Airline Crash Deaths Too Few to Make New Safety Rules Pay

Workers and investigators clear debris from the scene of the plane crash of Continental Connection Flight 3407 on Feb. 16, 2009 in Clarence, New York.

More than a decade has passed since the last major-airline accident on U.S. soil. That's great news for aviation companies and their passengers -- and a complication for rule makers trying to improve flight safety.

The benefits of aviation rules are calculated primarily on how many deaths they may prevent, so the safest decade in modern airline history is making it harder to justify the cost of new requirements.

"If anyone wants to advance safety through regulation, it can't be done without further loss of life," said William Voss, chief executive officer of the Alexandria, Virginia-based Flight Safety Foundation.

The last U.S. accident involving a large jetliner was in November 2001, and only 140 airline passengers have been killed since 2002. Most recently, 45 of those died in February 2009 when a commuter plane operated by Pinnacle Airlines Corp. (PNCLQ)'s Colgan Air crashed near Buffalo, New York. That accident raised pilot-fatigue concerns and prompted the Federal Aviation Administration to overhaul decades-old work rules.

A cost-benefit analysis is at the heart of a dispute between the FAA and unions representing pilots of cargo carriers such as FedEx Corp. (FDX) and United Parcel Service Inc. (UPS) over the scope of the new regulations, which take effect in January 2014.

The rules will limit the hours pilots fly, taking into account the time of day they work as well as the number of takeoffs and landings. First proposed by the FAA for both passenger and cargo pilots, the rules were trimmed to exempt freight carriers following review by the White House Office of Information and Regulatory Affairs.

Outweigh Costs

The Obama administration, criticized by Republicans for over-regulating business, has emphasized the need for benefits of new rules to outweigh the costs.

Regulators concluded that the benefit of improving pilot safety at freight airlines wasn't worth the expense. Because costs of crashes are based primarily on the value of lost lives and freight airlines don't carry passengers, losses are inherently smaller in cargo accidents under the formula.

UPS pilots have sued to overturn the exemption and bills to do the same thing have been introduced in the House and Senate.

"This marks a retreat from one level of safety," said Peter Goelz, an industry consultant and lobbyist who represents the Independent Pilots Association, the UPS pilots' union.

Policy 'Trumped'

"I can't remember another time when cost trumped a policy decision," said Goelz, a former managing director of the National Transportation Safety Board.

The FAA last month said it discovered errors in calculations that underestimated costs to the cargo industry.

Laura Brown, a FAA spokeswoman, declined to comment for this story.

Freight carriers object to the new fatigue rules because the costs are at least 10 times the benefits based on FAA data, according to Stephen Alterman, president of the Washington-based Cargo Airline Association. Cargo-airline pilots fly an average of 30 hours a month, compared with 50 hours a month for passenger-airline pilots, he said.

"What the hours-of-service rule would do is make us fly less," Alterman said in an interview.

"The fact flying is safe makes the benefit side of the equation more difficult," he said.

Airlines for America, a Washington-based commercial aviation trade group, puts the cost of compliance for passenger airlines at $8 billion over a decade and hasn't offered a figure for likely benefits.

Valuing Lives

The FAA estimates the new rules will cost passenger airlines $297 million over 10 years, while saving $247 million to $470 million in fewer accidents and lower pilot health-care expenses.

The FAA places a value of $6.2 million on each life a rule is projected to save.

value-of-a-life calculation varies among government agencies. The Environmental Protection Agency and the Food and Drug Administration, for example, use a value of $7.9 million.

FAA number is based on studies of wage premiums people receive for performing risky jobs, said Kip Viscusi, a professor of law, economics and management at Vanderbilt University in Nashville, Tennessee.

If a rule is expected to avert two deaths, it would be worthwhile to impose if it cost less than $12.4 million, according to Viscusi, who has consulted with the FAA and other agencies on life and health valuations.

Fuel Tanks

Balancing risk and benefit also figured in crafting rules to reduce the risk of fuel-tank explosions, like the one that destroyed TWA Flight 800 on July 17, 1996. The accident, off Long Island, killed 230.

Final rules to improve fuel-tank safety weren't issued until 2008. They were delayed by opposition from some airlines that argued they were unnecessary and too expensive. At the time, the FAA estimated the cost of compliance at $165 million.

The rules were released after pushes from the NTSB and the FAA over the misgivings of regulators including Susan Dudley, who headed OIRA at the time.

"I remember asking, 'if you had this much money, would this be the best way to protect passenger safety?'" Dudley said in an interview. "It clearly was not."

Risk Decreases

The risk of a fatal accident in commercial aviation has been reduced to 1 out of 49 million flights over the past five years, from 1 in 1.7 million flights from 1975 to 1989, according to NTSB records. That's a 96 percent decrease in risk.

In the last U.S. accident involving a large jetliner, 265 people died when American Airlines Flight 587, an Airbus A300-600, crashed shortly after takeoff from New York's John F. Kennedy International Airport on Nov. 12, 2001.

Safety has improved since the late 1990s as the airline industry and regulators learned to analyze massive quantities of data for anomalies and voluntarily made changes to head off potential problems, according to Thomas Hendricks, Airlines for America's senior vice president for operations and safety.

"We go out and proactively address an issue prior to waiting for an incident to occur," Hendricks said in an interview. "The information technology revolution has made this possible."

Regulation is needed, if only to ensure fairness within the airline industry and promote the highest levels of safety, the Flight Safety Foundation's Voss said.

Many U.S. carriers adhere to an international standard for collecting and analyzing in-flight data. Because data monitoring isn't required by rule, a carrier can operate legally without it, Voss said.

"You start building a gap between what's safe and what's legal," Voss said. "Why not make that a requirement for entry into the marketplace?"

http://www.bloomberg.com/news/2012-06-25/airline-crash-deaths-too-few-to-make-new-safety-rules-pay.html