an arbitrary or capricious figure. It is set in guidance.

Ms. JOHNSON. Okay. I am still having difficulty understanding that they are the ones who notified you. Where was your responsibility?

Mr. SABATINI. Our responsibility—and it should have been discharged by the supervisory principal maintenance inspector was to