



FINAL REPORT ON AIRLINE Customer SERVICE Commitment



Report AV-2001-020
FEBRUARY 12, 2001



**U.S. Department of
Transportation**
Office of the Secretary
of Transportation

The Inspector General

Office of Inspector General
Washington, D.C. 20590

February 12, 2001

The Honorable John McCain
Chairman
The Honorable Ernest F. Hollings
Ranking Democratic Member
Committee on Commerce, Science, and
Transportation
United States Senate
Washington, D.C. 20510

The Honorable Don Young
Chairman
The Honorable James L. Oberstar
Ranking Democratic Member
Committee on Transportation and Infrastructure
U.S. House of Representatives
Washington, D.C. 20515

Dear Chairmen and Ranking Members:

We are enclosing our Final Report on the Airline Customer Service Commitment, as required by the *Wendell H. Ford Aviation Investment and Reform Act for the 21st Century*.

This report provides the Department of Transportation's Office of the Inspector General's analysis of the performance of U.S. airlines in implementing Customer Service Plans. It is the culmination of a year-long intensive effort by Office of Inspector General (OIG) personnel to comprehensively and fairly assess airline efforts to fulfill their Commitment in better serving the traveling public.

We want to express our appreciation to members of the Air Transport Association (ATA), three non-ATA airlines, and the Department for their cooperation in this important endeavor.

As required by law, this report includes a section on recommendations that Congress, the Department, and air carriers may wish to consider. We hope they will be useful in helping Congress, the Department, and the airline industry in working together to improve the air travel experience for all Americans.

If I can answer any questions or be of further service, please feel free to call me on (202) 366-1959, or my Acting Deputy, Todd J. Zinser, on (202) 366-6767.

Sincerely,

A handwritten signature in black ink, appearing to read "K. M. Mead". The signature is fluid and cursive, with the first letters of each name being capitalized and prominent.

Kenneth M. Mead
Inspector General

Enclosure
Report No. AV-2001-020

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Airline Customer Service Commitment

Introduction

Airline customer service took center stage in January 1999, when hundreds of passengers were stuck in planes on snowbound Detroit runways for up to 8½ hours. Following that incident, both the House and Senate conducted hearings on the air carriers' treatment of air travelers and considered whether to enact a "passenger bill of rights." Since the January 1999 incident, the state of aviation as measured by delays and cancellations has worsened. For example, the 10 major air carriers reported an increase of nearly 19 percent in departure and arrival delays and over 21 percent in cancellations between 1999 and 2000. A portion of this increase can be attributed to labor problems experienced by at least two air carriers which disrupted flight schedules.

Following hearings after the January 1999 incident, Congress, the Department of Transportation (DOT), and the Air Transport Association (ATA)¹ agreed that the air carriers should have an opportunity to improve their customer service without legislation. To demonstrate the Airlines' ongoing dedication to improving air travel, ATA and its member Airlines² executed the Airline Customer Service Commitment (the Commitment),³ on June 17, 1999. Each Airline agreed to prepare a Customer Service Plan (Plan) implementing the 12 provisions of the Commitment.

The Airlines Commit to:

- Offer the lowest fare available
- Notify customers of known delays, cancellations, and diversions
- On-time baggage delivery
- Support an increase in the baggage liability limit
- Allow reservations to be held or canceled
- Provide prompt ticket refunds
- Properly accommodate disabled and special needs passengers
- Meet customers' essential needs during long on-aircraft delays
- Handle "bumped" passengers with fairness and consistency
- Disclose travel itinerary, cancellation policies, frequent flyer rules, and aircraft configuration
- Ensure good customer service from code-share partners
- Be more responsive to customer complaints

¹ The Air Transport Association is the trade association for America's leading air carriers. Its members transport over 95 percent of all the passenger and cargo traffic in the United States.

² For the purposes of this report, Airline or Airlines refers to the ATA member Airlines; air carrier refers to airlines in general.

³ ATA signed the Commitment on behalf of 14 ATA member Airlines (Alaska Airlines, Aloha Airlines, American Airlines, American Trans Air, America West Airlines, Continental Airlines, Delta Air Lines, Hawaiian Airlines, Midwest Express Airlines, Northwest Airlines, Southwest Airlines, Trans World Airlines, United Airlines, and US Airways).

Senator John McCain, Chairman of the Senate Committee on Commerce, Science, and Transportation, asked DOT's Office of Inspector General to review the Plans and evaluate the extent to which each Airline met all provisions under its Plan. Subsequently, Congress mandated such a review in the *Wendell H. Ford Aviation Investment and Reform Act for the 21st Century* (AIR-21), Public Law 106-181. The provisions under AIR-21 mirrored the Chairman's request, with one exception. Under AIR-21, the Inspector General's final report is to include a comparison of the customer service of ATA Airlines with that of airlines that are not ATA members (non-ATA airlines).⁴

On June 27, 2000, we issued an Interim Report⁵ on the 6-month progress of the Airlines in implementing their Plans. The Interim Report contained an overview of our preliminary results, observations on the Airlines' systems to measure performance against their Plans, observations on DOT's capacity to enforce consumer protection rights, and a discussion of the importance of customer service in the marketplace, both domestically and internationally.

The Airlines are just now past the 1-year point in implementing their Plans. We are reporting on the effectiveness of the Commitment and the individual Airline Plans to carry it out. As directed by AIR-21, we are providing our results for each Airline and non-ATA airline; and including recommendations for improving accountability, enforcement, and consumer protections afforded to commercial air passengers.

Our review was conducted between November 1, 1999, and January 17, 2001. During the audit we visited and tested implementation of the Commitment provisions at the corporate offices, reservations centers, and the various airport facilities of all 14 ATA Airlines and the 3 non-ATA airlines. We developed protocols for testing each of the 12 Commitment provisions. We observed air carrier operations and tested Commitment provisions at 39 airports. This included observing approximately 550 delayed and 160 canceled flights, reviewing 4,100 claims for mishandled baggage, placing nearly 2,000 telephone calls to reservations centers, reviewing the compensation provided to about 820 passengers who were either voluntarily or involuntarily denied boarding, and observing the treatment of about 380 disabled or special needs passengers. Throughout the audit, briefings were held with ATA, the Airlines, and

⁴ AirTran Airways, Frontier Airlines and National Airlines were selected as the three non-ATA airlines included in our review.

⁵ Report Number AV-2000-102.

three non-ATA airlines to discuss their procedures for implementing the Commitment and the results of our testing.

A number of Airline consolidations are in process that would substantially increase concentration in the airline industry. United Airlines has proposed the purchase of U.S. Airways, and American Airlines has proposed the purchase of Trans World Airlines and a portion of U.S. Airways. As a separate review, at the request of the Senate Committee on Commerce, Science and Transportation, we will be looking at the airline merger review process with particular focus on how transitional service disruptions and competitive aspects of customer service are considered. Transitional service disruptions such as computer system integration, crew scheduling, and information flows within companies and with their customers, can have a great impact on customer service.

It should be noted that ATA, the Airlines and non-ATA airlines cooperated fully with us during this review. Also, ATA has indicated that the Airlines are open to continued outside assessments about how they are progressing in their implementation of the Commitment, and that the Airlines will support any such effort through the establishment of the necessary internal Airline quality assurance programs.

Executive Overview

Overall, we found the Airlines were making progress toward meeting their Customer Service Commitment and that the Commitment has been a plus for air travelers on a number of important fronts. The voluntary Commitment to customer service and the circumstances under which it was entered into are noteworthy because, based on our observations, it prompted the Airlines to take the matter of improving customer service more seriously. Also, the Airlines generally were responsive to suggestions made in our Interim Report. But, the Airlines, airports, the Federal Aviation Administration (FAA) and, most important, the traveling public know the aviation system is not working well—the road ahead is long, and aggressive progress will be required by the Airlines, airports, and FAA if consumer confidence is to be restored.

Notwithstanding progress by the Airlines toward meeting their Customer Service Commitment, we continue to find significant shortfalls in reliable and timely communication with passengers by the Airlines about flight delays and cancellations. Further, we find the Airlines' Commitment does not directly address the most deep-seated, underlying cause of customer dissatisfaction—flight delays and cancellations, and what the Airlines plan to do about them in the areas under their control in the immediate term. Action by the Airlines to reduce flight delays and cancellations is critical because major improvements in providing capacity to meet demand, such as new runways and the fielding of new air traffic control capacity enhancing technology, are not going to be in place for at least the next several years. Spring/summer 2001, when the next major crunch in air travel is likely to occur, is just around the corner.

Provisions for quoting lowest fare, holding nonrefundable reservations, timely responses to complaints, and higher pay-outs for lost baggage. In general, we found the areas where the provisions of the Commitment were working well and where the greatest progress was being made were not directly or necessarily associated with whether a flight is delayed or canceled. These areas were: quoting the lowest fare (compliance between 88 and 100 percent of the time for a fixed itinerary); holding nonrefundable reservations without penalty (compliance between 88 and 100 percent); timely responses to complaints (compliance between 61 to 100 percent, with 13 Airlines between 93 and 100 percent compliant); and larger pay-outs for lost luggage. Over the past year, we also have seen air carriers competing on the basis of customer service through such steps as more legroom between seats, size of overhead baggage compartments, and deployment of portable passenger check-in stations to reduce long lines—measures that go beyond actions required by the Commitment.

Provisions regarding fairness and consistency in “bumping” practices, and prompt refunds for tickets. Regarding the provision for fairness and consistency in bumping practices on flights that are oversold, we found a need for improvement. Among other things, the rules about who gets bumped first varied among the Airlines, and the compensation limit for those who are involuntarily bumped is inadequate and has not been changed since 1978. In fact, we found that passengers who volunteer to be bumped stand a good chance of receiving greater compensation than passengers who are involuntarily bumped. As for the provision in the Commitment to provide prompt ticket refunds, which refers to Federal regulations in place for over 17 years, our tests at five Airlines showed excellent performance. However, four Airlines and two non-ATA airlines were clearly deficient in this area and need to improve their processing of ticket refunds.

Provisions that trigger when there is a flight delay or cancellation. The progress made this past year is often obscured when the traveling public experiences widespread delays and cancellations. We found the customer service areas most in need of improvement are for those provisions that trigger when there are delays and cancellations. One such provision is to keep customers informed of delays and cancellations, another promises to meet customers’ “essential” needs during “extended” on-aircraft delays, and another commits to making reasonable efforts to return delayed or mishandled checked baggage within 24 hours.

The evidence shows significant investment and progress by the Airlines toward meeting these commitments, and improvement is evident since our Interim Report. Still, there are persistent problems. We frequently found, among other matters, untimely, incomplete, or unreliable reports to passengers about flight status, delays and cancellations as follows.

- In 21 percent of our observations of nearly 550 flight delays nationwide, the flight information display system showed the flight as on time when, in fact, the flight had been delayed for more than 20 minutes; timely announcements about the status of the delay were made in the gate areas 66 percent of the time; when status announcements were made, the information provided about the delay or cancellation was adequate about 57 percent of the time. Performance varied by Airline and non-ATA airline, with Hubs generally performing better than non-Hub airports.
- Baggage that did not show up with the passenger was delivered within 24 hours 58 to 91 percent of the time. Again, performance among the Airlines and non-ATA airlines varied.
- All Airlines have taken steps to accommodate passengers’ “essential” needs during “extended” on-aircraft delays. However, we found that the Airlines

differ in what qualifies as “extended.” The trigger thresholds for this provision vary from 45 minutes to 3 hours. We think it is unlikely that a passenger’s definition of an “extended” on-aircraft delay will vary depending upon which air carrier they are flying.

We also found that the provisions within the Commitment do not directly address the root causes of customer dissatisfaction: extensive flight delays, flight cancellations, and baggage not showing up with the passenger. Since air travelers in 2000 stood a greater than 1 in 4 chance of their flight being delayed, canceled, or diverted, we believe the Airlines should go further and address steps they are taking on matters within their control to reduce over-scheduling, the number of chronically late or canceled flights, and the amount of checked baggage that does not show up with the passenger upon arrival.

According to the Bureau of Transportation Statistics (BTS), chronically delayed and/or canceled flights are those *regularly scheduled flights*⁶ that, at least 80 percent of the time, arrived at least 15 minutes later than scheduled and/or were canceled during a *single calendar month*. For example, according to BTS data, in December 2000, one Airline’s flight with daily non-stop service between Chicago and Miami was delayed and/or canceled 27 of the 31 days it was scheduled to operate. In this case, the flight was delayed and/or canceled 87 percent of the time. Our analysis of BTS data found *regularly scheduled flights* that were at least 15 minutes late and/or canceled 80 percent of the time increased from 8,348 to 40,868 (390 percent) between 1999 and 2000.⁷

Using BTS data, we increased the amount of arrival delay to 30 minutes or more and identified all *scheduled flights* that, when grouped by individual flight number, were delayed and/or canceled at least 40 percent of the time during a single calendar month. Overall, for calendar year 2000, we identified over 240,000 *regularly scheduled flights* that met our criteria (representing over 10,300 individual flight numbers affecting approximately 25 million passengers). Currently, the Airlines are required to disclose on-time performance only upon request from the customer. Passengers should not have to ask when making a reservation if the flight is chronically delayed or canceled 40 percent of the time or more; the Airlines should notify the passenger of this information without being asked.

Airline mitigation measures in the above areas will not solve the delay and cancellation problem since it is caused by multiple factors, some outside the

⁶ A regularly scheduled flight is a flight segment representing a city-pair (e.g., Chicago to Miami).

⁷ Our intent is not to attribute the cause of the delays or cancellations associated with these flights to the Airlines, but to highlight the extent to which such flights are occurring.

airlines' control, but the airlines should be doing their part. For both the short and long term, the Airlines' Commitment to customer service must be combined with comprehensive action to increase system capacity to meet demand. FAA's efforts to modernize air traffic control through new technology, satellite navigation at airports, airspace redesign and, importantly, new runways will be central elements in any successful effort to add capacity and avoid gridlock.

Contract of Carriage. In our Interim Report, we noted that the Airlines' Commitment, while conveying promises of customer service, was not necessarily legally enforceable by consumers unless these protections were also incorporated into an Airline's contract of carriage, which is a binding and legally enforceable contract. In fact, one Airline explicitly said as much in its Plan. We recommended that the Airlines ensure that their contracts of carriage are changed to fully reflect the benefits afforded by their Plans and the Airlines' Commitment to customer service. Our review of the 14 Airlines' contracts of carriage showed that all of the Airlines responded to this recommendation to some degree. For example:

- Three of the 14 Airlines incorporated the entire text of their Plans into their contracts of carriage.
- Eleven of the 14 Airlines incorporated the Commitment provision to inform the customer of delays, cancellations, and diversions into their contracts of carriage.
- Eleven of the 14 Airlines incorporated the Commitment provision for quoting the lowest fare; 12 Airlines incorporated the provisions for holding a nonrefundable reservation for 24 hours and for returning misrouted or delayed baggage within 24 hours; and all Airlines incorporated the baggage liability limit increase, which is required by Federal regulation.
- Eight of the 14 Airlines incorporated the Commitment provision to meet customers' essential needs during extended on-aircraft delays.

There were differences among the Airlines in exactly what they decided to incorporate, and we found instances where the contract of carriage placed limits on what appeared to be a more expansive provision in the Plan. For example, one Airline limited the provision to quote the lowest fare to only domestic travel whereas the others did not. Another Airline limited its baggage return provision to passengers not traveling on a reduced rate ticket. The Airlines also varied in what their contracts of carriage said about accommodating "essential" needs during "extended" on-aircraft delays, including the definition of what constituted an "extended" delay.

An area of particular concern is when an Airline will provide overnight accommodations occasioned by a delay or cancellation. Most of the Plans said generally that overnight accommodations would be provided if the passenger was required to stay overnight due to a delay or cancellation caused by the Airline's operations (as defined by the Airline). However, the contract of carriage for seven Airlines appeared to limit this to situations such as when a flight was diverted to an unscheduled destination or a flight delay exceeded 4 hours between the hours of 10:00 p.m. and 6:00 a.m. The circumstances in which overnight accommodations will be provided needs clarity so that passengers will know what to expect.

Consumer Protection by the Department of Transportation. Oversight and enforcement of consumer protection and unfair competition laws and regulations are the responsibility of the DOT. We found the resources available to the Department to carry out these responsibilities to the traveling public are seriously inadequate—so much so that they had declined at the very time consumer complaints quadrupled and increased to record levels—from roughly 6,000 in 1995 to over 23,000 in 2000. Nearly 20 staff are assigned these functions today, down from 40 in 1985. Until this situation is changed, the responsible DOT office will not be able to satisfactorily discharge its consumer protection responsibilities, including the duties assigned to it for investigating complaints involving disabled airline passengers.

Recommendations. As directed by law, we are making recommendations for improving accountability, enforcement, and the consumer protections afforded commercial air passengers where we found room for improvement or the need for corrective action. These recommendations begin on page 40 of this report.

Flight Delays and Cancellations Continue as Major Sources of Customer Dissatisfaction

Between 1995 and 1999, the number of air travelers rose nearly 16 percent, from about 582 million to 674 million, and according to FAA forecasts will exceed 1 billion by 2010. Similarly, the total number of domestic flights scheduled by the 10 major Airlines increased nearly 3.8 percent, from approximately 5.3 million to 5.5 million. These trends continued into 2000, with the same Airlines reporting nearly a 3 percent increase in scheduled domestic flights and a 4 percent increase in the number of passengers over 1999. With this growth has come increases in delays, cancellations, and customer dissatisfaction with air carrier service. There is no single solution to the growing problem of delays and the resulting consumer concern over air travel. Solutions to these problems rest on a multifaceted approach that involves FAA, air carriers, and airports.

Vital Statistics Show How Serious the Situation Has Become

- In 2000, over 1 in 4 flights (27.5 percent) were delayed, canceled or diverted, affecting approximately 163 million passengers.
- Bureau of Transportation Statistics (BTS)⁸ data show departure and arrival delays increased 33 percent (1,863,265 to 2,486,103) between 1995 and 2000. Likewise, FAA⁹ reported that delays increased 90 percent (236,802 to 450,289). Flight cancellations grew at an even faster pace during this time period, increasing 104 percent (91,905 to 187,317).
- Over the last year, BTS data indicated an increase of nearly 19 percent (2,089,998 to 2,486,103) in departure and arrival delays. Likewise, FAA reported an increase of over 20 percent (374,116 to 450,289) in delays. Flight cancellations also increased, rising over 21 percent (154,311 to 187,317) between 1999 and 2000.
- Not only are there more delays, but those occurring are longer. Of those flights arriving late, the average delay exceeded 52 minutes in 2000.

⁸ Airlines that account for at least 1 percent of domestic scheduled passenger revenues submit monthly reports to BTS, which are used, among other things, to determine the percentage of flights departing and arriving on time by airport. BTS counts a flight as on time if it departed or arrived within 15 minutes of scheduled gate departure (aircraft parking brake released) and arrival (aircraft parking brake set).

⁹ FAA collects data on flight delays via the Operations Network (OPSNET). FAA personnel manually record aircraft that were delayed for 15 minutes or more after coming under FAA's control, i.e., the pilot's request to taxi-out.

- Most delays occur on the ground. On flights to and from 55 major U.S. airports, FAA reported approximately 83 percent of total delay time during the first 11 months of 2000¹⁰ occurred during gate departure (49 percent), taxi-out (26 percent), and taxi-in (8 percent).
- Based on BTS data for the 30 largest U.S. airports, the number of flights experiencing taxi-out times of 1 hour or more increased 165 percent (from 17,331 to 45,993) between 1995 and 2000. Flights with taxi-out times of 2, 3, and 4 hours increased at even higher rates of 217, 289, and 341 percent, respectively, during this same period.

Number of Flights with Taxi-Out Times of 1 to 5+ Hours, 1995-2000 (BTS Data)

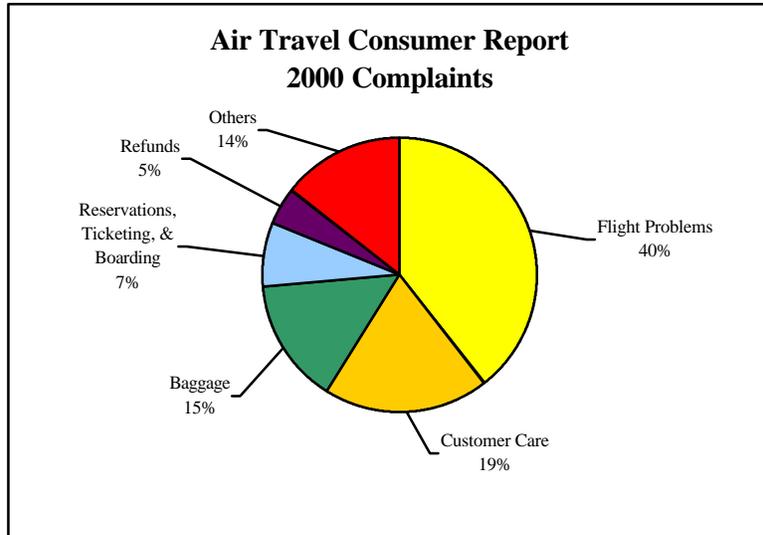
Time Period	1995	2000	% Change
1-2 Hrs.	15,220	39,019	156%
2-3 Hrs.	1,697	5,376	217%
3-4 Hrs.	313	1,219	289%
4-5 Hrs.	68	300	341%
5 or > Hrs.	33	79	139%
Total:	17,331	45,993	165%

- Flights experiencing taxi-out times of 1 hour or more increased nearly 13 percent (from 40,789 to 45,993) between 1999 and 2000. Of those flights with taxi-out times of 2, 3, 4, and 5 hours or greater, the largest percentage increase occurred in the 5+ hour category, which more than doubled (from 30 to 79).
- Scheduled flight times mask actual growth in delays. To compensate for longer ground and air times, the 10 major Airlines have increased their flight schedules on approximately 83 percent (1,794 of 2,167) of their major domestic routes between 1988 and 2000, ranging from 1 to 26 minutes.
- Moreover, the number of arrival delays tracked by BTS would have increased over 28 percent (from 1,356,450 to 1,740,620) if the Airlines' scheduled flight times in 2000 had remained at their 1988 levels.

Consumer Complaints Signal a High Degree of Dissatisfaction With Air Carrier Service. Against this backdrop of increasing delays and cancellations, consumer complaints are also rising. The 2000 DOT Air Travel Consumer Report disclosed that consumer complaints against for 2000 increased 14 percent (20,438 to 23,381) over complaints in 1999. Over the last several years, DOT has ranked flight problems (i.e., delays, cancellations and missed connections) as the

¹⁰ At the time of our review, FAA did not have taxi-out and taxi-in data for December 2000.

number 1 air traveler complaint, with customer care¹¹ and baggage complaints ranked as either number 2 or number 3. As depicted by the chart, 2000 data show that these three types of complaints account for 74 percent of all complaints received by DOT against the airline industry.



Reducing Delays and Customer Dissatisfaction With Air Travel Requires a Multifaceted Approach.

There has been much debate over the last year as to the role Airline scheduling played in causing delays—especially at the larger Hub airports during peak periods of operation. Questions being debated include whether Airline scheduling discussions for specific airports should be permitted under antitrust supervision, whether peak-hour pricing (if legal) will provide meaningful relief, and whether implementing a lottery for airport usage (such as New York’s LaGuardia) will work. Clearly the Airlines cannot solve the delay and cancellation problem themselves, since many factors lie at its cause, but they should be doing their part.

Last year, before the Senate Committee on Commerce, Science and Transportation, we reported¹² that the key question is what traffic load the air traffic control and airport systems can reasonably be expected to accommodate in the short, intermediate, and long term. FAA needs to explain in clear terms the extent to which the air traffic control modernization effort can be expected to provide material relief to the current problem of delays and cancellations. This is because much of the modernization effort is not geared to making quantum leaps in increasing capacity. The answer lies in a cumulative mix of solutions—scheduling and technology are among them. However, the role played by ground infrastructure (runways and airports) is of enormous importance, mainly because of the large impact that ground infrastructure has on capacity. This is further complicated by the fact that decision-making associated with building and locating a new runway or a new airport requires clearance by local communities.

¹¹ Complaints such as poor employee attitude, refusal to provide assistance, unsatisfactory seating, and unsatisfactory food service are categorized as customer care complaints.

¹² Flight Delays and Cancellations, September 14, 2000, Report No. CC-2000-356.

Short- and long-term solutions to the delay problems must be addressed, but it is also important to remember that the traveling public will face the spring/summer of 2001 and 2002 before any real relief to capacity problems is felt. The Airlines must do their part in the short term to effectively implement the Customer Service Commitment provisions, especially those taking effect when there are delays, cancellations or diversions.

Summary of Results

This section provides a summary of our results regarding each Commitment provision, followed by our recommendations where we found a need for corrective action. We begin with a discussion on three provisions that trigger when there are delays and cancellations:

- Notifying customers of known delays, cancellations and diversions.
- Meeting customers' essential needs during long on-aircraft delays.
- On-time baggage delivery.

We will then highlight the remaining provisions:

- Offer the lowest fare available.
- Support an increase in the baggage liability limit.
- Allow reservations to be held or canceled.
- Provide prompt ticket refunds.
- Properly accommodate disabled and special needs passengers.
- Handle "bumped" passengers with fairness and consistency.
- Disclose travel itinerary, cancellation policies, frequent flyer rules, and aircraft configuration.
- Ensure good customer service from code-share partners.
- Be more responsive to customer complaints.

Finally we will discuss other areas that affect customer service, including contracts of carriage, Airline performance plans and quality assurance systems, and DOT's ability to oversee and enforce consumer protection issues.

Commitment Provisions That Trigger When Flights Are Delayed or Canceled

Three provisions kick-in when the system is under stress, which is usually occasioned by flight delays and cancellations. The three provisions are (1) notifying customers of known delays and cancellations; (2) meeting passengers' "essential" needs during long on-aircraft delays; and (3) delivering misrouted or delayed checked baggage to the passenger within 24 hours. The Airlines have made substantial efforts in these three areas, including investments in technology and staff training. Although progress has been made, the Airlines will need to redouble their efforts in these three areas.

Notifying Customers of Known Delays, Cancellations, and Diversions

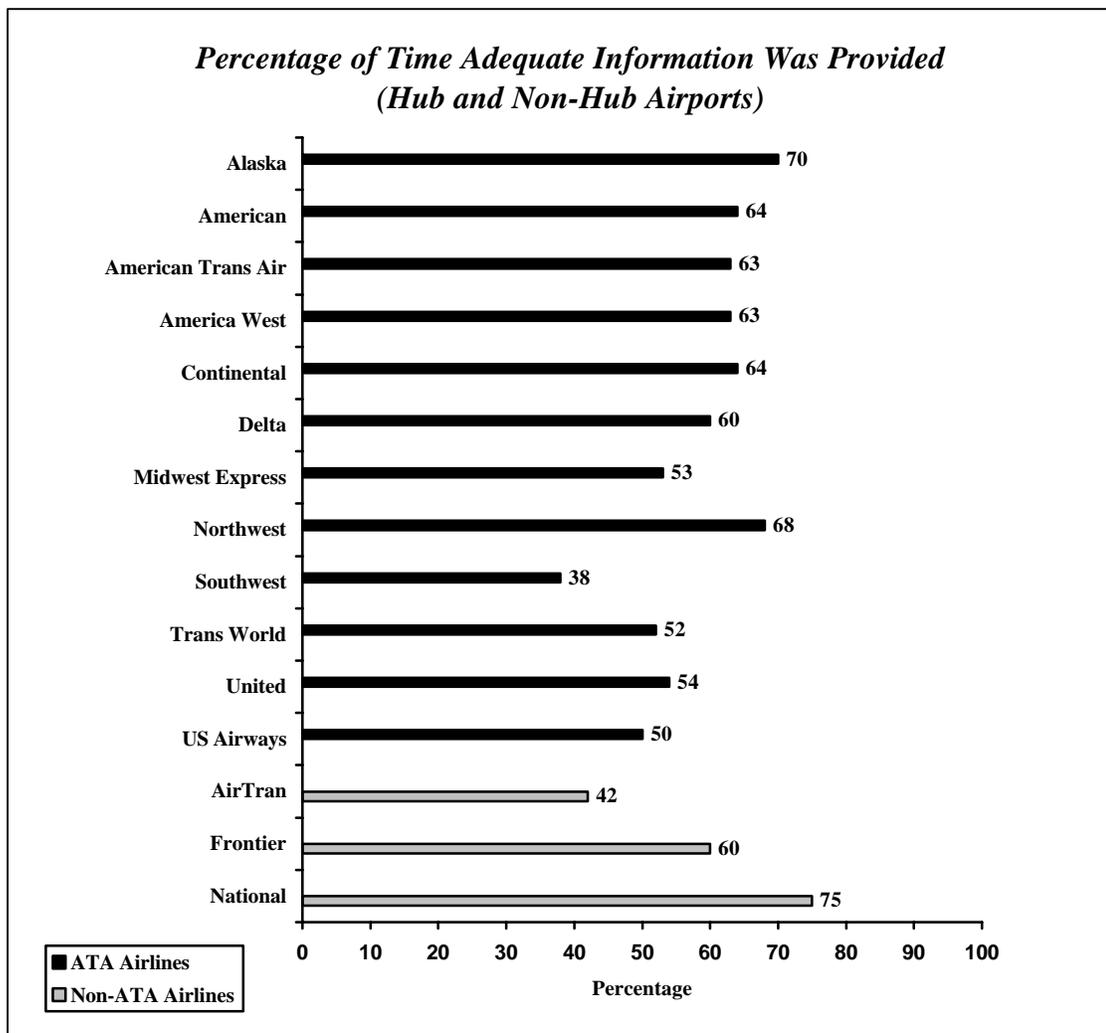
The Airlines committed to notify customers at the airport and on board an affected aircraft, in a timely manner, of the best available information regarding known delays, cancellations and diversions; and to establish, implement, and disclose policies for accommodating passengers delayed overnight. The Commitment does not extend to reducing the number of flights delayed or canceled.

Notifying Passengers of Delays. The Airlines and non-ATA airlines are clearly making an effort to provide passengers with the best available information about delays, cancellations and diversions; however, this continues to be an area for additional improvement. We found this to be especially true at an air carrier's non-Hub airports.

Over the course of 2000, DOT, FAA, air carriers and airport operators have been collaborating and coordinating their efforts to improve the information flow within the aviation community, and ultimately to the passengers, about known delays and cancellations. All the Airlines and non-ATA airlines provide a toll-free telephone number for checking on the status of flight departure and arrival information. Nine Airlines offer wireless flight status information via cell phones, pagers, and hand-held electronic devices. At some airports, older flight display monitors in the terminal and at the gates have been replaced with state-of-the-art flight display systems and monitors that provide a bevy of information about each flight. During many observations, we found information on flight delays was effectively communicated by the Airlines' and non-ATA airlines' employees. However, the Airlines and non-ATA airlines need to redouble their efforts in this area, as evidenced by the following.

- During our review, flight information displays at the airport accurately showed that, on average, a flight was delayed or canceled 79 percent of the time. In other words, 21 percent of the time the flight information display showed the flight as on time when, in fact, the flight had been delayed for more than 20 minutes.
- The level of performance for notifying passengers timely and adequately about known delays and cancellations was significantly higher at the Airlines' and non-ATA airlines' Hub airports than at non-Hub airports.
- The policies of seven Airlines, according to their Plans, required announcements about delays every 15 to 20 minutes. Using 30 minutes as our measurement, we found Airlines and non-ATA airlines made timely announcements, on average, 66 percent of the time in the boarding areas and at the gates.
- The Airlines and non-ATA airlines provided adequate information about a delay, including the cause, between 38 and 75 percent of the time, as shown in the following chart.

In testing this area, we gave the air carriers flexibility in determining what constituted adequate information, looking for as little information as “the flight will be delayed 30 minutes due to weather at the connecting airport.” We did not expect gate agents to provide a detailed or complex explanation on the reason for the delay. In a number of cases where we found the information was not adequate, it was because no information was provided at all (no announcements made). An example of **adequate** information being provided was during a 4 hour delay for a flight from Orlando to Newark. In this case, gate agents made announcements every 25 minutes, including the cause (severe thunderstorms in Orlando suspending inbound/outbound service at the airport).



The results for two Airlines (Aloha and Hawaiian) are not included in the chart because we had five or less observations each due to their limited operations in the continental United States.

Policies for Accommodating Passengers Delayed Overnight. Another area covered in this Commitment provision was that each Airline would establish and implement policies for accommodating passengers delayed overnight. All but two Airlines stated in their Plans they would accommodate passengers required to stay overnight for delays and cancellations caused by the Airline’s operations. Five Airlines’ Plans regarding overnight accommodations were consistent with their contracts of carriage. The Plans for 7 of the 12 Airlines appear to provide

accommodations in situations not covered by the contract of carriage.¹³ As a result, it is confusing what the Airlines' policies are for accommodating passengers delayed overnight.

- Five Airlines' Plans and contracts of carriage are subject to a range of interpretations, because the wording in the Plan was different from that in the contract of carriage. For example, an Airline's Plan states accommodations will be provided for passengers inconvenienced overnight due to a delay or cancellation within the Airline's control, while the contract of carriage states accommodations will be provided if the delay or cancellation exceeds 4 hours between 10:00 p.m. and 6:00 a.m. and only if under the Airline's control. This makes it difficult for a passenger to clearly understand what the Airline's policy is for overnight accommodations. To illustrate:

A passenger is delayed at a connecting airport, due to the Airline's operations, such as mechanical problems, and instead of leaving at 6:00 p.m. the passenger will now be on a flight at 1:00 a.m. The flight will not arrive at the final destination until 5:00 a.m. local time. The passenger requests overnight accommodation at the connecting airport with a flight out early the next morning. Under the terms of the Plan, the passenger could receive overnight accommodations; however, under the contract of carriage the passenger appears ineligible to receive accommodations.

- Two Airlines' contracts of carriage are more restrictive than their Plans when it comes to accommodations for overnight delays. For example:

One Airline's Plan states it will provide reasonable overnight accommodations if the delay or cancellation was caused by an event within the Airline's control, and the passenger does not get to his or her final destination on the expected arrival day. The Airline's contract of carriage limits overnight accommodations to passengers on flights diverted to another airport.

The other states in its Plan it will provide accommodations to passengers whose flights were delayed in excess of 6 hours depending on the time of day (not defined) and provided the delay was caused by the Airline. The Airline's contract of carriage only states it provides "amenities" as required in the Code of Federal Regulations (CFR). However, the CFR does not include provisions for "amenities."

¹³ A contract of carriage is the document air carriers use to specify legal obligations to passengers. Each air carrier must provide a copy of its contract of carriage free of charge, upon request. The contract of carriage is also available for public inspection at air carriers' airport and city ticket offices.

Chronically Delayed or Canceled Flights. A frustrating experience for air travelers occurs when flights arrive late and/or are canceled month after month. According to BTS, chronically delayed and/or canceled flights are those *regularly scheduled flights* that, at least 80 percent of the time, arrived at least 15 minutes later than scheduled and/or were canceled during a *single calendar month*. Our analysis of BTS data found that travelers, last year, experienced far more of these chronically delayed and/or canceled flights than any of the prior 3 years we examined. The number of flights delayed and/or canceled at least 80 percent of the time increased from 8,348 to 40,868 (390 percent) between 1999 and 2000.

In an effort to better demonstrate the impact of chronically delayed and/or canceled flights on air travelers during 2000, we increased the amount of the arrival delay to 30 minutes or more, from the BTS standard of 15 minutes. We also applied a 40 percent threshold instead of the 80 percent used by BTS. Using BTS data, we identified all scheduled flights that, when grouped by individual flight number, were delayed and/or canceled at least 40 percent of the time during a single calendar month. Using our criteria, we identified:

- Over 240,000 scheduled flights (representing over 10,300 individual flight numbers affecting approximately 25 million passengers) that were consistently delayed and/or canceled 40 percent of the time.
- Nearly 2,300 of the 10,300 individual flight numbers were regularly delayed and/or canceled at least 40 percent of the time for periods of 3 months or more in 2000. For example, one Airline's flight with daily non-stop service between Washington, D.C., and Tampa, Florida, was delayed and/or canceled at least 40 percent of the time each month for 7 months in 2000. During July 2000, the flight was delayed and/or canceled 25 times (80 percent) of the 31 scheduled flights.
- When the arrival delay was expanded to 1 hour, we identified nearly 56,000 scheduled flights that were consistently delayed and/or canceled at least 40 percent of the time in 2000.

Currently, air carriers are required to tell a customer, if asked, the percentage of time a flight has arrived on-time. However, there is nothing in the Commitment or regulation that requires the Airline to affirmatively notify customers, without being asked, that the flight they are about to book is chronically delayed or canceled. The customer should not have to ask for this information.

Meeting Essential Needs During Long On-Aircraft Delays

The Airlines committed to make every reasonable effort to provide food, water, restroom facilities and access to medical treatment for passengers aboard an aircraft that is on the ground for an extended period of time without access to the terminal. Flights experiencing taxi-out times of 1 hour or more increased nearly 13 percent (from 40,789 to 45,993) between 1999 and 2000. Of those flights with taxi-out times of 2, 3, 4, and 5 hours or greater, the largest percentage increase occurred in the 5+ hour category, which more than doubled (from 30 to 79). A lengthy taxi-out time equates to a lengthy amount of time the passenger is on-board the aircraft, but not yet in flight.

While there are instances of long on-aircraft delays, we have not seen instances quite as severe as the 1999 Detroit incident. We found the Airlines were taking steps to avoid long on-aircraft delays or meet on-board needs. For example, Airlines have invested in air stairs for deplaning passengers when an aircraft is delayed on the ground but does not have access to a terminal gate; secured additional food and beverages for service at the departure gates or on-board flights experiencing extended delays; or made arrangements with medical consulting services to resolve medical emergencies that occurred on-board an aircraft.

Notwithstanding the progress made, there is still disparity among the Airlines in when and how they will meet customers' essential needs during long on-aircraft delays. The Airlines still have not clearly and consistently defined terms in the Commitment provision such as "food," "an extended period of time," and "emergency." There are marked differences among the Airlines on what the terms in this provision mean; however, it is unlikely that passengers' essential needs or how passengers define a long on-aircraft delay will differ significantly depending on the Airline they fly.

Ten Airlines have defined an extended period of time, but as demonstrated by the following table these definitions range from 45 minutes to 3 hours.

ATA Air Carriers	Definition of Extended Period of Time	Definition Published in Plan	Defined by Internal Procedure	Unspecified Policy
Alaska	90 minutes	✓		
Aloha				✓
American	3 hours		✓	
American Trans Air	1 hour	✓		
America West	1 hour		✓	
Continental	2 hours	✓		
Delta	45 minutes		✓	
Hawaiian	1 hour		✓	
Midwest Express	2 hours		✓	
Northwest	1 to 3 hours	✓		
Southwest				✓
Trans World				✓
United	90 minutes		✓	
US Airways				✓

In their Plans, only two Airlines state when they would return to the gate if there was an extended on-aircraft delay. In general, the Airlines have left the decision on returning to the gate up to the flight crew and air traffic control personnel. However, sometimes if the delay is due to air traffic control or weather, the delay may be a creeping delay, so it is difficult to decide when or if to return to the gate. A creeping delay is when the aircraft's estimated take-off time is provided in increments; e.g., every 20 minutes the flight crew will receive an update. The Airlines' policies are to leave the decision up to the flight crew and not the passengers. In most non-emergency cases, the flight crew will wait for a take-off slot. If an aircraft returns to the gate, it loses its place in line for take-off.

United is the only Airline to define in its Plans what is meant by food: high-energy bars. Our review of the Airlines' internal procedures found that, in general, the specific type of food and when it will be provided on a long on-aircraft delay is left up to the flight crew and catering availability at that airport. American has pre-positioned snacks at its larger airports to be used in cases of long on-aircraft delays. According to their Plans, Alaska will provide free liquor after a 1-hour delay on-board the aircraft; American Trans Air will provide beverages (non-alcoholic) after 1 hour and after 4 hours will determine the feasibility of providing food service. In their Plans, none of the Airlines define what is meant by an emergency, and only two Airlines provide clear and concise procedures on how they would accommodate their passengers during an emergency situation.

Contingency Plans. In our Interim Report, we reported that the Commitment provision does not specify in any detail the efforts that will be made to get passengers off the aircraft when delayed for extended periods, either before

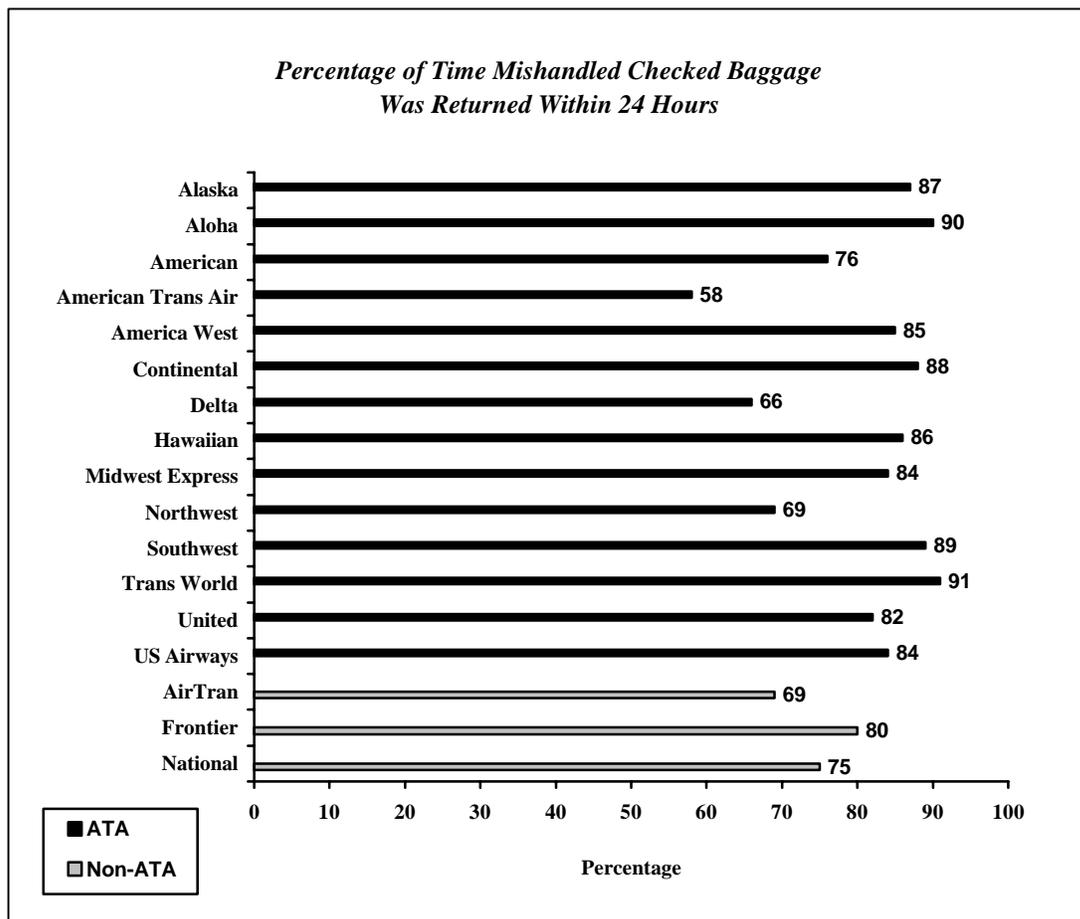
departure or after arrival. During our initial visits to the Airlines, less than half of the Airlines had comprehensive customer service contingency plans in place at all the airports served. Following our initial visits, we found the Airlines now have comprehensive customer service contingency plans in place for addressing delays due to severe weather, air traffic control equipment failures, and Airline service irregularities. These contingency plans generally include contact numbers for all airport station managers, airport authority personnel, equipment lists (air stairs, buses), and the availability of catering. However, nearly all the Airlines' contingency plans do not specify in any detail the efforts that will be made to get passengers off the aircraft when delayed for extended periods, either before departure or after arrival.

Returning Mishandled Bags Within 24 Hours

The Airlines committed to make every reasonable effort to return checked bags within 24 hours and attempt to contact any customer whose unclaimed checked baggage contains a name and address or telephone number. Although the majority of bags do show up with the passenger, it is the bags that do not arrive that customers are most concerned about. In this regard, the Airlines did not commit to a reduction in the number of checked bags not arriving with the passenger.

Some Airlines have invested in technology to help identify the location of mishandled baggage. Eight Airlines and all three non-ATA airlines have a toll-free number for the customer to call regarding their mishandled baggage. However, our test results show this is an area that all air carriers need to continue to work on, especially when there are irregular flight operations or itinerary changes. As the following chart shows, results varied greatly among the air carriers.

We found this Commitment provision could be improved by the Airlines committing to reduce the number of bags not arriving with the passenger. In addition, DOT's method for reporting mishandled bags in the Air Travel Consumer Report should be revised to more accurately reflect the number of bags that do not arrive with passengers. Currently DOT reports the number of *baggage claim reports* per 1,000 passengers on domestic flights. In 2000 DOT reported that 2.7 million baggage reports were filed, representing 5.29 reports per 1,000 enplaned passengers. In other words, according to DOT's report 99.5 percent of enplaned passengers did not file a mishandled baggage report.



This method of reporting understates the actual number and percentage of checked bags that do not arrive with passengers because (1) a baggage claim report does not necessarily equate to a single mishandled bag, and (2) not all passengers check baggage. In fact, one Airline estimates that only 33 percent of passengers check baggage. A more accurate way to report this information would be mishandled bags per 1,000 bags checked by passengers. Although this method would result in a higher percentage, it would more accurately reflect the percentage of checked bags that do not arrive with the passenger.

Commitment Provisions Not Directly Addressing Delays and Cancellations

We found some Airlines are using customer service as an area of competition. In addition to the Commitment, some Airlines have taken additional initiatives to enhance customer service by reconfiguring airplanes to increase the room between rows of seats and replacing overhead luggage compartments with larger, easier-to-use bins. Airlines receiving top ratings in DOT's Air Travel Consumer Report or other awards will include these and other customer service items in their advertisements.

In general, we found the greatest progress was being made in areas not directly associated with whether a flight was delayed or canceled. These areas cover a wide range of customer service issues from offering the lowest fare available, to holding the reservation, to disclosing policies for handling special needs and disabled passengers, to supporting an increase in the baggage liability limit. However, improvements are still needed in some areas such as providing prompt ticket refunds and handling "bumped" passengers with greater fairness and consistency. We will discuss each of the following provisions:

- Offer the lowest fare available.
- Support an increase in the baggage liability limit.
- Allow reservations to be held or canceled.
- Provide prompt ticket refunds.
- Properly accommodate disabled and special needs passengers.
- Handle "bumped" passengers with fairness and consistency.
- Disclose travel itinerary, cancellation policies, frequent flyer rules, and aircraft configuration.
- Ensure good customer service from code-share partners.
- Be more responsive to customer complaints.

Offer the Lowest Fare Available

The Airlines committed to offer the lowest fare available for which the customer was eligible on the Airline's telephone reservations system for the date, flight and class of service requested.

The Airlines did not commit to always offer the lowest fare for reservations made or tickets purchased at the Airlines' airport customer service counters or city ticket offices. However, two Airlines (American Trans Air and US Airways), in their Plans, say they will offer the lowest fare for reservations made at their city ticket

offices or airport customer service counters. Since we issued our Interim Report, Continental now offers the lowest fare for reservations made at their city ticket offices and airport customer service counters.

The Airlines also did not commit to guaranteeing the customer that the quoted fare is the lowest fare the Airline has to offer. Our Interim Report suggested that the Airlines' telephone reservations agents affirmatively disclose that the consumer may find lower fares available through other distribution systems, such as the Airlines' Internet sites. On October 20, 2000, DOT issued an order requiring that this be done, and, in general, the Airlines are in compliance.

As shown in the table below, during our review Airlines offered us the lowest fare between 88 and 100 percent of the time when we had a fixed itinerary (specific flight and date for the outbound flight and flexible as to time of day on return). The non-ATA airlines offered us the lowest fare 100 percent of the time when we had a fixed itinerary. When we had a flexible itinerary (willing to travel any day or time between a city-pair), the Airlines offered us the lowest fare between 71 and 100 percent of the time. The non-ATA airlines offered us the lowest fare between 81 and 100 percent of the time.

Percentage of Time the Lowest Fare Was Offered

Airline	Fixed Itinerary	Flexible Itinerary
ATA Airlines		
Alaska	97	88
Aloha	88	73
American	96	96
American Trans Air	99	100
America West	94	81
Continental	99	71
Delta	100	97
Hawaiian	96	92
Midwest Express	97	99
Northwest	100	99
Southwest	100	100
Trans World	100	93
United	96	88
US Airways	99	94
Non-ATA Airlines		
AirTran	100	100
Frontier	100	81
National	100	88

A flexible travel itinerary requires telephone reservations agents to do more research to find the lowest fare available, and our results indicate that this is an area that needs improvement.

Support an Increase in the Baggage Liability Limit

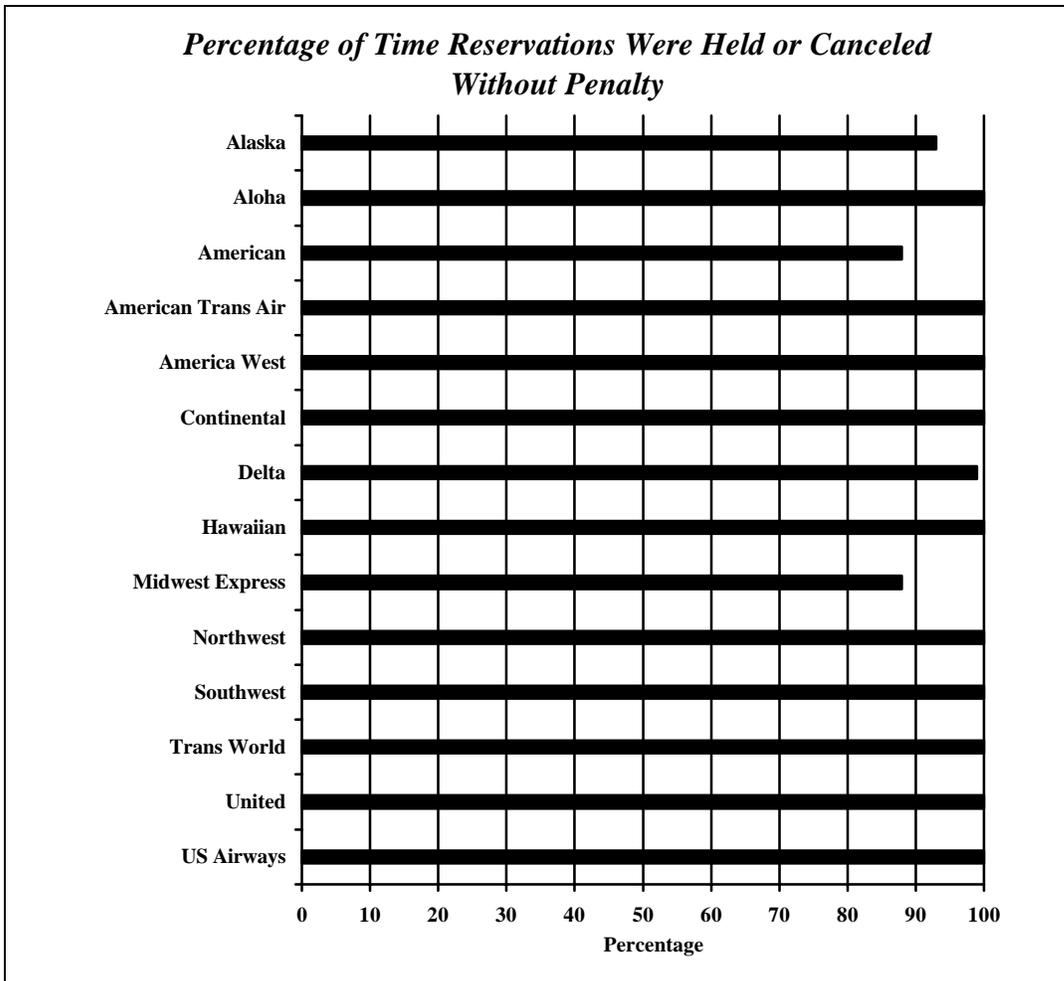
The Airlines agreed to support an increase in the baggage liability limit from \$1,250 to \$2,500. DOT increased the baggage liability limit to \$2,500 effective January 18, 2000, and we found it benefited customers whose claims for lost baggage exceed the prior limit of \$1,250. When comparing September 1999 to September 2000, we found a 14 percent increase in the number of payments in excess of \$1,250. This 14 percent increase also represents over a 500 percent increase in the dollar amount paid out by the Airlines (from \$622,440 in September 1999 to \$3,853,394 in September 2000).

Allow Reservations to Be Held or Canceled

The Airlines committed to allow the customer either to hold a telephone reservation, including the fare, without payment for 24 hours or (at the election of the Airline) to cancel a reservation without penalty for up to 24 hours. This is a *new customer service commitment* provided to Airline customers.

Eight Airlines have elected to hold a reservation at the quoted fare without payment for 24 hours. Five Airlines require the customer to pay for the ticket, but will provide a full refund without penalty if the travel is canceled within 24 hours of the reservations. One carrier allows the customer to use either method, but the passenger must make the choice when placing the reservation.

As shown in the following chart, we found 11 Airlines held the fare at or near 100 percent of the time, and 3 Airlines held the reservation, including the fare, at least 88 percent of the time. The three non-ATA airlines in our review committed to holding a reservation but not the fare for 24 hours.

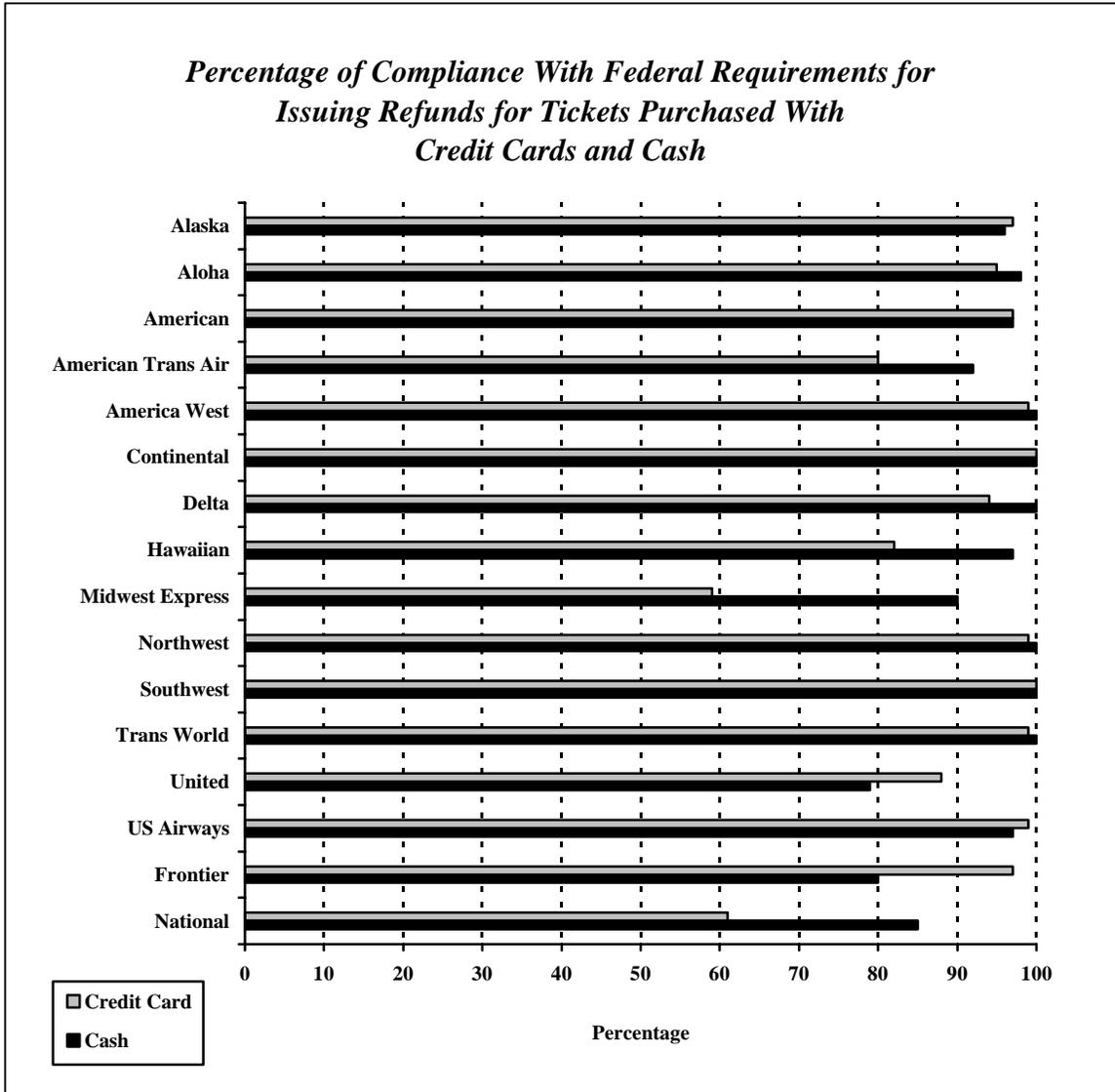


Provide Prompt Ticket Refunds

For this provision, the Airlines promised actions that have been required under pre-existing Federal regulations for over 17 years. The 7-day refund requirement for credit card purchases is imposed under a Federal banking regulation that has been in effect for over 20 years; the 20-day refund requirement for cash purchases (which includes checks) was established under a DOT consent order and has been in effect for over 17 years.

Given the length of time refund requirements have been around, we thought we would find high levels of compliance in this area. Instead, we found a wide variance in the air carriers' compliance. As shown in the following chart, 10 Airlines met the 7- and 20-day requirement 94 to 100 percent of the time. The remaining four Airlines and two non-ATA airlines need to improve in this area, since they met at least one of the requirements less than 97 percent of the time. AirTran's compliance with the Federal requirements could not be determined

because the Airline did not have a system in place that tracked the time the request for refund was received to the time the refund was issued.



Credit card refund requirements apply to all U.S. businesses accepting credit cards, not just air carriers, and have been in existence for over 20 years. Therefore, air carriers not at or near 100 percent compliance definitely need to focus their efforts in this area. Based on our test results, we referred our findings on one Airline to DOT’s Assistant General Counsel for Aviation Enforcement and Proceedings to determine whether enforcement actions are warranted.

Properly Accommodate Disabled and Special Needs Passengers

The Airlines committed to *disclose* their policies and procedures for handling special needs passengers and for accommodating the disabled in an appropriate manner. Of the 12 Commitment provisions, we found the Airlines disclosed more detailed information to passengers on this provision than on any other. Although the Commitment provision only addressed disclosing an Airline's policies and procedures, we took steps to also determine if the Airlines and non-ATA airlines were properly accommodating disabled and special needs passengers.

We observed the Airlines and non-ATA airlines assisting disabled passengers at 15 airports nationwide.

- In over 380 observations, we found that the Airlines and non-ATA airlines were properly assisting disabled and special needs passengers during their time spent at the airport from checking in to boarding the plane.
- We also met with more than 60 Complaint Resolution Officers and found that each was knowledgeable on the requirements of Title 14 CFR Part 382, Nondiscrimination on the Basis of Disability in Air Travel, and their responsibilities under Part 382.
- We also reviewed training records for both Airline and non-ATA airline employees at 58 different stations and found they were providing training on how to accommodate passengers with disabilities or special needs.

We also made available through our Internet site an on-line survey for reporting incidents as to how well the U.S. air carriers are accommodating the needs of air travelers with disabilities and special needs. The comments we received covered a wide range of areas including screening checkpoints, check-in and boarding, and were fairly evenly distributed among the areas.

Passengers frequently commented that the problems they encountered resulted from a lack of proper training instead of an intentional act by the employee. For example, in one response we received, the passenger reported:

The Airline's employees insisted on disconnecting and removing the battery from the wheelchair, even though the passenger informed them it was a gel battery and did not need to be removed. The Airline's employees removed the battery assuring the passenger an Airline employee at the destination airport would re-assemble the wheelchair

upon arrival. Upon arrival at the passenger's destination, the wheelchair and disconnected battery were left on the jet bridge, and "no one could put it back together."

The complexity and perspective of disabled or special needs passengers is of paramount importance in providing satisfactory service. Congress also felt this was a serious issue and incorporated provisions in AIR-21 requiring DOT to perform individual, comprehensive investigations of each disability-related complaint received. We found that over half of the complaints DOT received from the disabled in 2000 (396 out of 676) related to an air carrier's alleged failure to provide adequate or timely assistance. It is apparent from the comments we received as well as the complaints received by DOT, that the Airlines cannot apply enough emphasis to this area. As discussed later in this report, DOT's Office of the Assistant General Counsel for Aviation Enforcement and Proceedings does not have adequate resources to meet this and other responsibilities. One Airline (Delta) took steps to better address the needs of disabled and special needs passengers by establishing an advisory council, which included disabled individuals.

Handle "Bumped" Passengers Fairly and Consistently

The Airlines committed to disclose to a passenger, upon request, whether the flight on which the passenger is ticketed is overbooked. The number of passengers affected by oversold flights continues to rise. Involuntary denied boardings have increased over 15 percent (37,026 to 42,681) in the first 9 months of 2000 over the same period in 1999. Voluntary denied boardings have also increased over 4.5 percent for the same period, from 785,445 to 821,379.

We found four issues that need attention in this area: (1) inconsistencies in the Airlines' boarding priority rules, such as check-in deadlines; (2) ambiguities in the Federal regulation governing air carrier boarding priority rules; (3) inconsistent compensation practices for passengers who voluntarily gave up their seats; and (4) inequities in the denied boarding compensation paid to passengers involuntarily denied boarding.

Check-In Times. Passengers must meet check-in deadlines for the air carrier on which they are flying to avoid being bumped and to protect their rights to denied boarding compensation. However, this can be difficult because check-in times vary by Airline, ranging from 10 to 20 minutes for domestic flights, and from 20 minutes to 60 minutes for international flights. Passengers must determine the minimum check-in time for the air carrier they are flying. This is especially important for passengers whose flights include a code-sharing arrangement

between two Airlines (e.g., Continental and Northwest), where check-in deadlines are not the same for both Airlines.

There are also inconsistencies in the Airlines' and non-ATA airlines' contracts of carriage regarding exactly where passengers need to check-in or be present in order to avoid losing a seat assignment or a confirmed reservation. For example, in their contracts of carriage, two Airlines state the passenger must simply check-in at the airport; seven Airlines and two non-ATA airlines state the passenger must have checked in and be available for boarding; one Airline states the passenger must be aboard the aircraft; and another Airline states that the passenger must check-in with an agent at the ticket counter or gate.

Priority on Oversold Flights. Title 14 CFR Part 250.3 requires every air carrier to establish priority rules and criteria for passengers involuntarily “bumped” on oversold flights. These criteria take effect only after the air carriers have requested passengers to voluntarily relinquish their seats. Part 250.3 further states:

Such rules and criteria shall not make, give, or cause any undue or unreasonable preference or advantage to any particular person or subject any particular person to any unjust or unreasonable prejudice or disadvantage in any respect whatsoever.

However, there are ambiguities in the terms “any undue or unreasonable preference or advantage” and “unjust or unreasonable prejudice or disadvantage.” DOT, in Part 250.3, provides no clear explanation on what these terms mean. We make this point because not all the Airlines have boarding priority rules based on the passengers' check-in times, which are used to determine whether passengers are entitled to denied boarding compensation.

Boarding priority rules for 11 of the 14 Airlines state that passengers will be “bumped” based on reverse order of check-in (last to check-in is first to be “bumped”). The other three Airlines have *boarding priority criteria* for “bumping” passengers based on fare paid or frequent flyer status.

Compensation Paid to Volunteers. Our review of 12 Airlines found they were equally compensating all volunteers on a flight. The other two Airlines (Continental and Delta) were not consistently compensating passengers who voluntarily gave up their seats, paying some volunteers on the same flight more than others. One Airline's Plan states: “Volunteers who give up their seats to other customers will be compensated equally on the same flight.” However, on 7 of 35 sampled oversold flights we reviewed for that Airline, we found passengers who voluntarily relinquished their seats did not all receive the same amount of compensation. On one flight, four volunteers each received a \$350 travel voucher

while seven volunteers each received a \$400 travel voucher. In our opinion, Airlines that state volunteers will be compensated equally on the same flight, should do so.

Denied Boarding Compensation Paid to Passengers Involuntarily Denied Boarding. Title 14 CFR Part 250 established the method air carriers must follow for compensating passengers involuntarily denied boarding. Because of the limitations that DOT places on involuntary denied boarding compensation, most of the time passengers who get involuntarily “bumped” are compensated equal to or less than passengers who voluntarily relinquish their seats. The method for determining the compensation and the maximum amounts paid have not been changed since 1978. We reviewed 89 flights with 472 passengers who voluntarily relinquished their seats and 334 passengers who were involuntarily denied boarding. We found that on 74 (83 percent) of the 89 oversold flights, passengers who were involuntarily denied boarding received compensation amounts equal to or less than those passengers that voluntarily relinquished their seats. For example:

- On one flight five passengers who voluntarily relinquished their seats were compensated with free round-trip tickets, while a passenger on the flight who was involuntarily denied boarding received no compensation. This occurred because the Airline was able to get all six passengers (voluntary and involuntary) to their destinations within 1 hour of their original scheduled arrival time.

Airlines are required to ask for volunteers before involuntarily “bumping” passengers off an oversold flight. Airlines typically do not tell passengers that they potentially will be involuntarily “bumped” from a flight. Passengers are told of their rights and the limits on compensation *only after* they are involuntarily “bumped.” The existing compensation levels have not been adjusted since 1978 and denied boarding compensation is inadequate to redress the inconvenience and distress often resulting from being involuntarily “bumped.” The Senate also recognized that current rules should be revised. In Section 354 of Public Law 106-69, Department of Transportation and Related Agencies Appropriations Act, 2000, the sense of the U.S. Senate was:

. . . that the Secretary should expeditiously amend Title 14, Chapter II, Part 250, Code of Federal Regulations, so as to double the applicable penalties for involuntary denied boardings and allow those passengers that are involuntarily denied boarding the option of obtaining a prompt cash refund for the full value of their airline ticket.

The intent of this sense-of-the-Senate amendment was to encourage the Airlines to act more responsibly, by allowing passengers who are involuntarily bumped to receive greater amounts of compensation for the Airlines' overbooking practices. The Senate stated "The goal is to hold the airlines accountable when they put profits ahead of friendliness and respect for their customer." As long as flights are consistently full, it becomes more difficult for passengers to get on another flight.

Disclose Travel Itinerary, Cancellation Policies, Frequent Flyer Rules and Aircraft Configuration

The Airlines committed to disclose to the customer: (1) any change of aircraft on a single flight with the same flight number (referred to as "change of gauge"); (2) cancellation policies involving failures to use each flight segment coupon; (3) rules, restrictions and an annual report on frequent flyer program redemptions; and (4) upon request, information regarding aircraft configuration, including seat size and pitch.¹⁴

All the Airlines provided information on how their frequent flyer programs worked, including number of miles needed for each award and applicable black-out dates. *However, we found that the information provided on frequent flyer mileage redemptions was of little value to the consumer. Specifically, the information provided does not allow the consumer to determine which frequent flyer mileage program might provide the greatest benefit, based on the percentage of successful redemptions or frequent flyer seats made available in the Airlines' top origin and destination markets.*

We found improvements are also needed in the information provided by reservations agents regarding change of gauge flights, cancellation policies, and aircraft configuration. (At the time of our testing, only six Airlines had change of gauge flights.) We found:

- Airline telephone reservations agents properly identified our flights as change of gauge 63 percent of the time, on average. Continental and United agents disclosed this information 100 percent of the time during our test.
- Four Airlines' Internet sites also identified the flights as change of gauge 100 percent of the time, while the remaining two Airlines' Internet sites disclosed the information 67 and 80 percent of the time.

¹⁴ Seat pitch is the distance from a point on one seat to the same point on the seat in front of it and is an indication of the amount of legroom between rows of seats.

- Eleven Airlines' and two non-ATA airlines' reservations centers provided the correct information requested for cancellation policies 100 percent of the time.
- Nine Airlines and two non-ATA airlines provided information about aircraft configuration 100 percent of the time.

Ensure Good Customer Service From Code-Share Partners

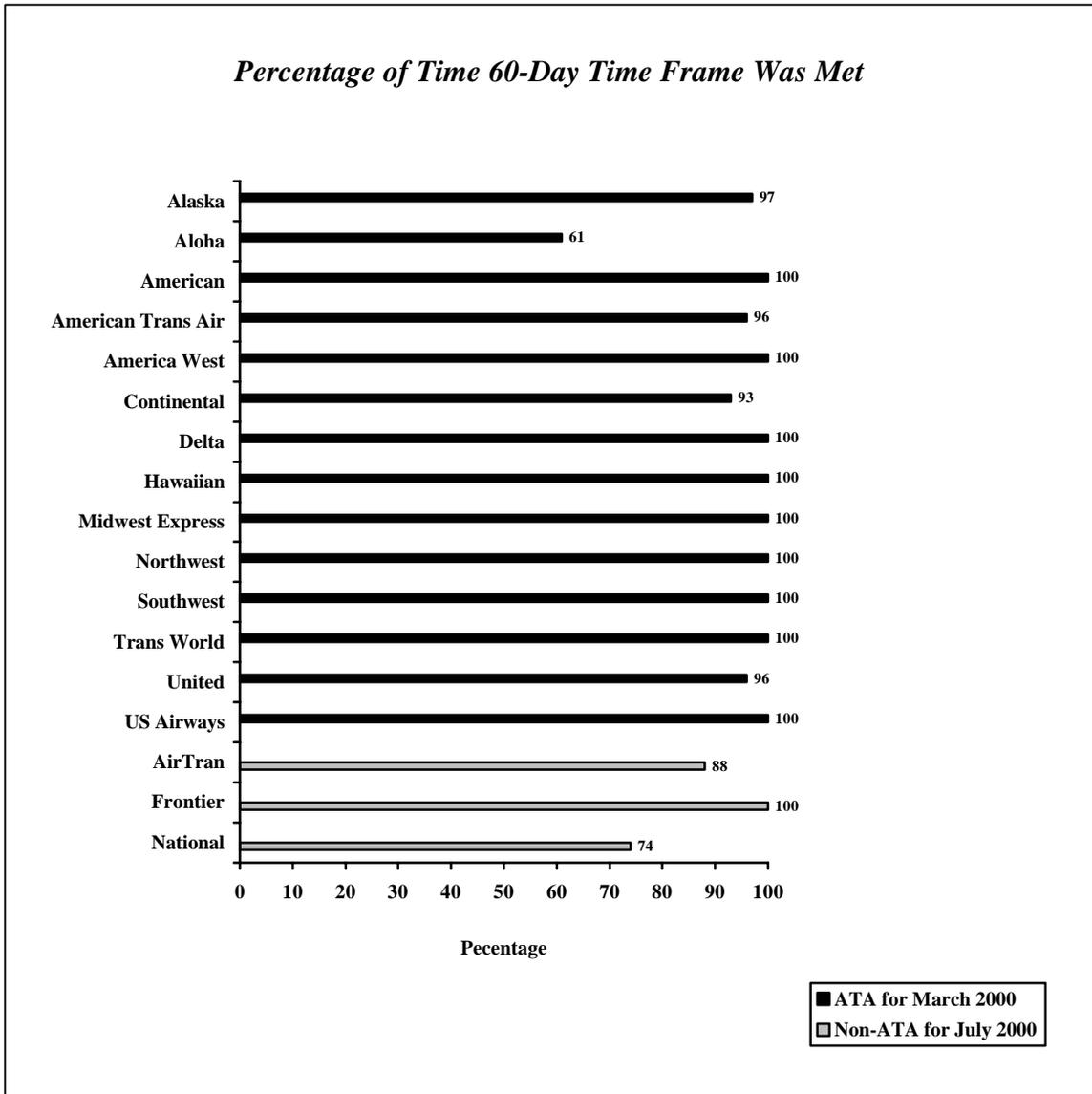
The Airlines committed to ensure that domestic code-share partners make a commitment to provide comparable consumer plans and policies. This provision basically applies only to those domestic code-share partners who provide air transportation to smaller markets for the Airlines. At the time of our review, eight of the Airlines had domestic code-share partners. None of the non-ATA airlines had domestic code-share partners. The Airlines frequently handle functions like reservations, ticketing, ticket refunds, frequent flyer programs, and complaints for their domestic code-share partners. Therefore, customers of the Airlines' code-share partners can expect the same level of customer service provided by the Airlines under these Commitment provisions.

The Airlines have initiated some type of quality assurance procedures to monitor their code-share partners' customer service. Specifically, we found that six of the eight Airlines with domestic code-share partners have developed and conducted partial or complete testing of their partner's customer service procedures. The remaining two Airlines had developed review procedures, but at the time of our audit had not conducted any tests of their domestic code-share partners.

Be More Responsive to Customer Complaints

The Airlines committed to assigning a Customer Service Representative responsible for handling passenger complaints and ensuring that all written complaints are responded to within 60 days. The Airlines have demonstrated they are taking this provision seriously. As shown in the following chart, our review found that 13 of 14 Airlines were responding to complaints within 60 days more than 90 percent of the time. Non-ATA airlines were responding to complaints within 60 days between 74 and 100 percent of the time.

The replies we reviewed were responsive to the customer complaint and not merely an acknowledgment that the complaint had been received. In addition, all the Airlines responded to complaints in less than 30 days on average. Aloha, AirTran, and National, all below 90 percent during our testing, need to improve on consistently responding to customer complaints within 60 days.



Airlines' Contracts of Carriage

In our Interim Report, we suggested that the Airlines consider backing up their promises of enhanced customer service by ensuring that their contracts of carriage fully reflect the benefits afforded by the Airlines' Commitment. We observed that while the Commitment and the Airlines' Plans convey promises of customer service, they do not necessarily translate into rights legally enforceable by the customer. For example, American currently states on its website that its Plan does not create any contractual or legal rights.

We also observed that contracts of carriage create a legally binding contract between the air carrier and its customers. Unlike DOT regulations, which are enforced by the Government and may result in administrative or civil enforcement actions against an air carrier, contracts of carriage confer upon customers, enforceable rights directly against an air carrier. Thus, when an Airline incorporates the Commitment into its contract of carriage, the Commitment becomes legally enforceable by the customer against that Airline. This is important because, as long as those rights are maintained in the contract of carriage, customers can ensure that the Airlines' compliance with their Commitment will not fade over time.

We reviewed the 14 ATA member Airlines' contracts of carriage to determine whether they had incorporated the 12 Commitment provisions into their contracts of carriage. For three of the provisions that required the Airlines to disclose their policies to customers (overnight accommodations, services for disabled and special needs passengers, and overbooked flights), we also reviewed the Airlines' Customer Service Plans to determine whether the promises made in those Plans were provided in the Airlines' contracts of carriage. At the end of our review, on January 17, 2001, we found that 3 of the 14 Airlines (Alaska, Southwest and United) incorporated the entire text of their Plans into their contracts of carriage. The remaining Airlines' contracts of carriage showed that these Airlines responded to our Interim Report suggestion to some degree. However, there were differences between Airlines in exactly what they incorporated into their contracts of carriage, and we found instances where the contract of carriage placed limits on what appeared to be a more expansive provision in the Commitment or the Airline's Plan. The following list provides examples of what we found during our review.

Provision: Offer the lowest fare available.

- Eleven Airlines have placed this provision into their contracts of carriage; however, one has included a limiting condition not found in the Airlines'

Commitment. For example, Delta's contract of carriage limits the provision by offering the lowest fare available to only *domestic* travel.

- Three Airlines have not included this provision in their contracts of carriage. For example, Continental excluded the provision based on its view that no contractual relationship exists with a customer until a ticket is actually purchased. The majority of Airlines do not share this view.

Provision: Meet customers' essential needs during long on-board delays.

- Eight Airlines have either completely or partially included this provision in their contracts of carriage; six Airlines have not included this provision.
- There is a substantial difference among the eight Airlines that did incorporate this provision as to what is considered an essential need and what constitutes a long on-board delay.

Provision: Return misrouted or delayed baggage within 24 hours.

- Twelve Airlines have placed this provision in their contracts of carriage; two Airlines have not included this provision.
- Among the 12 Airlines that incorporated this provision, 4 Airlines included a limiting condition not found in the Airlines' Commitment. For example, Aloha excludes passengers traveling on non-revenue or reduced rate tickets from this provision. Delta and Northwest contract terms are limited to domestic passengers only, and United's contract of carriage terms are limited to domestic flights only.

Provision: Hold reservations without payment or allow for cancellations within 24 hours.

- Twelve Airlines have placed this commitment in their contracts of carriage; two Airlines have not included this provision.
- Among the 12 Airlines that incorporated this provision, 2 Airlines limited it to *domestic* travel or reservations made *within the United States*.

Provision: Notify customers of known delays, cancellations and diversions.

There are two elements to this provision. First, notify customers of known delays, cancellations and diversions—11 of the 14 Airlines have included this part of the provision in their contracts of carriage. Second, establish, implement and disclose their policies for accommodating passengers delayed overnight—all 14 Airlines have disclosed their policies regarding this part of the provision in their contracts of carriage, as was required by DOT regulations prior to the Airlines' adoption of the ATA Commitment.

In their Customer Service Plans, 12 Airlines disclosed their policy for accommodating passengers overnight and 2 did not. Five of the 12 Airlines' Plans are consistent with their contracts of carriage regarding overnight accommodations. However, seven Airlines' contracts of carriage either are ambiguous or appear more restrictive than their Plans when it comes to accommodating passengers delayed overnight. For example:

- One Airline's Plan states that lodging will be provided to passengers whose flights are delayed, canceled or misconnected creating an overnight stay, except when due to weather. However, in its contract of carriage, the Airline provides accommodations only if (1) the flight on which the passenger is being transported is diverted to an unscheduled point, and the delay at such point is expected to exceed 4 hours during the hours of 10:00 p.m. to 4:00 a.m., and the delay was under the Airline's control; or (2) due to the passenger's flight arriving late, he or she missed the connecting flight, alternate transportation is not available until after 6:00 a.m. the next day, and the delay was under the Airline's control.
- One Airline's Plan provides for overnight accommodations if a delay or cancellation is caused by events within the Airline's control; however, its contract of carriage only provides for overnight accommodations in the event of a flight diversion, and is silent on flight delays or cancellations.
- One Airline's Plan provides for overnight accommodations for delays and cancellations exceeding 6 hours depending on the time of day and only if the delay was caused by the Airline. However, its contract of carriage states that it will provide "amenities" as required by the CFR. The CFR does not include provisions for "amenities."

Provision: Handle "bumped" passengers with fairness and consistency.

There are two elements to this provision.

- First, disclose to passengers, upon request, whether a flight is overbooked — 7 of the 14 Airlines have included this part of the provision in their contracts of carriage.
- Second, establish and disclose policies for managing the inability to board all passengers—all 14 Airlines have disclosed their policies in their contracts of carriage, as was required by DOT regulations prior to the Airlines' adoption of the Commitment.

Provision: Respond to written customer complaints within 60 days.

- Twelve of the 14 Airlines incorporated this commitment, while 2 Airlines did not.

Airline Performance Plans and Quality Assurance Systems

In our Interim Report, we suggested that a key to the success of the Customer Service Plans was the need for each Airline to have a credible tracking system for compliance with each provision and the implementing Airline Plan, buttressed by performance goals and measures. Six Airlines now have detailed performance plans (comprehensive quality assurance systems that are all inclusive in their coverage of the Commitment provisions with reviews conducted on an ongoing basis). Another six Airlines have a plan, but either the plan does not include all Commitment provisions, or reviews have not been conducted.

There is no question that compliance with Customer Service Plans is strengthened through the combination of outside oversight and individual Airline quality assurance systems. For example, at one Airline, compliance with its Customer Service Plan has increased since the Airline implemented its performance measurement system. After implementing a performance measurement system, this Airline improved its compliance for returning delayed or misrouted baggage within 24 hours from an internal goal of 86 percent to 91 percent.

There is also a need for a quality assurance program to include reviews of Federal reporting requirements directly related to the Commitment provisions. For example, an internal review at one Airline disclosed that mishandled baggage statistics were being intentionally understated by an Airline employee.

It is therefore important that all Airlines develop comprehensive performance plans and that reviews are conducted on an ongoing basis.

DOT's Oversight and Enforcement of Consumer Protection Issues

The Airline Deregulation Act of 1978 phased out the Federal Government's control over airfares and routes served, relying instead on competitive market forces to determine the price of domestic air service as well as where air carriers fly. In doing so, however, Congress authorized DOT to oversee and enforce air travel consumer protection requirements, some of which are covered by the Commitment and the Airlines' contracts of carriage.

As stated in our Interim Report, resources dedicated to DOT's Office of the Assistant General Counsel for Aviation Enforcement and Proceedings (the Office) are inversely proportionate to the Office's workload. As previously reported, in 1985 the Office had a staff of 40; in 1995 it was down to 20; and by 2000 it had a staff of 17 to oversee and enforce aviation consumer protection rules as well as carry out its other responsibilities. In 2001, a staffing increase of five positions was authorized. As of January 30, 2001, none of these positions had been filled.

This decline in staffing occurred at the same time workload dramatically increased. For example:

- Consumer complaints received by the Office have gone from 6,026 in calendar year (CY) 1995 to 23,381 in CY 2000.
- Disability-related complaints have gone from 230 in CY 1995 to 676 in CY 2000.
- Congressional inquiries and other public inquiries have gone from 280 in CY 1995 to over 1,350 in CY 2000.

The enactment of new laws such as AIR-21 mandated numerous additional consumer protection responsibilities to be carried out by the Office, including a new aviation civil rights provision; a provision requiring individual, comprehensive investigations of each disability-related complaint received by the Office; a provision extending the air carrier disabled passenger discrimination law (Air Carrier Access Act) to foreign air carriers; and new data collection and reporting requirements. The new workload has drawn the Office's resources away from its more traditional consumer protection activities.

Traditional consumer protection activities that have been suspended include (1) regular on-site consumer protection and related compliance/enforcement visits to airlines (14 were conducted in 1995-1996 while none were conducted in 1999-2000); (2) investigation of the availability of seats for frequent flyer awards; (3) regular proactive investigations of compliance with code-share disclosure requirements involving mass telephone calls to air carriers' reservations agents; and (4) regular reviews of print media across the country to ensure compliance with DOT rules on airline fare and on-time performance advertising.

The oversight and enforcement expectations for the Office significantly exceed the Office's capacity to handle the workload in a responsive manner.

Recommendations

The *Wendell H. Ford Aviation Investment and Reform Act for the 21st Century* (AIR-21) directed that, in addition to evaluating the effectiveness of the Airlines' Customer Service Plans, the Inspector General provide recommendations for improving accountability, enforcement, and the protection afforded commercial air passengers.

Over the past year, the Office of Inspector General made three recommendations to the Secretary of Transportation and the Federal Aviation Administration that were directed at the capacity, delay, and cancellation problems, which are key drivers of customer dissatisfaction with Airlines. These recommendations are repeated below.

- **Establish and implement a uniform system for tracking delays, cancellations, and their causes.** In the final months of the prior Administration, a Task Force appointed by the former Secretary made recommendations to accomplish this. These recommendations still need to be implemented.
- **Develop capacity benchmarks for the Nation's top 30 airports. This will provide a common framework for understanding what maximum arrival and departure rate can physically be accommodated by airport, by time of day under optimum conditions.** A set of capacity benchmarks is essential in understanding the impact of air carrier scheduling practices and what relief can realistically be provided by new technology, revised air traffic control procedures, new runways, and related airport infrastructure. FAA has committed to implementing this recommendation.
- **Develop a strategic plan for addressing capacity shortfalls in the immediate, intermediate, and long term.** These three points in time are important because the new runways or airports or air traffic control technology that may be in place 2, 5, or 10 years from now hold promise for the future, but offer limited or no bottom-line relief in the immediate term. Actions that are necessary in the short term may become unnecessary in the longer term with the addition of, for example, new runways. An immediate issue is scheduling, at peak travel times, flights beyond the established physical capacity of the airport and air traffic control system under optimum conditions. The dilemma an individual Airline faces is if it takes action and reduces flights, would competitors fill those slots, resulting in no change in the overall flight scheduling at the airport.

New Recommendations

Department of Transportation Aviation Consumer Protection. We recommend a significant increase in the resources allocated to the Department of Transportation division responsible for consumer protection and a corresponding increase in the oversight and enforcement of laws and regulations that protect air travelers. Resources allocated for consumer protection have declined significantly—all at a time when consumer complaints and flight problems have reached record highs.

Airline Customer Service Commitment. For the recommendations that follow, Congress in its consideration of Passenger Bill of Rights issues and how to effectuate change has the option of first giving the Airlines the opportunity to take action within a fixed time period to revise, modify, or add to the Customer Service Commitment voluntarily. We note that for significant regulatory proceedings in 1999, DOT took an average of 3.8 years to issue the final rule.¹⁵ The Department concurred that corrective action was needed to expedite the pace of its rulemaking and announced an action plan to do so. This action plan must still be implemented.

1. **Adoption of Airline Customer Service Commitment by all U.S. air carriers.**
2. **Make Airline Customer Service Commitment provisions enforceable under the contract of carriage or by regulation, including the provisions to offer the lowest fare for which the passenger is eligible; hold or cancel a reservation; accommodate passengers delayed overnight; and meet customers' essential needs during long, on-aircraft delays.** Three of the 14 Airlines have already taken action to incorporate all provisions of the Commitment and their Plans into their contracts of carriage. There were differences among the remaining 11 Airlines in exactly what they decided to incorporate, and we found instances where the contract of carriage placed limits on what appeared to be a more expansive provision in the Plan.
3. **Add a commitment under which the Airlines must (A) establish a quality assurance and performance measurement system; and (B) conduct an internal audit to measure compliance with the Commitment and Customer Service Plan provisions. The quality assurance system as well as the results of the internal audit will itself be subject to audit by the Federal Government.** Twelve Airlines have already established such a system that covers the Commitment in whole or in part.

¹⁵ Department of Transportation's Rulemaking Process, Report No. MH-2000-109, issued July 20, 2000

4. *Commitment Provision - Offer the lowest available fare.*

- **Airlines that have not already done so, offer the lowest fare available for reservations made, not just through Airline telephone reservations systems, but for reservations made at the Airlines' city ticket offices and airport customer service counters.**
- **Our Interim Report suggested that Airlines notify customers that lower fares may be available through other distribution systems, such as the Airlines' Internet sites. On October 20, 2000, DOT issued an order requiring this to be done, and in general the Airlines are complying. Further recommendations on this point are not necessary.**

5. *Commitment Provision - Notify customers of known delays, cancellations, and diversions.*

- **Airlines establish in the Commitment and their Customer Service Plans targets for reducing the number of chronically delayed (i.e., 30 minutes or greater) and/or canceled flights. This should be a short-term measure only to avoid a repeat of spring/summer 2000 and not a way of avoiding the larger issue of expanding capacity to meet demand such as through new runways and technology.**
- **Airlines should also provide, through existing Internet sites, the prior month's on-time performance rate for each scheduled flight.**
- **Disclose to customers, at the time of booking and without being asked, the prior month's on-time performance rate for those flights that have been consistently delayed (i.e., 30 minutes or greater) and/or canceled 40 percent or more of the time. Currently, the Airlines are required to disclose on-time performance only upon request from the customer.**
- **The Office of Aviation Enforcement and Proceedings, in coordination with BTS, include a table in the Air Travel Consumer Report of those flights consistently delayed (i.e., 30 minutes or greater) and/or canceled 40 percent or more of the time for 3 consecutive months.**
- **The Airlines that have not already done so should implement a system that contacts passengers prior to arriving at the airport when a known, lengthy flight delay exists or a flight has been canceled.**

- **Ensure delay information is updated in real-time on Airlines' monitors and on the airport master flight information display monitors; ensure that gate agents make timely announcements regarding the status of the delay; and ensure that the best known information about the delay, including the cause and estimated time of departure, is provided to the passengers being affected.**
 - **Clarify the customers' rights when put in an overnight situation due to delays, cancellations, or diversions by making the contracts of carriage consistent with their Plans. In doing so, we urge the Airlines not to back off accommodations they made in their Plans. The reason we surfaced this issue was that at least one Airline, in its Plan, has stated that the Plan does not create contractual or legal rights.**
6. *Commitment Provision - On-time baggage delivery (this provision actually commits the Airlines to make every reasonable effort to deliver checked baggage within 24 hours if it does not show up when the passenger arrives).*
- **Our Interim Report suggested that the Airlines clarify that the 24-hour clock begins upon receipt of the customer's claim, and all the Airlines have done so. Further recommendations on this point are not necessary.**
 - **Strengthen the Commitment to require the Airlines to set performance goals for reducing the number of mishandled bags.**
 - **Develop and implement systems to track the amount of time elapsed from the receipt of the customer's baggage claim to time of delivery of delayed or misrouted baggage to the passenger, including the time from courier to final delivery to the passenger.**
 - **For the Airlines that have not already done so, provide a toll-free telephone number so passengers can check on the status of checked baggage that did not show up on the passenger's arrival.**
 - **Petition the DOT to calculate the rate of mishandled baggage on the basis of actual checked baggage (not on the total number of passengers), and the actual number of mishandled bags (not the number of claim reports).**

7. *Commitment Provision - Support an increase in the baggage liability limit.*
 - **The Airlines agreed to increase the baggage liability limit (from \$1,250 to \$2,500 per passenger) and DOT made the increase a requirement of law. We are making no recommendations regarding this commitment.**
8. *Commitment Provision - Allow reservations to be held or canceled.*
 - **Our Interim Report suggested the Airlines disclose to the consumer that they have the option of canceling a nonrefundable reservation within the 24-hour window following booking. All Airlines revised their policies to require such disclosure. We are making no further recommendations regarding this commitment.**
9. *Commitment Provision - Provide prompt ticket refunds.*
 - **The rules governing prompt refunds have been in effect for over 17 years. We found no need to change the rules, but based on the levels of compliance identified in our review for some Airlines, we recommend that the Secretary of Transportation direct the Office of Aviation Enforcement and Proceedings to strengthen its oversight and take appropriate enforcement action in cases of noncompliance.**
10. *Commitment Provision - Properly accommodate disabled and special needs passengers.*
 - **We would encourage the Airlines to continuously improve the services provided air travelers with disabilities and special needs, especially for those services provided at the airport beginning with the check-in process, on to the passenger security screening process (especially for those air travelers in wheelchairs), and during the boarding process. Results from our on-line survey, although not statistically projected, indicate that customer service in those three areas needs special attention.**
 - **Airlines should also consider establishing advisory councils, which include disabled individuals, to help better address the needs of disabled and special needs passengers.**

11. *Commitment Provision - Meet customers' "essential needs" during "long" on-aircraft delays.*

- **The Airlines should clarify in their Plans what is meant by an extended period of time and emergency, so passengers will know what they can expect during extended on-board delays, and ensure that comprehensive customer service contingency plans specify the efforts that will be made to get passengers off the aircraft when delayed for extended periods, either before departure or after arrival. There are marked differences among the Airlines about what these terms mean—it is unlikely that a passenger's "essential" needs or how they define an extended period of time will differ depending upon the particular Airline on which they are flying.**

12. *Commitment Provision - Handle "bumped" passengers with fairness and consistency.*

- **Petition DOT to amend its regulation to establish a uniform check-in deadline as to time and place, and require all air carriers to disclose in their contracts of carriage and ticket jackets their policies on how check-in deadlines apply to passengers making connections.**
- **Airlines who hold out that "volunteers who give up their seats to other customers will be compensated equally on the same flight" should ensure that all volunteers on the same flight are compensated equally.**
- **Petition DOT to increase the monetary compensation payable to involuntarily bumped passengers. The limit has not changed since 1978.**
- **Disclose orally to passengers what the Airline is obligated to pay involuntarily bumped passengers in advance of making offers to passengers to voluntarily relinquish their seats. We found many instances where the Airlines compensated passengers who voluntarily relinquished their seats with a greater amount than passengers who were involuntarily bumped.**
- **DOT clarify "fairness and consistency" by defining and providing examples of what it considers to be "any undue or unreasonable preference or advantage" and "unjust or unreasonable prejudice or disadvantage" in air carrier priority rules or criteria for involuntarily "bumping" passengers.**

13. *Commitment Provision - Disclose travel itinerary, cancellation policies, frequent flyer rules, and aircraft configuration.*

- **Petition DOT to require that each Airline with a frequent flyer program make available to the public a more comprehensive reporting of frequent flyer redemption information in its frequent flyer literature and annual reports, such as the percentage of successful redemptions and frequent flyer seats made available in the Airline's top origin and destination markets.** Current Airline information on frequent flyer mileage redemptions is not readily available and is very limited in the type and amount of information provided. It has limited value to the consumer for purposes of determining which frequent flyer mileage program to enroll in based on the percentage of successful redemptions and frequent flyer seats made available in the Airlines' top origin and destination markets.

14. *Commitment Provision - Ensure good customer service from code-share partners.*

- **The Airlines that have not already done so should conduct annual internal audits of their code-share partners' compliance with the Commitment.**

15. *Commitment Provision - Be more responsive to customer complaints.*

- **Overall, the Airlines are taking this commitment seriously and generally were responding substantively to complaints well within the required 60-day timeframe. We are making no recommendations regarding this commitment.**

Detailed Analysis of Each Provision

The degree of success in customer service varies depending upon the Commitment provision and the Airline. This section will discuss each Commitment provision and our test results for each Airline and non-ATA airline, where applicable, under the provision. The following description and analysis of each provision in the Commitment is based on:

- Our visits to the Headquarters of the 14 ATA Airlines and 3 non-ATA airlines.
- Review of the 14 Airlines' Plans and contracts of carriage.
- Review of the 14 Airlines' and 3 non-ATA airlines' implementing customer service policies and procedures.
- Review of the Federal regulations pertinent to selected provisions in the Plans.

The analysis is also based on our final observations and tests of the Airlines' and non-ATA airlines' customer service operations at 39 airports nationwide. Our observations and tests were conducted during morning, afternoon, and evening operations and covered every day of the week. Certain tests for selected Commitment provisions were conducted at the Airlines' and non-ATA airlines' corporate facilities (e.g., testing Airline compliance with ticket refund requirements). Results of testing were discussed with the Airlines and non-ATA airlines.

Our testing of five provisions (offer lowest available fare, on-time baggage delivery, allow reservations to be held or canceled, provide prompt ticket refunds, and be more responsive to customer complaints) was based on statistical sampling. For these provisions, we have provided the statistical range at the 90 percent confidence level, as well as the best point estimate. The best point estimates are our actual test results based on the statistical sample reviewed. In the case of mishandled baggage, our results were stratified based on the number of bags at the particular airport where testing was conducted. For those provisions where we did not use statistical sampling, we simply provided our test results.

We have also included the results from the OIG's Internet site on-line surveys for reporting incidents on accommodating the needs of air travelers with disabilities and special needs.

Offer the Lowest Fare Available

What Was Promised — The Airlines committed to offer the lowest fare available for which the customer is eligible on the Airline's telephone reservation system for the date, flight and class of service requested. The Airlines, for the most part, considered this a pre-existing operating policy, which was part of the reservation agents' training curriculum before the Commitment. The non-ATA airlines will offer the lowest fare available for which the customer is eligible as part of their existing customer service policies.

What Was Not Promised — The Airlines did not commit to guaranteeing the customer that the quoted fare is the lowest fare the Airline has to offer. Lower fares are available through the Airlines' Internet sites that are not available through the Airlines' telephone reservation systems. Also, the Airlines did not commit to always offer the lowest fare for reservations made or tickets purchased at the Airlines' airport customer service counters or city ticket offices. However, two Airlines (American Trans Air and US Airways), in their Plans, offer the lowest fare for reservations made at their city ticket offices or airport customer service counters. Since we issued our Interim Report, Continental now offers the lowest fare for reservations made at its city ticket offices and airport customer service counters.

Final Observations: Airlines Achieved High Levels of Compliance Offering the Lowest Fare Available From the Telephone Reservation System

Overall, the Airlines' and non-ATA airlines' telephone reservation agents offered us the lowest fare available for which we were eligible between 88 and 100 percent of the time when we had a fixed travel itinerary (as to time and day), with 12 Airlines and the 3 non-ATA airlines performance levels between 95 and 100 percent. When our travel itinerary was more flexible (any time or day during the week), the performance levels slightly dropped. Nine Airlines and one non-ATA airline offered us the lowest fare between 90 and 100 percent of the time. The remaining five Airlines and two non-ATA airlines offered us the lowest fare between 71 and 88 percent of the time.

In those cases in which the lowest fare was not offered, significant differences existed between the fares quoted by the telephone reservation agents and the fares shown in their computer reservation systems. For example, we were quoted \$1,877 for a round-trip ticket from Los Angeles to Dallas, when the listed fare was

\$1,139, a difference of \$738. There were a sufficient number of cases in which the lowest fare was not offered to warrant that the Airlines and non-ATA airlines continue to pay special attention to this area.

Also, test results from a related OIG review¹⁶ found that not all the Airlines disclosed that lower fares may be available through other distribution outlets, making it incumbent on the customer to know that lower price alternatives may be available. The potential difference to the customer could be significant: lowest fares offered us by the Airlines' telephone reservation agents were significantly different than the fares offered on their Internet sites. For example, we were quoted \$1,791 for a round-trip ticket from Newark to New Orleans when the Internet site offered a deep-discounted fare of \$140, a difference of \$1,651.

To help eliminate this problem, effective October 20, 2000, DOT now requires all air carriers to notify consumers seeking the lowest fare for a flight that the lowest fare may be available only over the Internet.

Reservation Agents Usually Offered Us the Lowest Fare

We tested this provision using two scenarios. In Scenario 1, we called the Airlines' and non-ATA airlines' telephone reservation systems and requested a round-trip reservation with a fixed itinerary (specific date and flight) on the outbound segment and a flexible itinerary (as to time of day) on the return segment with a 7-day and 21-day advanced purchase. In Scenario 2, we called the Airlines' and non-ATA airlines' telephone reservation systems and said we were very flexible with our flight plans, and that we were willing to travel any day during the week, at any time during the day, and simply wanted the lowest available fare for that city-pair¹⁷ (e.g., Los Angeles to New York). To determine whether we were offered the lowest fares for Scenarios 1 and 2, we made the test calls from one of the Airline's telephone reservation centers in the presence of telephone reservation personnel, who simultaneously verified the fare selections on their own systems.

Results of our testing varied between the two scenarios, with the Airlines and non-ATA airlines scoring higher when our travel itinerary was fixed than when it was flexible. Under Scenario 1 (fixed itinerary), the Airlines and non-ATA airlines offered us the lowest fare at least 88 percent of the time. Under Scenario 2

¹⁶ As required under DOT and Related Agencies Appropriations Act, 2000, OIG is reviewing the extent to which barriers exist to consumer access to comparative price and service information from independent sources on the purchase of air transportation. Preliminary results from this review were provided in a hearing before the Senate Committee on Commerce, Science and Technology on July 20, 2000 (Report Number CR-2000-11).

¹⁷ City-pairs tested for Scenarios 1 and 2 were statistically sampled from the Official Airline Guide.

(flexible itinerary), the Airlines and non-ATA airlines offered us the lowest fare at least 71 percent of the time. This occurred because a flexible travel itinerary requires telephone reservation agents to do more research in order to find the lowest fare available. There was a sufficient percentage of time in which the lowest fare was not offered for a flexible itinerary to warrant that the five Airlines and two non-ATA airlines that offered us the lowest fare less than 90 percent of the time should pay special attention to this area. Results of our tests follow.

Sample test results for Scenario 1 show that telephone reservation agents for all 14 Airlines offered us the lowest fare between 88 and 100 percent of the time, with 13 of 14 Airlines' performance levels between 94 and 100 percent. The 3 non-ATA airlines offered us the lowest fare available 100 percent of the time. Lower and upper confidence limits, based on our projections, are listed in the following table for each Airline and non-ATA airline.

***Statistical Projections
Percentage of Time the Lowest Fare Was Offered
Scenario 1 – Fixed Itinerary***

Airline	Lower Limit	Sample Results	Upper Limit
Alaska	91	97	100
Aloha*	n/a	88	n/a
American	89	96	99
American Trans Air	94	99	100
America West	87	94	98
Continental	93	99	100
Delta	97	100	100
Hawaiian*	n/a	96	n/a
Midwest Express	92	97	99
Northwest	97	100	100
Southwest	97	100	100
Trans World	97	100	100
United	89	96	99
US Airways	93	99	100
Non-ATA Airline			
AirTran	96	100	100
Frontier	95	100	100
National	95	100	100

*We were unable to project their sample results at a 90 percent confidence level.

Sample test results for Scenario 2 show that telephone reservation agents for nine Airlines and one non-ATA airline offered the lowest fare between 90 and 100 percent of the time. The remaining five Airlines and two non-ATA airlines offered us the lowest fare between 71 and 88 percent of the time. Lower and upper confidence limits, based on our projection to the sample results, are listed in the following table for each Airline and non-ATA airline.

Statistical Projections
Percentage of Time the Lowest Fare Was Offered
Scenario 2 – Flexible Itinerary

ATA Airline	Lower Limit	Sample Results	Upper Limit
Alaska	82	88	95
Aloha*	n/a	73	n/a
American	89	96	99
American Trans Air	98	100	100
America West	73	81	88
Continental	61	71	80
Delta	91	97	99
Hawaiian*	n/a	92	n/a
Midwest Express	95	99	100
Northwest	93	99	100
Southwest	97	100	100
Trans World	86	93	97
United	80	88	94
US Airways	87	94	98
Non-ATA Airline			
AirTran	96	100	100
Frontier	73	81	88
National	78	88	95

*We were unable to project their sample results at the 90 percent confidence level.

Although the Airlines and non-ATA airlines achieved relatively high levels of compliance during our testing, we did find there can be significant differences between the fares quoted by the Airlines’ and non-ATA airlines’ telephone reservation agents and the fares listed in the computer reservation systems. The differences between the quoted fares and listed fares ranged from \$20 to \$738, and occurred when testing both fixed and flexible travel itineraries. The following table highlights examples of differences in fares quoted by the Airlines’ and non-ATA airlines’ telephone reservation agents and the fares listed in their computer reservation systems.

Differences in Fares Quoted by the Telephone Reservation Agents and Listed in the Airlines' Computer Reservation Systems (CRS)

City-Pair	Quoted Fare	CRS Fare	Difference from Quoted Fare
Los Angeles/Dallas	\$1,877.00	\$1,139.00	\$738.00
Tokyo/Honolulu	\$2,088.26	\$1,382.26	\$706.00
Chicago/Boston	\$1,494.50	\$868.00	\$626.50
Miami/Baltimore	\$473.00	\$206.00	\$267.00
Orange County, CA/Portland, OR	\$523.00	\$262.00	\$261.00
Ottawa/Boston	\$464.90	\$256.00	\$208.90
Miami/Detroit	\$310.00	\$178.00	\$132.00
Greenville/Spartanburg/Raleigh/Durham	\$319.69	\$208.50	\$111.19
Columbus/Chicago	\$297.00	\$191.00	\$106.00
Baltimore/Atlanta	\$184.50	\$91.50	\$93.00

Although this provision applies only to consumers that call the Airlines' telephone reservation systems, there *may be* and *often are* lower fares available on Airlines' Internet sites. Our Interim Report recommended that the Airlines' telephone reservation agents affirmatively disclose that the consumer may find lower fares through other distribution systems, such as the Airlines' Internet sites. On October 20, 2000, DOT issued an order requiring that this be done, and in general all the Airlines and non-ATA airlines responded accordingly.

Contracts of Carriage — We found that 11 Airlines' contracts of carriage included the Commitment provision to offer the lowest fare available for which the customer is eligible on the Airline's telephone reservation system for the date, flight and class of service requested, as shown in the following table.

Airline	Included	Not Included
Alaska	✓	
Aloha	✓	
American	✓	
American Trans Air		✓
America West		✓
Continental		✓
Delta	✓	
Hawaiian	✓	
Midwest Express	✓	
Northwest	✓	
Southwest	✓	
Trans World	✓	
United	✓	
US Airways	✓	

Three Airlines did not include the provision in their contracts of carriage. For example, Continental excluded the provision based on its view that no contractual

relationship exists with a customer until a ticket is actually purchased. The majority of the Airlines do not share this view.

We also found that the terms in the contract of carriage for Delta were more restrictive than the Commitment provision. Delta's contract of carriage limited the benefit to passengers for *travel* within the United States, but the Commitment provision does not make this distinction.

Recommendation — *Airlines that have not already done so, offer the lowest fare available for reservations made, not just through Airline telephone reservations systems, but for reservations made at the Airlines' city ticket offices and airport customer service counters.*

Notify Customers of Known Delays, Cancellations, and Diversions

What Was Promised — The Airlines committed to notify customers at the airport and on-board an affected aircraft, in a timely manner, of the best available information regarding known delays, cancellations, and diversions. In addition, each Airline would establish and implement policies for accommodating passengers delayed overnight. A clear and concise statement of Airlines' policies in these respects would also be made available to customers. This provision is encompassed by either pre-existing operating policies or a pre-existing Federal regulation.



AMSTERDAM	6:50	DELAYED
CHARLOTTE	7:00	DELAYED
CINCINNATI	7:45	CANCELLED
COLUMBUS	7:55	ON TIME
DENVER	8:05	DELAYED
FRANKFURT	8:45	CANCELLED
HONG KONG	9:10	CANCELLED
LOS ANGELES	9:35	ON TIME
MINNEAPOLIS	10:15	DELAYED
NEWARK	10:35	CANCELLED
NEW ORLEANS	12:15	DELAYED
NEW YORK	11:05	ON TIME
SAN FRANCISCO	12:44	ON TIME

What Was Not Promised — The Airlines did not commit to notifying customers, prior to their arrival at the airport, of known delays, cancellations, and diversions. The Airlines also did not commit to providing accommodations for passengers delayed overnight regardless of the reason for the delay. Further, the provision does not require the Airlines to establish goals for reducing the number of delays and cancellations, which are the largest source of air traveler dissatisfaction.

Complaint Data Reported by DOT — Over the last 2 years, DOT's Air Travel Consumer Report has ranked flight problems (delays, cancellations and missed connections) as the number 1 complaint out of 11 complaint categories reported. Complaints relating to flight problems more than doubled in 1999 over the prior year, from 2,552 to 7,107. For 2000, flight problem complaints were again the highest ranking air traveler complaint, increasing 30 percent compared to 1999, from 7,107 to 9,235.

Final Observations: Information About Known Flight Delays and Cancellations Was Frequently Untimely and Inadequate, and the Airlines' Obligations for Accommodating Passengers Delayed Overnight Needs to Be Clarified

Despite the improvements that have been made to keep passengers informed, both since the Commitment was signed and since our Interim Report, we continued to find that information being provided about known delays and cancellations at airport check-in counters and in the boarding areas was frequently untimely and inadequate. Getting untimely and inadequate information about flight delays and cancellations is still one of the most frustrating experiences for air travelers.

Another frustrating experience for air travelers occurs when flight delays and cancellations result in an overnight stay, usually at the expense of the air traveler. All Airlines' Plans, except two, stated the Airlines will provide food, lodging or transportation, if the cause of the delay was within their control, and the Airlines define what is meant by within their control. However, the policies are ambiguous, vary among the Airlines, and appear to go beyond the explicit terms in the Airlines' contracts of carriage for accommodating passengers delayed overnight.

An equally unpleasant experience for air travelers occurs when flights are chronically delayed and/or canceled month after month. Chronically delayed and/or canceled flights are those *regularly scheduled flights*¹⁸ that, at least 80 percent of the time, arrived at least 15 minutes later than scheduled and/or were canceled during a *single calendar month*. Our analysis of the Bureau of Transportation Statistics (BTS) data found that the number of chronically delayed and/or canceled flights increased from 8,348 to 40,868 (390 percent) between 1999 and 2000. Although the Commitment provision does not require the Airlines to establish targets for reducing the number of delayed and/or canceled flights, the Commitment provision should be modified to require that the Airlines affirmatively provide the consumer, at the time of booking, full disclosure on flights that are chronically delayed and/or canceled.

¹⁸ A regularly scheduled flight is a flight segment representing a city-pair e.g. Chicago to Miami.

Despite the Progress Made, the Airlines Need to Do More on Providing Accurate, Timely, and Adequate Information During Flight Delays

From May through December 2000, we observed nearly 550 flight delays at over 39 airports nationwide.¹⁹ With the assistance of FAA, the Airlines' and non-ATA airlines' operation centers, and air carrier employees at the airports, we were able to identify developing delays and observe flights from the very earliest stages of the delays.

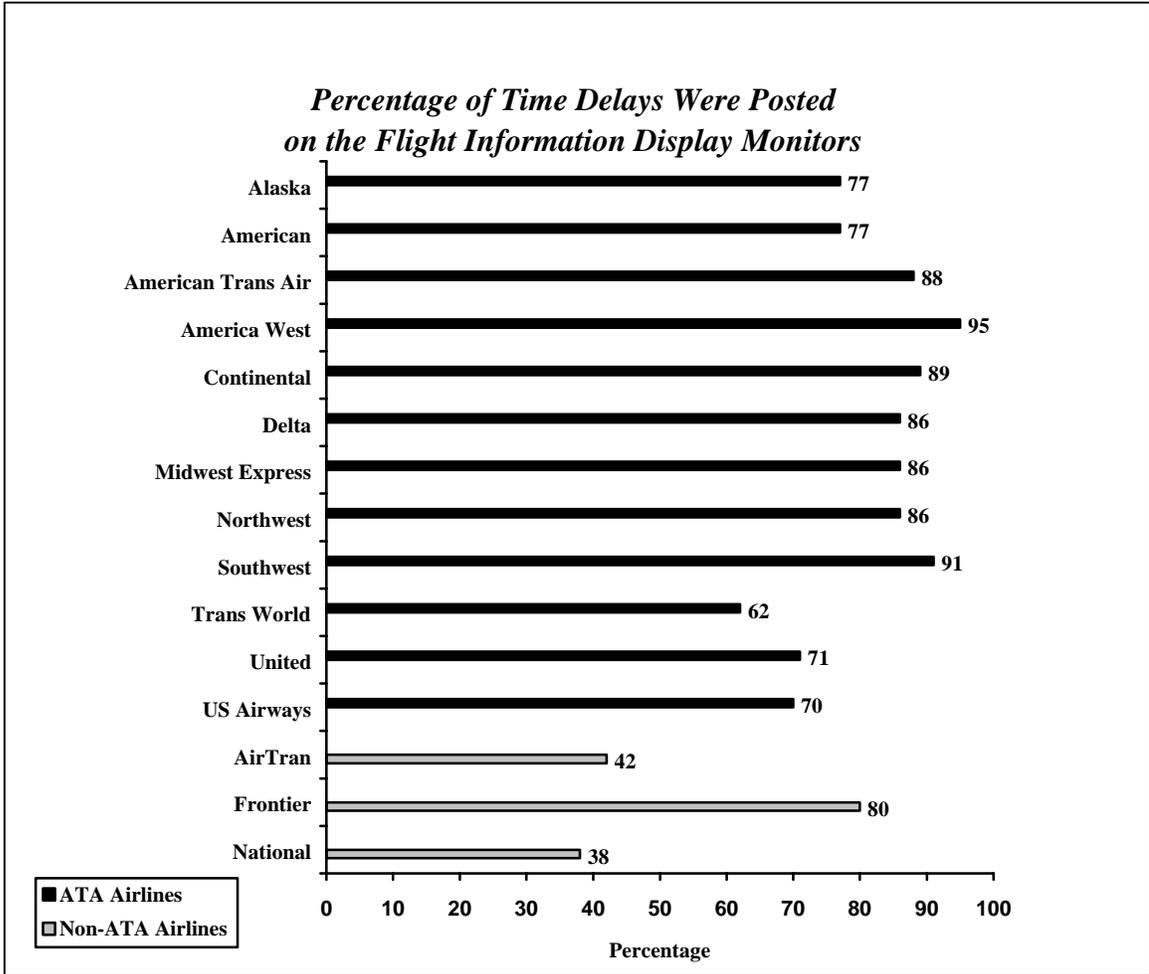
When observing flight delays, *we focused our attention on three primary areas:* (1) accuracy of a flight's status posted on the flight information display system monitors (monitors); (2) frequency of announcements in the boarding area; and (3) adequacy of information provided the passengers on the status of the flight delay, including the reason for the delay.

During many of our observations, we found information on flight delays was effectively communicated by the Airlines' and non-ATA airlines' employees. For example, during a 4 hour delay for a flight from Orlando to Newark, we found that the (1) delay information was updated in real-time on monitors located throughout the airport, (2) Airlines' gate agents were making timely announcements regarding the status every 25 minutes, and (3) best known information about the delay, including the cause (severe thunderstorms in Orlando suspending inbound/outbound service at the airport) was provided to the passengers being affected. Passengers were told when the next announcement would be made so that they could move about the airport without having to worry about missing the next delay update.

We also found that the level of performance in notifying passengers about known delays was significantly higher at the Airlines' and non-ATA airlines' Hub airports than at their non-Hub airports.

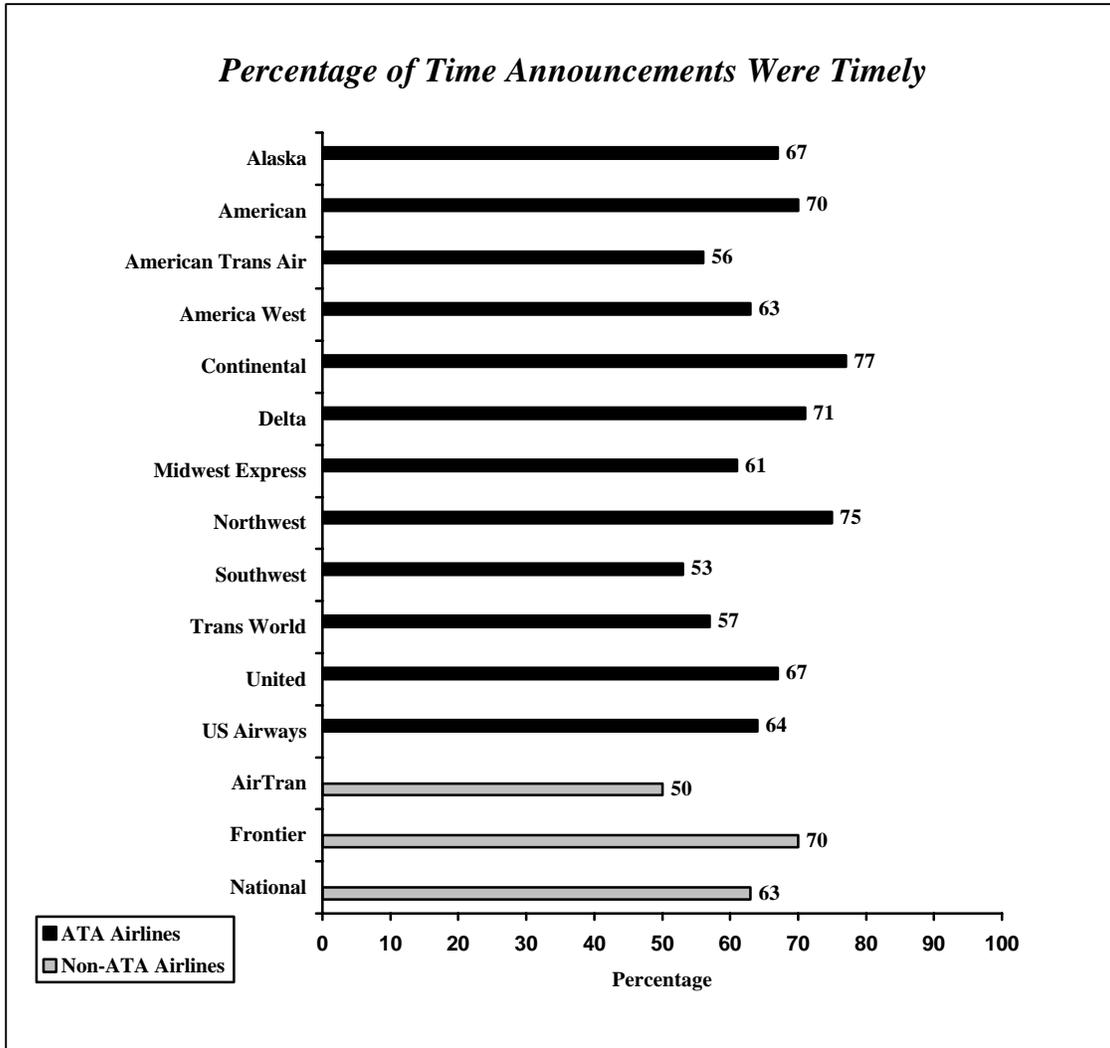
¹⁹ Because of limited flight operations in the continental United States, we observed five or fewer flight delays for Aloha and Hawaiian. Therefore, we have not included the results of those observations in our report.

Flight Delay Information Needs to Be Updated in a Timely Manner. As the following chart shows, there was a wide disparity among the air carriers in the percentage of time delays were posted in real-time on the flight information display monitors.



It is important to note that the failure to post real-time information on the airport monitors was not solely the air carriers' fault. At many of the airports we visited, the airport operators control the master monitors located in the terminal areas, while the Airlines are responsible for the monitors in the boarding areas. The Airlines feed delay information to the airport operator in anticipation that monitors controlled by the airport operator will be updated promptly. So, there will be occasions where the flight information on the airports' master monitors and the Airlines' boarding area monitors will be different. This is one area where the Airlines and airport operators need to improve their coordination efforts in order to provide passengers and third parties with real-time delay information.

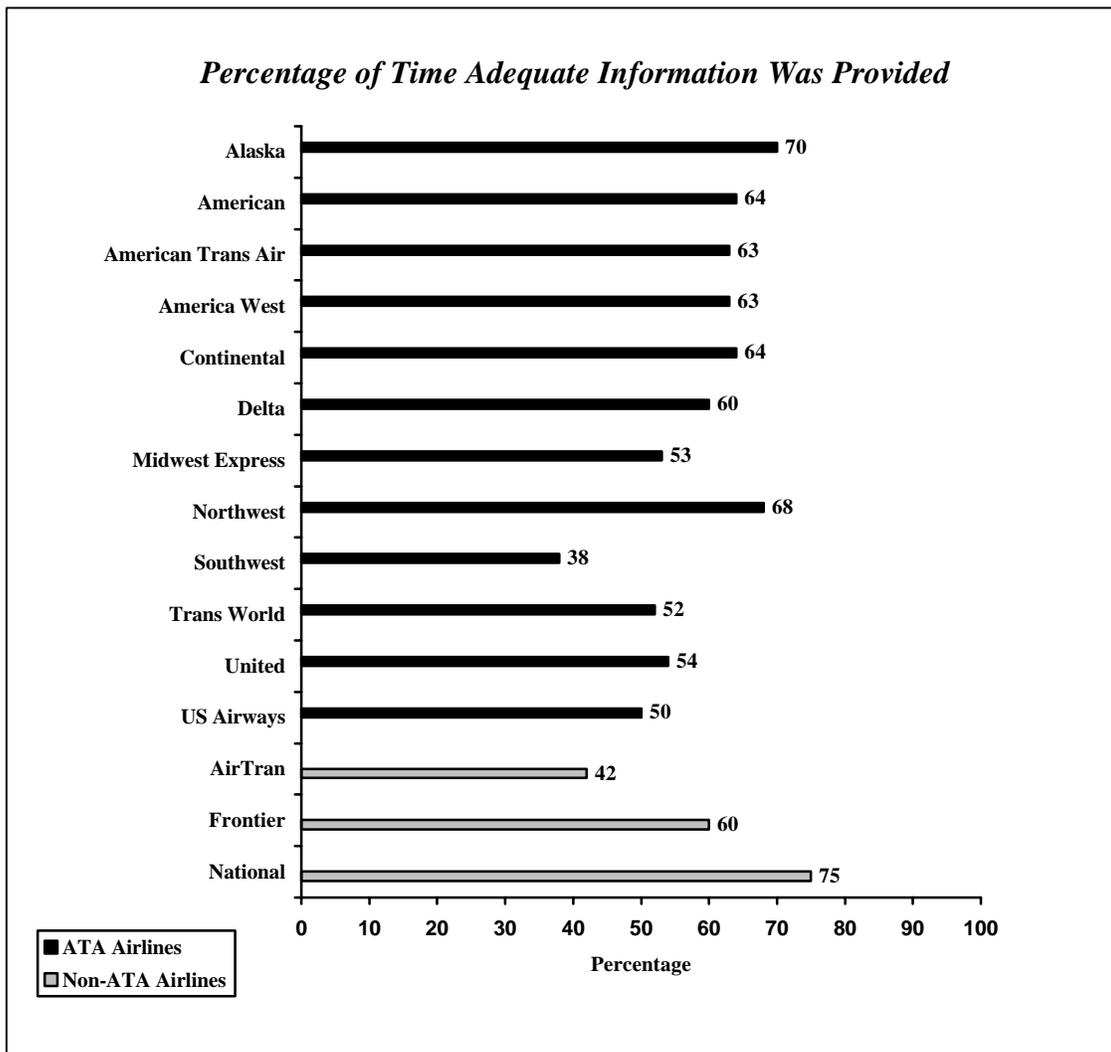
Improvements Are Needed in Providing Passengers Timely Announcements About the Delays. Seven of the Airlines' policies, as stated in their Plans, require announcements about delays every 15 to 20 minutes. In testing this area, we gave the air carriers some flexibility and allowed 30 minutes between information updates about the delay in the boarding area. However, as shown in the following chart, there was a wide disparity among the air carriers in the timeliness of announcements about the status of the delay.



The following examples illustrate that the timeliness of announcements about the status of delays needs to be improved.

- During a 1 hour and 30 minute delay for a Delta flight from Atlanta to San Diego, no announcements were made.
- During a 1 hour and 32 minute delay for a Continental flight from Milwaukee to Houston, no announcements were made.
- During a 1 hour and 20 minute delay for an American flight from Washington, D.C., to Miami, no announcements were made.
- During a 50 minute delay for an AirTran flight from LaGuardia to Atlanta, no announcements were made.
- During a 2 hour delay for a United flight from Indianapolis to Chicago, no announcements were made.

Considerable Improvements Are Needed in Providing Passengers Information About the Delays. In testing this area, we gave the air carriers flexibility in determining what constituted adequate information, looking for as little information as “the flight will be delayed 30 minutes due to weather at the connecting airport.” We did not expect the Airlines’ gate agents to provide a detailed or complex explanation on the reason for the delay. However, as the following chart shows, there was a wide disparity among the air carriers in providing adequate information about the delays, including the reasons for delays.



The following examples illustrate the need to improve the timeliness and adequacy of announcements about the status of the delay, including the cause of the delay.

- During a 2 hour and 15 minute delay for a flight from Baltimore to Orlando, one announcement was made that the flight was delayed, but no information was provided on the cause of the delay or when the flight could be expected to depart. Following the completion of boarding, we queried the gate agent and discovered the inbound flight was delayed due to weather.
- Passengers experienced a 2 hour and 15 minute on-board delay for a flight from Denver to Chicago. No announcements were made in the gate area prior to boarding the aircraft at 9:00 a.m. However, at least 2 hours earlier, the Airline's operation center was aware that Chicago's O'Hare airport would be closed another 3 hours due to weather. We queried the gate agent about the delay and found that the agent was also aware of the delay in Chicago. The aircraft took off at 11:13 a.m.

- During a 1 hour and 50 minute delay for a flight from Phoenix to Newark, two announcements were made that the flight was delayed due to air traffic control. Following the completion of boarding, we queried the gate agent and discovered the delay was attributed to weather in Newark.

Efforts Are Underway to Improve the Flow of Information About Known Delays and Cancellations. Over the course of 2000, DOT, FAA, air carriers and airport operators have been collaborating and coordinating their efforts to improve the information flow within the aviation community and ultimately to the passenger about known delays and cancellations. For example, DOT has recently published and posted on its Internet site (www.ostpxweb.dot.gov/aviation) a report identifying “best practices” used by airlines and airports to (1) facilitate consumer access to flight information, and (2) provide services that minimize the adverse consequences of air travel delays and cancellations. FAA’s Internet site (www.fly.faa.gov) provides real-time information on delays at the Nation’s 40 busiest airports, and nearly all the air carriers’ Internet sites provide real-time information about the status of their own flights.

Also, every Airline and non-ATA airline provides a toll-free telephone number for checking on the status of flight departures and arrivals, and nine Airlines and non-ATA airlines offer wireless flight status information via cell phones, pagers, and hand-held electronic devices. At some airports, older flight display monitors in the terminals and at the gates have been replaced with state-of-the-art flight display systems and monitors that provide a bevy of information about each flight, including aircraft type, meal service, ticketing procedures, planned boarding time, on-board entertainment, and irregularities in service.

Recommendations — *Redouble efforts to ensure that (1) delay information is updated in real-time on Airlines’ monitors and on airport master flight information display monitors located throughout the airport, (2) gate agents make timely announcements regarding the status of the delay, and (3) best known information about the delay, including the cause and estimated time of departure, is provided to the passengers being affected. Also, the Airlines that have not already done so should implement a system that contacts passengers prior to arriving at the airport when a known, lengthy flight delay exists or a flight has been canceled.*

Airline Policies for Passengers Delayed Overnight Need Clarification and Greater Consistency

An equally frustrating experience for air travelers occurs when a flight delay or cancellation results in passengers being delayed overnight, usually at their own

expense. The Airlines committed to establish and implement policies for accommodating passengers delayed overnight, and make available to customers a clear and concise statement of the Airlines' policies in these respects. The requirement that the Airlines establish and publish policies for accommodating passengers delayed overnight is governed under Title 14 CFR Part 253, Notice of Terms of Contract of Carriage. Part 253 requires that all air carriers' contracts of carriage disclose to the consumer the rights of the carrier and limitations concerning delays or failure to perform service.

All Airlines' Plans, except two, stated they will provide food, lodging or transportation, if the cause of the delay or cancellation was within their control, and the Airlines define what is meant by within their control. However, as described below, the policies in their Plans when compared to their contracts of carriage are ambiguous and vary among the Airlines.

Two Airlines' Plans do not address policies for accommodating passengers delayed overnight. For example:

- Aloha does not address in its Plan its policies for accommodating passengers delayed overnight. In its contract of carriage, Aloha will provide accommodations as a result of a delay or cancellation that exceeds 4 hours between the hours of 10:00 p.m. and 6:00 a.m., and only if the delay or cancellation was under its control.
- United does not specifically address in its Plan its policies for accommodating passengers delayed overnight. In its Plan, the Airline states that it will provide customers with this information upon request. In its contract of carriage, United only provides accommodations as a result of a diversion to an unscheduled point whereby the delay exceeds 4 hours between the hours of 10:00 p.m. and 6:00 a.m. Passengers will not be provided lodging when their trip is interrupted at a city that is their origin point, stopover point, connecting point, or permanent residence.

Five Airlines' Plans regarding overnight accommodations were consistent with their contracts of carriage. For example:

- Hawaiian's Plan and contract of carriage provide for accommodations as a result of a delay or cancellation that exceeds 4 hours between the hours of 10:00 p.m. and 6:00 a.m., and only if the delay or cancellation was under the Airline's control.

- As stated in its Plan and contract of carriage, Midwest Express provides accommodations if the delay or cancellation was within its control and exceeds 4 hours between the hours of 10:00 p.m. and 6:00 a.m.
- Northwest's Plan and contract of carriage provide for overnight accommodations if the last flight of the day was canceled or full and Northwest was responsible for canceling the flight.
- Southwest's Plan and contract of carriage provide accommodations if the delay or cancellation was under the Airline's control and the passenger missed the last possible flight or connection of the day to his or her destination.
- In its Plan and contract of carriage, Trans World may provide overnight accommodations when all of the following conditions are met: (1) a delay or cancellation is within its control, (2) the interruption occurs at the on-line connection point or the flight was diverted to an unscheduled airport; and (3) the delay or cancellation exceeds 4 hours between the hours of 10:00 p.m. and 6:00 a.m., and rerouting on other flights is not possible.

Seven Airlines' contracts of carriage are either ambiguous or appear more restrictive than their Plans in providing accommodations to passengers delayed overnight. For example:

- Alaska, in its Plan, will provide a hotel for the night if the passenger is more than 100 miles away from home and the delay or cancellation was not caused by weather. In its contract of carriage, Alaska only provides accommodations as a result of a delay or cancellation that exceeds 4 hours between the hours of 10:00 p.m. and 6:00 a.m., and only if the delay or cancellation was under its control.
- American, in its Plan, will provide reasonable overnight accommodations, subject to availability, if the delay or cancellation was caused by events within its control. However, in its contract of carriage, overnight accommodations are provided when the passenger's flight is diverted to an unscheduled point and the delay at such point is expected to exceed 4 hours during the period 10:00 p.m. to 6:00 a.m. The contract of carriage does not address overnight accommodations in the event of a delay or cancellation, but only in the event of a diversion.
- In its Plan, American Trans Air will provide accommodations to passengers whose flights were delayed in excess of 6 hours depending on the time of day (not defined) and only if the delay was caused by American Trans Air. In its

contract of carriage, American Trans Air states that it will only provide “amenities” as required in the CFR. However, the CFR does not include provisions for “amenities” for scheduled flight service.

- America West’s Plan states that lodging will be provided to passengers whose flights are delayed, canceled or misconnected creating an overnight stay, except when the delay, cancellation or misconnection is due to weather. Lodging will not be provided to a passenger whose trip is interrupted at a city that is his/her origin point, stopover point, or place of residence. However, in its contract of carriage, America West provides accommodations only if (1) the flight on which the passenger is being transported is diverted to an unscheduled point, and the delay at such point is expected to exceed 4 hours during the hours of 10:00 p.m. to 4:00 a.m., and the delay was under America West’s control; or (2) due to the passenger’s flight arriving late, he or she missed the connecting flight, alternate transportation is not available until after 6:00 a.m. the next day, and the delay was under America West’s control.
- In its Plan, if a flight delay, cancellation, or diversion results from Continental’s operations, passengers will be provided accommodations under the following conditions: (1) if a passenger is in a connecting city and a flight is canceled and there are no flights available until the next day; and (2) if a flight diverts to an unscheduled airport and the delay exceeds 4 hours between the hours of 10:00 p.m. and 6:00 a.m. Also, if a flight delay exceeds 4 hours between the hours of 10:00 p.m. and 6:00 a.m., passengers in a connecting city may be offered hotel accommodations depending on the amount of time involved and the location of the hotels. In its contract of carriage, Continental only provides accommodations as a result of a delay or cancellation that exceeds 4 hours between the hours of 10:00 p.m. and 6:00 a.m., and only if the delay or cancellation was under its control. The contract of carriage does not address overnight accommodations in the event of a diversion or misconnection.
- Delta’s Plan states when passengers are inconvenienced overnight due to a delay or cancellation within its control, Delta will provide accommodations at Delta contracted facilities, based on availability. Delta’s contract of carriage only provides accommodations as a result of a delay or cancellation that exceeds 4 hours between the hours of 10:00 p.m. and 6:00 a.m., and only if the delay or cancellation was under the Airline’s control.
- In its Plan, in the event of a delay or cancellation, US Airways will arrange for overnight accommodations if the passenger is at a connecting point and no alternate transportation is available. US Airways will also provide its passengers with overnight accommodations if a return flight from the

destination airport is delayed or canceled because of circumstances under its control. Overnight accommodations are not provided if a flight from the passenger's originating point is delayed or canceled. However, in its contract of carriage, US Airways states it may assume limited expenses incurred as a result of a flight cancellation or a delay exceeding 4 hours.

Recommendation — *Clarify the customers' rights when put in an overnight situation due to delays, cancellations, or diversions by making the contracts of carriage consistent with their Plans. In doing so, we urge the Airlines not to back off from accommodations they made in their Plans.* The reason we surface this issue was that at least one Airline, in its Plan, has stated that the Plan does not create contractual or legal rights.

Full Disclosure to Consumers Should Be Mandatory on Flights That Are Chronically Delayed and/or Canceled

An equally unpleasant experience for air travelers occurs when flights are chronically delayed and/or canceled month after month. Chronically delayed and/or canceled flights are those *regularly scheduled flights*²⁰ that, at least 80 percent of the time, arrived at least 15 minutes later than scheduled and/or were canceled during a *single calendar month*. For example, according to BTS data, in December 2000, one Airline's flight with daily non-stop service between Chicago and Miami was delayed and/or canceled 27 of the 31 days it was scheduled to operate. In this case the flight was delayed and/or canceled 87 percent of the time. Our analysis of BTS data found travelers, last year, experienced far more of these chronically delayed and/or canceled flights than any of the prior 3 years we examined. The number of flights delayed and/or canceled at least 80 percent of the time increased from 8,348 to 40,868 (390 percent) between 1999 and 2000.

In an effort to better demonstrate the impact of chronically delayed and/or canceled flights on air travelers during 2000, we increased the amount of the arrival delay to 30 minutes or more, from the BTS standard of 15 minutes. We also applied a 40 percent threshold instead of the 80 percent used by BTS. Using BTS data, we identified all scheduled flights that, when grouped by individual flight number, were delayed and/or canceled at least 40 percent of the time during a single calendar month. Using these criteria, we identified:

- Over 240,000 scheduled flights (representing over 10,300 individual flight numbers affecting approximately 25 million passengers) that were consistently delayed and/or canceled 40 percent of the time.

²⁰ A regularly scheduled flight is a flight segment representing a city-pair e.g. Chicago to Miami.

- Nearly 2,300 of the 10,300 individual flight numbers were regularly delayed and/or canceled at least 40 percent of the time for periods of 3 months or more in 2000. For example, one Airline's flight with daily non-stop service between Washington, D.C., and Tampa, Florida, was delayed and/or canceled at least 40 percent of the time each month for 7 months in 2000. During July 2000, the flight was delayed and/or canceled 25 times (80 percent) of the 31 scheduled flights.
- When the arrival delay was expanded to 1 hour, we identified nearly 56,000 scheduled flights that were consistently delayed and/or canceled at least 40 percent of the time in 2000.

These and other chronically delayed and/or canceled flights are listed in the following table. Our intent is not to attribute the cause of the delays or cancellations associated with these flights to the Airlines, but to highlight the extent to which such flights are occurring.

***Examples of Flights Delayed (30+ Minutes) or
Canceled 40 Percent or More Per Month
in 2000***

Airline	Flight Number	Route	No. of Months Impacted	No. of Scheduled Flights Impacted	Percent Delayed and Canceled
Alaska	448	Seattle to Ontario (CA)	6	79	53%
America West	2805	Phoenix to San Francisco	11	154	54%
American	860	Miami to LaGuardia	9	147	61%
Continental	1271	Newark to Las Vegas	8	112	47%
Delta	2598	Ft. Lauderdale to Boston	7	96	53%
Northwest	382	Detroit to Boston	7	67	52%
Southwest	1139	Baltimore to Cleveland	7	113	56%
Trans World	254	St. Louis to O'Hare	6	76	46%
United	1411	Dulles to Tampa	7	114	58%
US Airways	2667	LaGuardia to Orlando	7	117	70%

While the cause of these delays and cancellations is unclear due to the lack of a common reporting system, the repetitive nature of these delays needs to be addressed. Especially for those flights that are delayed and/or canceled 3 or more consecutive months, the Airlines need to consider various remedial actions, including adjusting published flight schedules to more accurately reflect experienced arrival times. Both the DOT and the Airlines could also aid

consumers by providing information on those chronically delayed and/or canceled flights through existing web sites or on-line publications.

Recommendations —

The Office of Aviation Enforcement and Proceedings, in coordination with BTS, include a table in the Air Travel Consumer Report of those flights consistently delayed (i.e., 30 minutes or greater) and/or canceled 40 percent or more for 3 consecutive months or more.

The Airlines establish in the Commitment and their Customer Service Plans targets for reducing the number of chronically delayed (i.e., 30 minutes or greater) and/or canceled flights. The Airlines should also provide, through existing Internet sites, the prior month's on-time performance rate for each scheduled flight.

Disclose to customers, at the time of booking and without being asked, the prior month's on-time performance rate for those flights that have been consistently delayed (i.e., 30 minutes or greater) and/or canceled 40 percent or more of the time. Currently, the Airlines are required to disclose on-time performance only upon request from the customer.

Contracts of Carriage — There are two elements to this Commitment provision: establish and implement policies for accommodating passengers delayed overnight and make the policies available to customers; and notify passengers at the airport and on-board an affected aircraft, in a timely manner, of the best available information regarding known delays, cancellations and diversions.

As a pre-existing contract term required by Federal regulations, all the Airlines disclose in their contracts of carriage the policies for accommodating passengers delayed overnight.

As pre-existing operating policies, all of the Airlines' required notifying customers at the airport and on-board an affected aircraft of the best available information regarding known delays, cancellations, and diversions. "In a timely manner" was included in the provision so that the Airlines would be obligated to notify passengers **more frequently** about known delays, cancellations, and diversions.

In their contracts of carriage, 11 Airlines included the provision element to notify customers of known delays, cancellations and diversions, while 3 Airlines have not added this element to their contracts of carriage, as shown in the following table.

Airline	Included	Not Included
Alaska	✓	
Aloha	✓	
American	✓	
American Trans Air		✓
America West		✓
Continental		✓
Delta	✓	
Hawaiian	✓	
Midwest Express	✓	
Northwest	✓	
Southwest	✓	
Trans World	✓	
United	✓	
US Airways	✓	

On-Time Baggage Delivery

What Was Promised — The Airlines committed to make every reasonable effort to return checked bags within 24 hours and attempt to contact any customer whose unclaimed, checked luggage contains a name and address or telephone number. This is considered a pre-existing operating policy and applies to checked baggage that has been delayed or misrouted by the Airlines, resulting in a passenger arriving at his or her destination without a bag. Although it is not explicitly stated in the provision, the intent of the provision is that the Airlines will make every reasonable effort to return checked bags *to the passenger* within 24 hours.

What Was Not Promised — This provision actually refers to delivery within 24 hours of checked baggage that does not show up when passengers arrive at their destinations. It does not commit to making sure that checked baggage shows up when passengers arrive at their destinations.

Complaint Data Reported by DOT — According to DOT complaint data, mishandled baggage²¹ is a major source of air traveler dissatisfaction. Over the last 2 years, DOT's Air Travel Consumer Report ranked baggage complaints as the third highest complaint category out of 11 categories being reported. The number of complaints relating to baggage more than doubled in 1999 over the prior year, from 1,431 to 2,908. For 2000, complaints increased by 19 percent in 1999, from 2,908 to 3,468.

Also in its Air Travel Consumer Report, DOT reports that for 1999 the Airlines²² showed a 2 percent increase in the number of passenger reports of mishandled baggage over the prior year, from 2,484,841 to 2,537,018, with an average of 5.08 claims filed per 1,000 passengers. In 2000, there was an 8 percent increase in the number of passenger reports of mishandled baggage in the prior year, from 2,537,018 to 2,738,463, and 4 percent increase in the average number of claims filed per 1,000 passengers, from 5.08 to 5.29.

These data are self-reported by the Airlines and are not verified by DOT. The need for DOT to verify the reliability of the data submitted by the Airlines was recently demonstrated when one Airline's mishandled baggage statistics were found to be materially understated. DOT learned of the misreporting from the Airline and required the Airline to re-submit data for the period January through

²¹ DOT defines mishandled baggage as checked baggage that has been lost, delayed, damaged or pilfered.

²² U.S. Airlines with at least 1 percent of total domestic scheduled-service passenger revenues. Data are submitted to DOT on a monthly basis.

June 2000, resulting in the Airline's mishandled baggage ranking dropping from 4 to 6 out of the 10 Airlines reporting.

Final Observations: Improvement Is Needed in the Timely Return of Delayed or Misrouted Baggage

Air carriers process about 1 billion pieces of checked baggage within the United States annually. The ATA and the Airlines estimate that 99.5 percent of passengers and their checked bags arrive at their destination together. The Airlines further indicated that only a small percentage of the delayed or misrouted bags are not returned to their owner within 24 hours.

However, we found that improvements are needed in the timely return of delayed or misrouted checked baggage. Only two Airlines met the provision 90 percent of the time; eight Airlines and one non-ATA airline met the provision between 80 and 89 percent of the time; and four Airlines and two non-ATA airlines met the provision between 58 and 76 percent of the time.

Return of Delayed or Misrouted Baggage

Before the Commitment, the Airlines were, and still are, using WorldTracer to assist in the recovery of misrouted passenger baggage, allowing information exchange within a given air carrier as well as among air carriers worldwide. WorldTracer maintains a large worldwide database of on-hand and forwarded baggage information and has a sophisticated matching mechanism based on external and internal baggage characteristics. In addition, some Airlines have invested in technology to help identify the location of mishandled baggage. Eight Airlines and all three non-ATA airlines also have a toll-free number for the customer to call regarding their mishandled baggage.

In testing this provision, *for the passengers who arrived without their bags*, we determined whether the Airlines and non-ATA airlines delivered the mishandled bags within 24 hours from the time the customer's lost baggage claim was *entered in WorldTracer* to the time when the lost baggage was *picked up by the delivery vendor*. From data stored in WorldTracer, we could determine the amount of time elapsed from when the (1) claim was entered into the system, (2) bag was found, and (3) bag arrived at the destination airport. From the baggage delivery order (BDO),²³ we could determine when the bag was picked up by the delivery vendor. If 24 hours or more had elapsed from the time the claim was entered in

²³ Baggage delivery orders are prepared by the Airlines and non-ATA airlines for the delivery company.

WorldTracer to the time recorded on the BDO, we considered the 24-hour window not being met. If less than 24 hours had elapsed from the time the claim was entered in WorldTracer to the time recorded on the BDO, we gave the benefit of the doubt to the Airlines and non-ATA airlines and considered that the 24-hour window had been met. Also, if the Airlines and non-ATA airlines could not provide sufficient records to draw a conclusion on whether the 24-hour window had been met (e.g., no record of entering claim into WorldTracer or no record of time the bag was picked up for delivery), we considered those instances as not meeting the 24-hour window. Without sufficient records, the Airlines and non-ATA airlines themselves did not know if they were meeting the 24-hour window.

It should be noted that the time the customer files a lost baggage claim and the time the claim is entered in WorldTracer are not always the same. We found instances where customers' claims were not entered into WorldTracer until several hours after the customers' claims had been filed at the baggage claim office.

We also gave the Airlines and non-ATA airlines the benefit of the doubt on any bag that was not delivered within 24 hours although the Airlines clearly made every reasonable effort to do so. For example, if a passenger's bag was returned to the destination airport at midnight on the day of arrival, we would not have expected the Airline to deliver the bag to the passenger until later that morning, even though the return of the bag exceeded 24 hours. Therefore, we did not count this as a discrepancy.

The results of our tests as depicted in the following table show a wide variance among the Airlines.

*Statistical Projections
Percentage of Time Mishandled Checked Baggage
Was Returned Within 24 Hours*

Airline	Lower Limit	Best Estimate	Upper Limit
Alaska	84	87	91
Aloha	85	90	95
American	69	76	84
American Trans Air	53	58	63
America West	80	85	90
Continental	83	88	93
Delta	59	66	73
Hawaiian	82	86	91
Midwest Express	79	84	89
Northwest	63	69	76
Southwest	86	89	91
Trans World	87	91	94
United	77	82	88
US Airways	81	84	88
Non-ATA Airline			
AirTran	63	69	75
Frontier	76	80	85
National	69	75	82

Tracking Systems Are Still Needed Before Compliance With the Provision Can Be Assured

In our initial review of the Airlines’ policies for implementing this provision, we found that the Airlines had not uniformly defined what constituted within 24 hours. In other words, when did the 24 hours begin? We also found the Airlines did not have a system in place for tracking their 24-hour window. All the Airlines have either revised their internal policies, Plans or contracts of carriage to make it clear the 24 hours begins when they receive a customer’s claim. However, we found that all the Airlines did not have a complete system to track when misrouted or delayed baggage was actually delivered to the passenger. Once the bag was picked up by the delivery vendor, the Airlines assumed the bag would be delivered within the contractually negotiated time, estimated between 2 and 4 hours. However, none of the Airlines followed up to ensure that deliveries were timely. We also found this to be the case for the non-ATA airlines we reviewed.

DOT’s Method for Calculating Mishandled Baggage Rates Needs to Be Revised

DOT’s method for reporting mishandled baggage should be revised to more accurately reflect the number of bags Airlines mishandled. In its Air Travel

Consumer Report, DOT reports the number of *baggage claim reports per 1,000 passengers* on domestic flights. This method understates the actual number of bags that do not arrive with the passenger because:

- A single baggage claim report does not necessarily equate to a single mishandled bag or single passenger. For example, one baggage claim report we reviewed covered four bags.
- The “reports per 1,000 passengers” rate is calculated using total domestic enplaned passengers and is significantly understated because not all passengers check baggage. In fact, one Airline estimates that only 33 percent of passengers check baggage.

A more realistic rate to measure the Airlines’ performance would be “*mishandled bags per 1,000 bags handled.*” The rate is calculated based on the number of mishandled bags (not baggage claim reports) reported divided by the number of bags checked for all flights in the Airlines’ systems times 1,000. This information is readily available to the Airlines and would allow consumers to more accurately see the percentage of checked baggage actually mishandled by an Airline.

While we did not identify the actual number of mishandled or checked bags, we did a comparison based on the following assumptions: one bag per baggage claim report and 50 percent of total domestic enplaned passengers checking one bag each. The following comparison provides an example of the Airlines’ average ratings based on the current DOT method of calculation versus the modified method of calculation.

- For 2000, DOT calculated a mishandled bag rating of 5.29 baggage claim reports per 1,000 passengers based on **517,466,576** total domestic enplaned passengers, *even though not all passengers check bags.*
- For 2000, we calculated a mishandled bag rating of 10.58 mishandled bags per 1,000 bags handled based on **258,733,288** passengers (50 percent of total domestic enplaned passengers) checking one bag.

When using the modified method for calculating the rate, the overall average rate of mishandled bags increases 100 percent, from 5.29 (baggage claim reports per 1,000 passengers) to 10.58 (mishandled bags per 1,000 bags handled).

Contracts of Carriage — We found 12 Airlines have included in their contracts of carriage the Commitment provision to make every reasonable effort to return checked bags within 24 hours and attempt to contact any customer whose

unclaimed, checked luggage contains a name and address or telephone number. Two Airlines have not, as shown in the following table.

Airline	Included	Not Included
Alaska	✓	
Aloha	✓	
American	✓	
American Trans Air		✓
America West		✓
Continental	✓	
Delta	✓	
Hawaiian	✓	
Midwest Express	✓	
Northwest	✓	
Southwest	✓	
Trans World	✓	
United	✓	
US Airways	✓	

We also found that the terms in the contracts of carriage for Aloha, Delta, Northwest, and United are more restrictive than the Commitment provision. In its contract of carriage, Aloha excludes non-revenue and reduced rate ticketed passengers from the provision. Delta and Northwest contract terms are limited to domestic passengers only, and United’s contract of carriage terms are limited to domestic flights only.

The Commitment provision does not make these distinctions.

Recommendations —

Strengthen the Commitment to require the Airlines to set performance goals for reducing the number of mishandled bags.

Develop and implement systems to track the amount of time elapsed from the receipt of the customer’s baggage claim to time of delivery of delayed or misrouted baggage to the passenger, including the time from courier to final delivery to the passenger.

For the Airlines that have not already done so, provide a toll-free telephone number so passengers can check on the status of checked baggage that did not show up on the passengers’ arrival.

Petition the DOT to calculate the rate of mishandled baggage on the basis of actual checked baggage (not on the total number of passengers), and the actual number of mishandled bags (not the number of claim reports).

Support an Increase in the Baggage Liability Limit

What Was Promised — The Airlines committed to petition the Department of Transportation within 30 days (of June 17, 1999) to consider an increase in the current baggage liability limit.

The limitations of air carrier liability for loss, damage, or delay in the carriage of passenger baggage in domestic air transportation are set forth in 14 CFR 254, Domestic Baggage Liability. The regulation applies to both charter and scheduled service, and has been in effect for over 20 years. Although the Airlines' petition to DOT was voluntary, the petition was in response to an earlier DOT rulemaking to increase the baggage liability limit to compensate for inflation. The baggage liability limit was last amended in 1984.

In July 1999, the ATA, on behalf of the Airlines, petitioned DOT to increase the baggage liability limit, from \$1,250 to \$2,500 per passenger, for lost, damaged, or delayed baggage. DOT issued its final rulemaking, effective January 18, 2000, increasing the baggage liability limit to \$2,500. The final rule also requires *periodic adjustments* in the baggage liability limit based on the Consumer Price Index.

Final Observations: The Increase in the Baggage Liability Limit Has Benefited the Consumer

DOT's increase in the baggage liability limit to \$2,500 is a benefit to customers whose claims for lost baggage exceed the prior limit of \$1,250. From each Airline, we obtained baggage claim data, including pay-outs, for September 1999 and September 2000 to determine the effect the increase had on payments over \$1,250.²⁴ When comparing September 1999 to September 2000, we found, for all Airlines combined, a 14 percent increase in the percentage of payments in excess of \$1,250. This increase also represents over a 500 percent increase in the dollar amount paid out by the Airlines (from \$622,440 in September 1999 to \$3,853,394 in September 2000).

Contracts of Carriage — Under 14 CFR 253.5, Notice of Incorporated Terms, DOT's baggage liability limit is required to be in each air carrier's contract of carriage. In our review of the Airlines' and non-ATA airlines' contracts of

²⁴ We are not reporting our findings by Airline due to the proprietary nature of the number of payments processed, the dollar value of those payments, and the percentage of payments in excess of \$1,250. Also, these data were self-reported by the Airlines and are not verified by OIG.

carriage, we found that all contracts of carriage reflected the increase in the baggage liability limit to \$2,500.

Recommendation — *We are making no recommendations regarding this Commitment provision.*

Allow Reservations to Be Held or Canceled

What Was Promised — The Airlines committed to allow the customer either to hold a telephone reservation without payment for 24 hours **or** (at the election of the carrier) to cancel a reservation without penalty for up to 24 hours. This is a *new customer service commitment* provided to Airline customers. This provision basically applies to nonrefundable tickets, since refundable tickets can always be canceled without penalty. Although it is not explicitly stated in the provision, the intent of the provision is that the Airlines will hold a telephone reservation, *including the fare*, without payment for 24 hours **or** cancel a reservation without penalty (*refund the entire purchase price without applying any fees*) for up to 24 hours.

What Was Not Promised — The terms of this provision apply only to reservations made over the Airlines' telephone reservation systems. Airlines are not required to extend this provision to reservations made through other distribution methods such as travel agents, airline city ticket offices or the Internet.

Final Observations: This Provision Gives the Consumer a New Service and Is Working Well

The Airlines, with a few exceptions, were adhering to their policies to either hold a telephone reservation, *including the fare*, without payment for 24 hours **or** cancel a reservation without penalty (*refund the entire purchase price without applying any fees*) for up to 24 hours. This new commitment should be very popular with passengers who book nonrefundable tickets. It not only allows customers to check for lower fares, but also allows them time to coordinate their travel without losing a quoted fare.

We tested this provision by calling the Airlines' telephone reservation systems and requesting a round-trip reservation with a fixed itinerary (specific date and flight) on the outbound leg and a flexible itinerary (as to time of day) on the return leg with a 7-day and 21-day advanced purchase. For those Airlines whose policy it is to hold the fare for 24 hours, we booked a reservation and then called back within 24 hours after the reservation was made to ensure that the reservation was held, including the quoted fare. For those Airlines that required a payment to hold the fare, we purchased a ticket and then canceled within 24 hours without penalty. The three non-ATA airlines will hold a reservation, but not the fare, for 24 hours. Therefore, non-ATA airlines were not included in our test results.

Eight Airlines have elected to hold a reservation at the quoted fare without payment for 24 hours. Five Airlines require the customer to pay for the ticket, but will provide a full refund without penalty if the travel is canceled within 24 hours of the reservations. One carrier allows the customer to use either method, but the passenger must make the choice when placing the reservation.

Our sample test results for this provision show that 11 Airlines either held the reservation, including the fare, for 24 hours without payment or allowed us to cancel a reservation without penalty at or near 100 percent of the time. The remaining Airlines held the reservation, including the fare, for 24 hours without payment at least 88 percent of the time. Lower and upper confidence limits, based on our projections, are listed in the table for each Airline.

***Statistical Projections
Percentage of Time the Reservation Was Held
or Canceled Without Penalty***

Airline	Lower Limit	Sample Results	Upper Limit
Alaska	85	93	97
Aloha*	n/a	100	n/a
American	80	88	94
American Trans Air	97	100	100
America West	97	100	100
Continental	97	100	100
Delta	93	99	100
Hawaiian*	n/a	100	n/a
Midwest Express	80	88	94
Northwest	97	100	100
Southwest	97	100	100
Trans World	97	100	100
United	97	100	100
US Airways	97	100	100

*We were unable to project sample results at a 90 percent confidence level.

In cases where our reservation was not held, the telephone reservation agents had not input the correct date to hold the reservation. However, there were not enough instances for any of the Airlines tested to suggest this would be a significant concern. Also, 12 Airlines did affirmatively notify us that we could hold a reservation for 24 hours without payment or cancel the reservation within 24 hours and receive a full refund without penalty. Two Airlines affirmatively notified us of this provision between 24 and 62 percent of the time. This was not deliberate on the part of the reservation agents; the Airlines' procedures were just not consistently being followed.

Contracts of Carriage — In our review of the Airlines' contracts of carriage, we found that 12 Airlines included, and 2 Airlines did not include the

Commitment provision to hold a telephone reservation without payment for 24 hours **or** cancel a reservation without penalty for up to 24 hours, as shown in the following table.

Airline	Included	Not Included
Alaska	✓	
Aloha		✓
American	✓	
American Trans Air	✓	
America West		✓
Continental	✓	
Delta	✓	
Hawaiian	✓	
Midwest Express	✓	
Northwest	✓	
Southwest	✓	
Trans World	✓	
United	✓	
US Airways	✓	

In our review of the contracts of carriage, we found that Alaska’s, Delta’s and United’s contract of carriage terms were more restrictive than the Commitment provision.

- Alaska’s contract of carriage has two conflicting clauses. One clause allows the reservation to be held at a guaranteed fare for 24 hours, but another clause states that fares will not be guaranteed after midnight on the day quoted.
- Delta’s contract of carriage limited the benefit to passengers *calling* from within the United States for *travel* within the United States; and United’s contract terms limits the benefit to passengers *calling* from the United States.

The Commitment provision does not make these distinctions.

Recommendations — Our interim report suggested the Airlines disclose to the consumer that they have the option of canceling a nonrefundable reservation within the 24-hour window following booking. All Airlines revised their policies to require such disclosure. *We are making no recommendations regarding this Commitment provision.*

Provide Prompt Ticket Refunds

What Was Promised — The Airlines committed to issue refunds for eligible tickets within 7 business days for credit card purchases and 20 business days for cash purchases. The promised actions are already required under pre-existing Federal regulations. The 7-day refund requirement for credit card purchases is imposed under a Federal banking regulation that has been in effect for over 20 years, and the 20-day refund requirement for cash purchases (which includes checks) was established under a DOT consent order and has been in effect for over 17 years.

What Was Not Promised — It is important to recognize that, except when a nonrefundable ticket is purchased under the new 24-hour provision, the Airlines did not commit to make a class of fares, namely nonrefundable tickets, refundable.²⁵ They committed to comply with Federal regulations and requirements governing the time frames for processing refunds.

Final Observations: Wide Variances Existed Among the Airlines' and Non-ATA Airlines' Compliance With Federal Requirements for Issuing Refunds

Since this Commitment provision is governed under Federal requirements that have been in effect for over 17 years, we expected to find the Airlines and non-ATA airlines to be in compliance with the requirements for issuing refunds. However, our review found, before and after implementing their Plans, wide variances in the Airlines' compliance with Federal requirements for issuing ticket refunds. For example, 10 Airlines were complying with both the 7-day and 20-day requirement 94 to 100 percent of the time; and 4 other Airlines were complying with the 7-day requirement between 59 and 88 percent of the time, and between 79 and 97 percent of the time for the 20-day requirement. This is an area that warrants additional oversight from DOT's Aviation Consumer Protection Division.

We did, however, find that the Commitment provision had a positive effect on improving the Airlines' compliance with the Federal requirements for issuing ticket refunds, with three Airlines significantly increasing their compliance rates.

²⁵ As a supplemental note regarding ticket refunds, under 14 CFR 253, Notice of Terms of Contract of Carriage, a passenger is not bound by any nonrefundable ticket refund restrictions or penalties unless the passenger receives conspicuous written notice of the restrictions and penalties on or with the ticket. Generally, the air carriers provide written notice to the passenger with the ticket.

Test Results Disclose Noncompliance With the Timeliness of Issuing Ticket Refunds

Between May and September 2000, we conducted two tests. In Test 1, we determined whether the Airlines complied with pre-existing Federal requirements for issuance of refunds in November 1999, prior to the Commitment provision to provide prompt ticket refunds. Using Test 1 as a benchmark, we determined whether the Commitment provision improved the Airlines' compliance with the pre-existing Federal requirements. So that each Airline was treated fairly and consistently, for Test 2 we selected ticket refunds issued in March 2000. Even though only 9 months had elapsed since the Commitment was executed, the Federal requirements have been in effect for over 17 years and the Airlines should have had policies, procedures and controls in place to ensure compliance with the Federal requirements long before the Commitment and Plans took effect.

At the time of our Interim Report, our preliminary review of 3 of 14 Airlines found that the Airlines were providing eligible ticket refunds within required time frames at or near 100 percent of the time. We anticipated finding the same results when testing continued at the remaining 11 Airlines and at the 3 non-ATA airlines.

Test 1. For Test 1, we found wide variances in the Airlines' compliance with the Federal requirements for issuing ticket refunds, but that a few of the Airlines were doing significantly better than the rest at complying. For example,

- 6 Airlines were complying with both the 7-day and 20-day requirement 95 to 100 percent of the time.
- 6 other Airlines were complying with the 7-day requirement between 24 and 94 percent of the time, and between 55 and 100 percent of the time for the 20-day requirement.
- 2 Airlines' compliance with the Federal requirements could not be determined because they did not have systems in place that tracked the time the request for refund was received to the time the refund was issued. Consequently, we were not able to determine the processing time of refund requests for Test 1.

Test 2. We found that by March 2000, wide variances in compliance still existed but the Commitment provision did have a positive effect on improving the Airlines' compliance with the 7-day Federal requirement for issuing ticket refunds - America West (improved from 62 in November 1999 to 99 percent in March 2000), Northwest (59 to 99 percent), and United (24 to 88 percent). Also, as a result of the Commitment provision, we did find that the two Airlines had

implemented tracking systems to log the date received, in-process time, and date issued for each individual refund. In March 2000, our test show that:

- 10 Airlines were complying with both the 7-day and 20-day requirement 94 to 100 percent of the time.
- 4 other Airlines were complying with the 7-day requirement between 59 and 88 percent of the time, and between 79 and 97 percent of the time for the 20-day requirement.
- 2 non-ATA airlines were complying with the 7-day requirement between 61 and 97 percent of the time, and between 80 and 85 percent of the time for the 20-day requirement.
- 1 non-ATA airline's compliance with the Federal requirements could not be determined because it did not have a system in place that tracked the time the request for refund was received to the time the refund was issued. Consequently, we were not able to determine the processing time of refund requests for Test 2.

Lower and upper confidence limits, based on our statistical projections, are listed in the following table for each Airline.

Due to the low rate of compliance for one Airline, we provided our results to officials in DOT's Office of Aviation Enforcement and Proceedings to determine whether enforcement actions are warranted.

Statistical Projections
Percentage of Time the Refunds Were Issued on Time

ATA Airline	7-day Requirement			20-day Requirement		
	Lower Limit	Sample Results	Upper Limit	Lower Limit	Sample Results	Upper Limit
Alaska	91	97	100	89	96	99
Aloha	89	95	99	92	98	100
American	91	97	100	91	97	100
American Trans Air	67	80	87	88	92	96
America West	93	99	100	97	100	100
Continental	97	100	100	97	100	100
Delta	87	94	98	97	100	100
Hawaiian	73	82	89	91	97	99
Midwest Express	48	59	69	90	90	90
Northwest	93	99	100	97	100	100
Southwest	97	100	100	97	100	100
Trans World	93	99	100	97	100	100
United	80	88	94	70	79	87
US Airways	93	99	100	91	97	100
Non-ATA Airline						
Frontier	91	97	99	63	80	96
National	48	61	73	85	85	85

Contracts of Carriage — In our review of the Airlines’ contracts of carriage, we found 13 Airlines have modified their contracts of carriage to issue refunds for eligible tickets within 7 business days for credit card purchases and 20 business days for cash purchases, and 1 Airline has not, as shown in the following table.

Airline	Included	Not Included
Alaska	✓	
Aloha	✓	
American	✓	
American Trans Air	✓	
America West		✓
Continental	✓	
Delta	✓	
Hawaiian	✓	
Midwest Express	✓	
Northwest	✓	
Southwest	✓	
Trans World	✓	
United	✓	
US Airways	✓	

Recommendation — DOT’s Office of Aviation Enforcement and Proceedings strengthen its oversight and take appropriate enforcement action in cases of noncompliance.

Properly Accommodate Disabled and Special Needs Passengers

What Was Promised — The Airlines committed to disclose their policies and procedures for handling special needs passengers, such as unaccompanied minors, and for accommodating the disabled in an appropriate manner.

This provision is governed under a pre-existing Federal regulation and binding under the Airlines' contracts of carriage. *The requirements for accommodating persons with disabilities* are found in the Air Carrier Access Act of 1986 and in 14 CFR Part 382, Nondiscrimination on the Basis of Disability in Air Travel. Part 382 prohibits discrimination against passengers with disabilities by air carriers providing air transportation services. The Airlines' policies for accommodating disabled passengers are found in their Plans and contracts of carriage.

The policies for handling special needs passengers, such as unaccompanied minors, are found in the Airlines' Plans and contracts of carriage. The Airlines' Plans and contracts of carriage outline their obligations and liabilities to the parents or guardians of unaccompanied minors. The Airlines set age restrictions on who they will accept for transportation as an unaccompanied minor. Most air carriers charge a service fee, in addition to the cost of the ticket, for accepting transportation of an unaccompanied minor.

What Was Not Promised — This provision is all about disclosing policies and procedures for handling special needs passengers and for accommodating persons with disabilities. It does not require the Airlines to go beyond what is in the regulations for accommodating the disabled or in their contracts of carriage for handling special needs passengers.

Complaint Data Reported by DOT — For 1999, DOT's Air Travel Consumer Report shows the number of civil rights complaints by air travelers with disabilities increased more than 50 percent over the prior year, from 374 to 589. For 2000, civil rights complaints by air travelers with disabilities increased 14.8 percent over 1999, from 589 to 676.

Final Observations: Airlines Must Continue to Focus on Air Travelers with Disabilities and Special Needs

Of the 12 provisions, we found the Airlines disclosed more detailed information to passengers on this provision than on any other. All the Airlines had policies and procedures for accommodating the disabled and handling unaccompanied minors. Most relay this information to passengers through brochures and their reservation agents. We found this also to be true for the non-ATA airlines.

The Airlines' and non-ATA airlines' policies and procedures for accommodating persons with disabilities include, but are not limited to, (1) assistance with boarding and deplaning; (2) accommodation of special seating and meal requests; (3) accommodation of requirements of passengers traveling with service animals; (4) transportation of wheelchairs and similar devices; (5) sensitivity training; and (6) complaint resolution.

The Airlines' policies and procedures for handling unaccompanied minors include, but are not limited to, (1) the service fees charged by the Airlines; (2) age requirements for children traveling alone, generally ages 5 to 14; (3) parent and guardian responsibilities, at the originating and destination airports; and (4) Airline responsibilities including supervision and controls of minors, accountability of minors including documented hand-off from one employee to another, and positive identification of an authorized parent or guardian meeting the child at destination.

Our Test Results

Although the Commitment provision only addressed disclosing an Airline's policies and procedures, we took steps to also determine if the Airlines and non-ATA airlines were properly handling disabled and special needs passengers. We tested the Airlines' and non-ATA airlines' compliance with selected aspects of 14 CFR 382, including training of Airlines' and non-ATA airlines' and sub-contract personnel in handling disabled passengers, appointments of Complaint Resolution Officers, and responsiveness and timeliness to special needs complaints. We also conducted observations in the airlines' handling of disabled passengers at 15 airports nationwide.

- In 381 observations, we found that the Airlines and non-ATA airlines were properly assisting disabled and special needs passengers during their time spent at the airport from checking in to boarding the plane.
- We also met with over 60 Complaint Resolution Officers and found that each one was knowledgeable on the requirements of 14 CFR 382, and their responsibilities under Part 382.
- We also reviewed training records for both Airline and non-ATA airline employees at 58 different stations and found they were providing training on accommodating persons with disabilities and special needs passengers.

In our review of the Airlines’ and non-ATA airlines’ responsiveness to complaints filed by air travelers with disabilities, we found, with one exception, that all the Airlines and non-ATA airlines were making a dispositive written response, within the required 30 days of receipt, to a written complaint alleging a violation of a provision of Part 382.

Results From On-Line Survey

Through our Internet site, we made available an on-line survey for passengers to report how well the U.S. air carriers are accommodating the needs of air travelers with disabilities and special needs. We received 150 comments to our survey about the Airlines and in some cases a complaint covered more than 1 area. The complaint areas and number of complaints received for each are shown in the following table.

Complaint Area	Number of Complaints Received by Complaint Area
Boarding	48
Check-in	44
Arrival	37
In-flight	31
Pre-boarding	30
Reservations/ticketing	28
Connecting flights	23
Screening/security check points	18

Passengers frequently commented that the problems they encountered resulted from a lack of proper training instead of an intentional act by the employee. For example, in responses we received, the passengers reported:

- The Airline’s employees insisted on disconnecting and removing the battery from the wheelchair, even though the passenger informed them it was a gel battery and did not need to be removed. The Airline’s employees removed the battery, assuring the passenger an Airline employee at the destination airport would re-assemble the wheelchair upon arrival. Upon arrival at the passenger’s destination, the wheelchair and disconnected battery were left on the jet bridge, and “no one could put it back together.”
- Flight and boarding information that is announced at the gate is essentially unintelligible. The general overcrowding at airports, combined with the constant stream of announcements over the public address system, makes it impossible for a hearing impaired person to identify and understand relevant information. The passenger indicated there should be a closed caption readout for essential information at each gate regarding the status (including rows boarding) of each flight.

AIR-21 Mandates Investigations of Disability-Related Complaints

The complexity and perspective of disabled or special needs passengers are of paramount importance in providing satisfactory service. Congress also felt this was a serious issue and incorporated provisions in AIR-21 requiring DOT to perform individual, comprehensive investigations of each disability-related complaint received. Complaints received by DOT regarding the treatment of disabled passengers have also increased. DOT received 676 complaints in 2000 up 14.8 percent from 1999. Over half (396 in 2000) of the complaints received by DOT related to an air carrier’s failure to provide adequate or timely assistance. The next largest category, with 129 complaints, was seating accommodations. It is apparent from the comments we received, as well as the complaints received by DOT, that the Airlines cannot apply enough emphasis to this area. One Airline has attempted to better address the needs of disabled and special needs passengers by establishing an advisory council, which includes disabled individuals. Other air carriers should consider similar programs.

Contracts of Carriage — All Airlines disclosed in their contracts of carriage their policies and procedures for handling special needs passengers, such as unaccompanied minors, and for accommodating the disabled in an appropriate manner.

Airline	Included
Alaska	✓
Aloha	✓
American	✓
American Trans Air	✓
America West	✓
Continental	✓
Delta	✓
Hawaiian	✓
Midwest Express	✓
Northwest	✓
Southwest	✓
Trans World	✓
United	✓
US Airways	✓

However, we did find that Continental’s contract of carriage did not include the provision from its Plan to not allow unaccompanied minors on Continental flights departing between the hours of 9:00 p.m. and 5:00 a.m. unless travel is on international flights, flights operating out of Honolulu, or domestic flights of 2 hours or less.

In addition, three Airlines (American Trans Air, America West, and Continental) did not fully describe in their contracts of carriage what types of assistance will be made available to passengers with disabilities and special needs (such as wheelchairs, lifts, ramps, on-board assistance with seating, etc.). We note that this information is described in their Customer Service Plans.

We also found five Airlines’ contracts of carriage limited the Airlines’ liability for damage to wheelchairs or other assistive devices. Title 14 CFR Section 382.43(b) states:

With respect to domestic transportation, the baggage liability limits of 14 CFR part 254 do not apply to liability for loss, damage, or delay concerning wheelchairs or other assistive devices. The criterion for calculating the compensation for a lost, damaged, or destroyed wheelchair or other assistive device shall be the original purchase price of the device.

We brought these five Airlines to the attention of DOT's Office of the Assistant General Counsel for Aviation Enforcement and Proceedings. That office notified the Airlines and corrective action was taken. Currently all the Airlines have revised their contracts of carriage to exclude wheelchairs or other assistive devices from the liability limit, or to remove any indication that the baggage liability limit applied to wheelchairs and other assistive devices.

Recommendations — *We would encourage the Airlines to continuously improve the services provided air travelers with disabilities and special needs, especially those services provided at the airport beginning with the check-in process, on to the passenger security screening process (especially for those air travelers in wheelchairs), and during the boarding process. Results from our on-line survey, although not statistically projected, indicate that customer service in those three areas needs special attention.*

The Airlines should also consider establishing advisory councils, which include disabled individuals, to help better address the needs of air travelers with disabilities and special needs.

Meet Customers' Essential Needs During Long On-Aircraft Delays

What Was Promised — The Airlines committed to make every reasonable effort to provide food, water, restroom facilities and access to medical treatment for passengers aboard an aircraft that is on the ground for an extended period of time without access to the terminal, as consistent with passenger and employee safety and security concerns. Each Airline would prepare contingency plans to address such circumstances and would work with other air carriers and the airport to share facilities and make gates available in an emergency. The Airlines, for the most part, considered this to be a pre-existing operating policy, which has been part of the Airlines' policy since before the Commitment.

What Was Not Promised — The provision does not specify in any detail the efforts that will be made to get passengers off the aircraft when delayed for extended periods, either before departure or after arrival. The provision uses general terms such as “food,” “an extended period of time,” and “emergency.” These terms are not defined and do not provide the passenger with a clear understanding of what to expect.

Final Observations: Passengers Still Do Not Know What to Expect and Do Not Feel Their Essential Needs Are Being Met During Long On-Aircraft Delays

Accommodating passengers during long on-aircraft delays is a major customer service challenge Airlines face. To meet this challenge, the Airlines have invested in air stairs for deplaning passengers when an aircraft is delayed on the ground but does not have access to a terminal gate; secured additional food and beverage supplies for service at the departure gate or on aircraft that are experiencing extended delays; or made arrangements with medical consulting services to resolve medical emergencies that occurred on-board an aircraft.

However, as we reported in our Interim Report, ambiguities and inconsistencies still exist in the Airlines' terms and definitions of “essential needs” including terms such as “food,” “an extended period of time,” and “emergency.” For example, the Airlines have defined “extended period of time” to be from 45 minutes to 3 hours to some unspecified period of time depending on the situation. One Airline defines food as a high-energy bar, and another Airline says after 4 hours it will determine the feasibility of providing food service.

The improvements that have been made to meet passengers' essential needs during long on-aircraft delays, have been overshadowed by the continuing increases in long on-aircraft delays during 2000. For example, in 2000, taxi-out times (of 1 hour or more) increased almost 13 percent, with taxi-out times of 3 hours or greater increasing 26 percent (from 1,271 to 1,598) over 1999.

“Essential Needs” Terms and Definitions Are Ambiguous and Inconsistent

The Commitment provision is stated in general terms such as “food,” “an extended period of time,” and “emergency.” At the time of our preliminary review, the Airlines’ Plans did not clearly define these terms and did not provide the passenger with a clear understanding of what to expect. Therefore, in our Interim Report, we recommended that the Airlines consider clarifying, in their Plans, what is meant by food, an extended period of time, and emergency, so passengers will know what they can expect during long on-aircraft delays. However, at the completion of our review in January 2000, the Airlines had still not clearly defined these terms or provided the passenger with a clear understanding of what to expect during long on-aircraft delays. Six Airlines included clarification in their internal policies, but these are not available to passengers.

In our review of the Airlines’ Plans and their internal operating policies, we found inconsistencies and ambiguities in the definitions for food, an extended period of time, and emergency. For example, the Airlines have defined “extended period of time” to be from 45 minutes to 3 hours to some unspecified period of time depending on the situation, as shown in the following table.

ATA Airlines	Definition of Extended Period of Time	Defined in the Plan	Defined in Internal Policy	Unspecified Policy
Alaska	90 minutes	✓		
Aloha				✓
American	3 hours		✓	
American Trans Air	1 hour	✓		
America West	1 hour		✓	
Continental	2 hours	✓		
Delta	45 minutes		✓	
Hawaiian	1 hour		✓	
Midwest Express	2 hours		✓	
Northwest	1 to 3 hours	✓		
Southwest				✓
Trans World				✓
United	90 minutes		✓	
US Airways				✓

Continental has qualified in its Plan that the 2-hour definition of an extended period of time does not apply when the delay is due to air traffic control. No other Airline has made such a distinction.

United is the only Airline to define in its Plans what is meant by food: high-energy bars. According to its Plans, Alaska will provide free liquor after a 1-hour delay on the aircraft, and American Trans Air provides beverages (non-alcoholic) after 1 hour and after 4 hours will determine the feasibility of providing food service. Also, based on our review of the Airlines' internal policies, the type of food provided on a long on-aircraft delay is generally left up to the flight crew and catering availability at that airport. Only one Airline (American) has pre-positioned snacks at its larger airports, including cheese and crackers, dried fruit, candy bars, and high-energy bars.

In their Plans, none of the Airlines define what is meant by an emergency, and only two Airlines provided clear and concise procedures on how they would accommodate their passengers during an emergency situation.

Contingency Planning Is Essential With Long On-Aircraft Delays on the Rise

In our Interim Report, we reported that the Commitment provision does not specify in any detail the efforts that will be made to get passengers off the aircraft when delayed for extended periods, either before departure or after arrival. Only two Airlines state in their Plans when they would return to the gate if an extended on-aircraft delay occurred. Also, during our initial visits to the Airlines, less than half of the Airlines had contingency plans in place at all the airports served for handling passengers during delays due to severe weather or Airline service irregularities (e.g., unscheduled equipment maintenance or crew shortages).

In general, the Airlines have left the decision on returning to the gate up to the flight crew. If the delay is due to air traffic control or weather, it may be a creeping delay, where the flight's estimated take-off time is being provided in increments; e.g., every 20 minutes the flight crew will update the passengers on the status of the delay. In most cases, the flight crew will wait for a take-off slot, unless there is an emergency. If an aircraft returns to the gate, it loses its place in line for take-off.

We found the Airlines now have customer service contingency plans in place. These contingency plans generally include procedures for handling delays, duties assigned to employees from various Airline operating departments involved in managing flight delays, contact numbers for all airport station managers and

airport authority personnel, equipment lists (air stairs, shuttle buses, etc.), and the availability of catering.

However, *only a few Airlines' contingency plans specify in any detail the efforts that will be made to get passengers off the aircraft when delayed for extended periods, either before departure or after arrival.* This should be a top priority area for the Airlines when developing their contingency plans, especially with long on-aircraft delays on the rise, as shown in the table below.

**Percentage Increase in Long On-Aircraft Delays
of 1 Hour or More from 1999 to 2000**

Long On-Aircraft Delays Outbound Flights	1999	2000	Percentage Increase From 1999 to 2000
1 hour but less than 2 hours	34,534	39,019	13
2 hours but less than 3 hours	4,984	5,376	8
3 hours but less than 4 hours	1,001	1,219	22
4 hours but less than 5 hours	240	300	25
5 hours and up	30	79	163
Totals	40,789	45,993	13

Initiatives Under Way to Remedy Long On-Aircraft Delays

Over the past year, the prior Secretary of Transportation and FAA have announced several initiatives to address the increase in flight delays and cancellations. One such initiative was the Spring/Summer 2000 plan, which was designed to improve the flow of air traffic during severe weather. This plan included activities intended to improve communication between FAA and the air carriers, maximize the use of available airspace, and expand the use of new technology to help reduce delays. For example, FAA and air carrier staff held strategic planning teleconferences every 2 hours during the day to develop plans addressing conditions 2 to 6 hours into the future using a common weather forecast. Even though all Airlines participated, some were more active than others.

FAA's final assessment report of Spring/Summer 2000 was issued January 2001, and several issues and lessons learned have already emerged. Most notably, the experiences of last year clearly reinforced the need for full and open communication between FAA and the air carrier. FAA officials we interviewed said the Airlines received the most benefits when they fully embraced the collaborative planning process. Officials we interviewed from one Airline said the Spring/Summer 2000 initiative brought more predictability to the air traffic control system, which in turn allowed the Airline to better manage operations. One Airline official cited a reduction in the number of long taxi-out delays

(greater than 1 hour) his Airline experienced during the spring and summer of 2000 as evidence of the program’s success. Our analysis of BTS data confirmed that this Airline did experience nearly 26 percent fewer flights with significant taxi-out times from April to October 2000 as compared to the same period in 1999 (from 2,673 to 1,986).

Contracts of Carriage — We found that 8 of the 14 Airlines have included, to some extent, in their contracts of carriage the Commitment provision to accommodate passengers during extended on-board delays, as shown in the following table.

Airline	Included	Not Included
Alaska	✓	
Aloha	✓	
American	✓	
American Trans Air		✓
America West		✓
Continental	✓	
Delta	✓	
Hawaiian		✓
Midwest Express		✓
Northwest*		✓
Southwest	✓	
Trans World	✓	
United	✓	
US Airways		✓

* The Airline incorporated this provision into its contract of carriage after we completed our audit work on January 17, 2001.

However, among the eight Airlines that did incorporate this Commitment provision into their contracts of carriage, there are substantial differences in the essentials provided during an extended on-aircraft delay and what constitutes a long on-aircraft delay.

Recommendations —

Clarify, in their Plans, what is meant by an extended period of time and emergency, so passengers will know what they can expect during extended on-aircraft delays.

Ensure that comprehensive customer service contingency plans specify the efforts that will be made to get passengers off the aircraft when delayed for extended periods, either before departure or after arrival.

Handle “Bumped” Passengers With Fairness and Consistency

What Was Promised — The Airlines committed to disclose to a passenger, upon request, whether the flight on which the passenger is ticketed is overbooked if, within the usual and ordinary scope of such employee’s work, the information is available to the Airline employee to whom the request is directed. Each Airline will also establish and disclose to the customer policies and procedures, including any applicable requirements (such as check-in deadlines), for managing the inability to board all passengers with confirmed reservations.

In the air carrier industry, many customers make reservations and subsequently fail to travel, without notifying the air carrier. Consequently, air carriers overbook their scheduled flights, which means they take more reservations than there are seats. When more confirmed passengers than expected actually show up for a flight, it is “oversold,” and the air carrier must seek out passengers who are willing to give up their seats for compensation before bumping anyone involuntarily.

This provision is covered under pre-existing Federal regulations. Although disclosing to a passenger, upon request, whether a specific flight is overbooked could be considered a new policy, public disclosure of deliberate overbooking and boarding procedures has been a requirement for over 17 years under 14 CFR 250, Oversales. Under Part 250, air carriers are required to display a “Notice-Overbooking of Flights” at each airport check-in counter. The air carriers are also required to print the “notice” on the ticket, ticket jacket, or a separate piece of paper accompanying the passenger’s ticket.

Part 250 also *requires that air carriers establish and disclose* to the customer policies and procedures for managing the inability to board all passengers with confirmed reservations. Under Part 250, air carriers are required to ask passengers to give up their seats voluntarily in exchange for compensation. If there are not enough volunteers, the air carrier can involuntarily deny boarding (bump) passengers from the flight. Passengers “bumped” unwillingly are also entitled to compensation, except when the passenger has not met air carrier check-in rules or the air carrier arranges for the passenger to get to his or her destination within 1 hour of the passenger’s original flight. Part 250 also requires the air carrier to give all passengers who are involuntarily denied boarding a written statement explaining the terms, conditions, and limitations of denied boarding compensation, and describing the air carrier’s boarding priority rules and criteria.

What Was Not Promised — The provision only requires the Airlines to disclose whether a flight was *overbooked*; it does not require the Airlines to

disclose to a passenger, upon request, whether a flight is *oversold* and, if so, by how much. *An oversold flight occurs when more passengers holding confirmed reservations show up for the flight than there are seats available on the flight.* This puts the Airline in a denied boarding situation that can create frustration among the passengers.

Consumer Data Reported By DOT — In its Air Travel Consumer Report, DOT reports that, for the period January through September 2000, the rate of involuntary denied boardings was 1.04 per 10,000 passengers. The following table shows, by Airline, the rate of involuntary denied boardings per 10,000, ranging from .34 to 2.76.

Passengers Denied Boarding by U.S. Airlines
January-September 2000*

Airline	Voluntary Denied Boardings	Involuntary Denied Boardings	Enplaned Passengers	Involuntary Denied Boarding per 10,000
Delta	172,546	2,675	77,988,654	.34
Northwest	82,574	1,739	40,374,668	.43
American	168,262	2,624	59,663,773	.44
US Airways	65,909	2,846	42,471,549	.67
America West	46,888	1,941	15,321,997	1.27
Continental	47,828	4,356	30,294,940	1.44
Alaska	26,620	1,572	10,244,180	1.53
United	91,362	9,643	58,805,953	1.64
Southwest	68,628	9,975	54,066,772	1.84
Trans World	50,762	5,310	19,262,621	2.76
Totals	821,379	42,681	408,495,107	1.04

*U.S. Airlines with at least 1 percent of total domestic scheduled-service passenger revenues. Data are submitted to DOT on a quarterly basis. Fourth quarter data for 2000 were not available at the time of this report.

Also, involuntary denied boardings have increased over 15 percent from 1999 to 2000 (January through September) from 37,026 to 42,681. Voluntary denied boardings have also increased over 4.5 percent for the same period, from 785,445 to 821,379.

These data are self-reported by the Airlines and are not verified by DOT. However, the need for DOT to verify the reliability of the data submitted by the Airlines was demonstrated during 2000, when DOT learned that two Airlines' denied boarding statistics had been misreported. DOT instructed one Airline to adjust its statistics and submit to DOT the adjusted statistics. Based on the adjusted statistics, one Airline's ranking fell from number 3 to number 6 out of the 10 Airlines being ranked. The other Airline was not required to submit adjusted statistics; therefore, we could not determine whether its ranking had changed.

Final Observations: Federal Requirements Governing “Bumped” Passengers Need to Be Strengthened and Compensation Limits Need to Be Increased

In testing this provision, we focused our efforts on the Airlines’ and non-ATA airlines’ compliance with 14 CFR Part 250 requirements. In our review of the Airlines’ and non-ATA airlines’ policies and procedures for handling “bumped” passengers, we found (1) inconsistencies in the Airlines’ boarding priority rules, such as check-in deadlines; (2) ambiguities in the Federal regulation governing air carriers’ boarding priority rules; (3) inconsistent compensation practices by two Airlines for passengers who voluntarily gave up their seats; and (4) inequities in the denied boarding compensation paid to passengers who get involuntarily “bumped.”

Inconsistencies Exist in the Airlines’ Check-In Requirements

DOT’s requirement that the Airlines establish and disclose to the customer policies and procedures regarding denied boardings has been in effect for over 17 years. Check-in deadlines are considered part of the boarding priority rules, and under Federal regulations must be incorporated in the carriers’ contracts of carriage.

In our review of the Airlines’ and non-ATA airlines’ contracts of carriage, we found two types of check-in deadlines: one for release of a confirmed seat assignment and another for canceling a confirmed reservation. As shown in the following table, *inconsistencies in check-in deadlines exist* among the Airlines and non-ATA airlines for their domestic and international flights on when passengers must check-in in order to guarantee that their seat assignment and reservation will be honored. *There are also inconsistencies* in the Airlines’ and non-ATA airlines’ contracts of carriage for exactly where passengers need to check-in or be present in order to avoid losing a seat assignment or a confirmed reservation. For example, in their contracts of carriage, two Airlines state that the passenger must simply check in at the airport; seven Airlines and two non-ATA airlines state that the passenger must have checked in and be available for boarding; one Airline states the passenger must be aboard the aircraft; and another Airline states that the passenger must check-in with an agent at the ticket counter or gate.

***Inconsistencies in Airline and Non-ATA Airline
Check-In Deadlines
for Domestic and International Flights***

Airline	Release of Seat Assignment Deadline (minutes)		Cancellation of Reservation Deadline (minutes)	
	Domestic	International	Domestic	International
ATA Airlines				
Alaska	10	30	10	30
Aloha	15	N/A*	15	N/A
American	15	30	15	30
American Trans Air	20	30	20	30
America West	10	20	10	30
Continental	20	60	10	60
Delta	20	45	10	45
Hawaiian	15	N/A	15	N/A
Midwest Express	10	N/A	10	N/A
Northwest	15	60	10	60
Southwest	10	N/A	10	N/A
Trans World	10	20	10	20
United	20	45	10	30
US Airways	10	30	10	30
Non-ATA Airlines				
AirTran	10	N/A	10	N/A
Frontier	10	N/A	10	N/A
National	10	N/A	10	N/A

*N/A The air carrier only operates domestic flights.

To avoid being bumped and to protect their rights to denied boarding compensation, passengers need to be aware of the check-in deadlines and the place to check-in for the Airline on which they are flying. This is especially important for passengers whose flights include a code-sharing arrangement between two Airlines (e.g., Continental and Northwest), where check-in deadlines and place to check-in are not the same for both Airlines.

Also, a passenger making connections is at particular risk of being bumped from a connecting flight because of the time it takes to get to the connecting flight after arriving at the connecting airport. However, there is no requirement that air carriers' disclose their policies on how check-in deadlines apply to passengers making connections to avoid being bumped and to protect their rights to denied boarding compensation.

Recommendation — *Petition DOT to amend its regulation to establish a uniform check-in deadline as to time and place, and require all air carriers to disclose in their contracts of carriage and ticket jackets their policies on how check-in deadlines apply to passengers making connections.*

Ambiguities Exist in DOT's Requirements Governing Airlines' Boarding Priority Rules

According to 14 CFR 250.3, every air carrier will establish priority rules and criteria for which passengers will be involuntarily “bumped” on oversold flights. These criteria take effect only after the air carriers have requested passengers to voluntarily relinquish their seats. Part 250.3 further states:

Such rules and criteria shall not make, give, or cause any undue or unreasonable preference or advantage to any particular person or subject any particular person to any unjust or unreasonable prejudice or disadvantage in any respect whatsoever.

However, there are ambiguities in the terms “any undue or unreasonable preference or advantage” and “unjust or unreasonable prejudice or disadvantage.” DOT, in Part 250.3, provides no clear explanation on what these terms mean. We make this point because not all the Airlines have boarding priority rules based on the passengers’ check-in times, which are used to determine whether passengers are entitled to denied boarding compensation.

Boarding priority rules for 11 of the 14 Airlines and the 3 non-ATA airlines state that passengers will be “bumped” based on reverse order of check-in (last to check-in is first to be “bumped”). The other three Airlines have *boarding priority criteria* for “bumping” passengers based on fare paid or frequent flyer status. For example, in its contract of carriage, one Airline established boarding priority rules for determining which passengers will be denied on an oversold flight as follows:

Passengers holding tickets for confirmed space in the forward compartment (First Class or Business Class) will be accommodated before passengers holding tickets, or tickets and boarding passes, for confirmed reserved space in the rear compartment(s) (Full Fare Coach or Business Class). If more passengers hold tickets for confirmed reserved space in the forward compartment than the capacity of that compartment, such passengers will be accommodated in the rear compartment(s) ahead of passengers holding tickets, or tickets and boarding passes for confirmed reserved space in the rear compartment(s).

Recommendation — DOT clarify “*fairness and consistency*” by defining and providing examples of what it considers to be “any undue or unreasonable preference or advantage” and “unjust or unreasonable prejudice or”

disadvantage” in air carrier priority rules or criteria for involuntarily bumping passengers.

Inconsistent Compensation Practices Exist for Passengers Who Voluntarily Gave Up Their Seats

The Airlines committed to *handle “bumped” passengers with fairness and consistency.* This implies that for every flight the Airlines have oversold, passengers denied boarding, voluntarily or involuntarily, will be treated fairly and consistently when the amount of compensation is offered.

In reviewing the Airlines’ and non-ATA airlines’ compensation to passengers on oversold flights, we found 12 of 14 Airlines and all 3 non-ATA airlines were providing equal amounts of compensation to passengers who volunteered to relinquish their seats. However, two Airlines treated passengers who volunteered to relinquish their seats differently, paying some passengers more than others on the same flight. One Airline’s Plan states: “Volunteers who give up their seats to other customers will be compensated equally on the same flight.” However, on 7 of 35 sampled oversold flights we reviewed for that Airline, the passengers who voluntarily relinquished their seats did not all receive the same amount of compensation. On one flight, four volunteers each received a \$350 travel voucher while seven volunteers each received a \$400 travel voucher.

Recommendation — *Airlines who hold out that “volunteers who give up their seats to other customers will be compensated equally on the same flight” should ensure that all volunteers on the same flight are compensated equally.*

Denied Boarding Compensation Paid to Passengers Who Get Involuntarily “Bumped”

Currently, under Part 250, if a passenger is involuntarily “bumped” and delayed less than an hour, the passenger is not entitled to any compensation. If the passenger is delayed between 1 and 2 hours, the passenger can receive 100 percent of the cost of the remaining ticket to the destination but not more than \$200. If the delay is more than 2 hours, the passenger can receive 200 percent of the cost of the remaining ticket but not more than \$400. In each case, the air carrier arranges to get the passenger to his or her destination. Also, instead of cash, the air carrier can offer the passenger free or reduced air transportation of equal or greater value than the amount of the cash compensation. Maximum compensation amounts for passengers who are involuntary denied boarding have been in effect since 1978, and have not been adjusted since.

We found that because of the limitations placed on involuntary denied boarding compensation, most of the time passengers who get involuntarily “bumped” are compensated equal to or less than passengers who voluntarily relinquish their seats. For example, our review of 89 oversold flights (with 472 passengers who voluntarily relinquished their seats and 334 passengers who were involuntary denied boarding) found that on 74 (83 percent) of the 89 oversold flights, passengers who were involuntarily denied boarding received compensation amounts equal to or less than those passengers who voluntarily relinquished their seats. For example:

- On one flight, five passengers who voluntarily relinquished their seats were compensated with free round-trip tickets, while one passenger on the flight who was involuntarily denied boarding received no compensation. This occurred because the Airline was able to get the bumped passenger to his destination within 1 hour of the original scheduled arrival time. The Airline was also able to get the other passengers to their destination within 1 hour of their original scheduled times.
- One passenger who voluntarily relinquished his seat was compensated with a \$500 travel voucher, while seven passengers on the flight who were involuntarily denied boarding received no compensation. This occurred because the Airline was able to get the seven passengers to their destinations within 1 hour of their original scheduled arrival times. The other passenger also arrived within 1 hour of the original scheduled time.

Since the existing maximum compensation levels have not been adjusted since 1978, denied boarding compensation is inadequate to redress the inconvenience and distress often resulting from being involuntarily “bumped.” The Senate also recognized oversold flights resulting in passengers being involuntarily bumped as an unacceptable practice that DOT should rectify. Under Section 354 of Public Law 106-69, Department of Transportation and Related Agencies Appropriations Act, 2000, the Senate opined:

. . . that the Secretary should expeditiously amend Title 14, Chapter II, Part 250, Code of Federal Regulations, so as to double the applicable penalties for involuntary denied boardings and allow those passengers that are involuntarily denied boarding the option of obtaining a prompt cash refund for the full value of their airline ticket.

The intent of this sense-of-the-Senate amendment was to encourage the airlines to act more responsibly, by allowing passengers who are involuntarily bumped to receive greater amounts of compensation for the airline’s overbooking practices.

The goal is to hold “the airlines accountable when they put profits ahead of friendliness and respect for their customer.”

Another remedy for the *inequalities in the system for compensating passengers who get involuntarily “bumped”* would be to inform all passengers of the denied boarding compensation rules prior to requesting volunteers. Currently, under Part 250, airlines are required to provide involuntarily bumped passengers a written explanation of denied boarding compensation and boarding priority rules *after the denied boarding occurred*.

Recommendations — *Petition DOT to amend its compensation rules so as to increase the applicable penalties for involuntary denied boardings. Also, the Airlines disclose orally to passengers what the Airline is obligated to pay involuntarily bumped passengers in advance of making offers to passengers who voluntarily relinquish their seats.*

Contracts of Carriage — There are two elements to this Commitment provision. First, as a pre-existing contract term required by Federal regulations, all the Airlines must disclose in their contracts of carriage the policies and procedures, including any applicable requirements (such as check-in deadlines), for managing the inability to board all passengers with confirmed reservations. Therefore, no changes to the Airlines’ contracts of carriage were necessary.

Second, the provision to disclose to a passenger, upon request, whether the flight on which the passenger is ticketed is overbooked was *new*, and seven Airlines included it in their contracts of carriage. The Airlines’ inclusion of this element in their contracts of carriage is shown in the following table.

Airline	Included	Not Included
Alaska	✓	
Aloha		✓
American		✓
American Trans Air		✓
America West		✓
Continental		✓
Delta	✓	
Hawaiian		✓
Midwest Express		✓
Northwest	✓	
Southwest	✓	
Trans World	✓	
United	✓	
US Airways	✓	

Disclose Travel Itinerary, Cancellation Policies, Frequent Flyer Rules, and Aircraft Configuration

What Was Promised — Airlines committed to disclose to the customer: (1) any change of aircraft on a single flight with the same flight number (referred to as “change of gauge”); (2) cancellation policies involving failures to use each flight segment coupon; (3) rules, restrictions and an annual report on frequent flyer program redemptions; and (4) upon request, information regarding aircraft configuration, including seat size and pitch. Seat pitch is the distance from a point on one seat to the same point on the seat in front of it and is an indication of the amount of legroom between rows of seats.

Final Observations: Airlines’ Disclosure Practices Under This Provision Were, With a Few Exceptions, Generally Effective

Information on the items covered under this Commitment provision is readily available through the Airlines’ and non-ATA airlines’ Internet sites. Browsing the Airlines’ and non-ATA airlines’ Internet sites, consumers should be able to find (1) frequent flyer program rules and restrictions, and how to enroll in the Airlines’ and non-ATA airlines’ frequent flyer programs; (2) those flights with a change of gauge; (3) cancellation policies involving failures to use each flight segment coupon; and (4) aircraft configuration, including seat size and pitch.

Also, when contacting the Airlines and non-ATA airlines through their telephone reservation systems, we found, with a few exceptions, that the information provided by the reservation agents regarding change of gauge flights, cancellation policies, and aircraft configuration was always complete, accurate, or readily known.

However, Airline and non-ATA airline information on frequent flyer mileage redemptions was not readily available and was very limited in the type and amount of information provided. Consequently, the information had little value to the consumer for purposes of determining which frequent flyer program to enroll in based on the percentage of successful redemptions and frequent flyer seats made available in the Airlines’ top origin and destination markets. This is also true for existing frequent flyer program members.

Annual Report on Airlines' Frequent Flyer Award Redemptions Has Limited Value to the Consumer

Frequent flyer programs have been in existence for at least 20 years, and the programs allow members to earn mileage for free travel with dozens of participating companies, such as rental car agencies and hotel chains. As such, disclosure of frequent flyer rules and restrictions is considered a pre-existing operating policy for the Airlines with frequent flyer programs.²⁶ Information on frequent flyer programs is readily available through several distribution outlets including the Airlines' Internet sites, city ticket offices, and airport ticket check-in counters and gates. The commitment to publish an annual report on frequent flyer award redemptions is *new*, but only requires the Airlines to report the total awards redeemed.

When testing disclosure rules and restrictions on the Airlines' frequent flyer programs, we enrolled on-line through their Internet sites and within a few weeks, received in the mail all the appropriate information about their frequent flyer programs' rules and restrictions. However, we were not as successful in obtaining information on the Airlines' frequent flyer mileage redemptions. We found that, for all the Airlines, the information on frequent flyer mileage redemptions was not readily available, was limited in the quantitative data provided, and had little value to the consumer.

The Commitment provision only identifies *how* redemptions will be disclosed, in *an annual report*. However, with the exception of three Airlines, the Plans did not explain *when or where* the annual report would be available to the consumer. Three Airlines stated in their Plans that they will provide redemption information in their annual submission to the Securities and Exchange Commission (10K report), which will be made available to the public.

Our review of the three Airlines' 10K reports found that the redemption information was not easy to find because it was buried deep within the report. For example, one Airline in its 10K report states: "Nonrevenue FlightFund travel accounted for 3.2 percent, 3.5 percent, and 3.2 percent of total revenue passenger miles for the years ended December 31, 1999, 1998, and 1997, respectively." However, without providing the total revenue passenger miles, consumers cannot convert the percentage into the frequent flyer passenger miles flown.

In our review of redemption information on another Airline's Internet site, the Airline reports that 3,244,900 awards were claimed in 1999. However, for consumers or members of its frequent flyer programs, little can be gleaned from

²⁶ At the time of our testing, American Trans Air and Frontier did not have frequent flyer programs.

this information on the percentage of successful redemptions in total or the percentage of successful redemptions for one of the its top origin and destination markets (e.g., Dallas to New York).

The information now provided regarding the frequent flyer mileage redemptions has marginal value to the consumer for purposes of determining which frequent flyer program to enroll in based on the percentage of successful redemptions and frequent flyer seats made available in the Airlines' top origin and destination markets.

Information on the Airlines' Change of Gauge Flights, Cancellation Policies and Aircraft Configuration Was Disclosed During Our Tests

Nearly All Airlines Were Disclosing Change of Gauge Flights. Title 14 CFR Part 258, Disclosure of Change of Gauge Services, requires air carriers to disclose to passengers, traveling on a single flight number, if they will be required to change planes during the flight. Part 258 requires the air carriers to inform the consumer that there is a change of gauge in the itinerary before the reservation is made. Some passengers, such as persons with disabilities or who otherwise are not disposed to make a connection, prefer to book on flights without a change of aircraft. However, passengers could incorrectly assume that if they are traveling on a single flight number they will not be required to change planes. Single flight numbers are typically used for an originating domestic to international destination or the return (e.g., San Francisco to Chicago to Paris).

Change of gauge is not standard practice among the Airlines. In fact, at the time of our testing, only six Airlines (American, American Trans Air, Continental, Delta, Northwest and United) had change of gauge flights, with fewer than 15 flights each. To determine whether the Airlines were in compliance with Federal requirements for *disclosing flights with change of gauge*, we (1) reviewed the Airlines' published timetables available to the traveling public at airports and city ticket offices, (2) browsed the electronic flight schedules posted on the Airlines' Internet sites, and (3) made reservations through the Airlines' telephone reservation systems. For each area tested, we limited our testing to 5 flights for each of the 6 Airlines, for a total of 30 flights tested, and found that:

- 4 Airlines had “flagged” in their published timetables their change of gauge flights 100 percent of the time, while 2 Airlines' change of gauge flights had not been “flagged.”

- 4 Airlines had “flagged” in their electronic timetables posted on their Internet sites their change of gauge flights 100 percent of the time, while the other 2 Airlines’ change of gauge flights were “flagged” 67 percent and 80 percent of the time.
- 2 Airlines’ telephone reservation agents disclosed that the flight had a change in aircraft 100 percent of the time.
- 4 Airlines’ telephone reservation agents disclosed that the flight had a change in aircraft 80 percent or less of the time.

Results of our tests are shown in the following table.

Percentage of Time Information on Change of Gauge Flights Was Disclosed in the Airlines’ Published Timetables, Internet Sites, and by the Telephone Reservation Systems’ Agents

ATA Airlines	Disclosed in Published Timetables	Disclosed in Electronic Timetables on the Internet	Disclosed by the Airlines Telephone Reservation Agents
American	100%	80%	60%
American Trans Air	100%	100%	80%
Continental	100%	100%	100%
Delta	100%	67%	20%
Northwest	0%	100%	20%
United	0%	100%	100%

Nearly All Airlines Were Disclosing Cancellation Policies. We found that all Airlines and non-ATA airlines posted their *cancellation policies involving failure to use each flight segment coupon* on their Internet sites, in their contracts of carriage, on their ticket jackets, and in other written documents, such as the customer’s receipt and itinerary for electronic tickets. Also, when we made a reservation through the Airlines’ and non-ATA airlines’ telephone reservation systems, nearly all the reservation agents disclosed their respective policies *involving failure to use each flight segment coupon*. We placed 5 calls to the telephone reservations systems of each Airline and non-ATA airline and found that:

- 11 of 14 Airlines and 2 of 3 non-ATA airlines provided us information about *failure to use each flight segment coupon* 100 percent of the time.
- 3 Airlines and 1 non-ATA airline provided us information about *failure to use each flight segment coupon* 80 percent or less of the time.

The requirement for disclosing cancellation policies involving failure to use each flight segment coupon is found in the Airlines' and non-ATA airlines' contracts of carriage as required by 14 CFR 253.5. According to their contracts of carriage, the Airlines, with one exception, and the three non-ATA airlines will cancel continuing and return reservations without notice if the customer fails to board any leg of a flight on which the customer holds a reservation.

To illustrate, a passenger originating a round-trip itinerary at Atlanta's Hartsfield International Airport destined for Seattle via Salt Lake City gets off the plane in Salt Lake City and does not board the flight to Seattle. A day or so later, the passenger checks in at Salt Lake City for the return to Atlanta's Hartsfield. The passenger has 2 unused coupons – Salt Lake City to Seattle and Seattle to Salt Lake City. A passenger might wish to do this if the round-trip fare to Seattle were cheaper than the round-trip fare to Salt Lake City. Under the Airlines' policy, the Airlines will cancel the passenger's reservation for the return trip, once the passenger did not board the Salt Lake City to Seattle flight.

Passengers can be put in this situation even if their original intention was to board all flights. For example, a passenger originating a round-trip itinerary in San Francisco destined for Charlottesville, Virginia, via Washington Dulles might choose to drive to Charlottesville when, upon arrival at Dulles, he or she finds the connecting flight is delayed several hours. If the passenger drives to Charlottesville and does not secure the Airline's concurrence that this is an acceptable deviation, the return reservation may be canceled.

Nearly All Airlines Were Disclosing Seat Size and Pitch. The Airlines committed to disclose, upon request, information regarding aircraft configuration, including seat size and pitch. When making a reservation through the Airlines' and non-ATA airlines' telephone reservation systems, we queried the reservation agents about seat size and pitch. We placed 5 calls to the telephone reservations systems of each Airline and non-ATA airline and found that:

- 13 of 14 Airlines provided us information about seat size and pitch at least 80 percent of the time, with 9 Airlines providing this information 100 percent of the time.
- 2 of 3 non-ATA airlines provided us information about seat size and pitch 100 percent of the time.
- 1 Airline and 1 non-ATA airline provided information about seat size and pitch 60 percent or less of the time.

Results of our testing are shown in the following table.

Percentage of Time the Seat Size and Pitch Was Disclosed When Making a Reservation Over the Airlines' Telephone Reservation Systems

ATA Airlines	Seat Size and Pitch Disclosed by Reservation Agents
Alaska	80%
Aloha	100%
American	100%
American Trans Air	80%
America West	60%
Continental	100%
Delta	100%
Hawaiian	80%
Midwest Express	100%
Northwest	100%
Southwest	100%
Trans World	100%
United	100%
US Airways	80%
Non-ATA Airlines	
AirTran	20%
Frontier	100%
National	100%

Contracts of Carriage — As described below and illustrated in the following table, our review of the Airlines' contracts of carriage found that:

- The provision to disclose change of gauge flights was included in contracts of carriage for six of the eight Airlines that operated change of gauge flights.
- The provision to disclose cancellation policies involving failure to use each flight segment coupon was included in all the Airlines' contracts of carriage. This is a pre-existing contract of carriage term required by 14 CFR 253.5.
- The provision to disclose rules, restrictions and information on frequent flyer program redemptions was included in contracts of carriage for nine Airlines and not for the other four Airlines that had frequent flyer programs.
- The provision to disclose to customers, upon request, information regarding aircraft configuration, including seat size and pitch, was included in contracts of carriage for nine Airlines and not for the other five Airlines.

ATA Airlines	Will Disclose Flights With Change of Gauge	Will Disclose Cancellation Policies	Will Disclose Frequent Flyer Rules, Restrictions and Award Redemptions	Will Disclose Aircraft Configuration
Alaska	n/a	✓	✓	✓
Aloha	n/a	✓	✓	✓
American	✓	✓		✓
American Trans Air		✓	*	
America West	n/a	✓		
Continental		✓		
Delta	✓	✓	✓	✓
Hawaiian	n/a	✓		
Midwest Express	✓	✓	✓	✓
Northwest	✓	✓	✓	✓
Southwest	n/a	✓	✓	✓
Trans World	✓	✓	✓	✓
United	✓	✓	✓	✓
US Airways	n/a	✓	✓	

n/a Airline currently does not operate change of gauge flights

✓ Included in contract of carriage.

* American Trans Air does not have a frequent flyer program.

Recommendation — *Petition DOT to require that each air carrier with a frequent flyer program make available to the public a more comprehensive report of frequent flyer redemption information in their frequent flyer literature and annual reports, such as the percentage of successful redemptions and frequent flyer seats made available in the Airlines' top origin and destination markets.*

Ensure Good Customer Service From Code-Share Partners

What Was Promised — The Airlines committed to ensure that domestic code-share partners (code-share partner) make a commitment to provide comparable consumer plans and policies. At the time of our review, the three non-ATA airlines did not have code-share partners.

What Was Not Promised — With the exception of accommodating persons with disabilities,²⁷ the terms of this provision do not extend to foreign code-share and alliance partners (e.g., Star Alliance and One World).

Final Observations: This Provision Should Ensure Passengers Get Comparable Service for Travel on Domestic Code-Share Partners

This provision basically applies only to those domestic code-share partners who provide air transportation to smaller markets for the Airlines. For those code-share partners that are wholly owned or part of the same holding company (such as American/American Eagle), the Airlines required these code-share partners to adopt their customer services plans, and have reflected this in their Plans or contracts of carriage. The Airlines' procedures for ensuring their code-share partners adhere to the Commitment include (1) having the partners develop their own compatible customer service plan, (2) conducting training sessions for the code-share partner in conjunction with the Airline, and (3) monitoring code-share customer service performance through periodic reviews and independent audits. If these three areas are properly executed, passengers on the Airlines' domestic code-share partners can expect the same level of customer service provided by the Airlines.

The Extent of Code-Share Partnering Varies Among Airlines

All of the Airlines except Southwest have some form of code-share service. Southwest does not have code-share partners nor does it own another airline. As shown in the following table, 8 of the 13 Airlines have at least 1 code-share

²⁷ On June 1, 2000, the DOT notified foreign air carriers serving the United States that they are now subject to the Air Carrier Access Act, which protects passengers with disabilities. The Secretary stated "This new provision ensures that people with disabilities will have the same protections when flying on foreign carriers to and from the United States that they have enjoyed on U.S. airlines."

partner, 8 of the 13 Airlines have a code-share partner that is a wholly owned subsidiary, and 8 of the 13 Airlines code-share with another Airline (e.g., Continental and Northwest).

Airline	Domestic Code-Share Partner	Wholly Owned Subsidiary	ATA-Member Code-Share Partners
Alaska	✓	✓	✓
Aloha		✓	
American		✓	✓
American Trans Air		✓	
America West	✓		✓
Continental	✓	✓	✓
Delta	✓	✓	
Hawaiian			✓
Midwest Express		✓	✓
Northwest	✓		✓
Trans World	✓		
United	✓		✓
US Airways	✓	✓	

The Airlines Handle Most of the Customer Service Functions for Their Code-Share Partners

The Airlines handle most of the customer service functions covered under the Commitment for their code-share partners. These functions can include reservations, ticketing, checked baggage, lost baggage claims, ticket refunds, frequent flyer programs, and complaint handling. Therefore, customers on the Airlines' code-share partners can expect the same level of customer service provided by the Airlines under these Commitment provisions.

For example, American handles, among other things, all reservations for American Eagle. When a customer calls American's telephone reservation system and makes a reservation involving an American Eagle flight, the customer can expect that the American telephone reservation agent will quote the lowest fare available for that flight operated by American Eagle. Also, as required by Federal regulations, American's telephone reservation agent will tell the customer, before booking the reservation, that the flight is being operated by American Eagle and not American. Also, when a customer requests a refund on a refundable ticket for a US Air Express flight, US Airways should process the refund within 7 business days for a credit card purchase and 20 business days for a cash purchase as required by Federal requirements.

All Airlines Have Taken Additional Steps to Ensure Code-Share Partners Provide Comparable Customer Service

The Airlines committed to ensure that code-share partners make a commitment to provide comparable consumer plans and policies. For those code-share partners that are wholly owned or part of the same holding company, the Airlines required these code-share partners to adopt their customer services plans, and have reflected this in their Plans or contracts of carriage. For those code-share partners that are not wholly owned or part of the same holding company, the Airlines required their code-share partners to adhere to the requirements of the Airlines' Plans through letters of agreement or memorandums of understanding. This should help assure passengers with travel arrangements on smaller carriers associated with the Airlines that there should be no difference in customer service, no matter the size of the carrier.

Also, as seen in the following table, six of the eight Airlines have taken additional measures to monitor code-share customer service by developing and executing partial or complete reviews of their code-share partners' customer service. Two of the eight Airlines had developed review procedures, but as of December 31, 2000, had not conducted any reviews of their code-share partners' customer service.

Airline	Status
Alaska	Monthly meeting with partners to include Commitment Plan. Audits code-share's reservations for disclosure of whether it is a code-share flight.
America West	Routine training with partners on Plan as both have identical operating policies and procedures. Audits reservations and ground operations through unannounced calls and observations.
Continental	Developed and uses an audit evaluation program.
Delta	Monitors all facets of partner's operations; however, plans to conduct more thorough operational audits.
Northwest	Had an independent firm perform an audit.
Trans World	Established review procedures. Review pending.
United	Assembled a quality assessment team, and has audited all provisions of the Commitment.
US Airways	Established review procedures. Review pending.

Limited Testing Found the Airlines' Code-Share Partners Need to Do Better in Notifying Passengers of Known Delays

Since the Airlines handle most of the customer service functions covered under the Commitment for their code-share partners, such as reservations, ticketing, checked baggage, lost baggage claims, ticket refunds, frequent flyer programs, and complaint handling, all of our tests in these areas were tests of the Airlines at their corporate facilities and airports. However, at a few of the airports we visited, we

conducted limited testing of the Airlines’ code-share partners under the Commitment provision for notifying passengers of known delays and cancellations.

Overall, our test results found that the level of performance by Airlines’ domestic code-share partners (wholly owned or not) in notifying passengers of known delays and cancellations was near or below the Airlines’ level of performance in this area. For example, gate agents for one of American’s code-share partners (wholly owned) were providing information about the delay, including the cause, to the passengers 53 percent of the time compared to 67 percent of the time for gate agents of the American. In another example, gate agents for US Airways code-share partners (combination of wholly owned and not wholly owned) were making timely announcements regarding the status of the delay 83 percent of the time compared to 87 percent for gate agents of the US Airways. The Airlines need to make more frequent and comprehensive reviews of the code-share partners and share the results of their reviews with their code-share partners. Doing this should reinforce the importance to the code-share partners of notifying passengers (who are also customers of the Airlines) of known delays.

Contracts of Carriage — In our review of the Airlines’ contracts of carriage, we found that the Commitment provision to ensure that domestic code-share partners make a commitment to provide comparable consumer plans and policies was included in eight Airlines’ contracts of carriage and not included in five Airlines’ contracts of carriage, as shown in the table below. This provision does not apply to Southwest since it does not have any code-share partners.

Airline	Included	Not Included
Alaska		✓
Aloha	✓	
American	✓	
American Trans Air	✓	
America West		✓
Continental		✓
Delta	✓	
Hawaiian		✓
Midwest Express		✓
Northwest	✓	
Southwest	n/a	
Trans World	✓	
United	✓	
US Airways	✓	

Recommendation — *The Airlines that have not already done so should conduct annual internal audits of their code-share partners’ compliance with the Commitment.*

Be More Responsive to Customer Complaints

What Was Promised — The Airlines committed to assigning a Customer Service Representative responsible for handling passenger complaints and ensuring that all written complaints are responded to within 60 days. We consider this a pre-existing operating policy: all Airlines already had staff designated to handle complaints, and the majority of Airlines had internal policies requiring substantive responses to complaints in less than 60 days.

What Was Not Promised — The provision requires the Airlines to respond to complaints within 60 days; it does not require resolution of the complaint within the 60-day period, nor that when resolved, the disposition will be satisfactory to the customer.

Final Observations: Responses to Customer Complaints Were Timely and Substantive

The Airlines have demonstrated they are taking this provision seriously. Nearly all the Airlines and non-ATA airlines were providing a substantive response to a complaint within 30 days. However, a substantive response to a customer did not mean the resolution was always in favor of the customer or that the customer would be satisfied with the response.

Nearly All the Airlines and Non-ATA Airlines Responded to Complaints Within 60 Days

To measure compliance with the 60-day response time, and so that we were consistent in our testing of each Airline, we selected complaints processed in March 2000. For the non-ATA airlines, we selected complaints processed in July 2000, instead of March 2000, because at the time we tested these airlines, the complaints processed in March 2000 were not available for review.

Our sample test results show that:

- For March 2000, 13 of 14 Airlines were responding to complaints within 60 days at least 90 percent of the time.
- For July 2000, 2 of 3 non-ATA airlines were responding to complaints within 60 days at least 88 percent of the time.

Lower and upper confidence limits, based on our projections, are listed in the following table for each Airline and non-ATA airline.

Statistical Projections
Percentage of Time the Response Was Provided Within 60 Days

Airline	Lower Limit	Sample Results	Upper Limit
Alaska	91	97	99
Aloha*	n/a	61	n/a
American	97	100	100
American Trans Air	88	96	99
America West	83	100	96
Continental	85	93	97
Delta	97	100	100
Hawaiian	97	100	100
Midwest Express	97	100	100
Northwest	97	100	100
Southwest	96	100	100
Trans World	97	100	100
United	89	96	99
US Airways	97	100	100
Non-ATA Airline			
AirTran	79	88	94
Frontier	97	100	100
National*	n/a	74	n/a

*We were unable to project sample results at a 90 percent confidence level.

The Number of Air Traveler Complaints Submitted to DOT Is Significantly Less Than the Number of Complaints Received by the Airlines

In its monthly Air Travel Consumer Report, DOT reports air traveler complaints in categories, which are also typical of how the Airlines capture and report complaint data internally. In its monthly report, DOT rates the Airlines' performance (1 to 10, with 10 being the worst) based on the number of complaints received per 100,000 enplanements. However, these ratings are not useful because the complaint numbers being reported and used in the calculation for the ratings are not representative of the complaints actually received by the Airlines.

DOT-reported data are based solely on air travelers' complaints made directly to DOT's Aviation Consumer Protection Division, not on complaints sent only to the Airlines. Therefore, DOT's Air Travel Consumer Report does not reflect the true number of complaints to the Airlines, nor does it reflect the comparative rankings of the Airlines based on all air travelers' complaints. For example, the number of complaints received by one Airline was almost 79 times the number of complaints reported by DOT for that same Airline (25,556 versus 325).

In our review of the Airlines' complaint data for November 1999 and March 2000, we found that the number of complaints the Airlines received from air travelers was significantly higher than the number of complaints submitted by air travelers to DOT's Aviation Consumer Protection Division. For example, in the May 2000 report (for the period March 2000), DOT reported a total of 1,352 complaints for the 10 major Airlines, compared to 82,587 customer complaints received by the same 10 Airlines (that equates to 61 times the number of complaints submitted to DOT).

Contracts of Carriage — In our review of the Airlines' contracts of carriage, we found that 12 Airlines included, and 2 Airlines did not include, the Commitment provision to respond to complaints within 60 days, as shown in the table below.

Airline	Included	Not Included
Alaska	✓	
Aloha	✓	
American	✓	
American Trans Air		✓
America West		✓
Continental	✓	
Delta	✓	
Hawaiian	✓	
Midwest Express	✓	
Northwest	✓	
Southwest	✓	
Trans World	✓	
United	✓	
US Airways	✓	

Recommendation — *We are making no recommendations regarding this Commitment provision.*

Exhibit A. Objectives, Scope and Methodology, and Prior Coverage

OBJECTIVES

To help assure Congress that ATA and the Airlines were adhering to the terms of the Airline Customer Service Commitment, the Chairman of the Senate Committee on Commerce, Science, and Transportation, in a December 10, 1999 letter, asked DOT's Office of Inspector General to review the Airlines' Customer Service Plans and evaluate the extent to which each Airline has met all provisions under its Plan. In addition, the *Wendell H. Ford Aviation Investment and Reform Act for the 21st Century* (AIR-21), Public Law 106-181, reiterated the requirements of the December 10, 1999 letter with an additional requirement. It directed that, in our final report, we also make a comparison of customer service provided by the ATA Airlines and a representative sampling of non-ATA airlines, to allow consumers to make decisions as to the relative quality of air transportation provided by each group of air carriers.

Our audit objectives are as stated in the Chairman's letter and AIR-21. To that end, we focused on the following areas: (1) the extent to which the Airlines had developed and published individual Plans to meet the requirements of the Commitment, (2) the Airlines' methodologies for implementing their Plans that would allow for successful execution of the Plans, (3) the accomplishments of the Plans by the Airlines, and (4) the extent to which each Airline modified its contract of carriage to reflect the items in its individual Plan. The non-ATA airlines were not signatories to the ATA Commitment and as such had no obligation to prepare individual Plans. However, our approach to auditing the non-ATA airlines was the same as for the ATA Airlines.

SCOPE AND METHODOLOGY

Our audit work for this report was conducted between November 1, 1999 and January 17, 2001 in accordance with Government Auditing Standards as prescribed by the Comptroller General of the United States. During the course of this audit we met with and obtained data from officials within DOT's Office of the Assistant General Counsel for Aviation Enforcement and Proceedings, Bureau of Transportation Statistics, and FAA's Air Traffic Control System Command Center. In addition, we met with and obtained data from executives of ATA as

well as Airline officials representing key operating departments involved in implementing the Airline Customer Service Commitment. We also met with and obtained data from executives of the non-ATA airlines to determine how they were accomplishing their customer service. To gain an understanding of each air carrier's operations, we made visits to their corporate headquarters, reservation centers, and many of their various airport facilities. Finally, we consulted with a private organization for aviation consumer rights, advocacy groups representing disabled passengers, and several groups representing the air carrier industry to solicit their feedback on the Commitment and the individual Plans.

During the audit we reviewed Airline policies and procedures before and after implementation of the Commitment. This allowed us to evaluate what impact the formal Commitment had on the Airlines' customer service. Also, we reviewed the Airlines' Plans and contracts of carriage to determine whether the provisions of the Commitment had been incorporated into these documents.

We developed protocols to test each of the 12 provisions in the Commitment. Also, we developed protocols to determine the extent the air carriers made their Plans available to the public, and the extent they trained Airline and sub-contract personnel who directly or indirectly held a position to provide customer service to the public. In addition to visiting the corporate headquarters, reservation centers, and selected other facilities for each of the 17 air carriers, we performed various audit work at 39 airports throughout the country to observe and test individual air carriers' policies and procedures.

We used statistical sampling techniques for auditing lowest fares, holding reservations, ticket refunds, and responding to customer complaints at the corporate headquarters. In addition, statistical sampling techniques were used to audit baggage delivery service at each of the air carriers' airport operations we selected for review. All samples were selected using a confidence level of 90 percent and a precision rate (margin of error) that was plus or minus 10 percent. With data from the air carriers and other information available to us, our audit work for the other provisions was based on a judgmental sample of practices and procedures as we deemed necessary under the circumstances.

PRIOR COVERAGE

In October 2000, DOT issued its report Best Practices for Improving the Air Travel Experience. The report focused on identifying "best practices" used by airlines and airports to facilitate consumer access to flight information and provide

services that minimize the adverse consequences of air travel delays and cancellations.

On June 27, 2000, as part of this audit, we issued our Interim Report on Airline Customer Service Commitment, Report No. AV-2000-102. That report provided our preliminary results and observations on the Airlines' systems to measure performance against their Plans, discussed the Airlines' contracts of carriage in relation to their Plans, provided our observations on DOT's capacity to enforce consumer protection rights, and discussed the importance of customer service in the marketplace.

There has been no other prior audit coverage in this area by the Department of Transportation's Office of Inspector General.

Exhibit A
(3 pages)

Exhibit B. Airline Customer Service Commitment

AIRLINE CUSTOMER SERVICE COMMITMENT

June 17, 1999

The member carriers of the Air Transport Association (ATA) are committed to providing the best level of service to our customers. In recent months, there has been an increasing recognition of the need to improve airline passenger service. As a result, the ATA carriers, working with Members of Congress, have developed an Airline Customer Service Commitment, and each carrier will develop its individual Customer Service Plan to demonstrate our ongoing dedication to improving air travel.

The ATA carriers hereby commit to:

- Offer the lowest fare available
Each airline will offer the lowest fare available for which the customer is eligible on the airline's telephone reservation system for the date, flight and class of service requested.
- Notify customers of known delays, cancellations and diversions
Each airline will notify customers at the airport and on board an affected aircraft, in a timely manner, of the best available information regarding known delays, cancellations and diversions. In addition, each airline will establish and implement policies for accommodating passengers delayed overnight. A clear and concise statement of airlines' policies in these respects will also be made available to customers.
- On-time baggage delivery
Each airline will make every reasonable effort to return checked bags within 24 hours and will attempt to contact any customer whose unclaimed, checked luggage contains a name and address or telephone number.
- Support an increase in the baggage liability limit
The airlines will petition the Department of Transportation within 30 days to consider an increase in the current baggage liability limit. [Since 1984, DOT rules provide baggage liability of \$1250.]
- Allow reservations to be held or canceled
Each airline will allow the customer either to hold a telephone reservation without payment for 24 hours or (at the election of the carrier) to cancel a reservation without penalty for up to 24 hours, in order to give customers an opportunity to check for lower fares through other distribution systems, such as travel agents or the Internet.
- Provide prompt ticket refunds
Each airline will issue refunds for eligible tickets within 7 days for credit card purchases and 20 days for cash purchases.
- Properly accommodate disabled and special needs passengers
Each airline will disclose its policies and procedures for handling special needs passengers, such as unaccompanied minors, and for accommodating the disabled in an appropriate manner.

- Meet customers' essential needs during long on-aircraft delays
The airlines will make every reasonable effort to provide food, water, restroom facilities and access to medical treatment for passengers aboard an aircraft that is on the ground for an extended period of time without access to the terminal, as consistent with passenger and employee safety and security concerns. Each carrier will prepare contingency plans to address such circumstances and will work with other carriers and the airport to share facilities and make gates available in an emergency.
- Handle "bumped" passengers with fairness and consistency
Each airline will disclose to a passenger, upon request, whether the flight on which the passenger is ticketed is overbooked, if, within the usual and ordinary scope of such employee's work, the information is available to the airline employee to whom the request is directed. Each airline will also establish and disclose to the customer policies and procedures, including any applicable requirements (such as check-in deadlines), for managing the inability to board all passengers with confirmed reservations.
- Disclose travel itinerary, cancellation policies, frequent flyer rules, and aircraft configuration
Each airline will disclose to the customer:
 - (i) any change of aircraft on a single flight with the same flight number;
 - (ii) cancellation policies involving failures to use each flight segment coupon;
 - (iii) rules, restrictions and an annual report on frequent flyer program redemptions; and
 - (iv) upon request, information regarding aircraft configuration, including seat size and pitch.
- Ensure good customer service from code-share partners
Each airline will ensure that domestic code-share partners make a commitment to provide comparable consumer plans and policies.
- Be more responsive to customer complaints
Each airline will assign a Customer Service Representative responsible for handling passenger complaints and ensuring that all written complaints are responded to within 60 days.

Each airline will develop and implement a Customer Service Plan for meeting its obligations under the Airline Customer Service Commitment. Customer Service Plans will be completed and published within 90 days and will be fully implemented within 6 months.

Airline implementation will include training for airline reservation, customer service and sales personnel to enhance awareness of the responsibilities involved in implementation of the Customer Service Commitment and Plans.

The Airlines will publish and make available their Customer Service Plans:

- (i) on airline Internet web sites;
- (ii) at airports and ticket offices (upon request); and
- (iii) to travel and reservation agents.

Upon completion and publication of the Customer Service Plans, the Airlines will notify and provide copies to Congress and the Department of Transportation. The Airlines expect and will cooperate fully in any request from Congress for periodic review of compliance with the Customer Service Commitment.

Signed June 17, 1999

Carol B. Hallett

Carol B. Hallett
President and Chief Executive Officer
Air Transport Association of America, Inc.

On behalf of,

Alaska Airlines
Aloha Airlines
America West Airlines
American Airlines
American Trans Air
Continental Airlines
Delta Air Lines
Hawaiian Airlines
Midwest Express Airlines
Northwest Airlines
Southwest Airlines
Trans World Airlines
United Airlines
US Airways

Exhibit C. Major Contributors to This Report

The following staff members contributed to this report:

Alexis M. Stefani	Assistant IG for Auditing
David A. Dobbs	Deputy Assistant IG for Aviation
Robin K. Hunt	Program Director
Scott Macey	Project Manager
Lester Girdlestone	Auditor-in-Charge
Anne Longtin	Auditor-in-Charge
Petra Rose	Statistician
Shirley Murphy	Writer-Editor

Audit Team:

David Brown
Gloria Echols
Donald Emery
Carlton Hamilton
Todd Kath
Deborah Kloppenburg
Jeffrey Mortensen
Paul Nagulko
James Nelson
Patrick Nemons
Adrienne Simms
Nelda Smith
Lisa Stone
Paul Streit
Sharon Trodden
James Wahleithner
Susan Zimmerman

Support Staff:

OIG Office of Legal Counsel
San Francisco, CA, Audit Field Office
Seattle, WA Audit Field Office

DOCUMENT SEPARATOR

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Science, and Transportation
United States Senate**

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Airline Customer Service Commitment

**Statement of
The Honorable Kenneth M. Mead
Inspector General
U.S. Department of Transportation**



Mr. Chairman and Members of the Committee:

We are pleased to be to here today to discuss airline customer service, which is of enormous importance to the Congress, the Department of Transportation (DOT), Federal Aviation Administration (FAA), and, most importantly the traveling public. Today, I will discuss the results of our work and recommendations for improvement.

As this Committee is well aware, Airline customer service took center stage in January 1999, when hundreds of passengers were stuck in planes on snowbound Detroit runways for up to 8½hours. Following that incident, both the House and Senate conducted hearings and considered whether to enact a "passenger bill of rights." Since the January 1999 incident, the state of aviation as measured by delays and cancellations has worsened. For example, the 10 major air carriers reported an increase of nearly 19 percent in departure and arrival delays and over 21 percent in cancellations between 1999 and 2000. A portion of this increase can be attributed to labor problems experienced by at least two air carriers, which disrupted flight schedules.

Following hearings after the January 1999 incident, Congress, DOT, and the Air Transport Association (ATA)¹ agreed that the air carriers should have an opportunity to improve their customer service without legislation. To demonstrate the Airlines' ongoing dedication to improving air travel, ATA and its member

¹ The Air Transport Association is the trade association for America's leading air carriers. Its members transport over 95 percent of all the passenger and cargo traffic in the United States.

Airlines² executed the Airline Customer Service Commitment (the Commitment),³ on June 17, 1999. Each Airline agreed to prepare a Customer Service Plan (Plan) implementing the 12 provisions of the Commitment.

The Airlines Commit to:

- Offer the lowest fare available
- Notify customers of known delays, cancellations, and diversions
- On-time baggage delivery
- Support an increase in the baggage liability limit
- Allow reservations to be held or canceled
- Provide prompt ticket refunds
- Properly accommodate disabled and special needs passengers
- Meet customers' essential needs during long on-aircraft delays
- Handle "bumped" passengers with fairness and consistency
- Disclose travel itinerary, cancellation policies, frequent flyer rules, and aircraft configuration
- Ensure good customer service from code-share partners
- Be more responsive to customer complaints

A review of vital statistics places the environment in which we performed our review in context and shows how serious delays and cancellations have become.

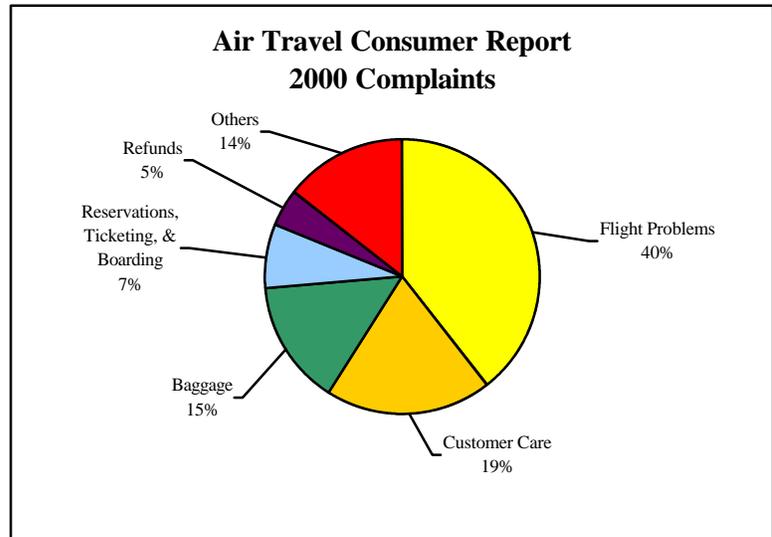
- In 2000, over 1 in 4 flights (27.5 percent) were delayed, canceled or diverted, affecting approximately 163 million passengers.
- Not only are there more delays, but those occurring are longer. Of those flights arriving late, the average delay exceeded 52 minutes in 2000.
- Flights experiencing taxi-out times of 1 hour or more increased nearly 13 percent (from 40,789 to 45,993) between 1999 and 2000. Of those flights with taxi-out times of 2, 3, 4, and 5 hours or greater, the largest percentage increase occurred in the 5+ hour category, which more than doubled (from 30 to 79).

² For the purposes of this statement, Airline or Airlines refers to the ATA member Airlines; air carrier refers to airlines in general.

³ ATA signed the Commitment on behalf of 14 ATA member Airlines (Alaska Airlines, Aloha Airlines, American Airlines, American Trans Air, America West Airlines, Continental Airlines, Delta Air Lines, Hawaiian Airlines, Midwest Express Airlines, Northwest Airlines, Southwest Airlines, Trans World Airlines, United Airlines, and US Airways).

Against this backdrop of increasing delays and cancellations, consumer complaints are also rising. The 2000 DOT Air Travel Consumer Report disclosed that complaints for 2000 increased 14 percent (20,438 to 23,381) over complaints in 1999.

DOT ranks flight problems (i.e., delays, cancellations and missed connections) as the number 1 air traveler complaint, with customer care⁴ and baggage complaints ranked as either number 2 or number 3. As depicted by



the chart, 2000 data show that these three types of complaints account for 74 percent of all complaints.

Last June, we issued an Interim Report⁵ on the 6-month progress of the Airlines in implementing their Plans. The Airlines are just now past the 1-year point in implementing their Plans. We reported our final results in our Final Report on Airline Customer Service Commitment,⁶ on the effectiveness of the Commitment and the individual Airline Plans to carry it out. As directed by the *Wendell H. Ford Aviation Investment and Reform Act for the 21st Century* (AIR-21), our final

⁴ Complaints such as poor employee attitude, refusal to provide assistance, unsatisfactory seating, and unsatisfactory food service are categorized as customer care complaints.

⁵ Report Number AV-2000-102.

⁶ Report Number AV-2001-020

report includes results for each Airline and recommendations for improving accountability, enforcement, and consumer protections afforded to commercial air passengers.

Our review was conducted between November 1, 1999 and January 17, 2001. During that time we visited and tested implementation of the Commitment provisions at the corporate offices, reservations centers, and the various airport facilities of all 14 ATA Airlines and 3 non-ATA airlines.⁷ We developed protocols for testing each of the 12 Commitment provisions. We observed air carrier operations and tested Commitment provisions at 39 airports. This included observing approximately 550 delayed and 160 canceled flights, reviewing 4,100 claims for mishandled baggage, placing nearly 2,000 telephone calls to reservations centers, reviewing the compensation provided to about 820 passengers who were either voluntarily or involuntarily denied boarding, and observing the treatment of about 380 disabled or special needs passengers.

A number of Airline consolidations are in process. United Airlines has proposed the purchase of U.S. Airways, and American Airlines has proposed the purchase of Trans World Airlines and a portion of U.S. Airways. As a separate review, at the request of the Senate Committee on Commerce, Science and Transportation, we will be looking at the air carrier merger review process with particular focus on how transitional service disruptions and competitive aspects of customer service are considered. Transitional service disruptions, such as computer system integration, crew scheduling, and information flows within companies and with their customers, can have a great impact on customer service.

⁷ AIR-21 requested that our review include non-ATA member airlines. AirTran Airways, Frontier Airlines and National Airlines were selected as the three non-ATA airlines for our review.

We are pleased to report that ATA, the Airlines and non-ATA airlines cooperated fully with us during this review. Also, ATA has indicated that the Airlines are open to continued outside assessments about how they are progressing in their implementation of the Commitment, and that the Airlines will support any such effort through the establishment of the necessary internal Airline quality assurance programs.

RESULTS

Overall, we found the Airlines were making progress toward meeting their Customer Service Commitment and that the Commitment has been a plus for air travelers on a number of important fronts. The voluntary Commitment to customer service and the circumstances under which it was entered into are noteworthy because, based on our observations, it prompted the Airlines to take the matter of improving customer service more seriously.

Also, the Airlines generally were responsive to suggestions made in our Interim Report. But, the Airlines, airports, the FAA and, most important, the traveling public know the aviation system is not working well—the road ahead is long, and aggressive progress will be required by the Airlines, airports, and FAA if consumer confidence is to be restored.

Notwithstanding Airline progress Airlines toward meeting their Customer Service Commitment, we continue to find significant shortfalls in reliable and timely communication with passengers by the Airlines about flight delays and cancellations. Further we find the Airlines' Commitment does not directly address the most deep-seated, underlying cause of customer dissatisfaction—flight delays and cancellations, and what the Airlines plan to do about them in the areas under their control in the immediate term.

Action by the Airlines to reduce flight delays and cancellations in the immediate term is critical because major improvements in providing capacity to meet demand, such as new runways and the fielding of new air traffic control capacity enhancing technology, are not going to be in place for at least the next several years. Spring/summer 2001, when the next major crunch in air travel is likely to occur, is just around the corner.

I would like to provide a more detailed summary of our work with respect to the various Commitment provisions, the Airlines' contracts of carriage, and DOT's ability to oversee and enforce consumer rights.

➤ **Provisions for quoting lowest fare, holding nonrefundable reservations, timely responses to complaints, and higher pay-outs for lost baggage.** In general, we found the areas where the provisions of the Commitment were working well and where the greatest progress was being made were not directly or necessarily associated with whether a flight is delayed or canceled:

- Quoting the lowest fare, compliance was between 88 and 100 percent of the time for a fixed itinerary.
- Holding nonrefundable reservations without penalty, compliance was between 88 and 100 percent.
- Timely responses to complaints, compliance was between 61 to 100 percent with 13 Airlines between 93 and 100 percent compliant.
- The Airlines supported an increase in the baggage liability limit from \$1,250 to \$2,500 resulting in larger pay-outs for lost luggage.

Over the past year, we also have seen air carriers competing on the basis of customer service through such steps as more legroom between seats, size of overhead baggage compartments, and deployment of portable passenger check-in stations to reduce long lines—measures that go beyond actions required by the Commitment.

- **Provision regarding properly accommodate disabled and special needs passengers.** The Airlines committed to disclose their policies and procedures for assisting special needs passengers and for accommodating the disabled in an appropriate manner. Of the 12 Commitment provisions, we found the Airlines disclosed more detailed information to passengers on this provision than on any other.

Although the Commitment provision addressed disclosing an Airline’s policies and procedures, we took steps to also determine if the Airlines and non-ATA airlines were properly assisting disabled and special needs passengers. In over 380 observations, we found that the Airlines and non-ATA airlines were properly assisting disabled and special needs passengers during their time spent at the airport from checking in to boarding the plane. However, it is apparent from the comments we received from an on-line survey as well as the complaints received by DOT, that the Airlines cannot apply enough emphasis to this area, especially by ensuring that employees that assist disabled and special needs passengers are properly trained.

One Airline has attempted to better address the needs of disabled and special needs passengers by establishing an advisory council, which includes disabled individuals. One of our recommendations is that other air carriers consider similar programs.

- **Provisions regarding fairness and consistency in “bumping” practices and prompt refunds for tickets.** Regarding the provision for fairness and consistency in bumping practices on flights that are oversold, we found a need for improvement. Among other things, the rules about who gets bumped first varied among the Airlines, and the compensation limit for those who are involuntarily bumped is inadequate and has not been changed since 1978. In fact, we found that passengers who volunteer to be bumped stand a good chance of receiving greater compensation than passengers who are involuntarily bumped.

As for the provision in the Commitment to provide prompt ticket refunds, which refers to Federal regulations in place for over 17 years, our tests at five Airlines showed excellent performance. However, four Airlines and two non-ATA airlines were clearly deficient in this area and need to improve their processing of ticket refunds.

- **Provisions that trigger when there is a flight delay or cancellation.** We found the customer service areas most in need of improvement are for those provisions that trigger when there are delays and cancellations. One such provision is to keep customers informed of delays and cancellations, another promises to meet customers’ “essential” needs during “extended” on-aircraft delays, and another commits to making reasonable efforts to return delayed or mishandled checked baggage within 24 hours.

The evidence shows significant investment and progress by the Airlines toward meeting these Commitment provisions, and improvement is evident since our Interim Report. Still, there are persistent problems. We frequently found,

among other matters, untimely, incomplete, or unreliable reports to passengers about flight status, delays and cancellations as follows.

- Notify Customers of Known Delays, Cancellations, and Diversions. In 21 percent of our observations of nearly 550 flight delays nationwide, the flight information display system showed the flight as on time when, in fact, the flight had been delayed for more than 20 minutes; timely announcements about the status of the delay were made in the gate areas 66 percent of the time; and when status announcements were made, the information provided about the delay or cancellation was adequate about 57 percent of the time. Performance varied by Airline and non-ATA airline, with Hubs generally performing better than non-Hub airports.
- Meet Customers' Essential Needs During Long On-Aircraft Delays. All Airlines have taken steps to accommodate passengers' "essential" needs during "extended" on-aircraft delays. While there are instances of long on-aircraft delays, we have not seen instances quite as severe as the 1999 Detroit incident. However, we found that the Airlines differ in what qualifies as an "extended" delay. The trigger thresholds for this provision vary from 45 minutes to 3 hours. We think it is unlikely that a passenger's definition of an "extended" on-aircraft delay will vary depending upon which air carrier they are flying. Therefore, Airlines should clarify what passengers can expect during an extended on-aircraft delay.
- On-Time Baggage Delivery. Although the majority of bags do show up with the passenger, it is the bags that do not arrive that customers are most concerned about. The Airlines did not commit to a reduction in the number of checked bags not arriving with the passenger. Instead the Airlines committed to make every reasonable effort to return mishandled checked

bags within 24 hours. During our testing, baggage that did not show up with the passenger was delivered within 24 hours 58 to 91 percent of the time. Again, performance among the Airlines and non-ATA airlines varied.

In addition, DOT's method for reporting mishandled bags in the Air Travel Consumer Report should be revised to more accurately reflect the number of bags that do not arrive with passengers. Currently DOT reports the number of *baggage claim reports* per 1,000 passengers on domestic flights. This includes passengers who did not check bags, which on some flights may be more than half the passengers. Also, a baggage claim report can cover more than one mishandled bag. A more accurate method for calculating mishandled baggage would be the number of mishandled bags per 1,000 bags checked by passengers.

Since air travelers in 2000 stood a greater than 1 in 4 chance of their flight being delayed, canceled, or diverted, we believe the Airlines should go further and address steps they are taking on matters within their control to reduce over-scheduling, the number of chronically delayed and/or canceled flights, and the amount of checked baggage that does not show up with the passenger upon arrival.

According to Bureau of Transportation Statistics (BTS), chronically delayed and/or canceled flights are those *regularly scheduled flights*⁸ that arrived at least 15 minutes later than scheduled and/or were canceled at least 80 percent of the time during a *single calendar month*. For example, according to BTS data, in December 2000, one flight was either delayed or canceled 27 of the

⁸ A regularly scheduled flight is a flight segment representing a city-pair (e.g., Chicago to Miami).

31 days it was scheduled to operate. In this case, the flight was delayed or canceled 87 percent of the time.

Our analysis of BTS data found *regularly scheduled flights* that were at least 15 minutes late and/or canceled 80 percent of the time increased from 8,348 to 40,868 (390 percent) between 1999 and 2000.⁹

Using BTS data, we increased the amount of arrival delay to 30 minutes or more and identified all *scheduled flights* that, when grouped by individual flight number, were delayed and/or canceled at least 40 percent of the time during a single calendar month. Overall, for calendar year 2000, we identified over 240,000 *regularly scheduled flights* that met our criteria (representing over 10,300 individual flight numbers affecting approximately 25 million passengers).

Currently, the Airlines are required to disclose on-time performance only upon request from the customer. Passengers should not have to ask when making a reservation if the flight is chronically delayed or canceled 40 percent of the time or more; the Airlines should notify the passenger of this information without being asked.

Airline mitigation measures in the above areas will not solve the delay and cancellation problem since it is caused by multiple factors, some outside the Airlines' control. Nevertheless, the Airlines should be doing their part.

For both the short and long term, the Airlines' Commitment to customer service must be combined with comprehensive action to increase system

⁹ Our intent is not to attribute the cause of the delays or cancellations associated with these flights to the Airlines, but to highlight the extent to which such flights are occurring.

capacity to meet demand. FAA's efforts to modernize air traffic control through new technology, satellite navigation at airports, airspace redesign and, importantly, new runways will be central elements in any successful effort to add capacity and avoid gridlock.

- **Contract of Carriage.** In our Interim Report, we noted that the Airlines' Commitment, while conveying promises of customer service, was not necessarily legally enforceable by consumers unless these protections were also incorporated into an Airline's contract of carriage, which is a binding and legally enforceable contract. In fact, one Airline explicitly said as much in its Customer Service Plan.

In our Interim Report, we recommended that the Airlines ensure that their contracts of carriage are changed to fully reflect the benefits afforded by their Plans and the Airlines' Commitment to customer service. Our review of the 14 Airlines' contracts of carriage showed that as of January 17, 2001, all of the Airlines responded to this recommendation to some degree. For example:

- Three of the 14 Airlines incorporated the entire text of their Plans into their contracts of carriage.
- Eleven of the 14 Airlines incorporated the Commitment provision to inform the customer of delays, cancellations, and diversions into their contracts of carriage; 8 of the 14 Airlines incorporated the Commitment provision to meet customers' essential needs during extended on-aircraft delays.
- Eleven of the 14 Airlines incorporated the Commitment provision for quoting the lowest fare; 12 Airlines incorporated the provisions for holding a nonrefundable reservation for 24 hours and for returning misrouted or

delayed baggage within 24 hours; and all Airlines incorporated the baggage liability limit increase, which is required by Federal regulation.

Some Airlines have included additional Commitment provisions in their contract of carriage, since our audit was completed.

There were differences among the Airlines in exactly what they decided to incorporate, and we found instances where the contract of carriage placed limits on what appeared to be a more expansive provision in the Plan. An area of particular concern is when an Airline will provide overnight accommodations occasioned by a delay or cancellation. Most of the Plans said generally that overnight accommodations would be provided if the passenger was required to stay overnight due to a delay or cancellation caused by the Airline's operations (as defined by the Airline). However, the contract of carriage for seven Airlines appeared to limit this to situations such as when a flight was diverted to an unscheduled destination or a flight delay exceeded 4 hours between the hours of 10:00 p.m. and 6:00 a.m. The circumstances in which overnight accommodations will be provided needs clarity so that passengers will know what to expect.

- **Consumer Protection by the Department of Transportation.** Oversight and enforcement of consumer protection and unfair competition laws and regulations are the responsibility of the DOT.

We found the resources available to the Department to carry out these responsibilities to the traveling public are seriously inadequate—so much so that they had declined at the very time consumer complaints quadrupled and increased to record levels—from roughly 6,000 in 1995 to over 23,000 in 2000. Nearly 20 staff are assigned these functions today, down from 40 in

1985. Until this situation is changed, the responsible DOT office will not be able to satisfactorily discharge its consumer protection responsibilities, including the duties assigned to it for investigating complaints involving disabled airline passengers.

RECOMMENDATIONS FOR IMPROVING ACCOUNTABILITY, ENFORCEMENT AND THE PROTECTIONS AFFORDED COMMERCIAL AIR TRAVELERS

Over the past year, the Office of Inspector General made three recommendations to the Secretary of Transportation and the Federal Aviation Administration that were directed at the capacity, delay, and cancellation problems, which are key drivers of customer dissatisfaction with Airlines. These recommendations are repeated below.

- **Establish and implement a uniform system for tracking delays, cancellations, and their causes.** In the final months of the prior Administration, a Task Force appointed by the former Secretary made recommendations to accomplish this. These recommendations still need to be implemented.
- **Develop capacity benchmarks for the Nation's top 30 airports. This will provide a common framework for understanding what maximum arrival and departure rate can physically be accommodated by airport, by time of day under optimum conditions.** A set of capacity benchmarks is essential in understanding the impact of air carrier scheduling practices and what relief can realistically be provided by new technology, revised air traffic control procedures, new runways, and related airport infrastructure. FAA has committed to implementing this recommendation.
- **Develop a strategic plan for addressing capacity shortfalls in the immediate, intermediate, and long term.** These three points in time are important because the new runways or airports or air traffic control technology that may be in place 2, 5, or 10 years from now hold promise for the future, but offer limited or no bottom-line relief in the immediate term. Actions that are necessary in the short term may become unnecessary in the longer term with the addition of, for example, new runways. An immediate issue is scheduling, at peak travel times, flights beyond the established physical capacity of the airport and air traffic control system under optimum conditions. The dilemma an individual Airline faces is if it takes action and reduces flights, would

competitors fill those slots, resulting in no change in the overall flight scheduling at the airport.

New Recommendations

Our report includes recommendations where we found room for improvement or the need for corrective action, as follows.

Department of Transportation Aviation Consumer Protection. We recommend a significant increase in the resources allocated to the Department of Transportation division responsible for consumer protection and a corresponding increase in the oversight and enforcement of laws and regulations that protect air travelers. Resources allocated for consumer protection have declined significantly—all at a time when consumer complaints and flight problems have reached record highs.

Airline Customer Service Commitment. For the recommendations that follow, Congress in its consideration of Passenger Bill of Rights issues and how to effectuate change has the option of first giving the Airlines the opportunity to take action within a fixed time period to revise, modify, or add to the Customer Service Commitment voluntarily. We note that for significant regulatory proceedings in 1999, DOT took an average of 3.8 years to issue the final rule.¹⁰ The Department concurred that corrective action was needed to expedite the pace of its rulemaking and announced an action plan to do so. This action plan must still be implemented.

- 1. Adoption of Airline Customer Service Commitment by all U.S. air carriers.**
- 2. Make Airline Customer Service Commitment provisions enforceable under the contract of carriage or by regulation, including the provisions to offer the lowest fare for which the passenger is eligible; hold or cancel a reservation; accommodate passengers delayed overnight; and meet customers' essential needs during long on-aircraft delays.**
- 3. Add a commitment under which the Airlines must (A) establish a quality assurance and performance measurement system; and (B) conduct an internal audit to measure compliance with the Commitment and Customer Service Plan provisions. The quality assurance system as well as the results of the internal audit will itself be subject to audit by the**

¹⁰ Department of Transportation's Rulemaking Process, Report No. MH-2000-109, issued July 20, 2000

Federal Government. Twelve Airlines have already established such a system that covers the Commitment in whole or in part.

4. *Commitment Provision - Offer the lowest available fare.*

- **Airlines that have not already done so, offer the lowest fare available for reservations made, not just through Airline telephone reservations systems, but for reservations made at the Airlines' city ticket offices and airport customer service counters.**
- **Our Interim Report suggested that Airlines notify customers that lower fares may be available through other distribution systems, such as the Airlines' Internet sites. On October 20, 2000, DOT issued an order requiring this to be done, and in general the Airlines are complying. Further recommendations on this point are not necessary.**

5. *Commitment Provision - Notify customers of known delays, cancellations, and diversions.*

- **Airlines establish in the Commitment and their Customer Service Plans targets for reducing the number of chronically delayed (i.e., 30 minutes or greater) and/or canceled flights. This should be a short-term measure only to avoid a repeat of spring/summer 2000 and not a way of avoiding the larger issue of expanding capacity to meet demand such as through new runways and technology.**
- **Airlines should also provide, through existing Internet sites, the prior month's on-time performance rate for each scheduled flight.**
- **Disclose to customers, at the time of booking and without being asked, the prior month's on-time performance rate for those flights that have been consistently delayed (i.e., 30 minutes or greater) and/or canceled 40 percent or more of the time.**
- **The Office of Aviation Enforcement and Proceedings, in coordination with BTS, include a table in the Air Travel Consumer Report of those flights consistently delayed (i.e., 30 minutes or greater) and/or canceled 40 percent or more of the time for 3 consecutive months.**
- **The Airlines that have not already done so should implement a system that contacts passengers prior to arriving at the airport when a known, lengthy flight delay exists or a flight has been canceled.**

- **Ensure delay information is updated in real-time on Airlines' monitors and on the airport master flight information display monitors; ensure that gate agents make timely announcements regarding the status of the delay; and ensure that the best known information about the delay, including the cause and estimated time of departure, is provided to the passengers being affected.**
 - **Clarify the customers' rights when put in an overnight situation due to delays, cancellations, or diversions by making the contracts of carriage consistent with their Plans. In doing so, we urge the Airlines not to back off accommodations they made in their Plans. The reason we surfaced this issue was that at least one Airline, in its Plan, has stated that the Plan does not create contractual or legal rights.**
6. ***Commitment Provision - On-time baggage delivery (this provision actually commits the Airlines to make every reasonable effort to deliver checked baggage within 24 hours if it does not show up when the passenger arrives).***
- **Our Interim Report suggested that the Airlines clarify that the 24-hour clock begins upon receipt of the customer's claim, and all the Airlines have done so. Further recommendations on this point are not necessary.**
 - **Strengthen the Commitment to require the Airlines to set performance goals for reducing the number of mishandled bags.**
 - **Develop and implement systems to track the amount of time elapsed from the receipt of the customer's baggage claim to time of delivery of delayed or misrouted baggage to the passenger, including the time from courier to final delivery to the passenger.**
 - **For the Airlines that have not already done so, provide a toll-free telephone number so passengers can check on the status of checked baggage that did not show up on the passenger's arrival.**
 - **Petition the DOT to calculate the rate of mishandled baggage on the basis of actual checked baggage (not on the total number of passengers), and the actual number of mishandled bags (not the number of claim reports).**

7. *Commitment Provision - Support an increase in the baggage liability limit.*
 - **The Airlines agreed to increase the baggage liability limit (from \$1,250 to \$2,500 per passenger) and DOT made the increase a requirement of law. We are making no recommendations regarding this commitment.**
8. *Commitment Provision - Allow reservations to be held or canceled.*
 - **Our Interim Report suggested the Airlines disclose to the consumer that they have the option of canceling a nonrefundable reservation within the 24-hour window following booking. All Airlines revised their policies to require such disclosure. We are making no further recommendations regarding this commitment.**
9. *Commitment Provision - Provide prompt ticket refunds.*
 - **The rules governing prompt refunds have been in effect for over 17 years. We found no need to change the rules, but based on the levels of compliance identified in our review for some Airlines, we recommend that the Secretary of Transportation direct the Office of Aviation Enforcement and Proceedings to strengthen its oversight and take appropriate enforcement action in cases of noncompliance.**
10. *Commitment Provision - Properly accommodate disabled and special needs passengers.*
 - **We would encourage the Airlines to continuously improve the services provided air travelers with disabilities and special needs, especially for those services provided at the airport beginning with the check-in process, on to the passenger security screening process (especially for those air travelers in wheelchairs), and during the boarding process.**
 - **Airlines should also consider establishing advisory councils, which include disabled individuals, to help better address the needs of disabled and special needs passengers.**
11. *Commitment Provision - Meet customers' "essential needs" during "long" on-aircraft delays.*
 - **The Airlines should clarify in their Plans what is meant by an extended period of time and emergency, so passengers will know what they can**

expect during extended on-board delays, and ensure that comprehensive customer service contingency plans specify the efforts that will be made to get passengers off the aircraft when delayed for extended periods, either before departure or after arrival.

12. *Commitment Provision - Handle “bumped” passengers with fairness and consistency.*

- **Petition DOT to amend its regulation to establish a uniform check-in deadline as to time and place, and require all air carriers to disclose in their contracts of carriage and ticket jackets their policies on how check-in deadlines apply to passengers making connections.**
- **Airlines who hold out that “volunteers who give up their seats to other customers will be compensated equally on the same flight” should ensure that all volunteers on the same flight are compensated equally.**
- **Petition DOT to increase the monetary compensation payable to involuntarily bumped passengers. The limit has not changed since 1978.**
- **Disclose orally to passengers what the Airline is obligated to pay involuntarily bumped passengers in advance of making offers to passengers to voluntarily relinquish their seats.**
- **DOT clarify “fairness and consistency” by defining and providing examples of what it considers to be “any undue or unreasonable preference or advantage” and “unjust or unreasonable prejudice or disadvantage” in air carrier priority rules or criteria for involuntarily “bumping” passengers.**

13. *Commitment Provision - Disclose travel itinerary, cancellation policies, frequent flyer rules, and aircraft configuration.*

- **Petition DOT to require that each Airline with a frequent flyer program make available to the public a more comprehensive reporting of frequent flyer redemption information in its frequent flyer literature and annual reports, such as the percentage of successful redemptions and frequent flyer seats made available in the Airline’s top origin and destination markets. Current Airline information on frequent flyer mileage redemptions is not readily available and is very limited in the type and amount of information provided. It has limited value to the consumer for purposes of determining which frequent flyer mileage program to enroll**

in based on the percentage of successful redemptions and frequent flyer seats made available in the Airlines' top origin and destination markets.

14. *Commitment Provision - Ensure good customer service from code-share partners.*

- **The Airlines that have not already done so should conduct annual internal audits of their code-share partners' compliance with the Commitment.**

15. *Commitment Provision - Be more responsive to customer complaints.*

- **Overall, the Airlines are taking this commitment seriously and generally were responding substantively to complaints well within the required 60-day timeframe. We are making no recommendations regarding this commitment.**

Mr. Chairman, this concludes my statement. I would be happy to answer any questions you or other members of the Committee might have.

DOCUMENT SEPARATOR

**Before the Subcommittee on Aviation,
Committee on Transportation and Infrastructure
United States House of Representatives**

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Status Report on Airline Customer Service

**Statement of
The Honorable Kenneth M. Mead
Inspector General
U.S. Department of Transportation**



Mr. Chairman and Members of the Subcommittee:

We appreciate the opportunity to discuss airline customer service and efforts the airlines have made since our February 2001 Final Report on Airline Customer Service Commitment.¹

Last February we reported that the Air Transport Association (ATA) member Airlines (Airlines)² were making progress towards meeting their Customer Service Commitment and that the Commitment has been a plus for air travelers on a number of important fronts. In general we found that the Airlines were making the greatest progress in areas not directly related to a flight delay or cancellation, such as offering the lowest fare available, holding reservations, and responding in a timely manner to complaints. Notwithstanding progress made by the Airlines toward meeting their Customer Service Commitment, we found the Airlines' Commitment did not directly address the most deep-seated, underlying cause of customer dissatisfaction—flight delays and cancellations.

Today the debate is over what is the best way to ensure improved airline customer service: voluntary implementation by the Airlines, congressional legislation, additional regulations, or some combination. This is clearly a policy issue for the Congress to decide.

It is important to note that a substantial part of the impetus behind the Airlines' commitment to improve customer service was to ward off "Passenger Bill of Rights" legislation. It is difficult to legislate good customer service, but with congressional interest from members like Chairman Mica, Ranking Member Lipinski and others in both the House and Senate, airline customer service continues to be a front-burner issue and improvements have been made, before and after our February report.

In general, we are encouraged by the additional initiatives (see Attachment I) the Airlines have taken since our Report, such as investing in programs and technology to improve the accuracy and timeliness of communication to passengers about delays and cancellations. This was an area where the Airlines fell substantially short, but we have seen progress on this front as well.

An important recent initiative the Airlines undertook was to incorporate the 12 Commitment provisions into their contracts of carriage. This was consistent with the recommendation in our Report. This creates a legally binding obligation to passengers and better ensures that the reform and progress brought on by the

¹ Report Number AV-2001-020, February 12, 2001.

² Fourteen ATA member Airlines were signatory to the Airline Customer Service Commitment. We are not aware of any action by non-ATA Airlines to formally adopt the Commitment.

voluntary Commitment provisions will be enforceable. The real issue now is whether the Commitment will have staying power or is a temporary phenomenon, the viability of which is dependent upon continuous congressional pressure.

Notwithstanding the progress made by the Airlines, we are especially concerned that the Airlines are not willing to disclose key information about their product by agreeing to notify customers at the time of booking, without being asked, the prior month's on-time performance for those flights that have been consistently delayed (i.e., 30 minutes or greater) and/or canceled 40 percent or more of the time. In 2000 over 240,000 scheduled flights (representing over 10,300 individual flight numbers affecting approximately 25 million passengers) were consistently delayed and/or canceled. On-time performance data are readily available by the Airlines and, in our opinion, it seems only fair that this information should be disclosed to the customer at the time of booking.

Our February report also found shortcomings in the :

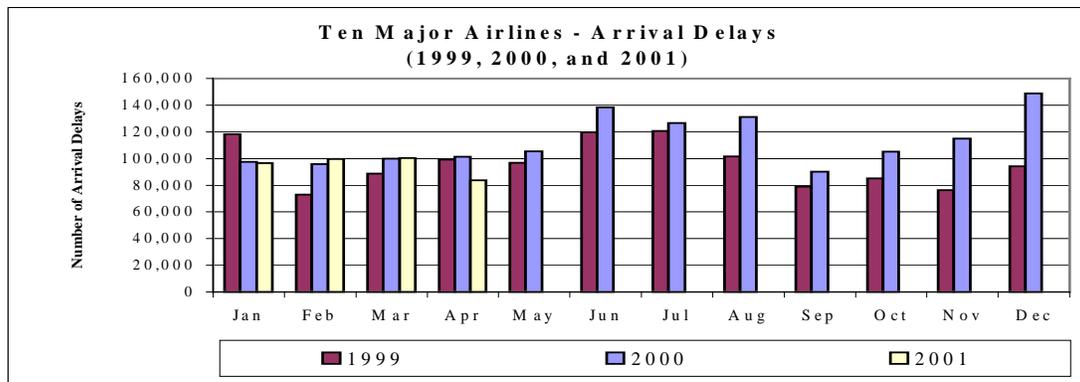
- Airlines' policies for accommodating passengers put in an overnight status due to delays, cancellations or diversions;
- accuracy and timeliness of information on airport display monitors regarding delayed or canceled flight;
- terms used to describe what passengers could expect during long on-board delays;
- adequacy of compensation paid to passengers involuntarily bumped from their flight; and
- method for calculating mishandled baggage.

In response to our recommendations, the Airlines established a task force for the first three areas, and petitioned the Department of Transportation (DOT) for the remaining two areas. At this time, we do not know whether the efforts to be taken by the task force have been specified or timelines established for when passengers could expect to see the results. It also is not clear when DOT will issue regulations addressing the shortcomings in denied boarding compensation and the reporting of mishandled baggage data.

We are also aware that several Airlines have taken steps to reduce delays at their main Hub airports (see Attachment II) by reducing the number of flights in banks at peak hours, using larger aircraft for specific flights to relieve congestion, and allowing more turnaround time between flights. For the coming summer travel season, voluntary changes by the Airlines offer the greatest opportunity for reducing delays. Now is the time for each Airline to look at what it can do individually to adjust its flight schedules at peak periods at highly congested airports.

Before going into what Airlines have done or need to do, we would like to review some vital statistics on delays and cancellations. It is against this backdrop that the Airlines have been addressing customer service. While it is too early to tell what the summer months will hold, so far the picture in 2001 shows modest improvements in the number of delayed flights, and flight delays that are occurring are somewhat shorter in duration. Also, cancellations have reduced significantly, as well as flights with extended ground delays.

- In 2000, the 10 major Airlines reported a 3 percent increase in scheduled domestic flights and a 4 percent increase in the number of passengers over 1999. These trends continued—although at a reduced rate—into the first 4 months of 2001, with the same 10 Airlines reporting small increases in scheduled domestic flights (0.3 percent) and passengers (2.4 percent) over 2000.
- During the first 4 months of 2001, roughly 1 in 4 flights (23.5 percent) were delayed, canceled, or diverted, affecting approximately 43 million passengers. This represents a slight improvement over the same 4 month period in 2000, when nearly 25 percent of scheduled flights were delayed or canceled, affecting an estimated 48 million passengers.



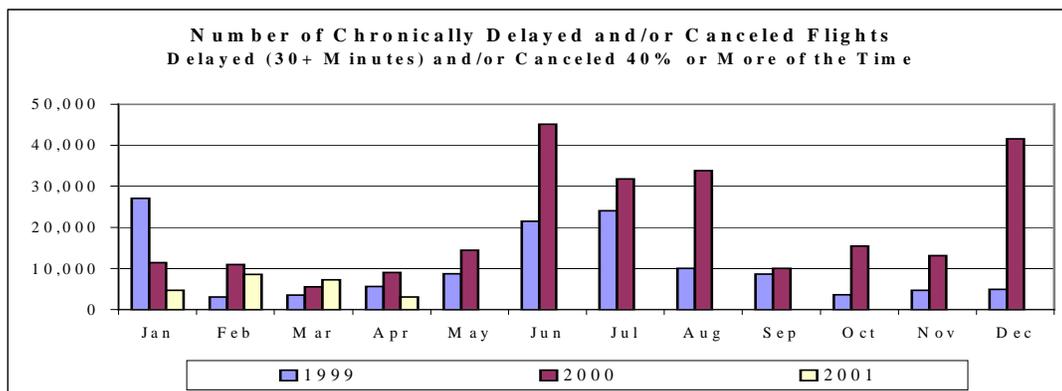
- Bureau of Transportation Statistics (BTS) reported that flight cancellations decreased 12 percent (61,582 to 54,217) during the first 4 months of 2001 as compared to the same period in 2000.
- Of those flights arriving late in 2001, the average delay was 48½ minutes—nearly 4 minutes less than the average for all of 2000.

- According to BTS data for the 30 largest U.S. airports, the number of flights experiencing taxi-out times of 1 hour or more decreased nearly 14 percent (from 10,433 to 9,010) during the first 4 months of 2001 as compared to 2000. Flights with taxi-out times of 2, 3, 4, and 5 hours decreased at even higher rates of 47, 40, 18, and 33 percent, respectively, during this same period.

Number of Flights with Taxi-Out Times of 1 to 5+ Hours, January-April 2000 and 2001 (BTS Data)

Time Period	2000	2001	% Change
1-2 Hrs.	9,137	8,292	-9%
2-3 Hrs.	1,038	553	-47%
3-4 Hrs.	208	125	-40%
4-5 Hrs.	44	36	-18%
5 or > Hrs.	6	4	-33%
Total:	10,433	9,010	-14%

- The number of flights chronically delayed (30 minutes or more) and/or canceled 40 percent or more of the time, decreased 36 percent (from 37,066 to 23,729) between the first 4 months of 2000 and 2001.³



- Complaints received by the DOT's Aviation Consumer Protection Division in the first 4 months of 2001 have decreased by 14 percent over the same period in 2000, with flight problems (delays, cancellations, and misconnections), customer service and mishandled baggage still ranked as the number one, two, and three complaint categories, respectively.

³ BTS defines chronically delayed and/or canceled flights as those regularly scheduled flights that, at least 80 percent of the time, arrived at least 15 minutes later than scheduled and/or were canceled during a single calendar month. Under our definition, which differs from BTS, chronically delayed and/or canceled flights are those regularly scheduled flights (e.g., Chicago to Miami) that arrived at least 30 minutes later than scheduled and/or were canceled at least 40 percent of the time during a single calendar month.

Multiple factors contribute to the number of flight delays and cancellations, including airport capacity, Airline flight schedules, consumer demand for air travel, weather conditions, and labor disputes. Many of these have been favorable so far in 2001, contributing to the slight decline in the number of flight delays and cancellations when compared to 2000, as seen in the following examples.

- We have not seen a significant increase in flights scheduled by the 10 major Airlines over last year's record numbers. In addition, some Airlines have voluntarily revamped their schedules at their Hub airports and dispersed traffic away from congested Hubs where economically feasible.
- The National Weather Service weather data indicate over a 3 percent reduction in the number of weather patterns that could be hazardous to aircraft, such as thunderstorms, during the first 3 months of 2001 as compared to the same period in 2000.
- There have not been any aviation industry labor strikes by employees of the top 10 major Airlines so far this year. In 2000, the strike by United Airlines' pilots resulted in a significant number of flight cancellations and delays from April to August 2000.

Nevertheless, historically most chronically delayed and canceled flights occur during the busy summer travel season—which we are only now entering. The extent to which delays and cancellations increase in 2001 will depend on several key factors, including weather conditions, ongoing labor disputes within the airline industry, the impact of the economy on air traffic demand, and how existing capacity is managed at already congested airports. These factors still have the potential to significantly increase delays this year.

The Airlines' Additional Initiatives Are a Step in the Right Direction, But Additional Actions Are Needed

To their credit, since our Report, the Airlines have announced additional initiatives that address in part or in some form our recommendations for improving customer service. These initiatives for the most part bolster the original 12 provisions included in the 1999 voluntary Commitment.

The Airlines have made significant progress in implementing some of our recommendations. Of particular note, they have implemented our recommendation to include all the Commitment provisions in each Airline's contract of carriage. However, the Airlines have not addressed certain core issues identified in our Report, such as notifying customers at the time of booking, without being asked, the prior month's on-time performance for those flights that

have been consistently delayed (i.e., 30 minutes or greater) and/or canceled 40 percent or more of the time.

In certain other cases, the new initiatives are at a high level of generality and lack specificity. Also, timelines for completing the actions have not been established. To illustrate, one initiative is to establish a task force to develop a plan to help passengers who are required to remain overnight due to delays, cancellations, or diversions. However, we do not know the substance of what the task force will do or the timelines for when passengers could expect to see results.

Enforcing the Commitment. We recommended that the Airlines make the Commitment provisions enforceable by including all the provisions in the Airlines' contracts of carriage.

All of the ATA member Airlines have now implemented this recommendation and incorporated all of the Commitment provisions into their contracts of carriage. Incorporation of the provisions into contracts of carriage creates a legally binding obligation to passengers and better ensures that the reform and progress brought on by the voluntary Commitment provisions will be enforceable. The real issue now is whether the Commitment will have staying power or is a temporary phenomenon, the viability of which is dependent upon continuous congressional pressure.

DOT's aviation enforcement office⁴ needs to monitor the Airlines and advise Congress if the Airlines retreat from these commitments or water down the language in their contracts of carriage.

Offering the Lowest Fare. We recommended that the Airlines that had not already done so, offer the lowest fare available for reservations made, not just through the Airlines' telephone reservation systems, but for reservations made at city ticket offices and airport customer service counters. All ATA member Airlines have now implemented this expanded commitment, agreeing to offer the lowest fare at city ticket offices and airport customer service counters.

Airline Self-Audits of Commitment Provisions. We recommended the Airlines establish quality assurance and performance measurement systems and conduct internal audits to measure compliance with the Commitment provisions. We have confirmed that 12 of the 14 Airlines now have internal performance measurement systems and audit procedures in place. As of June 14, 2001, the remaining two Airlines were still finalizing their performance measurement systems.

⁴ DOT Office of the Assistant General Counsel for Aviation Enforcement and Proceedings.

In our opinion, if properly executed, the Airlines' plans should be effective in monitoring compliance and measuring performance with the Commitment and associated customer service plans. These systems and audit procedures will also allow DOT's aviation enforcement office to more efficiently review the Airlines' compliance with the Commitment.

Accurately Reporting Mishandled Baggage. We recommended that the Airlines petition the DOT to calculate the rate of mishandled baggage on the basis of actual checked baggage (not on the total number of passengers, many of whom do not check baggage) and the actual number of mishandled bags (not the number of claim reports).

On April 3, 2001, ATA petitioned DOT to reexamine the method by which mishandled baggage statistics are collected. However, changes to this current method have not yet occurred. It will now be up to DOT to revise its regulations for calculating mishandled baggage rates. DOT should move expeditiously to take action on this issue.

Increasing Denied Boarding Compensation. We recommended that the Airlines petition the DOT to increase the monetary compensation payable to involuntarily bumped passengers. This limit has not been changed since 1978.

On April 3, 2001, ATA petitioned DOT to reexamine the maximum level of involuntary denied boarding compensation. However, changes to the monetary compensation payable to involuntarily bumped passengers have not yet occurred. It will now be up to DOT to develop new regulations for denied boarding compensation. DOT should move expeditiously to take action on this issue.

Disclosure to Customers Regarding Chronically Delayed Flights. We recommended that the Airlines disclose to passengers at the time of booking, without being asked, the prior month's on-time performance for those flights that have been consistently delayed (i.e., 30 minutes or greater) and/or canceled 40 percent or more of the time. Currently, the Airlines are required to disclose on-time performance only upon request from the customer.

None of the Airlines, to date, has chosen to adopt this proposal, despite the fact that we have recommended this several times. The Airlines have told us they disagree with this recommendation, giving several reasons including:

- a) costs associated with the additional time needed for reservation agents to provide the information to consumers, and
- b) concerns about disparaging their own product (i.e., poor on-time performance).

The on-time performance for consistently delayed or canceled flights is readily available to the Airlines and, in our opinion, it seems only fair to the customer that this information should be disclosed at the time of booking.

Disclose Frequent Flyer Program Redemptions. We recommended that the Airlines petition DOT to require that each Airline with a frequent flyer program make available to the public a more comprehensive report on frequent flyer redemption information, such as the percentage of successful redemptions and number of frequent flyer seats made available in the Airline's top origin and destination markets.

The Airlines disagreed with our recommendation, but have not provided an alternative action for addressing this issue. We believe it is important to the customer to know the likelihood of being able to use frequent flyer miles to fly where the customer wants to travel.

Set Performance Goals for Mishandled Bags. We recommended that the Airlines set performance goals for reducing the number of mishandled bags in order to strengthen the Commitment to passengers. The Airlines did not commit to a reduction in the number of checked bags not arriving with the passengers. Instead, the Airlines committed to make every reasonable effort to return mishandled checked bags within 24 hours.

The Airlines have not responded to this recommendation. Since it is important to the customer and the Airlines that baggage arrive with the customer, setting a performance goal would demonstrate a desire by the Airlines to continuously improve their performance in this area.

Reduce Chronically Delayed and/or Canceled Flights. We recommended that the Airlines reduce the number of chronically delayed and canceled flights as a short-term measure to avoid a repeat of the spring and summer of 2000.

The Airlines agreed to set realistic targets for reducing chronically delayed or canceled flights. However, the Airlines have not established targets or stated what actions they will take to meet those targets.

We are also aware that several Airlines have taken steps to reduce delays at their main Hub airports (see Attachment II) by reducing the number of flights in banks at peak hours, using larger aircraft for specific flights to relieve congestion, and allowing more turnaround time between flights. For the coming summer travel season, voluntary changes by the Airlines offer the greatest opportunity for reducing delays. Now is the time for each Airline to look at what it can do

individually to adjust its flight schedules at peak periods at highly congested airports.

Clarifying Passengers' Rights When Put in an Overnight Status. During our audit, we found circumstances where the Airlines' policies in their customer service plans for accommodating passengers delayed overnight were ambiguous and confusing when compared to the Airlines' contracts of carriage. We recommended that the Airlines clarify to customers their rights when put in an overnight situation due to delays, cancellations, or diversions.

The Airlines announced they established a task force comprised of representatives from airlines, airports, and the Federal Aviation Administration (FAA), to develop plans to help passengers who are required to remain overnight due to delays, cancellations or diversions. However, the consumer has seen no change, and the actions to be taken by the task force have not yet been specified or timelines established.

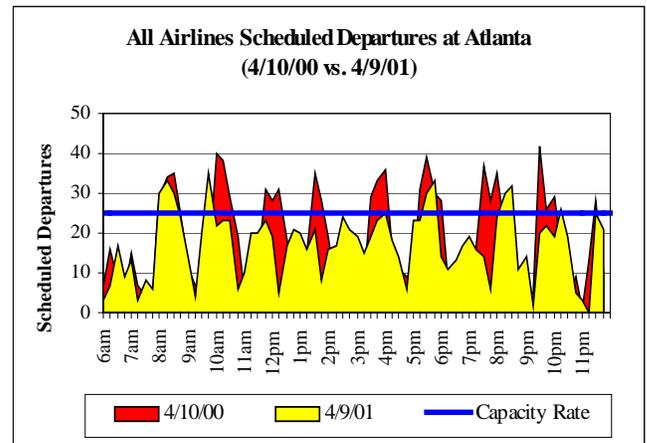
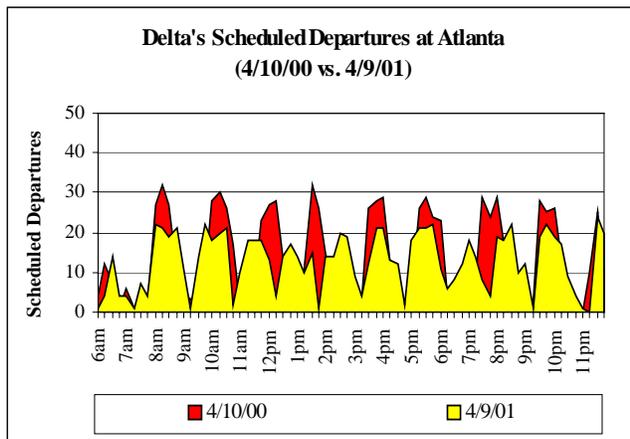
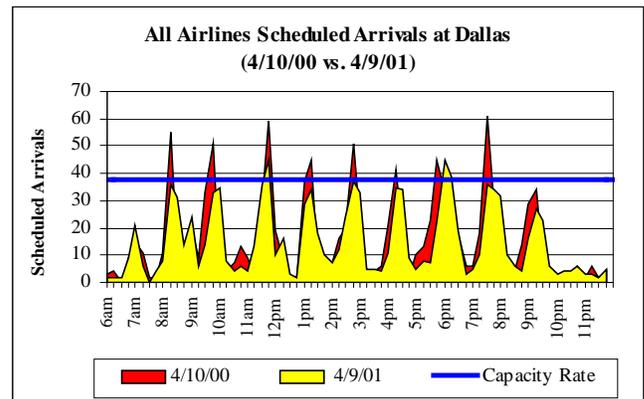
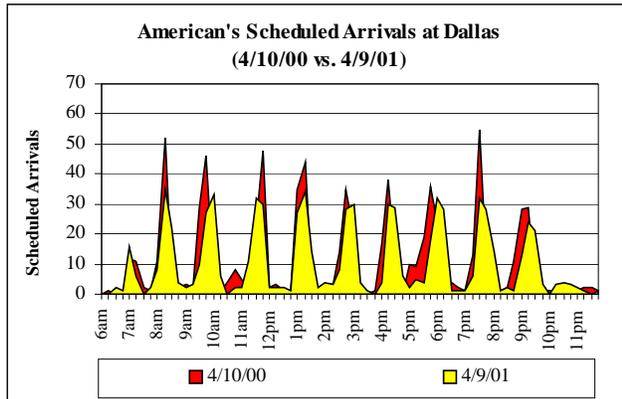
Additional Steps Are Needed to Solidify the Additional Initiatives. With the experience the Airlines gained from implementing the original Commitment provisions, in our opinion, implementation of the additional initiatives should not be a lengthy and exhausting process. Similar to the implementation of the original Commitment, we believe the Airlines should give specific dates for publishing their plans for how they will implement the additional initiatives, as well as the dates these actions will be fully implemented. Attachment III contains a detailed analysis of each recommendation in our Report and the actions the Airlines have taken or plan to take in response.

Mr. Chairman, this concludes my statement. We would be glad to answer any questions you or other members of the Subcommittee might have.

Additional Initiatives Bolster Original Commitment

	Actions Taken Outside of the Original Customer Service Commitment
	Place original Commitment into contracts of carriage
	Establish internal performance management systems
Airlines' Original Commitment	Extensions to Original Commitment
Offer the lowest fare available	Make lowest fare available at airline ticket offices and airport ticket counters
Notify customers of known delays, cancellations, and diversions	Set realistic targets for reducing chronically delayed and/or canceled flights
	Make on-time performance statistics available to customers
	Establish a task force to recommend coordination efforts to help passengers remaining overnight due to delays, cancellations or diversions
	Establish a task force to recommend plans to help ensure flight display monitors at airports are accurate
	Establish systems that will enable passengers to know whether their flight is delayed or canceled before they depart for the airport
On-time baggage delivery	Develop systems to track baggage
	Establish toll-free number or local number for mishandled baggage information
	Petition DOT to reexamine the method by which mishandled baggage data are collected
Support an increase in the baggage liability limit	
Allow reservations to be held or canceled	
Provide prompt ticket refunds	
Properly accommodate disabled and special needs passengers	Establish a focus group consisting of representatives from disabled community to help the Airlines evaluate and make improvements to their special needs programs
Meet customers' essential needs during long on-aircraft delays	Clarify terminology used in customer service plans to meet customers' essential needs during long on-board delays
	Establish a task force to recommend coordination efforts with FAA and local airports to deal with lengthy delays
Handle "bumped" passengers with fairness and consistency	Petition DOT to reexamine the maximum level of involuntary denied boarding compensation
Disclose travel itinerary, cancellation policies, frequent flyer rules, and aircraft configuration	
Ensure good customer service from code-share partners	Conduct annual review of domestic regional code-share partners' customer service plans
Be more responsive to customer complaints	

Revamped Scheduling at Two Hub Airports



Final Report Recommendations for Improving Customer Service and Actions Taken by the Airlines

In our Report, we provided an analysis of each Commitment provision detailing our observations and tests of the Airlines' customer service operations at airports nationwide. Based on results from our observations and tests, as required by law, we made recommendations for improving accountability, enforcement, and consumer protections afforded to commercial air passengers.

The following is a description of the key recommendations made in our Report, and the Airlines' response to those recommendations.

Recommendation: Adoption of Airline Customer Service Commitment by all U.S. air carriers.

Fourteen ATA member Airlines were signatory to the Airline Customer Service Commitment. Non-ATA member airlines that provide national or regional commercial air travel are not bound by the Commitment.

Actions Agreed to by the Non-ATA Airlines: We are not aware of any actions by non-ATA Airlines to formally adopt the Commitment.

Recommendation: Make the Airline Customer Service Commitment provisions enforceable under the contract of carriage or by regulation.

Results From the Final Report: We observed that while the Commitment and the Airlines' Plans convey promises of customer service, they do not necessarily translate into rights legally enforceable by the customer. For example, one Airline stated on its Internet site that its Plan does not create any contractual or legal rights.

We also observed that contracts of carriage create a legally binding contract between the air carrier and its customers. Unlike DOT regulations, which are enforced by the Government and may result in administrative or civil enforcement actions against an air carrier, contracts of carriage confer upon customers, enforceable rights directly against an air carrier. Thus, when an Airline incorporates the Commitment into its contract of carriage, the Commitment becomes legally enforceable by the customer against that Airline. This is important because, as long as those rights are maintained in the contract of

carriage, customers can better ensure that the Airlines' compliance with their Commitment will not fade over time.

Action Agreed to by the Airlines: The Airlines agreed to include the original 12 Commitment provisions in their contracts of carriage.

Actions the Airlines Have Taken: We reviewed the Airlines' contracts of carriage in effect as of May 15, 2001, and found:

- All Airlines have now included each Commitment provision in their Contracts of Carriage. The Airlines put forth the Commitment as a substitute for legislation. When Congress directed us to evaluate the Airlines' implementation of the Customer Service Commitment, it was also concerned with ensuring continued accountability for Airlines through incorporating the Commitment into their contracts of carriage. DOT's aviation enforcement office¹ needs to monitor the Airlines and advise Congress if the Airlines retreat from these commitments or water down the language in the current contracts of carriage.
- Airlines have improved the readability of the contracts' terms and conditions. The Airlines have made their contracts of carriage easier to read, with improved format and plain language. They have also made the contracts of carriage available on their Internet sites, which has a clearer, more reader-friendly format. Finally, the revised contracts of carriage were written with the help of airline customer service managers, rather than just legal personnel.
- The incorporation of the voluntary Commitment provisions in the Airlines' contracts of carriage is significant to the consumer. By incorporating the Commitment into the contracts of carriage, each Airline now legally binds itself to comply with the Commitment provisions. Incorporation also better ensures that the reform and progress brought on by the voluntary Commitment provisions will have staying power.
- Consumers should be aware of some caveats found in the contracts of carriage. Most Airlines continue to approach the inclusion of the Commitment in the contracts as an expression of a passenger's bare minimum rights rather than something that is expansive in nature. Some Airlines chose not to incorporate the Commitment by reference or to include the exact language of each Commitment provision into their contracts of carriage. These Airlines run the risk of having their Commitment interpreted in various ways. These

¹ DOT Office of the Assistant General Counsel for Aviation Enforcement and Proceedings

Airlines should try to make further reforms. For example, in some Airlines' contracts of carriage, policies for on-board delays and overnight accommodations for delayed passengers remain more complicated than necessary.

Recommendation: Add a commitment under which the Airlines must (1) establish a quality assurance and performance measurement system; and (2) conduct an internal audit to measure compliance with the Commitment and customer service plan provisions. The quality assurance system as well as the results of the internal audit will itself be subject to audit by the Federal Government.

Results From the Final Report: We suggested that a key to the success of the Customer Service Plans was the need for each Airline to have a credible tracking system for compliance with each provision and the implementing Airline Plan, buttressed by performance goals and measures. At the time our Report was issued, six Airlines had detailed performance plans (comprehensive quality assurance systems that are all inclusive in their coverage of the Commitment provisions, with reviews conducted on an ongoing basis). Another six Airlines had a performance plan, but either the plan did not include all Commitment provisions or reviews had not been conducted.

Action Agreed to by the Airlines: The Airlines voluntarily agreed to establish internal performance measurement systems and audit procedures to comply with their customer service plans.

Actions the Airlines Have Taken: The 12 Airlines had developed and implemented internal performance measurement systems and audit procedures to comply with the Commitment and associated customer service plans. The two remaining Airlines were finalizing their performance measurement systems at the time of our review.

In our review of the Airlines' plans, we found that for each of the 12 Commitment provisions the Airlines included a stated objective, performance goal, performance measurements and measurement outcomes or results. Each Airline's plan identified its methodology for monitoring compliance and performance with the Commitment and included performance measurement tools such as checklists, observation forms, spreadsheets, and audit guides. In our opinion, if properly executed, the Airlines' plans should be effective in monitoring compliance and measuring performance with the Commitment and associated customer service plans.

Offer lowest fare available

Recommendation: Airlines that have not already done so, offer the lowest fare available for reservations made, not just through Airline telephone reservations systems, but for reservations made at the Airlines' city ticket offices and airport customer service counters.

Results From the Final Report: The Airlines did not commit to always offer the lowest fare for reservations made or tickets purchased at the Airlines' airport customer service counters or city ticket offices, even though agents at those locations are using the same computer reservation system and receive the same training as the Airlines' telephone reservation agents.

Action Agreed to by the Airlines: The Airlines voluntarily agreed to make the lowest fare available on Airlines' telephone reservation systems also available at airline ticket offices and airport ticket counters.

Actions Taken by the Airlines: We reviewed each Airline's corporate policy and found that all Airlines now offer these services and have changed their internal policies, customer service plans, or contracts of carriage posted on their Internet sites to reflect the change. However, we did not conduct any tests of this commitment to verify that the lowest fare is being offered.

Notifying customers of known delays, cancellations and diversions

Recommendation: The Airlines establish in the Commitment and their customer service plans targets for reducing the number of flights chronically delayed (i.e., 30 minutes or greater) and/or canceled 40 percent or more of the time.

Results From the Final Report: A frustrating experience for air travelers occurs when flights arrive late and/or are canceled month after month. According to BTS, chronically delayed and/or canceled flights are those *regularly scheduled flights* that, at least 80 percent of the time, arrived at least 15 minutes later than scheduled and/or were canceled during a *single calendar month*.

Using BTS data, we increased the amount of arrival delay to 30 minutes or more and identified all *scheduled flights* that, when grouped by individual flight number, were delayed and/or canceled at least 40 percent of the time during a single calendar month. Overall, for calendar year 2000, we identified over

240,000 *regularly scheduled flights* that met our criteria (representing over 10,300 individual flight numbers affecting approximately 25 million passengers).

While the cause of these delays and cancellations is unclear due to the lack of a common reporting system, the repetitive nature of these delays needs to be addressed, especially for those flights that are chronically delayed and/or canceled for 3 or more consecutive months.

Action Agreed to by the Airlines: The Airlines voluntarily agreed to set realistic targets for reducing chronically delayed/canceled flights.

Actions Taken by the Airlines: We are not aware of any targets set by the Airlines or timelines for achieving them. However, we have seen a significant drop in chronically delayed and/or canceled flights in the first 4 months of 2001 as compare to the same period in 2000.

Recommendation: Airlines should provide, through existing Internet sites, the prior month's on-time performance rate for each scheduled flight.

Results From the Final Report: In 2000, over 1 in 4 flights were delayed, canceled, or diverted affecting approximately 163 million passengers. Given the number of chronically delayed or canceled flights, passengers should know the likelihood of booking a flight that will arrive on-time.

Action Agreed to by the Airlines: The Airlines voluntarily agreed to make on-time performance data accessible to customers on their Internet sites, a BTS link, or through a toll-free telephone number.

Actions Taken by the Airlines: The Airlines have not identified target dates for when on-time performance data would be available to consumers through some type of electronic medium. However, some Airlines currently provide on-time performance rates for each scheduled flight on their Internet sites, and have done so for several years.

Recommendation: Disclose to customers, at the time of booking and without being asked, the prior month's on-time performance rate for those flights that have been consistently delayed (i.e., 30 minutes or greater) and/or canceled 40 percent or more of the time.

Results From the Final Report: Currently, the Airlines are required to disclose on-time performance only on request from the customer. Passengers should not have to ask when making a reservation if the flight is chronically delayed or canceled 40 percent of the time or more.

Action Taken by the Airlines: The Airlines disagreed with this recommendation, and as an alternative agreed to make on-time performance data accessible to customers on their Internet sites, a BTS link, or through a toll-free telephone number. In our opinion this is not a satisfactorily substitute. None of these alternatives go toward advising customers at time of booking that the product they are about to buy has a high likelihood of being delayed or canceled.

We are concerned that the Airlines are not willing to disclose key information about their product by agreeing to notify customers at the time of booking, without being asked, the prior month's on-time performance for those flights that have been consistently delayed (i.e., 30 minutes or greater) and/or canceled 40 percent or more of the time. On-time performance data are readily available by the Airlines and, in our opinion, it seems only fair that this information should be disclosed to the customer at the time of booking.

Recommendation: The Airlines that have not already done so should implement a system that contacts passengers prior to arriving at the airport when a known, lengthy flight delay exists or a flight has been canceled.

Results From the Final Report: Every Airline provides a toll-free telephone number for checking on the status of flight departures and arrivals, and most of the Airlines offer wireless flight status information via cell phones, pagers, and hand-held electronic devices. These systems have been in place for several years. However, only a few Airlines have systems in place to contact passengers prior to arriving at the airport when a known, lengthy flight delay exists or a flight has been canceled. During many of our observations of flight delays and cancellations, we found instances where flight delays or cancellations were known hours in advanced of the scheduled departure time.

Action Agreed to by the Airlines: The Airlines voluntarily agreed to establish a system that will enable passengers to know whether their flight is delayed or canceled before they depart for the airport.

Actions Taken by the Airlines: Some Airlines are providing a mechanism for customers to query about their flight status (e.g., a toll-free telephone number or airline Internet site). Some Airlines are also being proactive by sending delayed or canceled flight information to pagers, hand-held electronic devices, or calling the customer's home. However, as a group, the Airlines have not committed to be proactive and notify passengers prior to arriving at the airport when a known, lengthy flight delay exists or a flight has been canceled. In addition, no action plan or target date was provided.

Recommendation: The Airlines need to ensure that delay information is updated in real-time on the Airlines' monitors and on the airport master flight information display monitors; ensure that gate agents make timely announcements regarding the status of the delay; and ensure that the best known information about the delay, including the cause and estimated time of departure, is provided to the passengers being affected.

Results From the Final Report: We frequently found, among other matters, untimely, incomplete, or unreliable reports to passengers about flight status, delays and cancellations as follows.

- In 21 percent of our observations of flight delays nationwide, the flight information display system showed the flight as on time when, in fact, the flight had been delayed for more than 20 minutes.
- Timely announcements about the status of the delay were made in the gate areas 66 percent of the time.
- When status announcements were made, the information provided about the delay or cancellation was adequate about 57 percent of the time.

Performance varied by Airline and non-ATA airline, with Hubs generally performing better than non-Hub airports.

Actions Taken by the Airlines: The Airlines agreed to form a task force comprised of representatives from selected Airlines, airports, and FAA to review and make recommendations that should help in providing timely and accurate information on display monitors at the airports. However, target dates were not provided for making or implementing the task force recommendations. During our review, we also had concerns with the timeliness and accuracy of information provided by gate agents to passengers regarding delays or cancellations.

On June 5, 2001, in an effort to provide timely airport delay status information to travelers, Chairman Mica, FAA Administrator Garvey, the CNN News Group Chairman and CEO Tom Johnson, and American Association of Airport Executives (AAAE) President Charles Barclay jointly announced a timely new information service for passengers. On June 5, 2001, the service began airing through CNN's Airport Network, at 35 of the busiest airports, and can be viewed at the bottom of the television monitors located throughout the airports. The new CNN service will provide a ticker that will read: "FAA airport delay advisory" and "Check with your airline for details." It will then scroll the city/airport name, the airport's abbreviation code and the delay time. The airport delay information

comes directly from the FAA Air Traffic Control System Command Center web site, www.fly.faa.gov.

Recommendation: Clarify the customers' rights when put in an overnight situation due to delays, cancellations, or diversions by making the contracts of carriage consistent with their Plans. In doing so, we urge the Airlines not to back off accommodations they made in their Plans.

Results From the Final Report: Another area covered in this Commitment provision was that each Airline would establish and implement policies for accommodating passengers delayed overnight. We found all but two Airlines stated in their Plans they would accommodate passengers required to stay overnight for delays and cancellations caused by the Airline's operations. Five Airlines' Plans regarding overnight accommodations were consistent with their contracts of carriage. The Plans for 7 of the 12 Airlines appeared to provide accommodations in situations not covered by their contracts of carriage. As a result, it is confusing what the Airlines' policies are for accommodating passengers delayed overnight.

Action Agreed to by the Airlines: The Airlines voluntarily agreed to establish a task force to develop plans to help passengers who are required to remain overnight due to delays, cancellations and diversions.

Actions Taken by the Airlines: A task force was formed of representatives from selected Airlines, airports, and FAA to review and make recommendations that should help in assisting passengers who are required to remain overnight due to delays, cancellations and diversions. However, we do not know the substance of what the task force will do or the timelines for completing its actions.

On-time baggage delivery

Recommendation: Strengthen the Commitment to require the Airlines to set performance goals for reducing the number of mishandled bags.

Results From the Final Report: The Airlines originally committed to make every reasonable effort to return checked bags within 24 hours and attempt to contact any customer whose unclaimed checked luggage contains a name and address or telephone number. This provision actually refers to delivery within 24 hours of checked baggage that does not show up when passengers arrive at their destinations. It does not commit to making sure that checked baggage shows up when passengers arrive at their destinations.

Action Agreed to by the Airlines: The Airlines have not stated whether they agree with or oppose this recommendation.

Recommendation: Develop and implement systems to track the amount of time elapsed from the receipt of the customer's baggage claim to time of delivery of delayed or misrouted baggage to the passenger, including the time from courier to final delivery to the passenger.

Results From the Final Report: The Airlines are using WorldTracer to assist in the recovery of misrouted passenger baggage, allowing information exchange within a given air carrier as well as among air carriers worldwide. From the information stored in WorldTracer we could determine the amount of time elapsed from when the (1) claim was entered into the system, (2) bag was found, and (3) bag arrived at the destination airport. From the baggage delivery order we could determine when the delivery vendor or courier picked up the bag. However, the Airlines did not have a system for tracking baggage from the time it was picked up by a courier until it was delivered to the customer.

Action Agreed to by the Airlines: The Airlines voluntarily agreed to develop a system to track baggage.

Actions Taken by the Airlines: The Airlines have not provided us with target dates for when they will develop systems for tracking baggage from the time it is pickup by the courier until it is delivered to the customer.

Recommendation: For the Airlines that have not already done so, provide a toll-free telephone number so passengers can check on the status of checked baggage that did not show up on the passenger's arrival.

Results From the Final Report: At the time of our audit, 8 of the 14 ATA member Airlines had toll-free numbers for customers to call regarding their mishandled baggage.

Action Agreed to by the Airlines: The Airlines voluntarily agreed to establish a toll-free (or local number) for baggage information.

Actions Taken by the Airlines: As a group, the Airlines have not provided target dates for when toll-free or local numbers will be available.

Recommendation: Petition the DOT to calculate the rate of mishandled baggage on the basis of actual checked baggage (not on the total number of passengers), and the actual number of mishandled bags (not the number of claim reports).

Results From the Final Report: In its Air Travel Consumer Report, DOT reports the number of *baggage claim reports per 1,000 passengers* on domestic flights. This method understates the actual number of bags that do not arrive with the passenger because:

- The “reports per 1,000 passengers” rate is calculated using total domestic enplaned passengers and is significantly understated because not all passengers check baggage. In fact, one Airline estimates that only 33 percent of passengers check baggage.
- A single baggage claim report does not necessarily equate to a single mishandled bag or single passenger. For example, one baggage claim report we reviewed covered four bags.

A more realistic rate to measure the Airlines’ performance would be “*mishandled bags per 1,000 bags handled.*” This rate is the number of mishandled bags (not baggage claim reports) reported divided by the number of bags checked for all flights in the Airlines’ systems times 1,000. This information is readily available to the Airlines and would allow consumers to more accurately see the percentage of checked baggage actually mishandled by an Airline.

Action Agreed to by the Airlines: The Airlines voluntarily agreed to petition DOT for this change.

Actions Taken by the Airlines: On April 3, 2001, the ATA petitioned DOT to reexamine the method by which mishandled baggage data are collected. DOT will need to move expeditiously to implement the revised rule, because, as stated in our July 2000 report on DOT’s rulemaking², it takes DOT an average of 3.8 years to issue a final rule.

Properly accommodate disabled and special needs passengers

Recommendation: We would encourage the Airlines to continuously improve the services provided air travelers with disabilities and special needs, especially those services provided at the airport beginning with the check-in process, on to the passenger security screening process (especially for those travelers in wheelchairs), and during the boarding process. Airlines should also consider establishing advisory councils, which include disabled

² Department of Transportation’s Rulemaking Process, Report Number MH-2000-109, issued July 20, 2000.

individuals, to help better address the needs of disabled and special needs passengers.

Results From the Final Report: The Commitment provision only addressed disclosing an Airline's policies and procedures, and of the 12 Commitment provisions, the Airlines disclosed more detailed information to passengers on this provision than on any other. It was apparent from the comments we received, from a survey on our Internet site, as well as complaints received by DOT, that the Airlines cannot apply enough emphasis to this area. Also, some Airlines have attempted to better address the needs of disabled and special needs passengers by establishing an advisory council, which includes disabled individuals.

Action Agreed to by the Airlines: The Airlines voluntarily agreed to establish focus groups consisting of representatives from the disabled community to help each Airline evaluate and make improvements to their special needs programs.

Actions Taken by the Airlines: We have not reviewed the plans or programs of those Airlines agreeing to establish advisory groups. Also, no target dates were provided for implementing this action.

Meeting customers' essential needs during long on-aircraft delays

Recommendation: The Airlines should clarify in their Plans what is meant by an extended period of time, so passengers will know what they can expect during extended on-board delays, and ensure that comprehensive customer service contingency plans specify the efforts that will be made to get passengers off the aircraft when delayed for extended periods, either before departure or after arrival.

Results From the Final Report: We found disparity among the Airlines in when and how they will meet customers' essential needs during long on-aircraft delays. The Airlines still had not clearly and consistently defined terms in the Commitment provision such as "an extended period of time." For example, 10 Airlines had defined an extended period of time, ranging from 45 minutes to 3 hours. There were marked differences among the Airlines about what the terms mean; however, it is unlikely that passengers' essential needs or how passengers define a long on-aircraft delay will differ significantly depending on the Airline they fly.

Action Agreed to by the Airlines: The Airlines voluntarily agreed to clarify terminology used in their respective customer service plans to advise passengers

what to expect during “extended periods of time.” The Airlines also agreed to establish a task force to coordinate and develop contingency plans with local airports and FAA to deal with lengthy delays.

Actions Taken by the Airlines: We have not been provided with the specific actions taken by each Airline to clarify terms relating to customers’ essential needs during long on-board delays. However, a task force comprised of representatives from selected Airlines, airports, and FAA was formed to coordinate and develop contingency plans with local airports and FAA to deal with lengthy delays. Target dates were not provided for completing the task force work or implementing any recommendations.

Handle bumped passengers with fairness and consistency

Recommendation: Petition DOT to amend its regulation to establish a uniform check-in deadline as to time and place, and require all air carriers to disclose in their contracts of carriage and ticket jackets their policies on how check-in deadlines apply to passengers making connections.

Results From the Final Report: In the Airlines’ contracts of carriage, we found two types of check-in deadlines: one for release of a confirmed seat assignment and another for canceling a confirmed reservation. Inconsistencies in check-in deadlines exist among the Airlines for their domestic and international flights on when passengers must check-in in order to guarantee that their seat assignment and reservation will be honored. There were also inconsistencies in the Airlines’ contracts of carriage for exactly where passengers need to check-in or be present in order to avoid losing a seat assignment or a confirmed reservation.

Actions Taken by the Airlines: The Airlines did not agree with this recommendation, so they have not petitioned DOT to amend its regulation to establish a uniform check-in deadline as to time and place. The Airlines have generally stated that check-in time is a competitive issue and if an Airline can allow passengers to check-in closer to flight time then that is a competitive advantage for customers. However, a check-in time and place established by DOT would not prevent Airlines from offering a shorter check-in time (i.e. if DOT established a check-in requirement that passengers must be at the gate 20 minutes prior to departure to avoid losing their reservation, an Airline could allow passengers to arrive at the gate 10 minutes prior to departure before actually canceling the reservation).

Recommendation: Airlines who hold out that “volunteers who give up their seats to other customers will be compensated equally on the same flight” should ensure that all volunteers on the same flight are compensated equally.

Results From the Final Report: With respect to this Commitment provision, the Airlines voluntarily agreed to handle “bumped” passengers with fairness and consistency. However, two Airlines treated passengers that volunteered to relinquish their seats differently. These two Airlines paid some passengers who relinquished their seats more than others for the same flight.

Actions Taken by the Airlines: The Airlines have not stated whether they agree with this recommendation, and we are not aware of any actions taken by the Airlines on this recommendation.

Recommendation: Petition DOT to increase the monetary compensation payable to involuntarily bumped passengers.

Results From the Final Report: Title 14 Code of Federal Regulations Part 250 establishes what an airline must pay a passenger involuntarily denied boarding. The compensation depends on how long the passenger is delayed and the value of the passenger’s remaining ticket to the destination. Maximum compensation amounts for passengers who are involuntarily denied boarding have been in effect since 1978 and have not been adjusted since.

Action Agreed to by the Airlines: The Airlines voluntarily agreed to petition DOT.

Actions Taken by the Airlines: On April 3, 2001, the ATA member Airlines petitioned DOT to initiate rulemaking to reexamine the maximum level of involuntary denied boarding compensation. DOT will need to move expeditiously to implement the revised rule, because it takes DOT an average of 3.8 years to issue a final rule.

Recommendation: Disclose orally to passengers what the Airline is obligated to pay involuntarily bumped passengers in advance of making offers to passengers to voluntarily relinquish their seats.

Results From the Final Report: We found that because of the limitations placed on involuntary denied boarding compensation, most of the time passengers who get involuntarily “bumped” are compensated equal to or less than passengers who voluntarily relinquish their seats.

Action Agreed to by the Airlines: The Airlines agreed to disclose through the contract of carriage, instead of orally at the gate, what they are obligated to pay involuntarily bumped passengers.

Actions Taken by the Airlines: The Airlines' proposed action is not responsive. We believe it is unreasonable to expect passengers, when faced with an overbooked flight, to read the contract of carriage and determine whether they will get less compensation if involuntarily bumped. Airlines should disclose to passengers that if they are involuntarily bumped they may be paid less than volunteers are paid.

Disclose frequent flyer redemptions

Recommendation: Petition DOT to require that each Airline with a frequent flyer program make available to the public a more comprehensive reporting of frequent flyer redemption information in its frequent flyer literature and annual reports, such as the percentage of successful redemptions and frequent flyer seats made available in the Airline's top origin and destination markets.

Results From the Final Report: We found that the information provided on frequent flyer mileage redemptions was of little value to the consumer. Specifically, the information provided does not allow the consumer to determine which frequent flyer program might provide the greatest benefit, based on the percentage of successful redemptions or frequent flyer seats made available in the Airlines' top origin and destination markets.

Action Taken by the Airlines: The Airlines disagreed with this recommendation and provided no alternatives to address our recommendation.

Ensure good customer service from code-share partners

Recommendation: The Airlines that have not already done so should conduct annual internal audits of their code-share partners' compliance with the Commitment.

Results From the Final Report: Eight Airlines had a domestic code-share partner. Six of the eight Airlines had taken additional measures to monitor code-share customer service by developing and executing partial or complete reviews of their code-share partners' customer service. Two of the eight Airlines had developed

review procedures, but as of December 31, 2000, had not conducted any reviews of their code-share partners' customer service.

Action Agreed to by the Airlines: The Airlines voluntarily agreed to conduct annual reviews of regional code-share partners' customer service plans.

Actions Taken by the Airlines: In their performance measurement plans, the Airlines have included policies and procedures for accomplishing these audits.

DOCUMENT SEPARATOR

**FOLLOW-UP REVIEW: PERFORMANCE OF
U.S. AIRLINES IN IMPLEMENTING SELECTED
PROVISIONS OF THE AIRLINE CUSTOMER
SERVICE COMMITMENT**

Department of Transportation

*Report Number AV-2007-012
Date Issued: November 21, 2006*



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

The Inspector General

Office of Inspector General

Washington, DC 20590

November 21, 2006

The Honorable John L. Mica
Chairman
Committee on Transportation and Infrastructure
Subcommittee on Aviation
U.S. House of Representatives
Washington, DC 20515

Dear Chairman Mica:

Per your request, we are enclosing our “Follow-Up Review: Performance of U.S. Airlines in Implementing Selected Provisions of the Airline Customer Service Commitment.” In your request, you asked that we follow up on the performance of U.S. airlines in implementing provisions of the Airline Customer Service Commitment.

This report provides our analysis of the performance of 13 Air Transport Association (ATA) member airlines, along with two non-ATA airlines, in implementing selected provisions of the Commitment that have an immediate impact on passengers and the issues that derive from those provisions.

Provisions selected for this review include notification of delays and cancellations, overbooking and denied boardings, frequent flyer programs, and accommodation for passengers with disabilities and special needs. We also reviewed how the Department of Transportation has used the additional resources Congress appropriated to oversee and enforce air travel consumer protection requirements.

Based on the results of our review, we are making a series of recommendations to the Department of Transportation to strengthen its oversight and enforcement of air traveler consumer protection rules.

We want to express our appreciation to members of ATA, the two non-ATA airlines, and the Department for their cooperation.

If I can answer any questions or be of further service, please feel free to call me on (202) 366-1959 or Todd J. Zinser, Deputy Inspector General, at (202) 366-6767.

Sincerely,

A handwritten signature in black ink that reads "C. L. Scovel III". The signature is written in a cursive style with a horizontal line underlining the name.

Calvin L. Scovel III
Inspector General

Enclosure (Report No. AV-2007-012)

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INTRODUCTION

Airline customer service issues took center stage in 1999, as aviation delays and cancellations began to escalate rapidly. Following congressional hearings on these service issues, member airlines of the Air Transport Association (ATA)¹ agreed to voluntarily execute the Airline Customer Service Commitment (see Table 1 and Exhibit A).² Aviation delays and cancellations continued to worsen, eventually reaching their peak during the summer of 2000. In that summer,³ more than one in four flights (28.3 percent) was delayed, with an average delay of 54 minutes.

Table 1. Provisions of the Airlines Customer Service Commitment

- Offer the lowest fare available
- Notify customers of known delays, cancellations, and diversions
- Deliver baggage on time
- Support an increase in the baggage liability limit
- Allow reservations to be held or canceled
- Provide prompt ticket refunds
- Properly accommodate disabled and special needs passengers
- Meet customers' essential needs during long on-aircraft delays
- Handle "bumped" passengers with fairness and consistency
- Disclose travel itinerary, cancellation policies, frequent flyer rules, and aircraft configuration
- Ensure good customer service from code-share partners
- Be more responsive to customer complaints

The Department of Transportation's Office of Inspector General was directed by Congress to evaluate the effectiveness of the Commitment and the customer service plans of individual ATA airlines. We issued our final report⁴ in February 2001. Overall, we found the ATA airlines were making progress toward meeting the Commitment, which has benefited air travelers in a number of important areas.

Since we issued our 2001 report, there has been a profound change in the air carrier industry because of severe challenges to profitability and even viability. During the past 5 years, the air carrier industry has faced a series of major challenges, including a weakened economy; the terrorist attacks of September 11, 2001; the Severe Acute Respiratory Syndrome epidemic; the war in Iraq; soaring fuel prices; and continued fear of terrorism in the air. The air carriers made unprecedented changes to their operations to regain profitability. Several air carriers have gone into bankruptcy and others have liquidated. The remaining air carriers have struggled to keep afloat as demand has softened, primarily in the high-fare business travel market. Nevertheless, the air carriers have improved their financial condition during 2006 by taking advantage of strong passenger demand competing for fewer available seats, which enabled them to increase fares.

¹ The Air Transport Association is the trade association for the United States' leading air carriers. Its members transport over 95 percent of all the passenger and cargo traffic in the United States.

² ATA signed the Commitment on behalf of 14 member airlines as of June 1999.

³ June 1, 2000, through August 31, 2000.

⁴ OIG Report No. AV-2001-020, "Final Report on Airline Customer Service Commitment," February 12, 2001. See OIG reports on this website: www.oig.dot.gov.

In June 2005, Representative Mica, Chairman of the House Subcommittee on Aviation, requested that we follow up on the performance of U.S. air carriers in implementing provisions of the Commitment since the issuance of our 2001 report.

Unlike our prior work, which reviewed each provision, this review focuses on the following Commitment provisions:⁵

- notification of delays and cancellations,
- accommodating passengers with disabilities and special needs,
- frequent flyer program issues, and
- overbooking and denied boardings.

The review also followed up a promise made by the ATA member airlines to establish quality assurance and performance measurement systems to measure compliance with the Commitment provisions and conduct internal audits. We also reviewed how the Department of Transportation (DOT) has used the additional resources Congress appropriated to oversee and enforce air travel consumer protection requirements. Our objectives, scope and methodology, and prior audit coverage are presented in Exhibit B.

During the review, we visited and tested implementation of the selected Commitment provisions by the 14 ATA member airlines: Alaska Airlines, Aloha Airlines, American Airlines, ATA Airlines (formerly American Trans Air), America West Airlines, Continental Airlines, Delta Air Lines, Hawaiian Airlines, JetBlue Airways,⁶ Midwest Airlines, Northwest Airlines, Southwest Airlines, United Airlines, and US Airways. Although they are not signatories to the Commitment, we also visited and tested implementation of the selected Commitment provisions by three airlines that are not ATA members: AirTran Airways, Frontier Airlines, and Independence Air.

During our review, US Airways merged with America West Airlines (retaining the US Airways name). The results of our review of US Airways and America West Airlines are combined in most cases. Also, Independence Air was dropped from our review after it went out of business. Therefore, we are reporting the results of our review for 15 airlines (13 ATA airlines and 2 non-ATA airlines), except where noted. In this report we will refer to the 15 airlines under review as the airlines.

⁵ Our review did not include the Commitment provision regarding on-time checked baggage delivery, which was subject to a hearing before the House Subcommittee on Aviation in May 2006.

⁶ JetBlue Airways, which began operations in February 2000 and became an ATA member in 2001, was not a signatory to the June 1999 Commitment and does not consider itself bound by Commitment provisions.

Subsets will be noted as ATA airlines and non-ATA airlines; other airlines or the industry in general will be called air carriers.

It should be noted that the ATA, the Regional Airline Association, the Air Carrier Association of America, the airlines, and select airports served by these airlines cooperated fully with us during this review.

RESULTS IN BRIEF

Overall, we found that the ATA airlines' customer service plans are still in place to carry out the provisions of the Commitment and that the Commitment provisions are still incorporated in their contracts of carriage,⁷ as we recommended in our prior review. This is important because unlike DOT regulations, which are enforced by the Department and may result in administrative or civil penalties against an air carrier, contracts of carriage are enforceable by the customer in court actions against the air carriers. Thus, when an air carrier incorporates the Commitment into its contract of carriage, the Commitment becomes legally enforceable by the customer against the air carrier.

We found that the airlines need to (1) resume efforts to self-audit their customer service plans; (2) emphasize to their customer service employees the importance of providing timely and adequate flight information; (3) focus on the training for personnel who assist passengers with disabilities; (4) provide straightforward, comprehensive reporting on frequent flyer award redemptions; and (5) improve the handling of bumped passengers.

We also found that DOT is using its additional resources to oversee and enforce air travel consumer protection requirements with a focus on investigations and enforcement of civil rights issues, including complaints from passengers with disabilities. But when DOT discovers violations and assesses penalties, it almost always forgives the penalty if the air carrier agrees to mitigate the conditions for which the penalty was assessed. DOT's follow-up monitoring of compliance with these conditions was limited, and in some cases there was no follow-up monitoring by DOT.

Airlines Need To Resume Efforts To Self-Audit Their Customer Service Plans. In our 2001 report, we recommended that the ATA airlines establish quality assurance and performance measurement systems and conduct internal audits to measure compliance with the Commitment provisions and customer service plans. Our opinion was then, as it is now, that if properly executed, the

⁷ A contract of carriage is the document air carriers use to specify legal obligations to passengers. Each air carrier must provide a copy of its contract of carriage free of charge upon request. The contract of carriage is also available for public inspection at airports and ticket offices.

ATA airlines' quality assurance and performance measurement systems should be effective in monitoring compliance and measuring performance with the Commitment and associated customer service plans.

In June 2001, we confirmed that 12 of the 14 ATA airlines who were signatories to the Commitment had established and implemented their quality assurance and performance measurement systems. During this review, however, we found that the quality assurance and performance measurement systems are being implemented at just 5 of the ATA airlines. The other ATA airlines had either discontinued their systems after September 11, 2001, or combined them with operations or financial performance reviews where the Commitment provisions are overshadowed by operational or financial issues. We also found that the non-ATA airlines do not have comprehensive quality assurance and performance measurement systems or conduct internal audits to measure compliance with their customer service plans.

Those airlines which have not already done so need to implement quality assurance and performance measurement systems and conduct internal audits to ensure compliance with their customer service plans.

Airlines Still Need To Emphasize the Importance of Providing Timely and Adequate Flight Information. The ATA airlines committed to notify customers at the airport and on board an affected aircraft in a timely manner of the best available information regarding delays, cancellations, and diversions.

However, just as we found in our prior review, the information being provided about delays and cancellations in boarding areas was not timely or adequate during our tests. Based on our observations of 13 of the 15 airlines at 17 airports nationwide (Exhibit C has a list of the airports visited), airline gate agents did not make timely announcements (defined as approximately every 20 minutes) during 42 percent of the observations, and the information provided by the airline gate agents was not adequate (little, if any, reason provided for the cause of the delay) during 45 percent of the observations. For example, during a 2½-hour delay on a flight from Dallas-Fort Worth to Philadelphia, no announcements were made regarding the delay and no reason was provided. The airlines need to conduct periodic observations in the gate areas during known delays and cancellations to ensure that their customer service employees are providing timely and adequate flight information.

On-time flight performance data should also be made readily available to passengers at the time of booking. We recommended in our 2001 report that the ATA airlines disclose to customers at the time of booking and without being asked the prior month's on-time performance rate for those flights that have been delayed (i.e., 30 minutes or greater) or canceled 40 percent or more of the time.

The ATA airlines disagreed with this recommendation and as an alternative agreed to make on-time performance data accessible to customers on the airlines' Internet sites, on a link to the Department's Bureau of Transportation Statistics (BTS) Internet site, or through toll-free telephone reservation systems.

For 2005, we identified 15,640 unique flight numbers (215,016 individual flights) that were chronically⁸ delayed or canceled, affecting an estimated 16 million passengers. However, only 5 of the 16 airlines we reviewed make on-time performance data available on their Internet sites. While on-time performance data are available on the BTS Internet site, they are difficult to find. Given the ease of availability of this information to the airlines, we continue to recommend that the airlines post on-time flight performance information on their Internet sites and make it available through their telephone reservation systems and without prompting. The Department should revisit its current position on chronic delays and cancellations and take enforcement actions against air carriers that consistently advertise flight schedules that are unrealistic, regardless of the reason.

Airlines' Need To Focus on Promptly Training Personnel Who Assist Passengers With Disabilities. The ATA airlines committed to disclose their policies and procedures for assisting special-needs passengers, such as unaccompanied minors, and for accommodating the disabled in an appropriate manner. Federal requirements for accommodating persons with disabilities have been in existence since the Air Carrier Access Act was enacted in 1986 and its implementing rules were promulgated in Part 382 of Title 14 of the Code of Federal Regulations, "Nondiscrimination on the Basis of Disability in Air Travel," in 1990. Part 382 prohibits discrimination against passengers with disabilities by air carriers providing air transportation services.

In our prior review, the airlines performed well with respect to this provision. However, in our current review, we found that 12 of the 15 airlines and their contractor personnel who interact with passengers with disabilities were not complying with the training requirements of Part 382 or with their own policies. For example, we reviewed training records for 1,073 airline employees and found that 166 employees (15 percent) were either not trained, not promptly trained (within 60 days of being hired), did not have records to support completion of training, or were not current with annual refresher training.

These deficiencies resulted from the airlines' lack of oversight of compliance with the requirements of Part 382 and their own policies. Although 14 of the 15 airlines use contractors to assist passengers with disabilities, their oversight of contractor compliance with Part 382 varies from no oversight, to informal

⁸ We define chronically delayed flights as those flights canceled or delayed 30 minutes or more at least 40 percent of the time during a single month.

observations and reviews, to reliance on customer service complaints, to having established performance tracking systems.

The airlines need to focus their efforts on monitoring both their own compliance and their contractors' compliance with Part 382 and ensure that all personnel who interact with passengers with disabilities receive the required training promptly.

Straightforward, Comprehensive Reporting Is Needed on Frequent Flyer Award Redemptions. The ATA airlines committed to disclose to the customer rules, restrictions, and an annual report on frequent flyer program redemptions. Just as in our prior review, we found that the information provided on frequent flyer mileage redemptions has marginal value to the consumer for purposes of determining which frequent flyer program best meets their needs.

Specifically, the airlines' information on redemptions is difficult to find; in some cases the information was in an airline's annual report or on the airline's Internet site but without a clear indication of where to find the information. For example, 10 airlines report redemption information in their annual submissions to the Securities and Exchange Commission (10K report), but only 3 report this disclosure on their Internet sites. We found that the redemption information in the airlines' 10K reports was not easy to find, and the locations of that information on the Internet are not readily apparent.

Also, information disclosed on frequent flyer redemptions is not comparable across airlines. For example, for 11 of the 15 airlines that report redemptions, 8 report annual redemptions as a percentage of total revenue passenger miles, 2 report redemptions as a percentage of passengers boarded, and the remaining airline reports only the total number of redemptions. This inconsistency in reporting makes it difficult, if not impossible, for consumers to compare frequent flyer programs in a meaningful way.

The current market of reduced seat capacity along with deeply discounted fares translates into higher load factors and fewer seats available for redeeming frequent flyer awards. So it was not surprising to find that a common and growing cause of frequent flyer complaints is the inability to book tickets using the standard level of award. Generally, airlines have two levels of awards: a standard award (restricted) requiring the least number of points for a ticket and a premium award (unrestricted) requiring up to twice the number of points for a ticket. Based on a sample of 598 frequent flyer complaints received by 10 of the 15 airlines between January and December 2005, we found that 137 complaints (23 percent) were attributed to the customer's inability to obtain a standard award.

Given the need for straightforward, comprehensive reporting on frequent flyer award redemptions, the Department should use rulemaking proceedings to

examine the need to standardize the reporting of airline data on frequent flyer redemptions so that customers can make a more meaningful comparison of the benefits of each airline's frequent flyer program. This information should include the ratio of seats flown by passengers traveling on frequent flyer rewards to overall seats available and the total number and percentage of redemptions at both standard and premium levels.

Improvements Are Needed in Handling Bumped Passengers. The ATA airlines committed to handle bumped passengers with fairness and consistency. This implies that for every flight oversold, passengers denied boarding will be treated fairly and consistently when compensation is offered.

In the air carrier industry, many customers make reservations and then fail to travel without notifying the air carrier. Consequently, air carriers overbook their scheduled flights, which mean they take more reservations for a flight than there are seats. When more confirmed passengers than expected actually show up for a flight, it is "oversold," and, by Federal regulation, the air carrier must seek out passengers who are willing to give up their seats for compensation before denying boarding to anyone.

In our prior review, we found two ATA airlines that inconsistently compensated passengers who volunteered to relinquish their seats. In this review, while it was not a systemic problem, we found nine airlines were not adhering to their own policies for compensating passengers who voluntarily gave up their seats. In addition, two airlines are not fully disclosing their boarding priority rules. These are similar to conditions we found in our prior review.

The airlines need to conduct periodic reviews of oversales documentation to ensure that their customer service employees are following their respective airline's policy to compensate equally all volunteers on the same flight who give up their seats. Airlines also need to fully disclose their boarding priority rules.

The Department Needs To Improve Its Oversight of Air Traveler Consumer Protection Requirements. The Department's Office of Aviation Enforcement and Proceedings (OAEP) is the division within the Office of the General Counsel that enforces the Department's air travel consumer protection rules. These rules encompass many areas, including unfair and deceptive practices and unfair methods of competition by air carriers and travel agents, such as deceptive advertising. When violations occur, OAEP pursues enforcement action, which may range from warning letters to litigation in U.S. District Courts.

We found that OAEP enforces air travel consumer protection rules, but its monitoring of compliance has been sporadic. Since 1996, the first year for which

electronic dockets exist, OAEP has negotiated 233 consent orders⁹ with air carriers and other providers of air services, with penalties totaling \$21.8 million. Many contain provisions that allow a portion of the penalty to be forgiven if the violator complies with certain conditions or offsets if the violator improves service to consumers above and beyond what is required by existing rules or its contract of carriage.

We analyzed 121 of the consent orders, with penalties totaling nearly \$15 million, and found that OAEP collected, after offsets, about \$2 million. However, we found the OAEP's compliance monitoring was limited and in some cases non-existent even when the penalties were forgiven. For example, a \$90,000 penalty was forgiven for one consent order 1 year after the order was negotiated (August 2003), although there was no indication that the airline had fully complied with the offsetting provisions. Although the penalty was forgiven in August 2004, no monitoring occurred between January 2004 and February 2006, when OAEP asked the airline, via e-mail, whether the conditions had been met. Although the airline responded with an e-mail stating that it had met the conditions, OAEP did not verify this assertion. Without continued monitoring, OAEP has no assurance that violators have fully met the conditions of the orders.

The Department needs to develop mechanisms to strengthen enforcement monitoring, despite budgetary constraints. Between 2003 and 2005, funding for compliance and enforcement travel declined from \$51,000 to \$3,500, virtually eliminating on-site visits. In the absence of physical verification of compliance, OAEP must rely on self-certification by the air carriers and other providers of air services. Certifications may be appropriate in some cases, but they should not supplant physical verification, especially in cases resulting from severe consumer harm (e.g., a pattern of civil rights violations). To the extent possible, the Department should make enforcement a priority and direct sufficient resources for staff to conduct on-site compliance verification.

OAEP has operated a toll-free hotline for airline passengers with disabilities to resolve time-sensitive disability-related disputes.¹⁰ Since the toll-free hotline started operations in August 2002, the contractor-operated hotline has received about 17 calls per week at an average cost per call of about \$1,200.¹¹ Since October 1, 2006, the Department has operated the hotline in-house, a move that OAEP estimates will save approximately \$400,000 in budgeted fiscal year

⁹ In DOT aviation economic enforcement proceedings, a consent order reflects a settlement between OAEP and an entity that has violated DOT aviation economic requirements. It is signed by the Deputy General Counsel or, if a hearing has been instituted, by an administrative law judge. Typically such an order includes a finding of violations, a cease-and-desist provision, and an assessment of civil penalties.

¹⁰ The Conference Report accompanying the 2002 Appropriations Act required DOT to establish a toll-free hotline to be staffed from 7:00 a.m. to 11:00 p.m., 7 days a week.

¹¹ Through September 2006.

(FY) 2007 funds and bring the cost per call down to less than \$25. Bringing the hotline operations in-house frees up funds that can potentially be used to support OAEP's oversight and enforcement of air carriers' compliance with air traveler consumer protection rules.

Additionally, OAEP's increased responsibilities—especially as they relate to civil rights violations—have diverted resources away from OAEP's other consumer protection activities such as investigating the availability of seats at advertised fares and consumers' ability to redeem frequent flyer awards. Since 1996, OAEP has taken action in only two instances of insufficient capacity at the lowest advertised fare. While civil rights violations clearly have an impact on the traveling public, OAEP cannot forget its other responsibilities related to protecting consumers from economic harm.

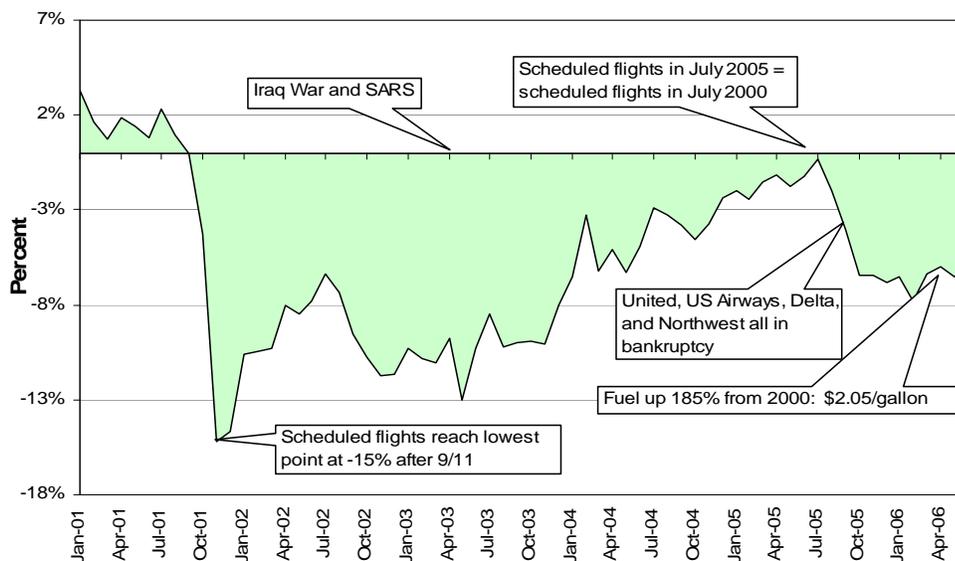
Recommendations. We are making a series of recommendations to the Department to strengthen its oversight and enforcement of air traveler consumer protection rules. These recommendations begin on page 38. One such recommendation is that DOT develop strategies to more effectively monitor air carrier compliance with Federal requirements governing air travel consumer protection rules and to verify air carrier compliance with the terms and conditions of consent orders.

BACKGROUND: SINCE 2001, THERE HAS BEEN A PROFOUND CHANGE IN THE AIR CARRIER INDUSTRY

During the past 5 years, the air carrier industry has faced a series of major challenges, including a weakened economy; the terrorist attacks of September 11, 2001; the Severe Acute Respiratory Syndrome epidemic; the war in Iraq; soaring fuel prices; and continued terrorist threats against air carriers. After September 11, 2001, Congress provided a total of \$5 billion in compensation to air carriers for direct losses as a result of the 4-day shutdown of the air traffic control system and for incremental losses incurred between September 11, 2001, and December 31, 2001, as a direct result of the terrorists' attacks. However, the air carriers have still experienced record financial losses in the past 5 years.

The air carriers have made unprecedented changes to their operations to regain profitability. Several air carriers have gone into bankruptcy and others have liquidated. The remaining air carriers have struggled to keep afloat as demand has softened, primarily in the high-fare business travel market. Between the first quarter of 2001 and the fourth quarter of 2005, the network air carriers¹² generated \$58 billion in net losses. As Figure 1 illustrates, the events of the last 5 years have had a significant impact on the decline and recovery of air service.

Figure 1. Percentage Change in Scheduled Domestic Flights January 2001 through June 2006 (Base Year 2000)



¹² Network carriers are those air carriers that operate in a hub-and-spoke system.

Nevertheless, two network carriers have emerged from bankruptcy and many of the airlines have improved their financial condition by taking advantage of strong passenger demand competing for fewer available seats, which has enabled them to increase fares. Nine of the 16 air carriers posted profits in the first quarter of 2006.

The following statistics and analysis compare the most recent air carrier environment to the environment in 2000.

Traffic and Capacity

- The number of scheduled flights declined from 8 million in 2000 to 7.8 million in 2005, a drop of 2.5 percent. Scheduled seats declined 7 percent between 2000 and 2005, from 876 million to 815 million.
- In the first 6 months of 2006, the six largest network carriers combined scheduled 10 percent fewer flights and 17 percent fewer seats than in the first 6 months of 2000. US Airways and Delta eliminated the most capacity; both reduced scheduled seats by 27 percent.
- Even as the number of flights and scheduled seats declined, enplanements were up 3 percent from 665 million passengers in 2000 to 685 million passengers in 2005.
- Reduced capacity and increased demand means fuller flights. For the first quarter of 2006, load factors averaged 77 percent for the six largest ATA airlines, compared to 68 percent average load factors for the same period in 2000.
- Reduced capacity and higher load factors could also mean increased passenger inconvenience and dissatisfaction with customer service. With more seats filled, air carriers will have fewer options to accommodate passengers from canceled flights.

Delays and Cancellations

- The number of delayed or canceled flights has declined from 2.5 million in 2000 to 2.2 million flights in 2005, a decrease of 12 percent.
- The percentage of delayed or canceled flights has also declined from 27.1 percent in 2000 to 22.7 percent in 2005.
- The average flight delay length is about the same. In 2000, the average delay length was 51 minutes; in 2005, it was 53 minutes.

- While flight delays have declined nationwide since 2000—, there are some individual airports that experienced significant reductions in service and a subsequent reduction in delays. However, traffic and delays continued to increase at other airports.

For example, from January through May 2006 at George Bush Intercontinental/Houston Airport, flight arrivals increased by 30 percent and delays increased by 56 percent when compared to the same period in 2000. This increase is important to note because Houston added a new runway in 2003 at a cost of \$267 million that was suppose to alleviate delays. The growth at Houston resulted from Continental Airline’s increased use of regional jets, which account for 52 percent of Continental’s service out of Houston.

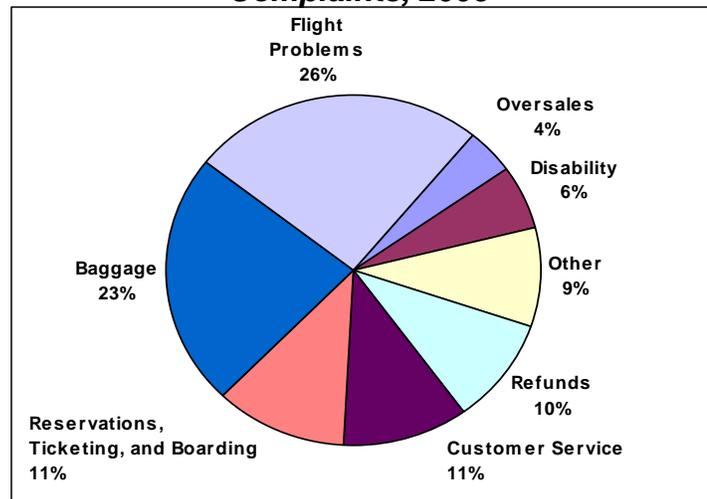
Workforce Reductions

- Between 2000 and 2005, the size of the workforce at the six largest network airlines decreased by 27 percent.¹³ The largest reduction was at United Airlines, where the workforce decreased by 41 percent.

Complaints

- Consumer complaints followed traffic levels and are starting to increase as traffic returns from its low in 2003. As we found in 2000 and in every year since, the largest complaint category is flight problems, which includes delays, cancellations, and misconnections. In 2000, flight problems accounted for nearly 40 percent of the complaints. As depicted in Figure 2, flight problems accounted for more than one-quarter of all complaints the Department received in 2005.

Figure 2. Air Travel Consumer Complaints, 2005



Source: DOT's Air Travel Consumer Reports for 2005

- The next largest category of complaints was mishandled baggage. In May 2006, Chairman Mica of the House Subcommittee on Aviation held a hearing

¹³ The US Airways employee count does not include America West in 2000 because the two ATA airlines had not then merged. They are combined in the 2005 data despite maintaining separate operations for most of the calendar year.

on the growing problem of airline passenger baggage that is delayed, damaged, lost, or stolen. In 2005, there were 6.04 mishandled baggage reports per 1,000 passengers, which exceeds the 2000 rate of 5.29 reports per 1,000 passengers. For several months in 2005, mishandled baggage was the number one complaint as reported by DOT. For the first 6 months of 2006, there were 5.86 mishandled baggage reports per 1,000 passengers, which is down from the rate of 6.20 mishandled baggage reports per 1,000 passengers for the same period in 2005.

However, the rate of mishandled baggage reports per 1,000 passengers has increased beginning in August 2006¹⁴ as the number of checked bags has increased, and will likely continue because of the Transportation Security Administration's restrictions on liquids, gels, and lotions in carry-on baggage. This is a precautionary measure following the overseas arrests of a number of extremists plotting to destroy multiple passenger aircraft flying from the United Kingdom to the United States.

FINDINGS

Airlines Still Need To Emphasize the Importance of Providing Timely and Adequate Flight Information and Establish Targets for Reducing Delays

The ATA airlines committed to notify customers at the airport or on-board an affected aircraft of the best available information regarding known delays, cancellations, and diversions *in a timely manner*.

Since our 2001 report, the airlines have invested in a variety of technology upgrades to their information and communication systems that automatically notify air travelers at home, at work, or elsewhere regarding the status of their flight, including information about delays or cancellations. Travelers can establish a notification profile on the airlines' Internet sites and provide contact points (e.g., home phone, work phone, cell phone, or personal digital assistant) for the airlines to use in notifying them in case of a problem with their flight. All the airlines we reviewed make up-to-date information available about their flights' status via their Internet sites or toll-free telephone reservation systems.

However, we still find that the information about delays and cancellations provided by the airline agents in the boarding areas and on-time flight

¹⁴ In August 2006, there were 8.08 mishandled baggage reports per 1,000 passengers, which exceeds the July 2006 rate (6.50 reports per 1,000 passengers) by 24 percent. In September 2006, there were 8.25 mishandled baggage reports per 1,000 passengers.

performance information provided by agents in the airlines' telephone reservation systems is not always accurate, timely, or adequate.

Also, the number of delayed and canceled flights has been manageable since 2001 but is on the rise at certain hub airports. DOT and airlines should continue to look for ways to reduce the level of occurrence of both delays and cancellations. DOT recently announced it would focus significant attention and resources to cut traffic jams, relieve freight bottlenecks, and reduce flight delays. This attention is necessary because airlines have not set targets to reduce delays and cancellations as they promised in June 2001 congressional testimony,¹⁵ and consumers lose \$9.4 billion a year from airline delays alone.

Information Provided at the Boarding Gates About Delays and Cancellations Was Frequently Untimely or Inadequate

While improvements to electronic information display systems have been made to keep passengers informed, we found that verbal information being provided about known delays and cancellations in the boarding areas was frequently untimely and inadequate. During our observations at 17 airports nationwide for this review, we found that airports and airlines are providing timely electronic information to customers about flight delays on the Flight Information Display Systems monitors located throughout the airports and on the Gate Information Display Systems monitors located in the boarding areas.¹⁶ Several airlines have invested in a new Gate Information Display System that provides information about the flight assigned to the gate, including flight time, departure time, and onboard services offered. The system is equipped to list the specific reason a flight is delayed, when necessary.

However, the airlines' policies call for their customer service gate agents to make timely verbal announcements about delays and cancellations (defined as generally every 20 minutes). Based on 120 observations at 17 airports, 50 times the airlines' gate agents did not make timely announcements and 54 times the information provided by the agents was not adequate. The flights we observed were delayed at least 20 minutes.¹⁷

¹⁵ ATA's testimony before the House Transportation and Infrastructure Committee, June 20, 2001.

¹⁶ In February 2006, DOT issued a notice of proposed rulemaking proposing to adopt a performance standard requiring air carriers to promptly provide the same information to deaf, hard of hearing, and deaf-blind individuals in airport terminals that they provide to other members of the public.

¹⁷ Airlines that account for at least 1 percent of total domestic scheduled passenger revenues submit monthly reports to BTS, which are used, among other things, to determine the percentage of flights departing and arriving on time by airport. The Department counts a flight as on time if it arrived (its aircraft parking brake set) within 15 minutes of the scheduled gate arrival time.

For example:

- During a 1½-hour delay on a flight from Atlanta to Houston, one announcement was made regarding the delay and no reason was provided. Two agents were assigned to the gate and were simultaneously working other flights. During the observation, this flight's information disappeared from the gate information display monitor. The flight had been canceled, but this was not announced until passengers began questioning the agent (who was busy with the boarding process of another flight) about why the Houston flight had disappeared from the display.
- During a 2½-hour delay on a flight from Dallas-Fort Worth to Philadelphia, no announcements were made at the boarding gate regarding the delay, and only the airport's flight information display monitor showed the flight as being delayed. Not until we inquired did we find out that weather was the cause of the delay.

While the number of tests was limited, we found a wide disparity among the airlines in the timeliness and adequacy of flight delay and cancellation announcements, ranging from total failure to complete success. We gave the airlines the results of our observations so they could take the necessary action to comply with the Commitment provision and their customer service plans.

Based on our observations, the airlines need to conduct periodic observations in the gate areas during known delays and cancellations to ensure that their customer service employees are providing timely and adequate flight information. Periodic observations could be included as part of the airlines' self-audits of their customer service plans.

On-Time Flight Performance Data Needs To Be Made Readily Available

In our last report, we recommended that the ATA airlines disclose to customers at the time of booking and without being asked the prior month's on-time performance rate for those flights that have been delayed (i.e., for 30 minutes or greater) or canceled 40 percent or more of the time. The ATA airlines disagreed with this recommendation and as an alternative agreed to make on-time performance data accessible to customers on the airlines' Internet sites, on a link to the Department's BTS Internet site, or through toll-free telephone reservation systems.

Only 5 of the 16 airlines¹⁸ we reviewed make on-time performance data available on their Internet sites. While on-time performance data are available on the BTS

¹⁸ During our tests, America West Airlines and US Airways had not combined their reservation system operations, so the results from the two are not combined.

Internet site, it is difficult to find. The home page does not clearly indicate where to find the data and a user would have to use the link called “searchable data and statistics” to actually get the on-time flight performance information.

Federal regulation requires air carriers to provide on-time performance data upon request when customers call the airlines’ telephone reservation systems.¹⁹ However, the information being provided by the agents in the airlines’ telephone reservation systems about on-time flight performance is not always accurate or adequate. For example, we placed 160 calls (10 calls to 16 airlines’ telephone reservation systems) requesting on-time performance for specific flights and were successful only 59 percent of the time in getting the data for the preceding month. For 29 percent of the calls, we were told that the information was not available. For the remainder of the calls, agents either guessed what they thought the on-time performance was or gave the data for only the previous day. In addition, the wait time to speak to an agent was more than 10 minutes for 8 percent of the calls, with one call’s wait exceeding 50 minutes.

We note that two of the three largest independent online travel agencies provide on-time percentages for flights that are being booked, even for airlines that do not report that information on their own Internet sites. Given the ease of availability of this information to the airlines, we continue to recommend that the airlines post on-time flight performance information on their Internet sites and make it available through their telephone reservation systems and to do so without prompting. BTS should also establish a direct link on its home page to on-time performance statistics by flight number.

The Department Should Continue To Implement Actions To Curb Congestion and Delays Because Airlines Have Not Set Targets To Reduce Delays and Cancellations as They Promised

In its June 2001 testimony, the ATA, on behalf of member airlines, stated that specific targets would be established for reducing chronically delayed or canceled flights.²⁰ However, this statement was followed closely by the events of September 11th. With the reduction of service that followed, delays and cancellations dropped markedly and the airlines never established targets for reducing chronically delayed or canceled flights.

During our current review, we found that the 15 airlines, in collaboration with FAA, are managing delays and cancellations on a day-to-day basis but have not

¹⁹ Air carriers with less than 1 percent of total domestic scheduled passenger revenues are not required by Federal regulation to submit monthly reports to BTS and are therefore exempt from Federal regulations governing the reporting of on-time performance information, unless they choose to do so voluntarily. Midwest Express is exempt but has a policy to do so under its customer service plan.

²⁰ We define chronically delayed flights as those flights canceled or delayed 30 minutes or more at least 40 percent of the time during a single month.

established targets for reducing the number of chronically delayed or canceled flights. However, now that traffic has returned to pre-September 11th levels, flight delays and cancellations are starting to rise. While overall there were still fewer delays in 2005 and 2006 as compared to 2000, there are certain airports where delays exceeded 2000 levels. For example:

- Houston's George Bush Intercontinental Airport's traffic from January through May 2006 increased 30 percent over 2000 levels for the same 5 months, and delays increased 56 percent. During this period in 2000, the delay rate was 19 percent; in the same 5 months of 2006, it was 23 percent.
- Memphis Airport also has growing delay problems. Although traffic increased by only 12 percent over the level of January through May 2000, delays increased by 59 percent for the same 5 months in 2006. In 2000, the delay rate was 17 percent; in the same 5 months of 2006, it was 24 percent.

As delays and cancellations return, FAA and some airports are considering a variety of administrative and market-based solutions that would allow variable pricing of access to control congestion and delays. For example, in 2004 and 2005, FAA used administrative actions to reduce delays at Chicago O'Hare International Airport by first negotiating with and later imposing schedule reductions on the air carriers serving O'Hare. In August 2006, FAA extended the administrative controls at O'Hare through October 2008, when the first phase of O'Hare's expansion and modernization program is scheduled to be complete and additional capacity will relieve some of the congestion.

At New York's LaGuardia Airport, another airport where scheduled operations are anticipated to exceed capacity when administrative actions expire in 2007, new construction is not a viable option. Some demand-management tool, whether market-based or administrative, will likely be needed to prevent what could be crippling delay conditions. In fact, in August 2006, FAA issued its long-awaited proposed rule on demand management at LaGuardia.

Demand management approaches involve significant policy considerations, such as the market impact of limiting flights at certain times of the day, how general aviation is treated, and how access to small communities will be ensured. These critical issues require serious consideration before any demand management technique is imposed given the severe market consequences a poorly designed technique could cause.

Another option to curbing congestions is for OAEP to investigate unrealistic scheduling of flights by any air carrier. In 1984, the Office of the Secretary adopted a Civil Aeronautics Board policy that determined "...unrealistic scheduling of flights by any air carrier...to be an unfair or deceptive practice and

an unfair method of competition....” OAEP has also acknowledged that the law “...prohibits unfair and deceptive practices, and regular flight delays and cancellations...are clearly examples of such prohibited practices.” These flights are referred to as “chronically delayed.” For 2005, we identified 15,640 unique flight numbers (215,016 individual flights) that were chronically delayed or canceled, affecting an estimated 16 million passengers.

OAEP’s current position is that the flights that are chronically delayed are mostly due to reasons beyond the air carriers’ control: mostly weather but also congestion. As a result, in OAEP’s view, a successful enforcement action for unrealistic scheduling would be difficult at best. We believe OAEP should revisit the legislative and policy precedents that address unrealistic scheduling. If OAEP does believe, as it has stated, that unrealistic scheduling is “clearly” an example of unfair and deceptive practices, then it should pursue enforcement action against carriers that consistently advertise flight schedules that they cannot meet, regardless of the causes of the delay.

Improvements Are Needed in Handling Bumped Passengers

In our review of the 15 airlines’ policies and procedures for handling bumped passengers, we found 9 airlines were not adhering to their own policies for compensating passengers who voluntarily give up their seats, and 2 airlines were not properly disclosing their boarding priority rules. We also found compensation amounts that have not changed since 1978. These are similar to conditions we found in our prior review.

The Majority of Airlines Were Not Adhering to Compensation Policies for Passengers Who Voluntarily Give Up Their Seats

The ATA airlines committed to handle bumped passengers with fairness and consistency. This implies that for every flight oversold, passengers denied boarding will be treated fairly and consistently when compensation is offered. Nine of the 13 ATA airlines and the 2 non-ATA airlines have policies that all volunteers on the same flight who give up their seats will be compensated equally.

Many customers make reservations and subsequently fail to travel, without notifying the air carrier. Consequently, air carriers overbook their scheduled flights, which means they take more reservations than there are seats. When more confirmed passengers than expected actually show up for a flight, it is oversold, and, by Federal regulation, the air carrier must seek out passengers who are willing to give up their seats for compensation before bumping anyone involuntarily. Only if there are not enough volunteers can the air carrier bump passengers from the flight. Bumped passengers are entitled to compensation, except when the passenger has not met air carrier check-in rules or the air carrier

arranges for the passenger to get to his or her destination within 1 hour of the passenger's original flight.

In our prior review, all but two airlines were providing equal amounts of compensation to passengers who volunteered to relinquish their seats. During this review, we identified 35 flights from 9 airlines where unequal compensation was given to passengers who volunteered to relinquish their seats.²¹ For example, on 14 of 132 sampled oversold flights for 1 airline, passengers who voluntarily relinquished their seats received different compensation. On one of those flights, four volunteers each received a \$400 travel voucher while five other volunteers each received a \$200 travel voucher.

While we did not find this to be a systemic problem, the airlines need to conduct periodic reviews of oversales documentation as part of their self-audits of their customer service plans. This will ensure that the airlines' customer service employees are following their respective airline policy to compensate equally all volunteers on the same flight who give up their seats.

Two Airlines Are Not Fully Disclosing Their Boarding Priority Rules

According to Part 250 of Title 14 of the Code of Federal Regulations, "Oversales," every air carrier will establish priority rules and criteria that will apply when passengers are involuntarily bumped from an oversold flights. These criteria take effect only after the air carriers have requested volunteers to relinquish their seats. Part 250 also requires the air carrier to give all passengers who are involuntarily denied boarding a written statement explaining the terms, conditions, and limitations of denied boarding compensation and describing the air carrier's boarding priority rules and criteria.

Boarding priority rules for 9 of the 15 airlines we reviewed are based on reverse order of check-in (i.e., last to check in is first to be bumped). The other 6 airlines have boarding priority criteria for bumping passengers based on fare paid or frequent flyer status. However, of the six airlines, two either did not disclose this information to passengers in their denied-boarding literature, as is legally required, or the information in the denied-boarding literature was not their stated policy or practice. We provided this information to officials in OAEP to determine whether enforcement actions are warranted. OAEP informed us that it will fully investigate this matter and take enforcement action, if appropriate.

²¹ We sampled 1,404 flights out of a universe of 31,439 from 15 airlines on which passengers voluntarily relinquished their seats on oversold flight for the months of December 2004 and June 2005.

Compensation to Involuntarily Denied Passengers Has Not Been Raised Since 1978

Under Part 250, if a passenger is involuntarily bumped and delayed less than an hour, the passenger is not entitled to any compensation. If the passenger is delayed between 1 and 2 hours, the passenger can receive 100 percent of the cost of the remaining ticket to the destination but not more than \$200. If the delay is more than 2 hours, the passenger can receive 200 percent of the cost of the remaining ticket but not more than \$400. *This limit has not been changed since 1978.* In each case, the air carrier arranges to get the passenger to his or her destination.

Also, instead of cash, the air carrier can offer the passenger free or reduced air transportation of equal or greater value than the amount of the cash compensation. The carrier must also inform the passenger of the amount of cash compensation that would otherwise be due and that the passenger may decline the transportation benefit and receive the cash payment.

In our prior review, we recommended the airlines petition DOT to increase the monetary compensation payable to involuntarily bumped passengers. On April 3, 2001, ATA petitioned DOT for a rulemaking to increase the involuntarily denied boarding compensation. ATA also proposed to broaden the applicability of denied boarding compensation. Currently, aircraft with 60 seats or fewer are exempt from denied boarding compensation requirement. ATA proposed broadening this requirement to include aircraft with more than 30 seats. After September 11, 2001, however, the priorities changed and nothing came of this.

The DOT General Counsel's office has stated it intends to review the compensation amounts in the next few months and decide whether or how to proceed. The Department needs to take action on this petition to determine whether the maximum compensation amount needs increasing.

Given the significant growth of regional aircraft, the Department should also consider broadening the applicability of denied boarding compensation by changing the exemption for small aircraft to aircraft with 30 seats or fewer. The number of operations with aircraft of 31 to 60 seats has increased from 2.4 million flights to 3.4 million flights over the past 4 years. Altering the 60-seat exemption to a 30-seat exemption would affect approximately 26 carriers which, in 2005, had the seating capacity to transport over 160 million passengers on regional jets with 31 to 60 seats.

Straightforward, Comprehensive Reporting Is Needed on Frequent Flyer Award Redemptions

The ATA airlines each committed to disclose to the customer rules, restrictions and an annual report on frequent flyer program redemptions. Frequent flyer programs have existed for at least 25 years. In addition to earning awards by flying, passengers can earn awards for free travel with purchases from dozens of participating companies, such as rental car agencies and hotel chains. Historically, the disclosure of frequent flyer rules and restrictions was part of each airline's operating policy. The Commitment provision to publish an annual report on frequent flyer program redemptions was new, but it was not specific about the amount or type of redemption information airlines should report.

As in our prior review, we found that the information disclosed by the airlines on frequent flyer redemptions still is of marginal value to the consumer. Redemption information is often difficult to find and not comparable across airlines because it is reported in a variety of ways. As a result, it is difficult, if not impossible, for consumers to compare frequent flyer programs in a meaningful way.

Today's reduced seat capacity along with deeply discounted fares translates into higher load factors and fewer seats available for the redemption of frequent flyer awards. At the same time, the airlines offer many more ways to earn points, such as credit card purchases, that have significantly increased the number of points available for redemption. The convergence of reduced seat capacity and increased number of points available for redemption causes award programs to lose value and makes it even more important for the consumer to have readily available and comprehensive information about frequent flyer redemptions. The data on frequent flyer redemptions should be standardized so customers can make a more meaningful comparison of the benefits of each airline's frequent flyer program.

Frequent Flyer Information Is Not Easily Found or Consistently Reported

The ATA airlines committed to disclose to the customer an annual report on frequent flyer redemptions, but the Commitment provision was not specific about *where* the information should be published. Because no clear method was provided for where the redemption information should be disclosed, the customer for the most part cannot easily locate the data, and airlines do not always tell customers where they can find the information.

In this review, we found:

- Two ATA airlines and two non-ATA airlines do not report redemption information to the public. The two ATA airlines report this information on Internet sites only available to members of their frequent flyer programs.

- The remaining 11 ATA airlines report redemption information to the public, but it is not readily available.
 - Three airlines report redemption information in both their annual submissions to the Securities and Exchange Commission (10K report) and on their Internet sites;
 - Seven airlines only report redemption information in their 10K reports; and
 - One airline reports redemption information only on its Internet site.
- Redemption information in the airlines' 10K reports was not easy to find, and the locations on the Internet were not readily apparent. For example, two airlines report the data under their customer service plans, a third embeds the data deep in its program literature, and the fourth reports its data under a link to its Frequent Flyer Terms and Conditions page.

Even if passengers find the data, information disclosed on frequent flyer redemptions is not comparable. Airlines report frequent flyer redemptions in a variety of ways that makes it difficult, if not impossible, for consumers to compare frequent flyer programs in a meaningful way.

As shown in Table 2, the time period reported by 11 of the 15 airlines that do provide data on redemptions varies: three airlines report redemptions for 1 year only; two airlines report redemptions for 2 years; and the remaining six airlines report redemptions for 3 years. Moreover, the 11 airlines use different criteria to report redemptions. Eight airlines report redemptions as a percentage of revenue passenger miles,²² two airlines report redemptions as a percentage of revenue passenger enplanements,²³ and the remaining airline reports only the total number of redemptions.

²² A revenue passenger mile represents one fare-paying passenger transported 1 mile, the most common measure of demand for air travel.

²³ A revenue passenger enplanement represents one fare-paying passenger—originating or connecting—boarding an aircraft with a unique flight coupon.

Table 2. Frequent Flyer Information Reported by 11 Airlines

Airline	Redemption Activity Reported	Redemptions Reported as a Percentage of Revenue Passenger Miles	Redemptions Reported as a Percentage of Passenger Enplanements	No. of Consecutive Years Reported
Alaska	Yes	Yes	No	3
ATA	Yes	No	No	1
American	Yes	No	Yes	2
Continental	Yes	Yes	No	1
Delta	Yes	Yes	No	3
JetBlue	Yes	Yes	No	1
Midwest	Yes	Yes	No	2
Northwest	Yes	Yes	No	3
Southwest	Yes	No	Yes	3
United	Yes	Yes	No	3
US Airways	Yes	Yes	No	3

Frequent Flyer Points Lose Value as Availability of Seats Declines and More Points Flood the Market

While it is nearly impossible to obtain comparable data across the airlines to determine the relative value of the award points earned in each airline's frequent flyer program, there are basic conditions and calculations that indicate that value of frequent flyer points is dropping.

Seat Capacity and Frequent Flyer Redemptions for Free Tickets Have Been on the Decline. The combination of six airlines with the largest frequent flyer programs have on average reduced capacity by about 11 percent in 2005 as compared to 2000 (see Table 3). This, along with deeply discounted fares, has raised load factors, resulting in fewer seats available for redeeming frequent flyer awards.

Table 3. Change in Available Seats Between 2000 and 2005

Airline	Seats, 2000	Seats, 2005	Change
American	126,168,624	128,715,885	2%
Continental	68,368,851	65,256,219	-5%
Delta	175,161,550	156,497,538	-11%
Northwest	86,302,504	84,873,060	-2%
United	135,970,429	106,095,667	-22%
US Airways	156,764,929	123,208,796	-21%
Total	748,736,887	664,647,165	-11%

As shown in Table 4, frequent flyer activity for the same six airlines has generally declined since 2002.

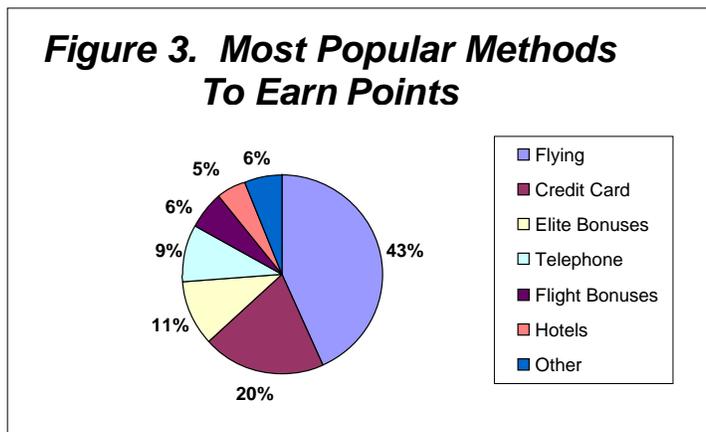
Table 4. Rewards as a Percentage of Revenue Passenger Miles

Airline	2002	2003	2004	2005
American*	8.1%	7.8%	7.5%	7.2%
Continental	8.1%	7.6%	5.6%	7.0%
Delta	9.0%	9.0%	8.0%	9.0%
Northwest	7.8%	7.5%	6.9%	7.3%
United	7.8%	9.0%	7.4%	6.6%
US Airways	6.0%	9.1%	9.1%	9.1%

*Based on passenger enplanements.

More Ways To Earn Points.

As shown in Figure 3, the most popular methods for earning points have expanded well beyond air travel. For example, you can earn 8 points for each dollar spent buying your pet's medicine online. You can earn 7 points for each dollar spent by having H&R Block prepare your taxes. You can even earn 3 points for each dollar spent by purchasing Tupperware products.



Redemption Value of Points Declines. Generally, the airlines have two levels of awards: a standard award requiring the least number of points to redeem a ticket and a premium award requiring up to twice the number of points for a ticket. As shown in Table 5, premium awards value the frequent flyer points less than standard award levels since it takes more frequent flyer points for a premium award ticket than a standard award ticket.

**Table 5. Redemption Value of Points
Standard Award vs. Premium Award**

Standard Award	Mileage Points	Lowest Fare*	Value-Dollar
Washington, DC, to Seattle (Aug 16-23)	25,000	\$462.70	.0185
Chicago to West Palm Beach (Sep 21-28)	25,000	\$267.10	.0107
Detroit to San Antonio (Aug 5-12)	25,000	\$442.20	.0177
Cincinnati to Phoenix (Sep 21-28)	25,000	\$419.60	.0168
Premium Award			
Washington, DC, to Seattle (Aug 16-23)	45,000	\$462.70	.0103
Chicago to West Palm Beach (Sep 21-28)	45,000	\$267.10	.0059
Detroit to San Antonio (Aug 5-12)	45,000	\$442.20	.0098
Cincinnati to Phoenix (Sep 21-28)	45,000	\$419.60	.0093

* Even with a fare as high as \$1,000, redemption value at the standard award is still only 4 cents per mileage point and 2 cents per mileage point at the premium award level.

The non-air travel opportunities to use points are increasing as well. However, in some cases the value of the points is a fraction of what it would be worth if they were redeemed for air travel. For example, one airline allows a customer to use 96,500 mileage points to purchase a Sharper Image Portable GPS Range Finder for golf. The value of the item is \$349.95—making the value of the points about one-third of 1 cent.

Inability To Redeem Awards Is the Most Prevalent Complaint Among Frequent Flyer Members

As frequent flyer redemptions have declined overall since 2002, a common and growing cause of complaints is the inability to book tickets using the standard award level.

Most airlines acknowledged the limitation of awards at the standard award level. Based on a sample of 598 frequent flyer complaints received by 10²⁴ airlines between January and December 2005, we found that 137 complaints (23 percent) were attributed to the customer's inability to obtain a standard award. While frequent flyer complaints represent only about 1 percent (or less) of all complaints received by DOT, the frequent flyer complaint subcategory "Not Able To Redeem Miles" grew from 17 percent in 2001 to 38 percent in 2004 but dropped to 26 percent in 2005.

²⁴ Three airlines (ATA, JetBlue, and Southwest) only have one level of award, and two airlines (Alaska and AirTran) did not maintain sufficient information to produce a reliable sample. This reduced the total to 10 airlines reviewed.

Even if there were reasonable capacity for redemptions at the standard level, the flights where seats exist may be ones that are less popular to most travelers. Examples include overnight flights, flights to Phoenix in August, or flights requiring multiple connections.

Seats might not be available at all at the standard level on more popular routes that have reduced capacity. For example, in the first 5 months of 2006, United's scheduled seats to Hawaii were down 17 percent over the same period in 2000. From the United States to London-Heathrow, the number of seats was down 11 percent in the first 5 months of 2006 over 2000 levels.

The prevalence of complaints to the airlines about the inability to redeem free tickets, especially at the standard awards level, leads us to conclude, just as we did in our February 2001 report, that consumers need more information about frequent flyer redemptions. None of the airlines in our review reports frequent flyer activity for the standard and premium awards levels.

Data on Frequent Flyer Redemptions Should Be Standardized

In our February 2001 report, we recommended that air carriers make available to the public a more comprehensive reporting of frequent flyer redemptions, such as percentage of successful redemptions and frequent flyer seats made available in the airline's top origin and destination markets. The ATA airlines opposed the recommendation, and we were unable to obtain this type of information during our recent review. We acknowledge that maintaining information on unsuccessful requests for frequent flyer awards could be burdensome, even impossible, because so many requests are made through the airlines' Internet sites and not tracked.

Nevertheless, the airlines should make available information that allows consumers to determine which frequent flyer program would provide the greatest benefit based on availability of awards at the standard level, awards requiring the least number of points, or seat availability to top markets. The Department should examine through rulemaking proceedings the need to standardize the reporting of airline data on frequent flyer redemptions so that customers can make a more meaningful comparison of the benefits of each airline's frequent flyer program. This information should include the ratio of the number of seats flown by passengers traveling on frequent flyer rewards to the overall number of seats available and the total number and percentage of redemptions at both standard and premium levels. This information should be readily and easily available to consumers.

Airlines' Need To Focus on Promptly Training Personnel Who Assist Passengers With Disabilities

The ATA airlines committed to disclose their policies and procedures for assisting special-needs passengers, such as unaccompanied minors, and for accommodating passengers with disabilities in an appropriate manner.

Federal requirements for accommodating persons with disabilities have been in existence since the Air Carrier Access Act of 1986 and the promulgation of its implementing rules in Part 382 of Title 14 of the Code of Federal Regulations, "Nondiscrimination on the Basis of Disability in Air Travel" in 1990.

A 2005 market study of air travelers with disabilities conducted by a national polling firm²⁵ found that 84 percent of this group encountered obstacles at US air carriers and 82 percent reported accessibility problems at airports. These problems included airport personnel's lack of awareness regarding services provided for passengers with disabilities, delays or breakdowns in requested services, and personnel being insensitive or unwelcoming to people with disabilities. These problems point to the lack of proper training in assisting passengers with disabilities, including the proper and safe operation of any equipment used to accommodate them.

We found that some airline and their contractor personnel who interact with passengers with disabilities were either not being trained, were not promptly trained, or were not current with refresher training. We also found that not all airlines established focus groups to help better address the needs of air travelers with disabilities and special needs, as we recommended in our 2001 report.

These deficiencies resulted from poor oversight of compliance with the requirements of Part 382 by both the airlines and OAEP. Without ensuring compliance with Federal regulations, the airlines and the Department have no assurance that personnel interacting with the traveling public have the necessary level of training to assist persons with a disability appropriately. As discussed later in this report, the Department received additional resources to improve air transportation access for passengers with disabilities by ensuring compliance with Federal requirements.

²⁵ The Open Doors Organization, a non-profit group, commissioned Harris Interactive to conduct a quantitative study among US adults with disabilities to identify the general travel habits and patterns of adults with disabilities. One of the objectives was to gauge experiences with airlines, airports, car rental agencies, hotels, and restaurants. Open Doors' web site is www.opendoorsnfp.org.

Airlines Need To Place Greater Emphasis on Part 382 Training

Under Part 382, air carriers are required to ensure personnel who deal with the traveling public are trained to proficiency in assisting passengers with disabilities, as appropriate to their duties, such as the proper and safe operation of any equipment used to accommodate those passengers (e.g., wheelchairs). The air carrier must also train these employees about awareness and appropriate responses to persons with a disability. Training must be completed within 60 days of the employees assuming their duties.²⁶ Refresher training is left up to the discretion of the air carrier, so long as personnel maintain proficiency.

In our prior review, the airlines performed well with respect to this provision. In our current review, however, we found that some airline and contractor personnel who interact with passengers with disabilities were not trained, were not promptly trained, or were not current with refresher training. We tested the airlines' compliance with selected aspects of Part 382, including training of airline and contract personnel in assisting passengers with disabilities and timely responsiveness to complaints.

Airline and Contractor Personnel Training. We reviewed training records²⁷ for 1,073 airline employees²⁸ at 15 selected airports nationwide and found that 166 employees (over 15 percent) from 11 of the 15 airlines were deficient in some aspect of their training.

- At 6 airlines, 51 employees either failed to receive initial training or received initial training late or the airline was unable to provide records to support the completion of training.
- At 9 airlines, an additional 115 employees either failed to receive refresher training or received refresher training late or the airline failed to document completion of refresher training. Although Part 382 requires air carriers or their contractors to provide refresher training as needed to maintain proficiency, 13 of the 15 airlines we visited required annual refresher training for their employees.

We also reviewed the training records of 306 contractor personnel at 10 airports and found similar problems with 71 contractor employees (over 23 percent) for 5 airlines. We found that:

²⁶ Under Part 382, crewmembers (i.e., pilots and flight attendants) are required to complete training before they assume their duties.

²⁷ There is *no* requirement under Part 382 for air carriers to maintain employee training records.

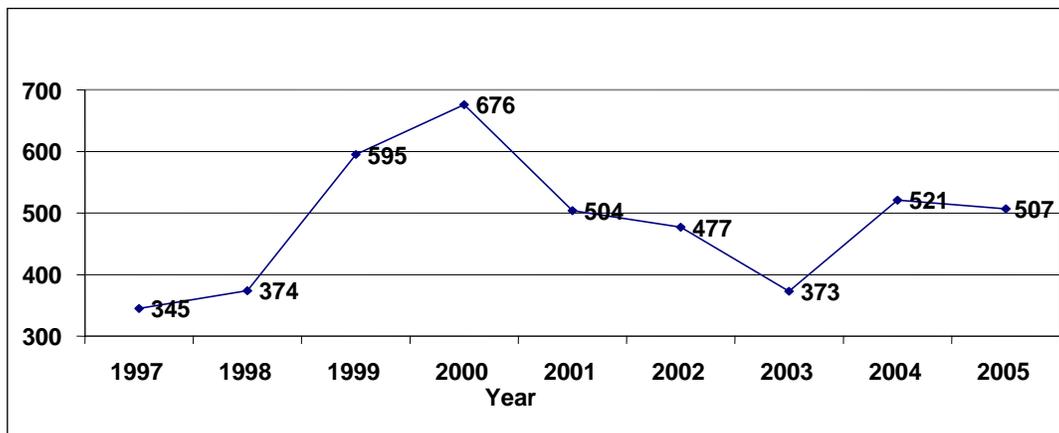
²⁸ Our review of employee training records focused on airline and sub-contractor customer service employees.

- 21 contractor employees either received initial training late or the airlines were unable to provide training records.
- The remaining 50 employees failed to receive refresher training or did not receive it promptly.
- One airline was not providing initial or refresher training for contractor personnel.

Training Inconsistencies Are a Frequent Complaint. The airlines need to refocus their attention in the area of training and service. In fact, advocacy groups representing passengers with disabilities have consistently identified the on-going problems with training airline personnel to properly assist passengers with disabilities. The National Council on Disability²⁹ frequently hears complaints from passengers with disabilities about the airlines' training inconsistencies.

In its Air Travel Consumer Report, DOT reports that civil rights complaints filed by air travelers with disabilities were on the rise from 345 complaints in 1997 to a peak of 676 complaints in 2000, almost doubling the amount of complaints since 1997 (see Figure 4). While complaints declined from 2000 through 2003, they are on the rise again, and the airlines cannot be complacent. The top complaint by passengers with disabilities was failure to provide adequate or timely assistance (51 percent).

Figure 4. Number of Complaints Filed By Air Travelers With Disabilities



²⁹ The National Council on Disability is an independent Federal agency making recommendations to the President and Congress for enhancing the quality of life for all U.S. citizens with disabilities and their families. It is composed of 15 members appointed by the President and confirmed by the U.S. Senate.

Establishment of Focus Groups. In our 2001 report, we recommended the ATA airlines consider establishing advisory councils, including persons with disabilities, to help better address the needs of air travelers with disabilities and special needs. However, only six ATA airlines and one non-ATA airline did so. Seven of the other eight airlines who did not implement the recommendation did obtain input from interest groups to help address the needs of this group of air travelers. Those airlines that have not already done so need to consider establishing advisory councils that include persons with disabilities to help better address the needs of these air travelers.

OAEP Needs To Improve Oversight, and Certain Provisions in the Regulation Need Strengthening

The immediate solution to ensure that the airlines and their contractors are complying with their own policies and DOT rules for accommodating air travelers with disabilities is for OAEP to closely monitor the airlines' compliance, as well as their contractors' compliance. This will ensure that all employees who require training receive it.

Although 14 airlines use contractors to assist passengers with disabilities, oversight of contractor compliance with Part 382 varies from no oversight by some airlines, to informal observations or reviews, to reliance on customer service complaints, to established performance tracking systems.

The two ATA airlines where we found the most training deficiencies have never had their training programs for assisting passengers with disabilities and special needs examined by the Department. In fact, OAEP's most recent review of Part 382 compliance was limited and did not include a review of the training records of either the airlines' employees or contractor employees.

More importantly, however, is a need to strengthen the requirements in Part 382 to ensure greater responsibility and accountability of the air carriers and their contractors. Part 382 should be changed to require:

- All employees of air carriers or contractors whose job duties involve assisting passengers with disabilities be trained before taking on those duties. Requiring passing a test before beginning work should also be considered. The current rule allows up to 60 days to train the employee, and testing is not required.
- All employees whose job duties involve assisting passengers with disabilities receive mandatory annual refresher training. Under the current rule, aside from employees designated as complaint resolution officials,

annual refresher training is not required and refresher training simply must be completed as needed to maintain proficiency.

- Air carriers and their contractors to maintain employee training records for a minimum of 1 year. Part 382 does not require air carriers to keep or maintain records of individuals trained and dates of training.
- Air carriers to ensure contractor employees assisting passengers with disabilities get the required training. The current rule is ambiguous regarding air carrier oversight responsibilities of their contractor training programs and employee on-the-job performance. The rule simply states that each air carrier “shall provide, or require its contractors to provide, training to the contractors’ employees concerning travel by individuals with a disability.”

Airlines Need To Resume Efforts To Self-Audit Their Customer Service Plans

In our 2001 report, we recommended that the ATA airlines establish quality assurance and performance measurement systems and conduct internal audits to measure compliance with the Commitment provisions and customer service plans. The key to success of the customer service plans was the need for each airline to have a credible tracking system for compliance with each provision and the implementation of the customer service plan, buttressed by performance goals and measures.

In June 2001, in a hearing before the US House of Representatives Committee on Transportation and Infrastructure Subcommittee on Aviation, ATA, on behalf of its member airlines, committed to establishing internal performance measurement systems and audit procedures to measure compliance with their customer service plans. At that time, we confirmed that 12 of the 14 ATA airlines had internal performance measurement systems and audit procedures in place and that the remaining two airlines were finalizing their performance measurement systems.

However, during our current review, we found that only five ATA airlines currently have quality assurance and performance measurement systems and conduct internal audits to measure compliance with the Commitment and their customer service plans. The other ATA airlines either discontinued their customer service internal audit activities after the events of September 11th or combined this activity with their operations or financial performance review, where the Commitment provisions are overshadowed by operational or financial issues. We also found that the non-ATA airlines do not have comprehensive quality assurance and performance measurement systems or conduct internal audits to measure compliance with their customer service plans.

A quality assurance and performance measurement system is necessary for each airline to have a credible system for ensuring compliance with its customer service policies and procedures. Those airlines that have not already done so need to implement quality assurance and performance measurement systems and conduct internal audits. OAEP should use these systems to review more efficiently the airlines' compliance with those Commitment provisions governed by Federal regulations.

The Department Needs To Improve Its Oversight of Air Traveler Consumer Protection Requirements

The Airline Deregulation Act of 1978 gives the Secretary the authority to investigate and take enforcement actions against carriers engaging in unfair and deceptive practices and unfair methods of competition. OAEP is the division within the Office of the General Counsel that enforces DOT's air travel consumer protection rules. These rules encompass many areas, including unfair and deceptive practices and unfair methods of competition by carriers and travel agents. OAEP also investigates and enforces violations of rules governing denied boarding compensation, access for travelers with disabilities, and ticket refunds. When violations occur, OAEP can pursue enforcement action, which may range from warning letters to litigation in U.S. District Courts.

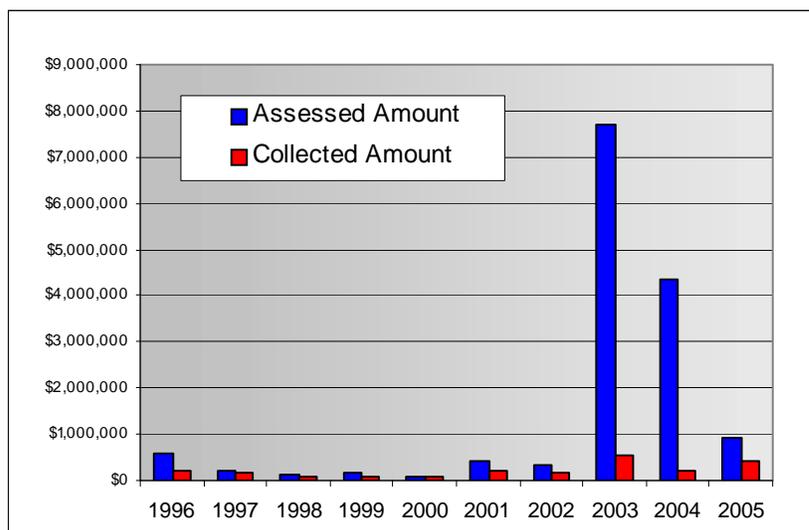
We found that while OAEP has made efforts to enforce civil rights violations, it needs to improve its oversight of consumer protection laws, including its efforts to monitor compliance with the terms and conditions of enforcement actions. In recent years, OAEP has not conducted on-site compliance reviews, relying instead on air carriers' self-certifications and company-prepared expense summaries submitted without supporting documentation. OAEP currently uses an outdated manual monitoring system to track milestones and due dates and relies on "institutional memory" to track prior actions against air carriers. An electronic information system will be necessary to effectively monitor compliance with enforcement cases and ensure that the Office's mission is not compromised during cycles of employee attrition.

We also found that, until recently, OAEP's toll-free hotline for air travelers with disabilities was underutilized and consumed significant financial resources—resources that can potentially now be used to support increased enforcement activities including on-site compliance inspections. In addition, these funds could also be used to reinstate other types of consumer protection activities, such as investigating the availability of advertised fares and consumers' ability to redeem frequent flyer awards.

OAEP Needs To Increase Its Efforts To Monitor Enforcement Actions Taken Against Air Carriers and Other Providers of Air Service

Most of OAEP's formal enforcement activities involve consent orders issued against air carriers or other providers or sellers of air service that OAEP enters into with the alleged violator. The consent orders we reviewed contained cease-and-desist provisions and assessed penalties that ranged from \$0 to \$1.5 million. The higher penalties were assessed primarily in 2003 and 2004 following the enactment of the Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21) mandating numerous additional consumer protection responsibilities to be carried out by OAEP, such as a provision requiring individual, comprehensive investigations of each disability-related complaint received by OAEP (see Figure 5). Since 1996, OAEP has negotiated 233 consent orders with air carriers and other providers or sellers of air services, with penalties totaling \$21.8 million.

Figure 5. Penalties Assessed by OAEP and Amounts Collected After Offsets



Note: 2005 is partial year data.

We reviewed 121 of the consent orders signed between 1996 and 2005 relating to advertising (78), civil rights (30), and "other" consumer matters (13). The penalties assessed in these orders totaled \$14.9 million, of which OAEP actually collected \$2.1 million after offsets or forgiveness provisions.

OAEP believes these forgiveness provisions and offsets are a better way to effect positive change than merely assessing a financial penalty. The intent is for the forgiveness provisions to provide an incentive for future compliance and for the offset to be used to improve service to consumers above and beyond what is required by existing rules or the carrier's contract of carriage. Without these forgiveness provisions and offsets, penalties would simply be deposited into the U.S. Treasury's General Fund.

Forgiveness or offset provisions were contained in 105 of the 121 consent orders we reviewed. *Forgiveness* provisions allow for a portion of the penalty to be paid

up front and another portion to be suspended for a period of time (usually 1 or 2 years), after which time the suspended amount will be forgiven if the violator has committed no further violations. *Offset* provisions allow for a portion of the penalty to be paid up front, with another portion to be credited against the amount assessed if the violator complies with certain conditions.

Most of the orders we reviewed had penalties that were split 50-50—one-half collected up front and the other half forgiven. In some cases, however, most of the penalty was offset if the air carrier agreed to invest like funds to improve service for consumers above and beyond what is required by existing rules or the carrier's contract of carriage. For example, one air carrier was assessed a fine of \$100,000 for non-compliance with disability requirements. Of that, \$90,000 was offset because the air carrier established a consumer advisory group and provided information on their web site about the DOT toll-free hotline.

OAEP Should Verify Air Carrier Action Was Taken To Comply With Consent Orders

From the 121 cases we reviewed, we randomly selected 20 consent orders to review the case monitoring files. Twelve of the 20 cases contained no evidence of monitoring—OAEP does not take special action to monitor compliance with forgiveness provisions for consent orders covering advertising violations.³⁰ The other eight cases documented different degrees of monitoring activity. Examples follow.

- A company-prepared spreadsheet was submitted to document expenses incurred on a disability-awareness program. No support was provided for the spreadsheet, but the air carrier advised that, “the costs were calculated on the basis of voluminous employee, payroll and other files.” There was no indication that the air carrier's costs had been verified.
- Sworn certifications were submitted stating that civil rights training had been provided for all employees who interact with passengers. The airline provided no documentation to support that the training has in fact been received, (e.g., class sign-in sheet, agenda, or training materials) and there was no indication that OAEP had reviewed the training records or made any other attempts to validate the certifications.
- One consent order, with a \$90,000 penalty offset, required the airline to certify in writing that it had met three conditions within 1 year of the August 2003 order date. Although there is no evidence that OAEP received

³⁰ Most of these cases involved advertising infractions that relate to fare display (disclosure of fees, taxes, restrictions) where there is clear evidence of non-compliance. The Department indicated that it does take action to collect suspended penalties when violations are discovered, although we did not verify this during our audit work.

this certification by August 2004, the carrier was allowed to offset the entire \$90,000 at that time. The last documented monitoring activity, prior to our office inquiring about this matter, was in January 2004 when OAEP confirmed that the carrier had implemented one of the three specified accommodation measures.

OAEP did contact the airline to request verification of compliance when our office inquired about this case in February 2006. The airline responded affirmatively, albeit 18 months after the \$90,000 penalty was offset. OAEP believes the required documentation was provided by the carrier in August 2004 but attributes its failure to locate the certification to the difficulty in managing cases and maintaining document controls without a central tracking system, particularly in this case where there was staff turnover. The carrier was also not able to provide proof of timely compliance.

To ensure air carrier compliance with the terms and conditions of consent orders, OAEP must verify that the terms and conditions have been met before forgiving any penalties. We are recommending that OAEP require documented proof—such as invoices, contracts, and receipts—of compliance with conditions of penalty offsets. OAEP should also verify compliance with advertising cease-and-desist orders before forgiving any penalties.

The Department Should Make Enforcement Monitoring a Priority and Direct Its Resources Accordingly

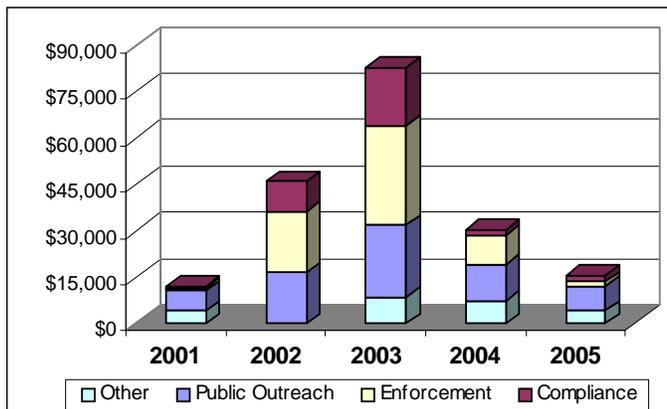
In April 2000, Congress passed legislation³¹ that significantly increased the Department's responsibilities, especially as they relate to civil rights violations such as disability-related issues. In FY 2002, at our recommendation, Congress provided \$942,000 to fund activities and personnel in OAEP, primarily to implement OAEP's Accessibility for All America program—an effort aimed at improving access to the air transportation system for passengers with disabilities.

Staffing levels in the program have declined from a high of 40 in 2003 to 33 in 2006 because OAEP has not been permitted to fill positions vacated through attrition.

³¹ The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21), Public Law 106-181.

OAEP resources for on-site visits to verify compliance with orders have also declined. As Figure 6 illustrates, travel funds—especially those for enforcement and compliance purposes—have declined significantly since 2003. Between 2003 and 2005, travel funding for compliance and enforcement purposes declined from \$51,000 to \$3,500.

Figure 6. OAEP Travel Expenditures



The Department needs to develop mechanisms to strengthen enforcement monitoring, despite budgetary constraints. In the absence of physical verification of compliance, OAEP must rely on self-certification by the air carriers and other providers of air services. Certifications may be appropriate in some cases, but they should not supplant physical verification, especially in cases resulting from severe consumer harm (e.g., a pattern of civil rights violations). To the extent possible, the Department should make enforcement a priority and direct sufficient resources for staff to conduct on-site compliance verification.

An alternative to OAEP staff verification could be to require the carrier, as part of its offsetting requirements, to contract with a neutral third-party to independently verify that the conditions of the consent order have been met. For example, if the Department enters into a consent order for \$250,000 with an offset of \$200,000 if certain conditions are met, one of those conditions could be to use an appropriate amount of funds to hire a third-party compliance monitor.

To Improve Its Oversight, OAEP Needs To Make Fully Operational an Electronic Case-Monitoring System

OAEP staff attorneys, on average, handle about 17 cases or projects.³² At any given time, OAEP has 200 to 300 active projects or cases. Despite its increased oversight responsibilities, OAEP has no electronic case monitoring system to track changes in case status. Before 2004, cases and projects were not centrally tracked at all. The current system is manual and accomplished through biweekly updates that are reviewed by the office management. These reports are 10 to 15 pages of narrative that provide sporadic updates of cases that can span several years. Tracking the progress of an enforcement action requires tracing the case manually through these biweekly reports.

³² Among other duties, OAEP also participates in rulemakings, prepares technical assistance manuals, provides outreach to the disability community, and participates in air carrier fitness determinations.

Attorneys monitor their own cases to ensure that air carriers comply with the provisions of the consent orders within the timeframe specified, and that documentation verifying the cost and implementation of each offset is submitted. Most of these cases have staggered milestones and deadlines, which the attorneys must track individually. There is no standard protocol for case monitoring—each attorney has the latitude to develop his or her own system—which not only makes it difficult for managers to ensure effective oversight in real time but makes it extremely burdensome for managers to locate records documenting prior activity after attorneys leave. OAEP is in the process of developing an electronic monitoring system and expects it to be fully operational in FY 2007.

Without a fully operational electronic case monitoring system, OAEP does not have a central, automatic means to ensure all offenders are being monitored or to identify repeat offenders—functions that are currently performed via “institutional memory” and paper records. This ad hoc monitoring is not sufficient to ensure continuity of OAEP’s mission through cycles of employee attrition. One-quarter of the professional staff in OAEP are currently eligible to retire, including the top three managers.

OAEP’s Toll-Free Hotline for Passengers with Disabilities Is Underutilized

OAEP operates a toll-free hotline for airline passengers with disabilities to resolve time-sensitive disability-related disputes. Since the toll-free hotline began operations in August 2002, the contractor-operated hotline has received about 17 calls per week, at an average cost per call of about \$1,200. In October 2006, well after we started our audit, the Department began to operate the hotline in-house, a move that OAEP estimates will save approximately \$400,000 in budgeted FY 2007 funds and bring the cost per call down to under \$25. Bringing the hotline operations in-house frees up funds that can potentially be used to support OAEP’s oversight and enforcement of air carriers’ compliance with air traveler consumer protection rules.

Legislative Requirements and Administration Priorities Have Curtailed OAEP’s Traditional Consumer Protection Activities

New laws contain mandates under which OAEP has to assume numerous additional consumer protection responsibilities, including a new aviation civil rights provision; a provision requiring individual, comprehensive investigations of each disability-related complaint received by OAEP; a provision extending the air carrier disabled passenger discrimination law (Air Carrier Access Act) to foreign air carriers; and new data collection and reporting requirements. These requirements have taken resources away from OAEP’s other responsibilities that focus on consumer economic protections.

The consumer protection activities that have been curtailed include investigating the availability of advertised fares and consumers' ability to redeem frequent flyer awards. OAEP has stated that both of these functions are part of its responsibility in enforcing the regulations against false and deceptive practices. As the current market of reduced seat capacity along with deeply discounted fares translates into higher load factors and fewer seats available for redeeming frequent flyer awards, OAEP needs to be vigilant of the promises airlines are making to consumers regarding their frequent flyer programs and their actual ability to deliver.

Since 1996, OAEP has taken action in only two instances of insufficient capacity at the lowest advertised fare. As part of our review, we performed a simple test to determine whether customers can reasonably obtain advertised fare specials at each of the 16 airlines.³³ We tested 449 city-pairs and were able to obtain the advertised fare for 379 of the city-pairs or 84 percent of the time. Obtaining the advertised sale fare 84 percent of the time represents a fairly reasonable percentage; nevertheless, in our opinion, not getting the fare sale 16 percent of the time is an adequate reason for OAEP to verify fare sale availability. OAEP's Aviation Consumer Protection Division has reported that, on occasion, it does mass callings to verify availability of advertised fares, but does not document its findings. OAEP needs to continue its efforts to verify availability of advertised fares and document its findings.

RECOMMENDATIONS

In order to strengthen the Department's oversight and enforcement of air traveler consumer protection provisions, we are making the following recommendations to the Acting General Counsel:

1. Work with BTS to prominently display a direct link on its Internet home page to on-time performance statistics by flight number.
2. Direct OAEP to revisit its current position on chronic delays and cancellations and take enforcement actions against air carriers that consistently advertise flight schedules that are unrealistic, regardless of the reason.
3. Determine whether (a) the maximum denied boarding compensation amount needs to be increased and (b) denied boarding compensation needs to be expanded to cover aircraft with 31 to 60 seats.

³³ We tested US Airways and America West separately because their Internet site reservations systems had not yet been combined at the time of our tests.

4. Examine through rulemaking proceedings the need to standardize the reporting of airline data on frequent flyer redemptions so that customers can make a more meaningful comparison of the benefits of each airline's frequent flyer program.
5. Strengthen requirements in Part 382 to require (a) all employees of air carriers or contractors whose job duties involve assisting passengers with disabilities must first be trained before taking on those duties and receive annual refresher training, (b) air carriers and their contractors maintain employee training records, and (c) air carriers to ensure contractor employees assisting passengers with disabilities are in compliance with Part 382.
6. Direct OAEP to develop strategies to more effectively monitor air carrier compliance with Federal requirements governing air travel consumer protection provisions and to verify air carrier compliance with the terms and conditions of consent orders, including those that involve advertising infractions. In the absence of sufficient funds for OAEP staff to verify compliance, OAEP could require the carrier, as part of its offsetting requirements, to contract with a neutral party to independently verify that the conditions of the consent order have been met.
7. Ensure that OAEP fully implements its centralized electronic case monitoring system to track and manage its projects and enforcement activities.
8. Direct OAEP to resume efforts to oversee and pursue enforcement action, as appropriate, regarding the availability of seats at the lowest advertised fares and consumers' ability to redeem frequent flyer awards.

AGENCY COMMENTS

OAEP officials generally agreed with our findings and recommendations. In September OAEP officials provided their comments, which were incorporated into this report as appropriate.

AIRLINE CUSTOMER SERVICE COMMITMENT

June 17, 1999

The member carriers of the Air Transport Association (ATA) are committed to providing the best level of service to our customers. In recent months, there has been an increasing recognition of the need to improve airline passenger service. As a result, the ATA carriers, working with Members of Congress, have developed an Airline Customer Service Commitment, and each carrier will develop its individual Customer Service Plan to demonstrate our ongoing dedication to improving air travel.

The ATA carriers hereby commit to:

- Offer the lowest fare available
Each airline will offer the lowest fare available for which the customer is eligible on the airline's telephone reservation system for the date, flight and class of service requested.
- Notify customers of known delays, cancellations and diversions
Each airline will notify customers at the airport and on board an affected aircraft, in a timely manner, of the best available information regarding known delays, cancellations and diversions. In addition, each airline will establish and implement policies for accommodating passengers delayed overnight. A clear and concise statement of airlines' policies in these respects will also be made available to customers.
- On-time baggage delivery
Each airline will make every reasonable effort to return checked bags within 24 hours and will attempt to contact any customer whose unclaimed, checked luggage contains a name and address or telephone number.
- Support an increase in the baggage liability limit
The airlines will petition the Department of Transportation within 30 days to consider an increase in the current baggage liability limit. [Since 1984, DOT rules provide baggage liability of \$1250.]
- Allow reservations to be held or canceled
Each airline will allow the customer either to hold a telephone reservation without payment for 24 hours or (at the election of the carrier) to cancel a reservation without penalty for up to 24 hours, in order to give customers an opportunity to check for lower fares through other distribution systems, such as travel agents or the Internet.
- Provide prompt ticket refunds
Each airline will issue refunds for eligible tickets within 7 days for credit card purchases and 20 days for cash purchases.
- Properly accommodate disabled and special needs passengers
Each airline will disclose its policies and procedures for handling special needs passengers, such as unaccompanied minors, and for accommodating the disabled in an appropriate manner.

- Meet customers' essential needs during long on-aircraft delays
The airlines will make every reasonable effort to provide food, water, restroom facilities and access to medical treatment for passengers aboard an aircraft that is on the ground for an extended period of time without access to the terminal, as consistent with passenger and employee safety and security concerns. Each carrier will prepare contingency plans to address such circumstances and will work with other carriers and the airport to share facilities and make gates available in an emergency.
- Handle "bumped" passengers with fairness and consistency
Each airline will disclose to a passenger, upon request, whether the flight on which the passenger is ticketed is overbooked, if, within the usual and ordinary scope of such employee's work, the information is available to the airline employee to whom the request is directed. Each airline will also establish and disclose to the customer policies and procedures, including any applicable requirements (such as check-in deadlines), for managing the inability to board all passengers with confirmed reservations.
- Disclose travel itinerary, cancellation policies, frequent flyer rules, and aircraft configuration
Each airline will disclose to the customer:
 - (i) any change of aircraft on a single flight with the same flight number;
 - (ii) cancellation policies involving failures to use each flight segment coupon;
 - (iii) rules, restrictions and an annual report on frequent flyer program redemptions; and
 - (iv) upon request, information regarding aircraft configuration, including seat size and pitch.
- Ensure good customer service from code-share partners
Each airline will ensure that domestic code-share partners make a commitment to provide comparable consumer plans and policies.
- Be more responsive to customer complaints
Each airline will assign a Customer Service Representative responsible for handling passenger complaints and ensuring that all written complaints are responded to within 60 days.

Each airline will develop and implement a Customer Service Plan for meeting its obligations under the Airline Customer Service Commitment. Customer Service Plans will be completed and published within 90 days and will be fully implemented within 6 months.

Airline implementation will include training for airline reservation, customer service and sales personnel to enhance awareness of the responsibilities involved in implementation of the Customer Service Commitment and Plans.

The Airlines will publish and make available their Customer Service Plans:

- (i) on airline Internet web sites;
- (ii) at airports and ticket offices (upon request); and
- (iii) to travel and reservation agents.

Upon completion and publication of the Customer Service Plans, the Airlines will notify and provide copies to Congress and the Department of Transportation. The Airlines expect and will cooperate fully in any request from Congress for periodic review of compliance with the Customer Service Commitment.

Signed June 17, 1999

Carol B. Hallett

Carol B. Hallett
President and Chief Executive Officer
Air Transport Association of America, Inc.

On behalf of,

Alaska Airlines
Aloha Airlines
America West Airlines
American Airlines
American Trans Air
Continental Airlines
Delta Air Lines
Hawaiian Airlines
Midwest Express Airlines
Northwest Airlines
Southwest Airlines
Trans World Airlines
United Airlines
US Airways

EXHIBIT B. OBJECTIVES, SCOPE AND METHODOLOGY, AND PRIOR COVERAGE

Objectives

In response to a request by Representative John L. Mica, Chairman, Committee on Transportation and Infrastructure, Subcommittee on Aviation, the Office of Inspector General (OIG) conducted a follow-up review of implementation of selected provisions of the Airline Customer Service Commitment by 15 U.S. airlines. The audit focused on the following provisions and issues that derive from them: (1) notification of delays and cancellations, (2) overbooking and denied boardings, (3) frequent flyer program issues, and (4) accommodating passengers with disabilities and special needs.

The audit also examined how the Department has used the additional resources that Congress provided to oversee and enforce requirements that protect the air travel consumer. We also followed up on a promise made by the Airlines to establish quality assurance and performance measurement systems to measure compliance with the Commitment provisions and conduct internal audits.

Scope and Methodology

Audit work for this report was conducted between September 7, 2005 and June 28, 2006 and was conducted in accordance with Generally Accepted Government Auditing Standards as prescribed by the Comptroller General of the United States. In the conduct of this audit, we relied on computer-generated data from the airlines and did not access the general and application controls for each of the automated systems.

During the course of the audit, we met with and obtained data from officials in the Department's OAEP within the Office of General Counsel and from the BTS, both located in Washington, DC, and FAA's Air Traffic Control System Command Center, located in Herndon, VA. We also met with executives of the ATA, the Regional Airline Association, the Air Carrier Association of America, and various industry groups to solicit feedback on implementation of the selected provisions.

To evaluate the performance of each airline's implementation of the selected provisions and other issues, we visited the corporate offices and various airport facilities of 13 ATA-member airlines and 2 non-ATA airlines. We interviewed officials responsible for the policies regarding notifying passengers of delays and cancellations, compensating passengers who voluntarily relinquish their seats, reporting frequent flyer redemptions, accommodating passengers with disabilities and special needs, determining prices and availability of advertised special fares, and implementing the quality assurance and performance measurement system.

Exhibit B. Objectives, Scope and Methodology, and Prior Coverage

We reviewed airline policies, procedures, and practices for implementing the selected provisions and associated laws and developed protocols to test provision compliance. We also performed audit work at 17 airports throughout the country to observe and test individual airlines' policies and procedures. As part of our airport observations, we conducted limited reviews of how delayed and canceled flights were handled. Our observations were a snap-shot in time and were conducted only when a flight delay or cancellation presented itself. We also note that some airlines had more observations than others. For two airlines, there were no delays to observe during our visit to their airports. Also, we reviewed the airlines' customer service plans and contracts of carriage to determine if the provisions of the Commitment remained incorporated in these documents.

We used statistical sampling techniques to test whether (1) airlines were consistently compensating passengers who voluntarily gave up their seats, (2) airline and contractor personnel responsible for accommodating passengers with disabilities and special needs were receiving the required training, and (3) the responses to complaints made by passengers with disabilities were within the required timeframe. Other provisions and issues were tested using judgmental samples of practices and procedures as we deemed necessary.

During our review of OAEP, we reviewed the office's efforts to enforce consumer protection laws and monitor actions taken against carriers. To do this, we reviewed 121 consent orders with penalties ranging from \$0 to \$1.5 million. We also evaluated efforts to monitor false and deceptive actions related to chronically delayed and canceled flights and to the availability of advertised special fares and frequent flyer seats. To do so, we researched existing laws, regulations, and orders related to the Department's oversight and enforcement authority; interviewed officials responsible for collecting and analyzing data, monitoring practices, and taking enforcement actions; identified past and current enforcement actions; and identified trends in consumer complaints. We also performed simple tests of (1) obtaining on-time performance information by making 160 calls to the airlines' telephone reservation systems to determine if their customer service representatives were providing accurate on-time performance information for selected flights and (2) ticket availability for 449 city-pairs to determine if customers could reasonably obtain advertised fare specials at each of the airlines.

Prior Audit Coverage

On June 27, 2000, the OIG issued Report No. AV-2000-102, "Interim Report on Airline Customer Service Commitment," on the 6-month progress of the airlines in implementing their customer service plans. The Interim Report provided the preliminary results and observations on the ATA airlines' systems to measure performance against their plans, discussed the ATA airlines' contracts of carriage in relation to their plans, provided observations of the Department's capacity to

Exhibit B. Objectives, Scope and Methodology, and Prior Coverage

enforce consumer protection rights, and discussed the importance of customer service in the marketplace.

In February 2001, we issued “Final Report on Airline Customer Service Commitment.”³⁴ Overall, we found that the airlines were making progress toward meeting the Commitment and that the Commitment had been beneficial to air travelers on a number of important fronts. Notwithstanding progress by the ATA airlines toward meeting the Commitment, we also found significant shortfalls in reliable and timely communication with passengers by the ATA airlines about flight delays and cancellations. Further, we found the Commitment did not directly address the most deep-seated cause of customer dissatisfaction—flight delays and cancellations, and what the Airlines plan to do about them in the areas under their control in the immediate term.

On June 20, 2001, the OIG presented testimony³⁵ before the House Transportation and Infrastructure Committee, Subcommittee on Aviation regarding progress made by 14 ATA airlines in improving customer service since our 2001 report. We reported that most airlines had: (1) incorporated the original Airline Customer Service Commitment into their contracts of carriage, (2) established performance measurement systems, and (3) petitioned DOT to revise regulations for reporting mishandled baggage and compensating passengers involuntarily bumped from a flight. The ATA airlines also formed a task force to develop plans for accommodating passengers delayed overnight, ensuring airport display monitors are accurate, and providing for passengers’ needs during long on-board delays. There were several important recommendations that the airlines did not address, such as petitioning DOT to require that each airline with a frequent flyer program make available to the public a more comprehensive reporting of frequent flyer redemption information in its frequent flyer literature and annual reports (e.g., the percentage of successful redemptions and frequent flyer seats made available in the airline’s top origin and destination markets).

³⁴ OIG Report No. AV-2001-020, February 12, 2001.

³⁵ Testimony No. CC-2001-217, “Status Report on Airline Customer Service.”

Exhibit B. Objectives, Scope and Methodology, and Prior Coverage

EXHIBIT C. LIST OF AIRPORTS VISITED

Chicago O'Hare International

Dallas-Fort Worth International

Dallas-Love Field

Denver International

General Mitchell International/Milwaukee

George Bush Intercontinental/Houston

Hartsfield-Jackson Atlanta International

Honolulu International

Indianapolis International

Minneapolis-St. Paul International

New York-JFK International

Orlando International

Philadelphia International

Phoenix-Sky Harbor International

Ronald Reagan Washington National

Seattle-Tacoma International

Washington Dulles International

United States Department of Transportation
Office of Inspector General
Compliance with Federal Accessibility Laws

The following pages contain Section 508-compliant versions of data that was presented in the previous document in a non-compliant way. Although this page, and all pages that follow, were not part of the original document, they have been added here to assist screen readers that will be used to read this document electronically.

Figure 1. Percentage Change in Scheduled Domestic Flights January 2001 through June 2006 (Base Year 2000)

Month	Percent Change in Flights from 2000
January-2001	3 percent
February-2001	2 percent
March-2001	1 percent
April-2001	2 percent
May-2001	1 percent
June-2001	1 percent
July-2001	2 percent
August-2001	1 percent
September-2001	0 percent
October-2001	-4 percent
November-2001	-15 percent
December-2001	-15 percent
January-2002	-11 percent
February-2002	-10 percent
March-2002	-10 percent
April-2002	-8 percent
May-2002	-8 percent
June-2002	-8 percent
July-2002	-6 percent
August-2002	-7 percent
September-2002	-10 percent
October-2002	-11 percent
November-2002	-12 percent
December-2002	-12 percent
January-2003	-10 percent
February-2003	-11 percent
March-2003	-11 percent
April-2003	-10 percent
May-2003	-13 percent
June-2003	-10 percent
July-2003	-8 percent
August-2003	-10 percent

September-2003	-10 percent
October-2003	-10 percent
November-2003	-10 percent
December-2003	-8 percent
January-2004	-7 percent
February-2004	-3 percent
March-2004	-6 percent
April-2004	-5 percent
May-2004	-6 percent
June-2004	-5 percent
July-2004	-3 percent
August-2004	-3 percent
September-2004	-4 percent
October-2004	-5 percent
November-2004	-4 percent
December-2004	-2 percent
January-2005	-2 percent
February-2005	-2 percent
March-2005	-2 percent
April-2005	-1 percent
May-2005	-2 percent
June-2005	-1 percent
July-2005	0 percent
August-2005	-2 percent
September-2005	-4 percent
October-2005	-6 percent
November-2005	-6 percent
December-2005	-7 percent
January-2006	-6 percent
February-2006	-8 percent
March 2006	-6 percent
April-2006	-6 percent
May-2006	-7 percent
June-2006	-6 percent

Notes:

November 2001 scheduled flights reach lowest point at -15 percent. after 9/11.

April 2003 Iraq War and SARs

Scheduled Flights in July 2005 equals July 2000

Summer 2005 United, US Airways, Delta, and Northwest in bankruptcy

March 2006 fuel up 185 percent from 2000; \$2.05 per gallon

Complaints	345	374	595	676	504	477	373	521	507
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Source: DOT's Aviation Consumer Protection Division

Figure 5: Penalties Assessed by OAEP and Amounts Collected After Offsets

Year	Assessed Amount	Collected Amount
1996	\$579,000	\$189,500
1997	\$230,000	\$185,000
1998	\$126,000	\$65,000
1999	\$156,000	\$91,000
2000	\$100,000	\$100,000
2001	\$414,000	\$213,000
2002	\$345,000	\$157,500
2003	\$7,720,000	\$532,500
2004	\$4,345,000	\$205,000
2005	\$909,500	\$404,750

Note: 2005 is partial year data

Figure 6: OAEP Travel Expenditures

Year	Public Outreach	Compliance	Enforcement	Other
2001	\$6,506	\$567	\$754	\$4,094
2002	\$16,405	\$9,726	\$19,845	\$0
2003	\$23,281	\$18,788	\$32,246	\$8,445
2004	\$11,913	\$1,581	\$9,223	\$7,375
2005	\$7,832	\$1,929	\$1,560	\$4,100

DOCUMENT SEPARATOR

Pages 241 through 242 redacted for the following reasons:

(b)(5)

(b)(5), (b)(6)

DOCUMENT SEPARATOR

**REVIEW OF DECEMBER 2004 HOLIDAY
AIR TRAVEL DISRUPTIONS**

Office of the Secretary of Transportation

Report Number: SC-2005-051

Date Issued: February 28, 2005



Memorandum

**U.S. Department of
Transportation**

Office of the Secretary
of Transportation
Office of Inspector General

Subject: **INFORMATION:** Review of December 2004
Holiday Air Travel Disruptions
SC-2005-051

Date: February 28, 2005

From: Kenneth M. Mead
Inspector General

Reply to
Attn. of: JA-10

To: Secretary of Transportation

With more than 162,000 airline departures scheduled over the December 22 to 28, 2004 holiday travel period,¹ the 2004 holiday travel period was projected to be the busiest in 5 years, exceeding the 2000 holiday travel period traffic levels by 1.5 percent—a period when air travel was at a peak. Systemwide delays and cancellations also reached a peak during the December 2004 holiday travel period, with nearly half of all flights either delayed or canceled during this period.

While these delays and cancellations occurred throughout the system and by many airlines, there were two operations that were particularly significant—Comair and US Airways. Comair, based in Cincinnati, either canceled or delayed 89 percent of its scheduled 2004 holiday travel period departures. Comair is a wholly owned subsidiary of Delta Air Lines, although it operates independently of Delta with separate labor agreements, scheduling systems, and maintenance operations. Reservations for Comair are handled by Delta, while customer relations are split between Comair and Delta.

US Airways is the nation's sixth largest airline in terms of passengers carried and is undergoing its second Chapter 11 bankruptcy reorganization since August 2002. US Airways' operations are primarily concentrated on the East Coast, with hubs in Philadelphia and Charlotte. Systemwide, 53.8 percent of US Airways flights were delayed and another 5.2 percent were canceled during the December 2004 holiday travel period. Compounding passenger inconvenience were tens of thousands of misdirected bags.

¹ At the 55 airports tracked in the FAA's Aviation System Performance Metrics database in the 7-day period between December 22, 2004, and December 28, 2004; this is hereafter defined as the "December holiday travel period."

In a memorandum dated December 27, 2004, you requested that the Office of Inspector General (OIG) join with the Department's Office of Aviation and International Affairs and Office of General Counsel to investigate travel disruptions experienced over the December holiday travel period by Comair and US Airways. Specifically, you requested that we perform an expedited review to determine: (1) what travel disruptions occurred and why, (2) whether the carriers had planned adequately before the holiday travel period, (3) what the carriers told travelers about the disruptions, and (4) whether the carriers responded to consumer needs appropriately during the disruptions.

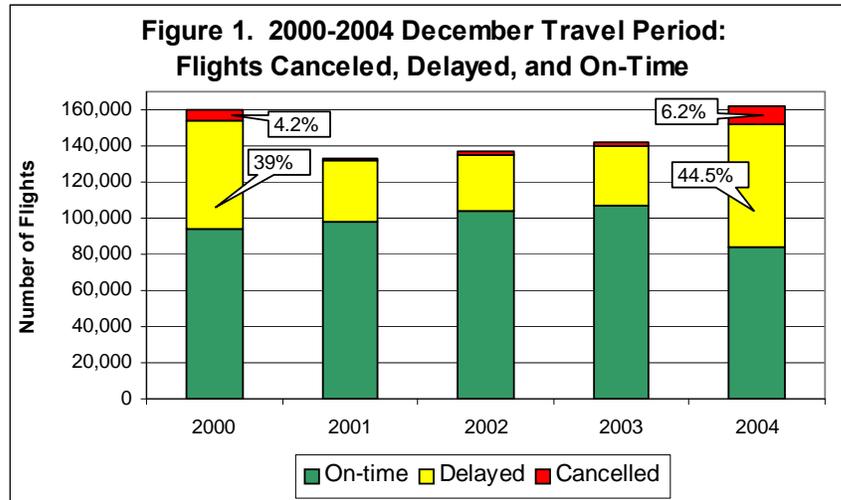
We conducted this review between December 27, 2004, and February 22, 2005. We relied heavily on data supplied by the two carriers; databases maintained by the Department of Transportation; information collected through a specially designated Office of Inspector General complaint hotline; and discussions with management representatives from the carriers, airports, and labor.

To conduct our analysis, we requested a range of data from both airlines related to weather, staffing, operations, and customer service. We did not test internal controls or validate the reliability of the carrier-supplied data. See the Exhibit for a more detailed explanation of the scope and methodology we used to accomplish the review.

RESULTS

The 2004 holiday travel period was not only the busiest² since 2000, but it was also the most congested as measured by rates of airline delays and cancellations. As a result of travel disruptions, actual 2004 holiday period operations fell short of scheduled flights by 6 percent. Systemwide for the 7-day holiday travel period, 44.5 percent of flights were delayed compared to 23.4 percent during the same period in 2003, and 6.2 percent of flights were canceled compared to 1.3 percent in 2003. Figure 1 illustrates changes in on-time, delayed, and canceled flights from the December holiday travel period in 2000 to comparable dates in 2004. The large number of delays and cancellations in 2000 reflect a combination of severe winter storms and congestion.

² As measured by scheduled departures.



Source: FAA System Performance Metrics Database

Contributing to the 2004 record December holiday air travel delays, cancellations, and service disruptions were problems experienced by two carriers: Comair and US Airways. While both airlines experienced service disruptions during the holiday period, the causes, effects, and steps taken to recover from the disruptions were significantly different at the two carriers and will be examined separately in this report.

- Comair’s problems were a function of severe weather and failure of its computer system used to schedule its crews. The system shut down after it reached its monthly transaction limit because of thousands of schedule changes due to the weather. Neither the carrier nor the system manufacturer knew the transaction limit existed. According to Comair, about 191,000 passengers were affected by flight cancellations and another 78,000 passengers were affected by delays. Many passengers had more than one flight canceled, and some were affected first by the weather disruptions and then again by the computer shutdown.

Comair had claims for 11,000 mishandled bags, including 6,800 bags for passengers connecting through the Cincinnati Airport. Comair made an effort to minimize passenger inconvenience during the disrupted travel period, but the severity of the disruptions took a heavy toll on thousands of passengers who were unable to reach their destinations during the holidays.

Comair has temporarily addressed its computer problems with an interim fix that will double capacity until a new crew scheduling system can be installed this summer. While this should prevent recurrence of the computer shutdown that followed the severe winter storm on

December 22nd, there is no guarantee that a storm of the same magnitude could not strike again and cripple operations for Comair or other airlines. Comair could be particularly susceptible to severe weather conditions because its fleet consists exclusively of regional jets, which are less maneuverable on ramps in snow and ice than larger aircraft. However, the impact of any future storm, while severe, would not likely be compounded by the additional computer-related delays and cancellations.

- US Airways problems centered on staffing shortfalls going into the holiday travel period in two critical functions—fleet service employees and flight attendants, particularly at its Philadelphia hub. Managers were aware of those problems and had made various plans to offset the shortages, such as using overtime and increasing the required number of hours worked by flight attendants. However, those plans ultimately did not work. US Airways canceled 405 flights during the holiday travel period, affecting more than 46,000 passengers. In addition, there were over 3,900 delayed flights affecting over 518,000 passengers.

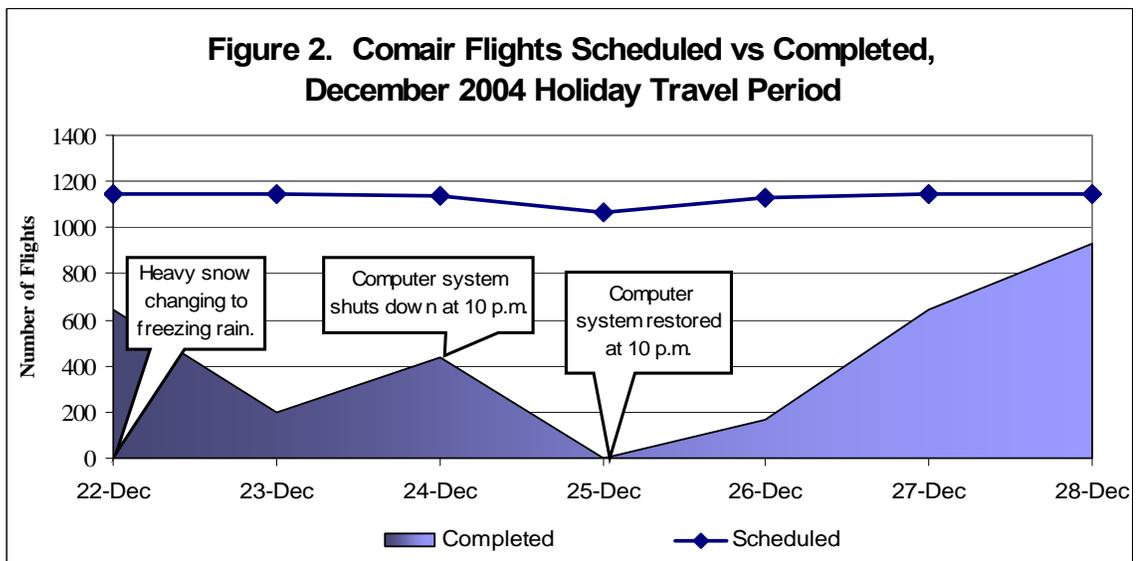
US Airways also experienced a high volume of calls at its reservations and service centers during the holiday period, resulting in many calls being abandoned or dropped. For example, of the 88,197 calls made on December 24th, the airline only handled 39,388, meaning that 55 percent of the calls were never answered. In addition, US Airways had nearly 72,000 claims for lost, pilfered, or damaged baggage but could not tell us the total number of bags those claims represent.

US Airways has subsequently made an intensive effort to increase staffing at its Philadelphia baggage operations, having made job offers to over 260 applicants. In addition, according to US Airways management, the most recent collective bargaining agreement with the Association of Flight Attendants will allow the airline to order an increase to the monthly flying obligation of flight attendants by 5 to 10 hours. However, with the airline in bankruptcy, increasing flight operations, decreasing wages, and asking flight attendants to work additional hours, we have no way to determine whether those actions will prevent a similar situation from occurring in the future.

Severe Weather and Computer Problems Significantly Disrupted Comair Operations

Weather and computer problems significantly disrupted Comair operations during the 7-day period of December 22 through December 28, 2004, ultimately disrupting holiday travel plans for approximately 269,000 passengers, about 191,000 passengers were affected by cancellations and 78,000 passengers were affected by delays. During the first 3 days (December 22nd, 23rd, and 24th), severe weather at the Cincinnati Airport caused Comair to cancel or delay 3,100 (91 percent) of its 3,400 scheduled flights systemwide. Because of the cancellations, Comair made more than 6,000 changes to the carrier's flight crew scheduling and tracking computer system from the 22nd through the 24th. These changes caused the scheduling and tracking system to shut down at about 10 p.m. on December 24th, after the computer system hit a fixed monthly transaction limit. Comair and the computer system contractor (SBS International) stated they were not aware the transaction limit existed.

After the computer shut down, Comair canceled or delayed 3,900 (87 percent) of its 4,500 scheduled flights from December 25th through the 28th. Comair restored the computer system late on the 25th, but additional flights were canceled or delayed through the 28th because flight crews and aircraft were not positioned to immediately resume full flight operations. Comair returned to full flight operations on the 29th. Figure 2 identifies the timeline of Comair events during the 2004 December holiday travel period.



Source: OIG analysis of Comair data

Severe Weather in Cincinnati Affected Comair Particularly Hard

Comair's problems began early on December 22nd, with severe weather in the Cincinnati area. By mid-day on the 23rd, the Cincinnati airport was blanketed with more than 4 inches of snow and 5 inches of compacted ice. Aircraft and other equipment were sheeted in ice. In many cases, they were frozen in place on the ramps. Other carriers at the Cincinnati airport and airports in the region were also affected by the storm, but Comair was hit particularly hard because of several operational characteristics. Comair is based in Cincinnati; pilots, flight attendants, and other Comair employees had difficulty reporting for scheduled flights and shifts because of road closures and conditions. In addition, Comair's fleet is composed entirely of regional jets, which could not move as easily as larger aircraft on icy ramps.

By the evening of December 22nd, Comair was operating only 6 of its 48 gates. On the morning of December 23rd, Comair management reported that ramp staff required 8 to 12 hours of hand digging to free each aircraft from ice to move it to the deice pads. These conditions caused Comair to cancel or delay 3,100 of its 3,400 scheduled flights from December 22nd through December 24th.

Contrary to some reports, Comair never exhausted its supply of glycol, the compound used to deice planes. However, deicing operations required more time and glycol than normal. Comair advised us that normal deicing operations take 6 minutes and 80 gallons of glycol per aircraft; by day's end on December 22nd, the operation required 40 minutes and 1,200 gallons of glycol per aircraft. Glycol levels were at a critical low of 6,000 gallons by mid-day on December 23rd when delivery trucks began arriving.

Comair was starting to return to normal flight operations on December 24th when the computer system used to schedule and track flight crews shut down just after 10 p.m. As a result of the severe weather, Comair made more than 6,000 changes to the flight crew scheduling and tracking system from the 22nd through the 24th. These changes caused the system to shut down after it hit the fixed monthly limit of 32,000 trip transactions.

The computer system schedules and tracks Comair's 1,800 pilots and 1,000 flight attendants; the system is also used to validate compliance with contractual rules and FAA regulations, such as flight time and rest during a 24-hour period. Comair did not have an adequate electronic backup system for the type of failure that occurred, and management decided that the manual scheduling process used in the past could only support a small number of flights. Comair decided that a "clean slate" was the best opportunity to safely and quickly resume full operations and minimize passenger inconvenience. As a result, all flights scheduled for December 25th (1,100) were canceled. Comair restored the computer system on

the 25th by rolling the system back to the 21st and adding transactions only for flights that were actually flown from the 22nd through the 24th.

Before the shutdown, Comair was already in the process of replacing its crew tracking and scheduling system as part of a larger effort to upgrade information technology across all areas of flight operations. Comair began testing and training on the new system in June 2004 and expects to migrate to the new system by this summer. In the interim, Comair has implemented a “bridge solution” that separates the pilots and flight attendants into two sub-systems, each with its own 32,000 monthly transaction limit, providing a more than adequate margin for trip transactions.

Only seven other air carriers—one domestic (Horizon Air) and six foreign carriers (AeroMexico, British Airways, China Air, Royal Air Maroc, Tunis Air, and Virgin Atlantic)—have crew scheduling and tracking systems similar to Comair’s existing system. According to SBS, they have notified the other carriers of the problems and none are in danger of reaching the transaction limit because they have fewer monthly scheduled flights than Comair. Comair restored the system on December 25th, but 3,900 of its 4,500 scheduled flights were canceled or delayed through the 28th because flight crews and aircraft were out of position. Comair returned to full flight operations on the 29th. In total, during the 7-day period, Comair either canceled or delayed nearly 7,000 (89 percent) of its 7,900 flights systemwide because of the extreme weather conditions and the computer shutdown.

Comair Made Efforts To Meet Its Customer Service Commitments, but the Severity of the Disruptions Took a Heavy Toll on Holiday Passengers

Comair made an effort to minimize passenger inconvenience during the disrupted holiday travel period, but the sheer number of cancellations and delays compromised its ability to abide fully by its Customer Service Plan.³ While Comair and Delta Air Lines published an apology, they acknowledge receiving thousands of complaints regarding flight delays and cancellations, poor customer service, baggage, and refunds. We also received about 1,200 complaints to our hotline regarding Comair/Delta service disruptions during the holiday period.

³ In June 1999, Delta (including Comair) and US Airways, along with 12 other airline members of the Air Transport Association, voluntarily instituted Customer Service Plans that prescribed, among other things, procedures for notifying consumers about delays, baggage delivery, ticket refunds, and handling of “bumped” passengers.

With nearly 200,000 itineraries affected by cancellations, Comair estimates that it was able to notify about half of its customers before they reached their departure airports and notified others through airport displays and other means. Nearly 1,000 complaints to our hotline related to delays and cancellations. Many customers were concerned with the accuracy and timeliness of information provided by Comair and Delta. Other customers complained about long hold times when they called Comair and Delta, and still others complained about waiting in long lines at the airport only to find that their flights were canceled when they got to the check-in counter.

Comair also did not meet its customer service commitment to return mishandled baggage within 24 hours. Systemwide, Comair had more than 7,000 claims for 11,000 mishandled bags, including 6,800 bags for passengers connecting through the Cincinnati Airport. According to Comair, 35 percent of the 11,000 mishandled bags were delivered within 1 day, 90 percent within 5 days, and nearly all bags within 6 days. However, we received hotline complaints from several travelers claiming delays of up to 10 days.

US Airways' Plans To Offset Staffing Shortages in Two Critical Functions—Fleet Services and Flight Attendants—Did Not Work

Unlike the weather conditions that nearly shut down Comair's operations in Cincinnati between December 22nd and 24th, weather was not the primary contributor to the severe baggage and flight problems experienced by US Airways during the December 2004 holiday travel period. On December 23rd, weather and air traffic control were factors at US Airways' Philadelphia hub, when high winds moved through the Philadelphia area resulting in 16 canceled departures, 75 delayed arrivals, and 12 diversions of Philadelphia-bound flights to other airports.⁴

During the 2004 holiday travel period, however, only 21 percent of all cancellations and 34 percent of all delays at Philadelphia were attributable to weather or air traffic control. On December 24th, 25th, and 26th—the days when US Airways experienced high levels of flight disruptions—weather and air traffic control accounted for only 11 of the 102 cancellations and 86 of the 308 arrival delays, as reported by the carrier to the Bureau of Transportation Statistics.

The problems experienced by US Airways over the December 2004 holiday period reflect a confluence of events. At that time, the airline was (and still is) attempting to emerge from its second bankruptcy since August 2002, negotiating for difficult concessions from its labor unions, and rebalancing its workforce to support a revised network structure. A significant structural change involved downsizing

⁴ On December 23rd, US Airways had 234 departures and 235 arrivals scheduled for Philadelphia.

operations in Pittsburgh and expanding service in Philadelphia in November 2004. All these changes were important contributors to the inadequate number of scheduled fleet service staff (baggage operations) at Philadelphia and the fewer number of available flight attendants systemwide that ultimately led to service disruptions. Management was aware of the staffing shortfalls, but plans were not sufficient to prevent the shortages that occurred.

Philadelphia Baggage Operations Were Suffering From Personnel Shortages Going Into the Holiday Travel Period, but Plans To Offset the Shortfalls Using Overtime Never Materialized

In Philadelphia, US Airways' second-largest hub,⁵ understaffing of baggage handlers resulted in severe baggage delays that disrupted service and inconvenienced passengers throughout the network. US Airways Philadelphia ramp and baggage operations were suffering from significant personnel shortages going into the 2004 holiday travel period. Difficult and protracted labor negotiations, a 21 percent reduction in wages, mandatory overtime requirements, and ongoing bankruptcy proceedings led to particularly high levels of attrition in the fleet service workforce at Philadelphia.

According to US Airways' records, passengers filed nearly 72,000 claims for mishandled baggage during the 2004 holiday travel period. However, the airline did not provide us with the total number of bags those claims represent. In contrast, the total number of claims for mishandled baggage during the entire month of December 2003 totaled only 20,290.

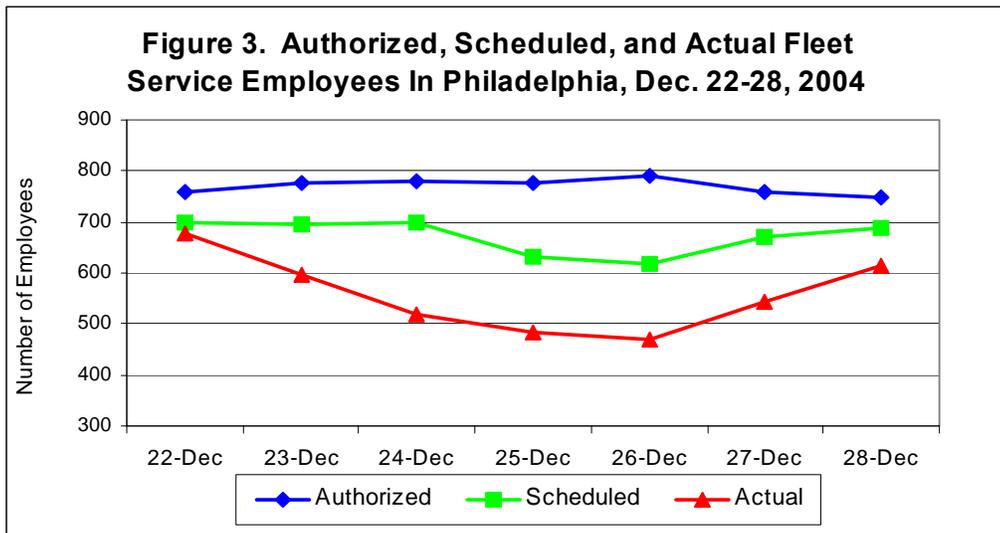
Managers were aware of the shortfall but believed that they could cover the operations with overtime shifts, either voluntary or mandatory, and reassigning catering employees to work as ramp agents. According to US Airways managers, on the afternoon of December 23rd, 15 flights destined for Philadelphia were forced to divert to other cities due to air traffic and weather conditions.⁶ Delays continued to mount throughout the afternoon and evening as those diverted flights finally arrived in Philadelphia.

According to US Airways managers we spoke with at Philadelphia, by 10:00 p.m. operations were in a state of gridlock. With additional flights arriving later in the evening and facing a shift change at 11:00 p.m., managers began offering more overtime, but few employees accepted. Managers told us that they then began invoking mandatory overtime, but most employees either refused to work additional hours or went home sick. By 5:00 a.m. on December 24th, there were 75 cartloads of baggage left over from the previous day.

⁵ Per number of scheduled flights and scheduled seats in December 2004.

⁶ US Airways subsequently adjusted the number of diverted flights to 12 in data reported to the Bureau of Transportation Statistics.

In the following days, as staffing shortfalls worsened, management realized that baggage operations could not keep up with scheduled passenger operations and began canceling flights to “thin out the schedule.” Figure 3 illustrates the differences between the number of employees needed or *authorized* to meet scheduled operations, the number of employees *scheduled*, and the *actual* number of working employees, by day, during the 2004 holiday travel period in Philadelphia. US Airways was unable to provide sick call data for fleet service employees in 2003 so we could not determine if the number or rate of holiday sick calls was higher than the previous year. However, we noted that the level of sick calls was more than double the level experienced during the 2004 Thanksgiving holiday period.

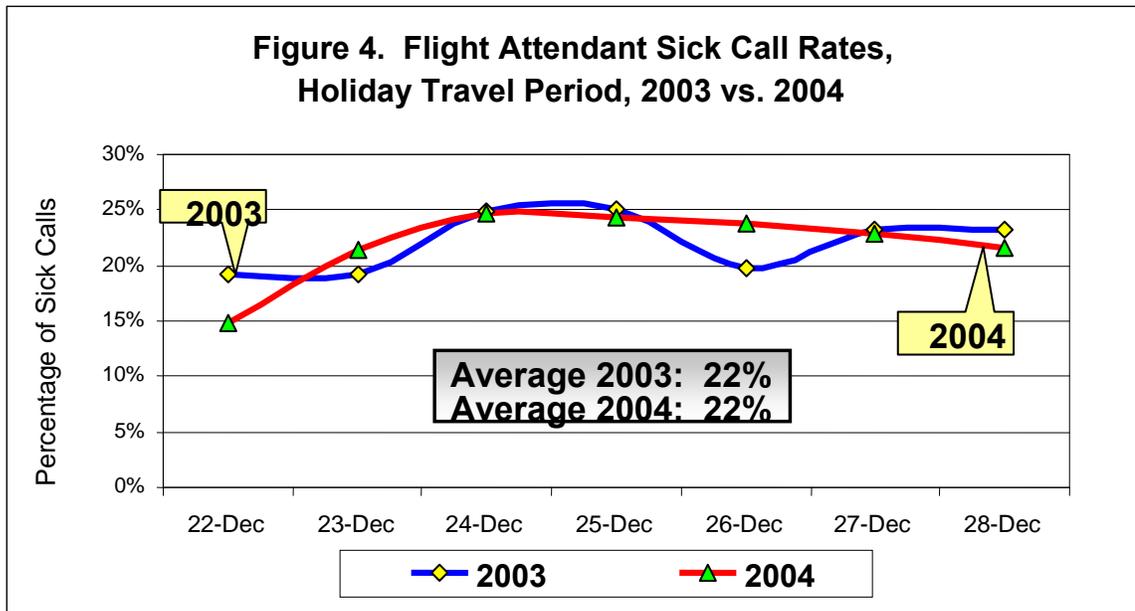


Source: OIG analysis of US Airways data

Management Had Multiple Plans To Meet the Increased Holiday Flight Schedule With Fewer Flight Attendants, but the Plans Were Not Sufficient To Prevent Shortages That Occurred

US Airways has publicly attributed the December 2004 holiday travel disruptions to a high number of sick calls, most notably from its flight attendants. Our analysis, however, found that while the flight attendant sick call rate was higher during the 2004 holiday travel period than the monthly average, it was no higher than, and in some crew bases *less* than, the sick call rate during the holiday travel period in 2003.

In fact, on December 24th and 25th, the days when most of the systemwide cancellations occurred, sick call rates in 2004 (25 and 24 percent, respectively) were the same or *lower* than the same dates in 2003. The real problem was the inadequate level of available flight attendants to cover for sick calls or other absences. Figure 4 shows the flight attendant sick call rate for December 2004 was not significantly different than for the December 2003 holiday period.



Source: OIG analysis of US Airways data

As a result of bankruptcy restructuring and cost-cutting, flight attendant headcounts had been reduced from 2003 levels in all but one of US Airways’ six crew-base airports, meaning that fewer flight attendants and reserves had to cover a greater number of flights. For example, the December 2004 headcount in Philadelphia dropped 8.4 percent from December 2003 levels, despite a growth in scheduled departures of 33 percent.

Management at US Airways knew well in advance that their flight attendant staffing levels were not sufficient to cover the December schedule but had made compensating plans that ultimately did not work. This was especially true in Philadelphia, where a decision had been made not to transfer excess flight attendants from the downsized Pittsburgh hub to Philadelphia until the company’s future was more certain. According to airline data, the month of December had a systemwide shortage of 3,481 hours, or the equivalent of about 43 flight attendants.

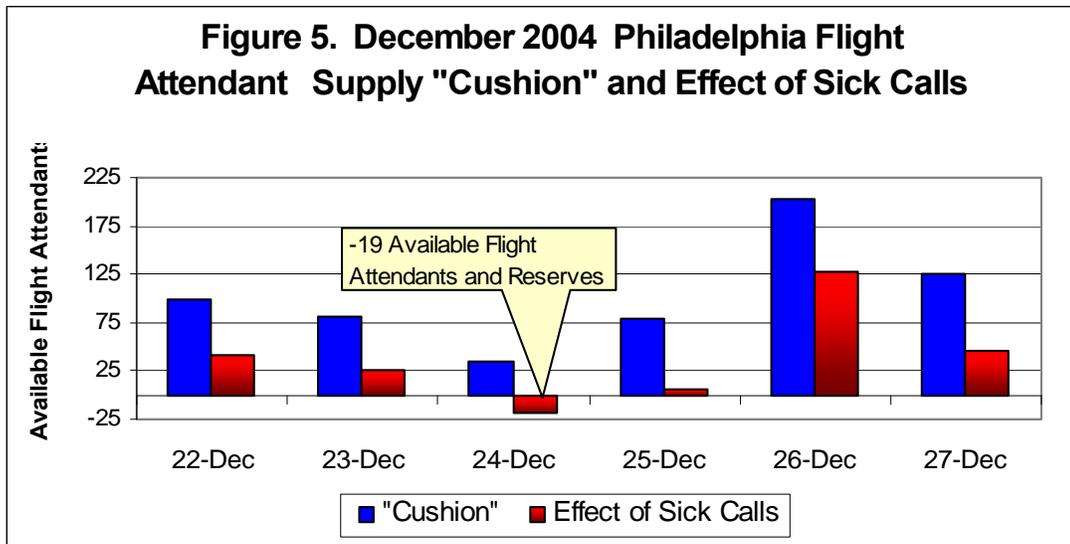
US Airways' management also expected a significant number of furloughed flight attendants to return to work. According to US Airways, there were 3,487 flight attendants on furlough as a result of cutbacks and two reorganizations before December 1, 2004. Of those, 341 had a right to return to work on December 2, 2004 by giving notice of their intent to return by September 12, 2004. However, according to US Airways managers, only 229 actually returned and most of those needed refresher training courses and were not available for work during the holiday period.

In late November 2004 and pursuant to an October 2004 ruling by the bankruptcy court, management instructed all flight attendants to increase their flying obligations in December by 5 hours, or about 1 extra day. US Airways contends that if all flight attendants had complied, the additional hours would have added the equivalent of 276 flight attendants, which would have been more than enough to satisfy crew requirements in December.

Although neither US Airways nor the flight attendant union can explain why, the flight attendants did not add the extra hours as instructed, and the surplus never materialized. Managers contend that the "liquid" nature of the flight attendant scheduling process made it nearly impossible to monitor flight attendant schedule obligations throughout the month. As a result, the thin "cushion" of reserves was not sufficient to cover sick calls or flight attendants approaching duty-hour limits.⁷

In Philadelphia, which accounted for more than one-third (138) of the 405 US Airways cancellations during the December 2004 holiday period, the staffing shortfalls were most pronounced on December 24th and 25th. On December 24th, after fulfilling schedule requirements ("demand") with scheduled flight attendants and reserves ("supply"), US Airways was left with a "cushion" of only 34 reserves, compared to a cushion of 112 reserves on the same date in 2003. On December 24th, 2004, 53 scheduled flight attendants called in sick, exhausting the remaining reserves and leaving Philadelphia short 19 flight attendants for that day's schedule. On December 25th, after 73 sick calls, US Airways margin was down to 7 positions. Figure 5 shows, by day, how the low reserve margins were depleted by flight attendant sick calls.

⁷ Flight attendants are limited by the FAA in the number of hours they can work without rest. If flights are delayed and duty hours are extended as a result of delays, a flight attendant or crew might be required to rest before continuing with his or her scheduled tour, resulting in a trip that must be filled by reserves.

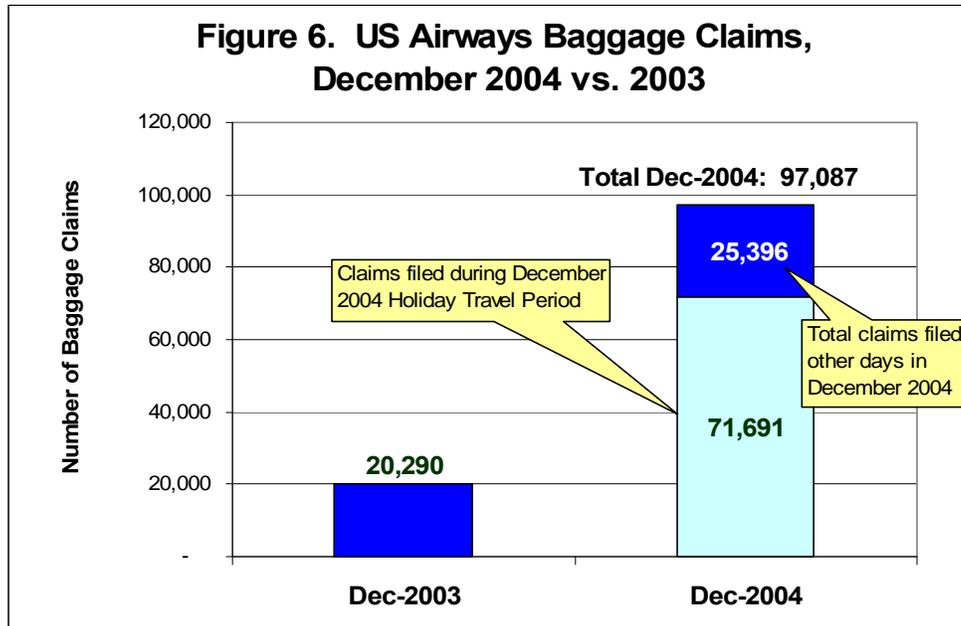


Source: OIG analysis of US Airways data

US Airways’ managers acknowledged that they knew they were short flight attendants in Philadelphia and that the plan had been to use “surplus” reserves in Pittsburgh to cover the open trips. However, on the days in question, Pittsburgh’s reserves—after covering Pittsburgh-based flight attendant sick calls—were also very low. Delays on the 23rd resulting from weather and other factors also placed some flight attendants in potential hours-of-duty violations, putting further demand on the thin or non-existent local reserve pools. US Airways managers acknowledged that flights were canceled and consolidated to make better use of available crews.

US Airways Made Efforts To Meet Its Customer Service Commitments, but the Severity of the Disruptions Took a Heavy Toll on Holiday Travelers

According to US Airways, the December 2004 holiday period flight delays and cancellations affected more than 560,000 passengers. US Airways management told us that they provided services in accordance with their Customer Service Plan for notifying and accommodating the flying public, such as informing passengers of delays in a timely manner, and for refunding tickets on canceled flights. However, US Airways acknowledges that it did not meet its commitment to return mishandled bags within 24 hours. As shown in Figure 6, passengers filed nearly 72,000 claims with the airline for lost, damaged, pilfered, and delayed bags during the December 2004 holiday travel period.



Source: OIG analysis of US Airways data

US Airways did not provide data on when baggage was returned, but as of January 27th, the airline still had more than 400 bags from the holiday period that remained unclaimed.

US Airways also experienced a high volume of calls at its reservations and service centers during the holiday period, resulting in many calls being abandoned or dropped. For example, of the 88,197 calls that were made on December 24th, the airline only handled 39,388, meaning that 55 percent of the calls were never answered.

US Airways told us that they notified customers about cancellations and delays through their automated telephone system or at the airport through electronic monitors and agents. According to the airline, customers were allowed to change or cancel flights without penalty. US Airways said that it provided refunds to over 12,000 passengers and over 10,000 free or discounted vouchers for future travel. US Airways also said that it is reimbursing customers for items purchased as a result of mishandled bags, as well as for rental cars, hotels, and train tickets.

However, US Airways readily acknowledges that many passengers were unhappy with the service they received during the 2004 holiday travel period. US Airways received approximately 7,000 customer complaints related to the travel period from December 22nd through 28th, a 200 percent increase over the same period in 2003.

Office of Inspector General Travel Disruption Hotline

In response to the magnitude of the Comair and US Airways travel disruptions during the December 2004 holiday travel period, the Office of Inspector General established a toll-free hotline for inconvenienced passengers to submit comments about their travel experiences. Between December 30, 2004, and early February 2005, nearly 3,000 passenger complaints were received. Staff from the Office of the Secretary's General Counsel's Office, as well as the Aviation Consumer Protection Division, provided us with assistance in administering the hotline.

About 1,200 hotline complaints were related to Comair/Delta service disruptions, and 1,100 were directed at US Airways. The remaining complaints described adverse experiences on several other airlines or did not identify the specific airline in question. By far, the largest complaint area related to flight delays and cancellations, followed by mishandled baggage issues. Compensation/refunds and poor customer service accounted for the next largest number of complaints.

We also forwarded our hotline database to the General Counsel's Office of Aviation Enforcement and Proceedings for their review. The Office performed an initial screening of the complaints and, as of early February, had identified about 100 passenger complaints that may be potential violations of the Department's aviation consumer rules or a violation of the airlines' contracts of carriage. Of these 100, refunds led the complaint categories, followed by potential violations of the airlines' contracts of carriage and mishandled baggage violations. The Office plans to further review each of these complaints and will take enforcement action as warranted.

Comair and US Airways Comments

On February 23, 2005, we met with each carrier and provided them with a draft copy of this report for their review and comment. Based on those meetings, we made changes to the report as appropriate.

We want to thank your staff for the assistance they provided us during this review. If you have any questions or need further information, please contact me at (202) 366-1959 or my Deputy, Todd J. Zinser, at (202) 366-6767.

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PART I. COMAIR

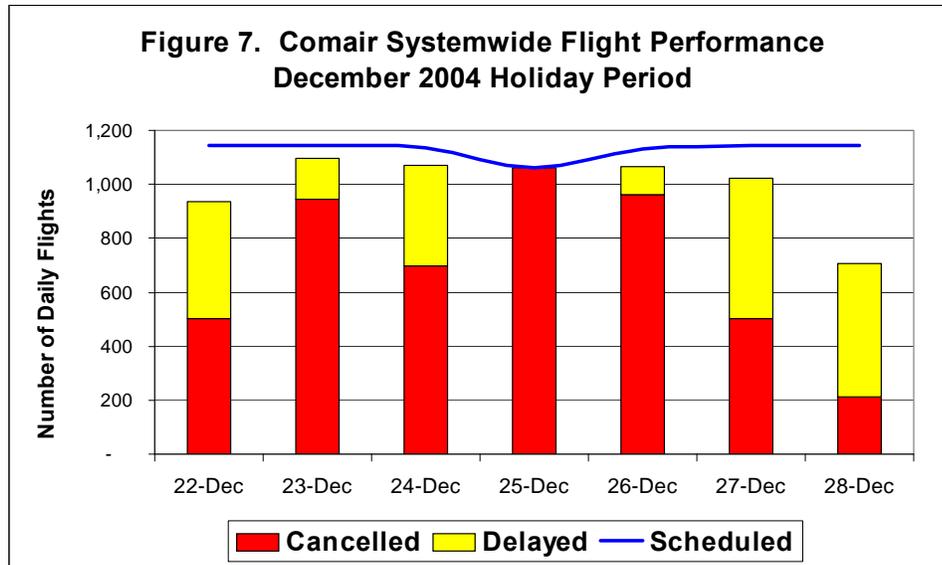
Comair's hub is at the Cincinnati/Northern Kentucky International Airport (Cincinnati Airport) in Erlanger, Kentucky. Delta Air Lines (Delta) acquired Comair in January 2000, but Comair has been a Delta Connection partner since 1984. These carriers are separate companies with their own employees and labor agreements. However, Comair does use Delta's customer service and reservation systems.

Comair uses 164 Bombardier CRJ aircraft, mostly 50-seat airplanes, to operate 1,145 flights daily to 119 cities in the United States, Canada, and the Bahamas. Comair has more than 6,000 employees. More than 4,000 of them, including all 1,800 pilots and all 1,000 flight attendants, are based in Cincinnati. Of the 644 daily departures from Cincinnati, Comair, Delta, and two other Delta Connection carriers operate 592 (92 percent), and 392 of the 592 flights are Comair flights.

During the 7-day period of December 22nd through December 28th, Comair either canceled or delayed nearly 7,000 (89 percent) of its 7,900 scheduled flights. During the first 3 days, severe weather at the Cincinnati Airport caused Comair to cancel or delay 3,100 (91 percent) of its 3,400 scheduled flights systemwide. Because of the cancellations, Comair made more than 6,000 changes to the carrier's flight crew scheduling and tracking computer system from the 22nd through the 24th. These changes caused the scheduling and tracking system to shut down at about 10 p.m. on the 24th after it hit a fixed monthly transaction limit. Comair was not aware the limit existed.

After the computer shut down, Comair canceled or delayed 3,900 (87 percent) of its 4,500 scheduled flights from December 25th through the 28th. Unable to support more than a small number of flights with a manual backup system, Comair management canceled all flights scheduled for the 25th as it worked to restore the computer system.⁸ Comair restored the computer system later that day, but thousands of additional flights were canceled or delayed through the 28th because flight crews and aircraft were not positioned to immediately resume full flight operations. Comair returned to full flight operations on the 29th. Figure 7 compares Comair's daily performance to its scheduled flights from December 22nd through the 28th.

⁸ Three flights originally scheduled for late December 24th departed on the 25th to get unaccompanied minor children out of Cincinnati and to their destinations.



Source: OIG analysis of Comair data

Severe Weather Began on December 22nd—by Mid-Day on the 23rd the Cincinnati Airport Had 5 Inches of Compacted Ice and 4 Inches of Snow

Comair’s problems began on December 22nd with severe weather conditions in the Cincinnati area. Weather conditions were, according to various accounts, the most extreme ever encountered at the Cincinnati Airport. Forecasts called for light freezing rain and snow beginning early on the 22nd, changing to all snow before noon and tapering off to flurries and snow showers the morning of the 23rd, with 6 to 8 inches total accumulated snow. The weather began as a mix of light freezing rain and snow early on the 22nd but, unlike the forecast, changed to heavy snow, freezing rain, and ice pellets around mid-day. By mid-day on the 23rd, the airport had 5 inches of compacted ice and more than 4 inches of snow. Sub-freezing temperatures continued into the 25th.

The Cincinnati Airport, in coordination with the Federal Aviation Administration’s (FAA) Air Traffic Control, stopped all operations, a “ground stop,” twice to clean runways on December 22nd. Both of the ground stops lasted about 1 hour: one occurred at 8:00 a.m. and the other at 1:00 p.m.

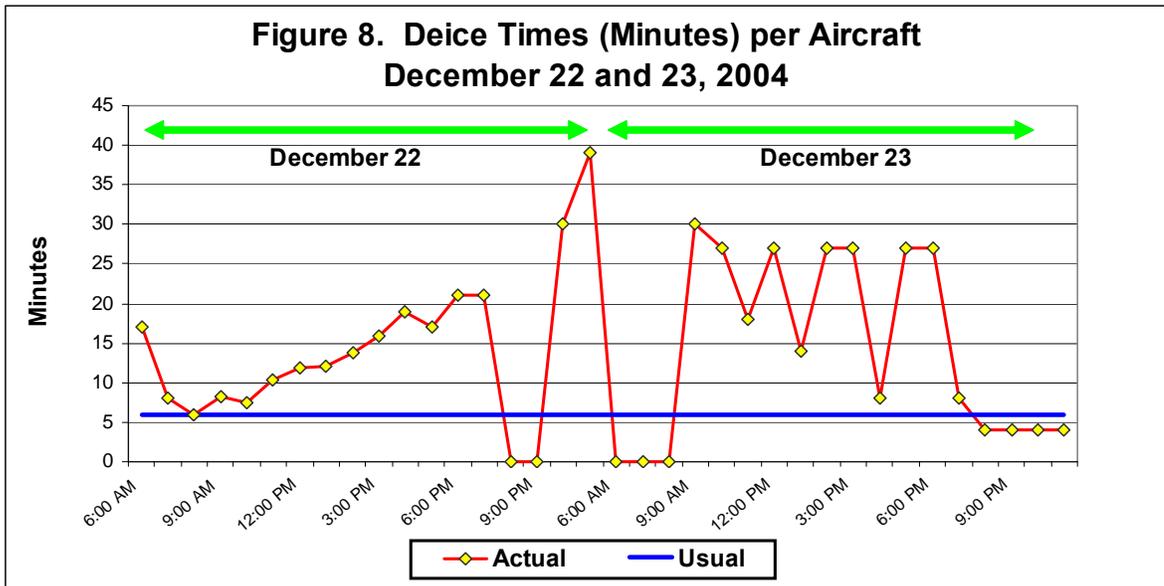
Comair was severely affected by the weather because all Comair aircraft rotate through the Cincinnati hub. The vast majority are out-and-back flights and the remainder are on a round-robin schedule where aircraft go to multiple cities before returning to Cincinnati. By the evening of December 22nd, Comair was operating only 6 of its 48 gates. Local roads were closed to all but emergency and essential traffic, making it difficult and in some cases impossible for pilots and flight

attendants to get to the airport. Aircraft and other equipment (e.g., power cords, baggage tugs and carts, and tow tractors) were sheeted in thick ice, often frozen in place on the ramps.

Other carriers experienced similar disruptions at the Cincinnati Airport, although not as severe as those experienced by Comair. Comair managers attribute the carrier's higher level of disruptions to two factors. First, Comair crews are based in Cincinnati, where road closures made it extremely difficult for aircrews to get to the airport. Aircrews for other carriers, such as Delta, arrived with inbound flights. Second, unlike larger aircraft operated by Delta, Comair's smaller regional aircraft had less maneuverability on ramps in the ice and snow conditions at the Cincinnati Airport. Larger aircraft were better able to use their engines to move out of ice and snow. In contrast, Comair management reported that ramp staff required 8 to 12 hours of hand digging to free each aircraft from the ice on the morning of the 23rd.

Deicing Operations Were Extremely Arduous and Required Significantly More Deicing Fluid Than Normal Operations but Comair Never Exhausted Its Supply

Contrary to published reports, Comair never exhausted its supply of deicing agent (glycol). However, the severe weather conditions affected Comair deicing operations, requiring more time, glycol, and effort than normal to deice aircraft. Typically, Comair takes about 6 minutes and 80 gallons of glycol to deice each regional jet. Comair took about 40 minutes and 1,200 gallons of glycol to deice a jet at 11:00 p.m. on December 22nd. Rather than the normal "spray" used to clean aircraft, Comair used a focused stream of glycol to "cut" heavy snow and ice from aircraft. Figure 8 shows how long it took Comair to deice aircraft on the 22nd and 23rd. Comair did not operate any flights from 8 p.m. to 9 p.m. on the 22nd and from 6 a.m. to 8 a.m. on the 23rd.



Source: OIG analysis of Comair data

Glycol inventories were reduced from 46,000 gallons (normally a 2- to 3-week supply) when the storm began to about 6,000 gallons by mid-day on the 23rd. Five deliveries (25,000 gallons) of glycol arrived between 2 p.m. and 10 p.m. on the 23rd, restoring inventories to normal operational levels. Two of the five deliveries had been scheduled for the 22nd but were delayed by hazardous road conditions. Delta, the next largest carrier at the Cincinnati Airport, also used much higher than normal amounts of deicing fluid during the severe weather conditions. Delta's inventory began at 56,000 gallons on December 22nd and dipped to 2,000 gallons late that evening. Delta began receiving additional glycol at 11:00 a.m. on the 23rd.

On December 24th, Comair's Automated Crew Scheduling and Tracking System Shut Down

Comair was starting to recover from the severe weather on December 24th when the computer system used by Comair to schedule and track flight crews shut down at about 10 p.m.⁹ The system reached its monthly trip transaction limit and shut down as a result of numerous changes made to flight crew schedules brought on by the severe weather conditions of December 22nd through the 24th. Referred to as TRACK, the system was installed at Comair in 1986 and is leased from SBS International (SBS).

⁹ Comair flew 56 percent of its schedule on the 22nd, 17 percent on the 23rd, and 39 percent on the 24th.

TRACK provides a centralized database to view, monitor, and change schedules for Comair's 1,800 pilots and 1,000 flight attendants. The system is also used to validate compliance with contractual work rules and FAA regulations, such as flight time and rest during a 24-hour period.

According to senior Comair management and SBS representatives, neither was aware that the system had a fixed limit that, if exceeded, would cause the system to fail. Comair entered 6,200 trip modifications to TRACK from December 22nd through December 24th. TRACK shut down when it reached 32,000 trip transactions for the month on the evening of the 24th. Comair's monthly transactions averaged about 25,800 per month for January through November 2004 and never exceeded 30,000 transactions during this time.

On the evening of December 24th, Comair reverted to a manual backup system, while SBS attempted to determine why the automated system shut down. Comair maintains and updates critical scheduling data on a manual system outside the regular system. These backup data are used to manually schedule crews (on paper) in case of system malfunction. The manual system, which is labor intensive, had been used previously during a 4-hour power outage in January 2004. At that time, the manual backup worked as intended, permitting Comair to schedule seven flights that would have otherwise been canceled.

During the early morning on December 25th, senior Comair management determined that the manual process could only support a small number of flights. As a result, Comair decided that a "clean slate" was the best opportunity to safely and quickly resume full operations and minimize passenger inconvenience. Accordingly, Comair canceled all 1,100 flights on the 25th.

Comair and SBS restored the computer system late on December 25th. First, Comair stored data for the entire month of December on a backup server for reference. Comair then rolled back the system to the environment as it existed on the 21st, before severe weather disrupted Comair operations, and added back transactions for flights that were actually flown from the 22nd through the 24th. By not including transactions for flights that were canceled from the 22nd through the 24th, Comair reduced the December trip transaction count to about 25,800 through the 24th (more than 6,000 below TRACK's limit for the remainder of December).

It took several days for Comair to return to normal flight operations after the computer system was restored. Flight crews and aircraft were not properly positioned to immediately resume full operations. From the 25th through the 28th, Comair canceled or delayed 3,900 of its 4,500 scheduled flights.

According to SBS representatives, the 32,000 trip transaction limit was coded in TRACK programs and would have taken weeks of reprogramming and testing to resolve. Comair implemented a “bridge solution” to enhance TRACK until a replacement system is implemented in mid-2005. Specifically, Comair duplicated the trip transaction module so TRACK can schedule pilot and flight attendant trips separately. While this process is more labor intensive, it essentially doubles TRACK’s capacity for trip transactions because one module can track 32,000 pilot trips and the other module can track 32,000 flight attendant trips per month. In addition to making the changes to TRACK, Comair also began generating a daily report to closely monitor the volume of month-to-date trips to ensure the transaction limit is not reached again.

According to Comair officials, the carrier was in the process of replacing TRACK as part of a much larger effort to upgrade information technology across all areas of flight operations. Comair began reviewing replacement systems for TRACK in 2003 and selected the Sabre AirCrews system later that year. This system is expected to result in better communications with crews, improved administration of crew logistics and labor contract requirements, and more efficient and effective processing of crew trip transactions.

Comair installed a base version of the AirCrews system in June 2004 for testing. Comair expects to complete staff training and migrate from the current system to the AirCrews system by June or July 2005. According to Comair, the new system does not have any transaction coded processing limitations and is equipped with various improvements, such as having a full backup system with the same processing power as the primary computer. Comair believes the actions taken to fix and monitor TRACK will provide an adequate bridge until the new crew scheduling and tracking system is implemented.

According to SBS representatives, seven other carriers (one U.S. and six foreign) use the same version of TRACK as Comair. The U.S. carrier is Horizon Air. The foreign carriers are AeroMexico, British Airways, China Air, Royal Air Maroc, Tunis Air, and Virgin Atlantic. SBS representatives assured us that the seven carriers were advised of Comair’s experiences but that none of the carriers is in danger of reaching the transaction limit. Based on statistics available from FAA’s Flight Schedule Data System, the other carriers operate fewer departures than Comair. For example, Horizon Air and British Airways operated 57 percent and 38 percent fewer departures, respectively, than Comair in December 2004.

Customer Service

Delta Air Lines expects Comair to conform to Delta customer service commitments and policies. Comair made an effort to minimize passenger inconvenience during the disrupted holiday travel period, but the sheer number of cancellations and delays compromised its ability to abide by its Customer Service Plan. According to Comair and Delta projections, about 191,000 customer itineraries were affected by cancellations and another 78,000 customers were affected by delays. Comair and Delta officials estimate that they notified 50,000 of these customers before they reached their scheduled departure airports through an automated system that rebooks and reaches customers through electronic means such as e-mails and pager numbers included in customer itineraries.

In addition, Comair and Delta representatives personally called an estimated 48,000 customers before they arrived at the airport. Comair estimates it handled 60,000 customers after they arrived at airports or by incoming reservation calls. Comair officials advised us that it was impossible to clearly identify when and how the remaining customers were notified of cancellations.

According to Comair management officials, the carrier increased operations staff at the Cincinnati Airport beyond normal levels from December 22nd through the 28th. These officials advised us that operations staff (e.g., ramp, baggage, tower, and gate staff) worked about 2,500 overtime hours during the 7-day period.

Customer Complaints. Comair and Delta published an apology and mobilized to address customer concerns. According to Comair, its Customer Care Department set up 18 additional telephone lines to answer customer calls. Representatives worked additional hours, including weekends when Customer Care is normally closed, to address customer concerns. In addition, contacts with Delta Customer Care have been extensive, as illustrated by the nearly 13,000 contacts received by Delta Customer Care for the period December 27, 2004, through January 11, 2005: 7,500 internet contacts and 5,200 telephone contacts. According to management, by January 12th, Delta Customer Care had processed 4,300 of the internet contacts and all of the telephone contacts. Comair and Delta acknowledged that many of the contacts included complaints related to Comair's problems from December 22nd through the 28th. According to Comair and Delta officials, the complaints cannot be readily summarized by type (i.e., baggage, flight delays and cancellations, poor customer service, and refunds).

Also, about 1,200 Comair customers contacted our hotline regarding holiday service disruptions. Oftentimes, the contacts included complaints about more than one customer service issue, with nearly 1,000 complaints regarding delays and cancellations. Many of these customers were concerned with the accuracy or

timeliness of information provided by Comair and Delta. Some individuals complained about not being contacted personally, as opposed to finding out about cancellations or delays by e-mail, on the carriers' web sites, or from media reports. Other customers complained about long hold times when they called Comair and Delta. Still others complained about waiting in long lines at the airport only to find out their flights were canceled when they got to the check-in counter. In addition, the hotline recorded close to 400 complaints about baggage, more than 200 complaints about refunds or other compensation, and nearly 150 complaints about poor customer service.

Accommodations. According to information provided by Comair officials, the carrier reserved 2,060 rooms at 13 hotels near the Cincinnati Airport for customers during the 7-day period. The rooms were provided at a reduced rate during weather-related cancellations on December 22nd and 23rd. After the crew tracking and scheduling system shut down, the rooms were provided at no charge. Customers used about 1,800 of the reserved rooms.

Comair estimates that about 900 customers stayed at the Cincinnati Airport each night from December 22nd through the 24th. For these customers, Comair arranged to have vendors stay open late and made available 100 cots, as well as blankets, pillows, food vouchers, telephone cards, overnight kits, and snacks. Our hotline had various complaints regarding food selections, inadequate cots and other bedding, and insufficient personal items such as toiletries.

Special Needs Passengers. Comair passenger service representatives at Cincinnati told us they gave priority to passengers with special needs (i.e., children, seniors, and those with disabilities) during the period of high-volume cancellations and delays. To illustrate, on December 22nd and 23rd, passenger service representatives contacted origin cities to advise Comair staff not to send unaccompanied minors to Cincinnati. For those unaccompanied minors who arrived in Cincinnati, Comair established a priority list that focused on flights to destinations where the minors needed to travel, including flights operated by other carriers. In spite of these efforts, Comair had to keep 26 unaccompanied minors overnight in Cincinnati. According to Comair, unaccompanied minors did not stay overnight in any other cities on the 22nd, 23rd, or 24th.

Comair officials provided information showing that the carrier provided accommodations at 3 local hotels for the 26 unaccompanied minors who stayed overnight in Cincinnati. According to this information, the minors stayed 1 to 3 nights each in the hotels (16 stayed 1 night, 9 stayed 2 nights, and 1 stayed 3 nights). The minors were accompanied in adjoining rooms by Comair employees at all times. Minors were accompanied by chaperones of their own gender, and transportation was provided by hotel courtesy vans. According to Comair officials, the chaperones contacted parents when the minors reached the

hotel and returned to the airport. All unaccompanied minors had departed Cincinnati by mid-day on the 25th.

Comair did not have specifics on how many assists for customers with a disability were actually provided during the holiday disruptions because the carrier contracts with a local company for wheelchair services at the Cincinnati Airport. While Comair was not aware of any complaints regarding assistance for customers with a disability, our hotline included a few comments from customers with a disability who felt they were not given sufficient help moving around the airport.

Baggage. Comair had more than 7,000 claims systemwide for 11,000 mishandled bags, including 6,800 bags for passengers connecting through the Cincinnati Airport. As ice formed in the gate areas in Cincinnati, baggage equipment became useless, forcing baggage handlers to off-load aircraft by hand. Comair secured misplaced baggage in a Delta hanger. According to Comair, when the baggage was needed for emergency purposes, such as to retrieve medication, Comair reunited bags with customers stranded in the Cincinnati Airport.

Comair did not meet its goal to return mishandled baggage within 24 hours. Systemwide, 35 percent of the 11,000 mishandled bags were delivered within 1 day, 90 percent within 5 days, and nearly all bags within 6 days, according to Comair officials. Once the Cincinnati Airport began to thaw, Comair used various Delta and Delta Connection flights to reunite passengers with lost baggage. Comair also used local trucking companies to move bags from Cincinnati to their destinations. Some baggage was delivered later than claimed by Comair, based on information received by our hotline. A few passengers claimed delays of up to 10 days. Customers who used alternative means of transportation or changed their travel plans seem to have experienced the greatest baggage delays.

Refunds and Other Compensation. Delta handles all refunds for Comair. Delta issued more than 79,000 refunds from December 22, 2004, through January 19, 2005. However, Delta cannot readily separate the requests by carrier. Delta Customer Care records show it processed nearly 25,300 refund requests received from December 27, 2004, through January 5, 2005. In addition, Delta Customer Care records show Delta was processing refund requests within 3 business days, whether customers paid for the tickets with credit cards, cash, or checks.

In addition to providing full refunds for canceled tickets, Delta deposited Delta SkyMiles into customer accounts. By January 7, 2005, Delta had deposited almost 1 billion SkyMiles into customers' accounts. Customers were receiving 25,000 miles for canceled trips and 15,000 miles for delayed trips. When requested, Delta was reimbursing customers for out-of-pocket expenses, such as toiletries or transportation.

Delta gave transportation vouchers, in addition to full ticket refunds, to customers who did not have SkyMiles accounts. The vouchers ranged from \$150 to \$350, based on the customers' inconvenience. Like SkyMiles customers, these customers were also being reimbursed for out-of-pocket expenses. However, customers commented to our hotline that they should have been reimbursed for money lost on vacation plans, such as deposits for housing and hotel accommodations, automobile rentals, and tickets for theme parks and sporting events. Other passengers felt they should have been reimbursed for expenses such as airport parking. Still others felt that ticket refunds and SkyMiles did not fully compensate them for their lost holidays.

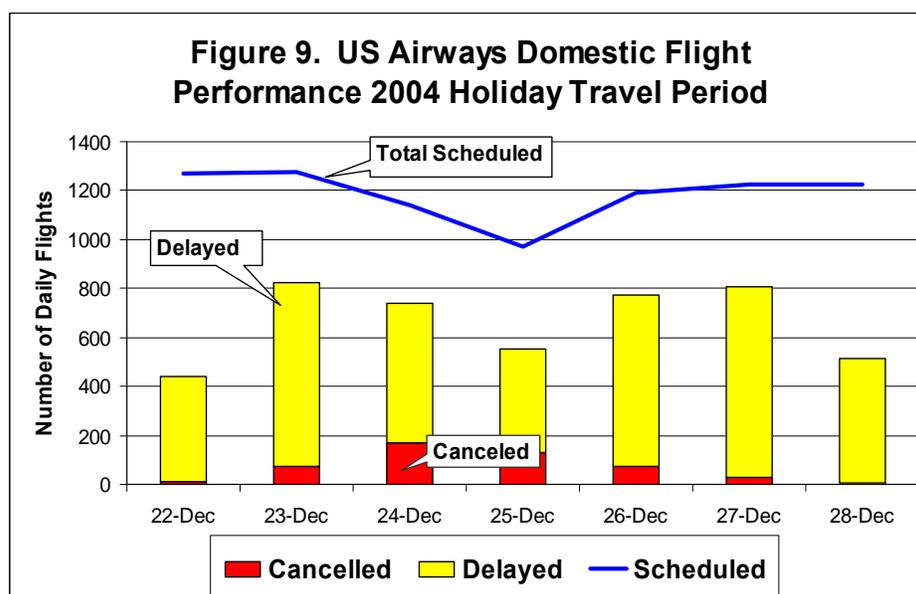
PART II. US AIRWAYS

US Airways is the nation's sixth largest airline in terms of passengers carried. US Airways' flight operations are concentrated primarily on the East Coast with hubs in Philadelphia and Charlotte and significant operations that the carrier calls "focus cities" in Pittsburgh, Boston, New York, and Washington, DC. US Airways and its regional codeshare partners at US Airways Express operate a total of 3,209 flights per day to 174 cities. The US Airways Express carriers provide connecting passengers to US Airways at its hub and focus cities. Similar to Comair and Delta, these carriers are separate companies with their own employees and labor agreements.¹⁰

US Airways is undergoing its second Chapter 11 bankruptcy reorganization since August 2002. As part of its restructuring, US Airways has negotiated labor agreements that include wage cuts and employee furloughs. US Airways has also restructured its route system. As part of this effort, flight operations at Pittsburgh have been reduced by 26 percent, and flight operations at US Airways' Philadelphia hub have been expanded by 33 percent.

The service disruptions experienced by US Airways during the 2004 holiday period occurred as a result of a confluence of events. Those events included poor weather on December 23rd, shortages of fleet service and flight attendant staffing, and management plans and decisions that ultimately did not work. The service disruptions resulted in thousands of delayed or canceled flights, huge backlogs of lost and diverted bags, and delayed or canceled holiday plans for thousands of holiday travelers that required the airline to mount an extensive effort to meet its customer service needs. Figure 9 compares US Airways daily performance to its scheduled flights from December 22 through December 28, 2004.

¹⁰ Two of the express carriers are wholly owned subsidiaries of US Airways Group. One express carrier is operated as a division of US Airways.



Source: Bureau of Transportation Statistics

Weather Was a Factor on December 23rd, but Not the Primary Cause of Cancellations and Delays During the Holiday Period

Weather conditions in Philadelphia were nowhere near the severity of weather (snow and freezing rain) that blanketed Cincinnati and caused major disruptions to Comair operations. However, on December 23rd, weather and air traffic control delays were factors when high winds moved through Philadelphia and caused 16 flight cancellations, 75 arrival delays, and 12 flight diversions.¹¹

According to data provided by US Airways to the Department of Transportation Bureau of Transportation Statistics (see Table 1), weather and air traffic control only accounted for 29 of the 138 (21 percent) departure cancellations experienced at Philadelphia during the 7-day holiday travel period and 280 of the 819 (34 percent) arrival delays. In fact, on December 24th, 25th, and 26th (the days US Airways experienced some of the highest number of cancellations), weather accounted for only 11 of the 102 canceled flights (11 percent) and 86 of the 308 delayed flights (28 percent).

¹¹ On December 23rd, US Airways had 234 departures and 235 arrivals scheduled for Philadelphia.

**Table 1. US Airways Philadelphia Cancellations and Delays,
2004 Holiday Travel Period**

Day	Departure Cancellations			Arrival Diversions	Arrival Delays		
	Total	Weather/ ATC ^{a/}	Other ^{b/}		Total	Weather/ ATC ^{a/}	Other ^{b/}
Dec 22	3	1	2	0	100	35	65
Dec 23	27	16	11	12	137	75	62
Dec 24	44	2	42	4	122	40	82
Dec 25	32	1	31	1	71	13	58
Dec 26	26	8	18	7	115	33	82
Dec 27	5	1	4	0	158	52	106
Dec 28	1	0	1	1	116	32	84
Total	138	29	109	25	819	280	539

a/ Weather and air traffic control delays and cancellations include weather and air traffic control-related causes such as flight volume, severe weather avoidance, and ground stops.

b/ Other causes of delays and cancellations include staffing, maintenance, and late-arriving aircraft.

Sources: FAA Aviation System Quality Performance Data and On-Time Performance reported by the Bureau of Transportation Statistics

Managers Were Aware that Philadelphia Baggage Operations Were Suffering from Personnel Shortages Going Into the Holiday Travel Period, but Plans To Offset the Shortfalls Using Overtime Did Not Work

US Airways' Philadelphia ramp and baggage operations were already suffering from personnel shortages going into the holiday period. Management's plan to deal with the shortages depended heavily on employees working overtime. However, with actual sick calls significantly higher than expected and few employees volunteering for extra overtime, the plan did not work. US Airways was unable to provide sick call data for 2003 so we could not determine if holiday sick calls were higher than last year.

By the end of the holiday period, eight aircraft had departed Philadelphia with no bags on board because there were not enough employees to load them, and a huge backlog of lost and diverted bags could only be relieved by moving many bags out of Philadelphia to other US Airways locations.

Fleet Service Staffing Levels Were Significantly Below Authorized Levels During the Holiday Period

Fleet service employees perform ramp duties such as catering, baggage-room duty, and loading and unloading of aircraft. According to management, Philadelphia was about 30 fleet service positions short at the beginning of the fall 2004 season. Furthermore, difficult and protracted labor negotiations, a 21 percent reduction in wages, and ongoing bankruptcy proceedings exacerbated this situation and led to high levels of attrition in the fleet service workforce. Consequently, US Airways’ Philadelphia ramp and baggage operations were suffering from significant personnel shortages at the start of the holiday period.

Table 2 shows the degree of fleet service employee shortages US Airways experienced over the holiday period in Philadelphia. For example, on December 25th, US Airways had 631 employees scheduled to work, or 81 percent of their authorized staffing level of 775. However, after accounting for all absences, including sick/family leave calls, and adding in overtime shifts, their actual staffing level was only 483—62 percent (or 292 positions short) of the authorized staffing level.

Table 2. Philadelphia Fleet Service Staffing (December 22 – 28, 2004)

Fleet Service^{a/}	12/22	12/23	12/24	12/25	12/26	12/27	12/28
Authorized	760	775	780	775	790	760	750
Scheduled	699	694	699	631	617	670	688
<i>Scheduled/Authorized</i>	92%	90%	90%	81%	78%	88%	92%
Actual	678	597	518	483	470	545	615
<i>Actual/Authorized</i>	89%	77%	66%	62%	59%	72%	82%
Shortage	-82	-178	-262	-292	-320	-215	-135

a/ “Authorized” staffing is US Airways’ budgeted headcount for Philadelphia. This is the number of employees that US Airways believes is needed to operate the station based on scheduled flight activity. “Scheduled” is the number of employees the carrier has physically available. “Actual” staffing is the number of employees working after subtracting sick calls, medical leave, and other reasons for absence and adding in any overtime shifts that were awarded to cover the absences. “Shortage” is the difference between the authorized and actual levels.

Source: OIG analysis of US Airways data.

Management's Plan To Cover Staffing Shortfalls Depended Heavily on the Use of Overtime

Management's contingency plan for the holiday period relied heavily on employees working large amounts of overtime. Recognizing existing staffing shortages, additional managers were brought in from other cities, and local managers notified vendors who provide ticket checkers, baggage runners, and skycaps to have additional coverage available.

In addition, management decided to limit catering in Philadelphia by having other stations outside Philadelphia cater aircraft, which enabled the carrier to reassign 22 catering agents to cover ramp vacancies. Even with these actions, however, management had to rely heavily on large numbers of employees working overtime. As an incentive, US Airways offered chances to win items, such as personal computers and football tickets, to employees with perfect attendance during the holidays. Managers indicated that a similar plan had worked over the 2004 Thanksgiving holiday period.

Higher Than Expected Sick Calls and Refusals To Work Overtime Prevented the Plan from Working

Poor weather (high winds and low ceilings) led to some delays and cancellations at Philadelphia early in the holiday period. According to US Airways managers, on the afternoon of December 23rd, 15 flights destined for Philadelphia were forced to divert to other cities due to air traffic and weather conditions.¹² The delays continued to mount throughout the afternoon and evening as those diverted flights finally arrived in Philadelphia.

According to US Airways managers we spoke with at Philadelphia, by 10:00 p.m. operations were in a state of gridlock. With additional flights arriving later in the evening and facing a shift change at 11:00 p.m., managers began offering more overtime, but few employees accepted. Managers told us that they then began invoking mandatory overtime, but most employees either refused to work additional hours or went home sick.

Throughout the rest of the holiday period, US Airways continued to face difficulties in maintaining adequate fleet service staffing at Philadelphia. According to US Airways management, unscheduled absences due to sick calls or other reasons rose to levels that were far greater than those experienced over Thanksgiving. For example, on Thanksgiving Day, 62 fleet service employees in Philadelphia called in on sick/family leave. But on December 25th, 159 fleet

¹² US Airways subsequently adjusted the number of diverted flights to 12 in data reported to the Bureau of Transportation Statistics.

service employees in Philadelphia called in on sick/family leave, more than double the number on Thanksgiving. US Airways was unable to provide sick call data for 2003, so we could not determine if holiday sick calls were higher than last year. Actual overtime takers were also far less than needed. For example, fleet service employees worked only 45 overtime shifts on December 25th, when the carrier needed over 300 to reach authorized levels.

From December 23rd through December 28th, eight flights departed for cities (including Boston and Chicago) with no bags on board because there were not enough personnel to load them. According to US Airways, the backlog of baggage could only be cleared by moving it out of Philadelphia on trucks and special ferry flights loaded with nothing but baggage.

Union officials we spoke with told us that they believe the service disruptions were a symptom of chronic understaffing and high management turnover. According to US Airways, the station manager, the director of ramp services, and the director of administration all had less than 6 months experience at Philadelphia, and about 40 percent of the ramp service managers had been at the station for less than a year. Union officials also told us that the carrier had been using mandatory overtime since March 2004. They also stated that they do not believe there was any type of coordinated job action and that many employees simply decided to spend Christmas with their families, given the uncertainty surrounding the company.

US Airways Is Actively Recruiting To Fill Fleet Service Vacancies

According to US Airways management, since the beginning of January 2005, they have taken actions to hire fleet service personnel. Managers told us that they have made offers to 269 individuals and that 110 have already accepted positions as fleet service personnel at Philadelphia. According to airline officials, the recent hiring was a result of a redesigned process for recruiting and higher starting wages for fleet service employees in the Philadelphia area (from \$7.17 per hour to \$9.59 per hour).

Management Plans To Meet the Increased Holiday Flight Schedule With Fewer Flight Attendants Were Not Sufficient To Prevent the Shortages That Occurred

US Airways has attributed a portion of the December 2004 holiday travel disruptions to a high number of sick calls, most notably from its flight attendants. Our analysis, however, found that while the flight attendant sick call rate was higher during the 2004 holiday travel period than the monthly average for December, it was no higher than, and in some crew bases *less* than, the sick call rate during the holidays in 2003 (see Table 3).

Table 3. Systemwide Flight Attendant Supply and Sick Calls During the Holiday Travel Period, 2003 and 2004

Date	2003			2004		
	Supply	Sick Calls	Sick Call %	Supply	Sick Calls	Sick Call %
Dec 22	1,291	248	19	1,207	179	15
Dec 23	1,145	220	19	1,109	237	21
Dec 24	945	235	25	870	215	25
Dec 25	1,057	264	25	1,099	268	24
Dec 26	1,185	235	20	1,169	277	24
Dec 27	979	227	23	1,317	302	23
Dec 28	1,164	271	23	1,258	272	22
	Average %		22	Average %		22

Source: OIG analysis of US Airways data. Does not include international flight attendants.

During the holiday travel period for 2004, US Airways increased its systemwide scheduled departures by 12 percent compared to 2003. However, for the same period, the number of flight attendants decreased from 4,745 to 4,518—a drop of 5 percent. This resulted in a lower base of scheduled flight attendants and on-call reserves.¹³ The combination resulted in an insufficient “cushion” of reserves available to cover unforeseen staff unavailability, such as sick calls and crews reaching hours-of-duty limits. Under normal travel conditions, the December 2004 flight attendant staff level may have been sufficient to maintain scheduled holiday service. But rarely are holiday travel conditions “normal.” Traffic volumes are higher, the potential exists for winter weather-related delays, and there are higher rates of employee vacation and sick leave.

Management Actions To Address Known Staffing Shortfalls Fell Short of Goals

Management at US Airways knew well in advance that their flight attendant staffing levels were not sufficient to cover the December schedule and acknowledged in a memo to employees that “staffing levels would be at a deficit in some domiciles.” For the month of December, the airline’s staffing numbers showed a systemwide deficit of available flight attendant hours as compared to the flight schedule demand.

¹³ Scheduled flight attendants, called “line-holders,” receive an actual schedule for the month based on a trip-bidding process. Reserves are flight attendants who are not actively scheduled for work but identify days they are “on-call” in the event a line-holder is unable to fulfill his or her scheduled trip or to cover open slots in the schedule.

According to airline data, the month of December had a shortage of 3,481 hours, or the equivalent of about 43 flight attendants. For this reason, the airline announced on November 24th that it was requiring all flight attendants to increase their monthly flying obligation by 5 hours. However, this did not materialize.

Neither US Airways nor the Association of Flight Attendants could explain why the flight attendants (on average) did not increase their schedules by 5 hours in December. Instead of the 84 hours the airline hoped each flight attendant would obligate in December, the actual system average was 79.2 hours, which is the normal monthly average for flight attendants. Because the requirement to fly an additional 5 hours was announced well after the initial scheduling process was over, the flight attendants were given responsibility for adding those hours as they modified their trips for the month.¹⁴

However, US Airways managers did not monitor the flight attendant schedules throughout the month to determine whether flight attendants were, in fact, bidding on schedules that would result in adding an extra 5 hours. By the middle of December, managers should have been able to tell, based on hours flown to date, whether or not overall staff hour levels were increasing. US Airways contends that if the flight attendants had complied with the 5-hour requirement, additional attendants would have been available on the 24th and 25th, and the service disruptions would not have been as severe. Instead, shortages manifested themselves in the critical holiday travel period, resulting in hundreds of cancellations and thousands of inconvenienced passengers.

The airline also instituted an incentive program to reduce sick calls and encourage voluntary overtime, but it was not sufficient to increase the number of flight attendants available for work over the holiday travel period. Incentives included receiving two space-positive passes (reserved seats) for use by the employee and their travel eligible participants if the employee had no absences between November 18, 2004 and January 5, 2005. Another incentive offered a lottery for a variety of prizes, including travel on another airline and laptop computers. However, the incentives did not have the effect that management hoped.

US Airways' management also anticipated that a significant number of furloughed flight attendants would return to work. According to US Airways, there were 3,487 flight attendants on furlough as a result of cutbacks and two reorganizations before December 1, 2004. Of those, 341 had a right to return to work on December 2, 2004, by giving notice of their intent to return by September 12, 2004. However, only 229 actually returned, and most of those needed refresher training courses and were not available for work during the holiday period.

¹⁴ Flight attendants at US Airways can modify their bid schedules throughout the month and up to 24 hours before a scheduled tour begins.

As a result of the decreased staffing levels, there were thinner margins of reserves to absorb unforeseen events, such as weather delays, crew duty-hour limits, and illnesses. On December 24th and 25th, these margins proved too thin to enable US Airways to meet scheduled demand.

For example, on December 24th, there were 269 scheduled flight attendants and on-call reserves available in Philadelphia to cover the projected demand for 235 flight attendants (see Table 4). This left a “cushion” of 34 reserves that was insufficient to cover the 53 sick calls that day, resulting in a string of canceled flights. In December 2003, US Airways reserve margins were deeper and allowed the airline to sustain its schedule, despite similar rates of sick calls. For example, on December 24th, 2003, there was a cushion of 112 reserves.

Table 4. Philadelphia Flight Attendant Scheduling for the Holiday Period, 2004 vs. 2003

December	Philadelphia 2004							Philadelphia 2003						
	22	23	24	25	26	27	28	22	23	24	25	26	27	28
Flight Attendants Scheduled	174	132	87	107	118	186	171	190	137	68	85	169	194	178
Scheduled Reserves	177	196	182	226	210	210	199	229	229	229	245	194	162	176
System Total Supply	351	328	269	333	328	396	370	419	366	297	330	363	356	354
System Demand	252	246	235	253	125	270	230	199	238	185	236	246	230	205
System Variance	99	82	34	80	203	126	140	220	128	112	94	117	126	149
Sick Calls	57	57	53	73	76	81	76	92	74	72	77	66	80	94
Actual Variance	42	25	-19	7	127	45	64	128	54	40	17	51	46	55

Source: OIG analysis of US Airways data

According to US Airways, the most recent collective bargaining agreement with the Association of Flight Attendants allows the airline to increase the monthly flying obligation of flight attendants by 5 to 10 hours for any domicile. However, with the airline in bankruptcy, increasing their flight operations, decreasing pay, and asking flight attendants to work additional hours, we have no way to determine whether those actions will prevent a similar situation from occurring in the future.

Customer Service

US Airways' December 2004 holiday period delays, cancellations, and baggage problems affected over 560,000 passengers systemwide. These travel disruptions triggered clauses in the airline's Customer Service Plan for notifying and accommodating the flying public, such as notifying passengers of delays and cancellations, and ticket refund policies. On January 7, 2005, we requested information from US Airways regarding its actions to fulfill its customer service commitments during the holiday period. The information requested included specific details on:

- the number of passengers affected by city,
- the number of customers rerouted to other airlines,
- how customers were notified of delays and cancellations,
- the number of passengers denied boarding,
- the number of delayed or misrouted checked bags,
- how unaccompanied minor and customers with a disability were accommodated,
- the number of reservations that were changed without penalty, and
- numerous other questions regarding the airlines' actions to meet its customer service commitments.

US Airways provided partial responses to our request on January 27, 2005, but the data were incomplete and many responses were simply based on the opinion of the airlines' management. We asked for additional data, including timelines and actual dollars refunded. Between February 1 and February 4, 2005, US Airways provided some additional summary information, such as the number of hotel, transportation, and meal vouchers provided; call volume statistics; and timelines for processing refunds. They also provided additional information on February 22, 2005, regarding the number of passengers affected by flight delays, baggage claims, and special needs passengers.

US Airways management told us that they provided services in accordance with their commitments for denied boarding compensation; rebooking; ticket refunds; lodging, meals, and transportation for overnight delays; reimbursement for rental cars, trains, and hotels; compensation for expenses related to mishandled baggage; and passenger notification of delays and cancellations. US Airways also stated that exceptions were made to normal policies and amenities were provided to

customers for situations outside the carrier’s control, such as weather. Table 5 contains a summary of customer support actions that the airline states were provided to customers affected by the holiday service disruption.

Table 5. Customer Support Provided by US Airways for Holiday Travel Disruptions (Systemwide)

Items	Number Provided
Free Roundtrip Vouchers	453
Discounted Travel Vouchers	9,816
Hotel Vouchers	7,377
Reimbursement Checks for Hotels, Ground Transportation, and Lost Baggage	738
Ground Transportation Vouchers	3,815
Meal Vouchers	11,874

Source: US Airways

Customer Complaints. According to US Airways, customers were notified about cancellations and delays through an automated system that reaches customers via telephone numbers entered in passengers’ reservation records. A recorded message informed the passenger of what was happening with the flight and what to do if the flight had been canceled. If the automated attempt failed, a US Airways representative called customers directly. If customers were already en route, electronic monitors and agents at the airport informed customers of delays or cancellations. In addition, customers could access flight information data through the airline’s website.

US Airways maintains that airline representatives tried to treat customers fairly and in a manner consistent with their service commitments. They indicated that customers had the opportunity to change or cancel flights without penalty no matter what the reason and were provided full refunds or vouchers for future travel. The airline also stated that it is reimbursing customers for rental cars, hotels, train tickets, and items purchased as a result of mishandled bags.

However, US Airways readily acknowledges that many passengers were unhappy with the service they received during the 2004 holiday travel period. US Airways received approximately 7,000 customer complaints related to travel from December 22nd through 28th. This was up about 200 percent over the same period in 2003. US Airways acknowledged that 52 percent of these complaints were related to flight delays and cancellations, 39 percent were baggage related, and 9 percent were miscellaneous other items such as onboard issues, reservations accessibility, and airport complaints.

US Airways also experienced a high volume of calls at its reservations and service centers during the holiday period, resulting in many calls being abandoned or dropped. For example, on December 24th, 88,197 calls were made to service areas but the airline only handled 39,388 of those calls, which means that 55 percent of the calls were never answered. As shown in Table 6, during the holiday period, an average of 43 percent of calls made were not answered.

Table 6. US Airways Reservations Call Volume and Service Statistics 2004

Date	Calls Placed	Calls Handled	Percent Not Handled
Dec 22	80,108	63,847	19%
Dec 23	93,018	53,930	41%
Dec 24	88,197	39,388	55%
Dec 25	71,873	20,628	71%
Dec 26	85,575	39,392	54%
Dec 27	100,075	65,878	33%
Dec 28	88,265	65,356	25%
Total/Average %	607,111	348,419	43%

Source: US Airways

Our hotline logged about 1,100 complaints regarding US Airways' holiday service disruptions. While many complaints we received covered more than one customer service issue, the largest number of complaints concerned delays and cancellations (726), followed by baggage (574), and customer service (181). Many of the complaints regarding delays and cancellations were concerned with the lack of accuracy or timeliness of information provided by US Airways.

Special Needs Passengers. US Airways provided us with the number of passenger assistance requests¹⁵ for unaccompanied minors but was unable to provide us with the number of unaccompanied minors affected by the service disruptions. US Airways maintains that parents of unaccompanied minors were contacted concerning delays or other flight irregularities. However, US Airways also provided us with information showing that the airline received 26 complaints regarding unaccompanied minors where parents were not contacted in a timely manner or minors were left unattended. The airline also maintained that it complied with all laws and regulations in terms of special accommodations for individuals with a disability, but we received a number of complaints concerning the lack of adequate accommodations for special needs passengers.

¹⁵ Requests made up to 2 days in advance of a scheduled flight.

Baggage. Based on data provided by the airline, there were nearly 72,000 baggage claims for pilfered, lost, damaged, and delayed bags during the holiday period. According to US Airways, it is not able to determine the total number of checked bags that did not arrive with the passenger because numerous passengers who arrived at their destination without their bags did not file claims. US Airways flew 8 ferry flights between Philadelphia and Charlotte and 1 between Philadelphia and Pittsburgh beginning on December 24th and continuing through December 27th carrying a total of 4,242 bags. Also starting December 26th, US Airways chartered 10 trucks to carry 5,588 bags from Philadelphia to either Pittsburgh or Charlotte to deliver mishandled baggage. The air carrier stated that it did not meet its goal to return mishandled baggage within 24 hours. US Airways did not provide statistics on when baggage was returned, but as of January 27th, US Airways had 428 bags from the holiday period that remained unclaimed, generally because those bags were without valid passenger information.

Refunds and Other Compensation. According to US Airways, as of February 4, 2005, refunds had been processed for 12,160 customers who were scheduled to travel during the holiday period. Documentation provided by the airline shows that all but 118 of the 12,160 refunds were processed within the customer service commitment timeframe.¹⁶ Our hotline received numerous complaints from customers stating they had not received their refunds.

¹⁶ 7 business days for credit card sales and 20 business days for cash purchases.

EXHIBIT. SCOPE AND METHODOLOGY

In a memorandum dated December 27, 2004, the Secretary of Transportation requested that the Office of Inspector General join with the Department's Office of Aviation and International Affairs and Office of General Counsel to investigate travel disruptions experienced over the December 2004 holiday travel period by two air carriers—Comair and US Airways.

The scope of our review concentrated on Comair and US Airways operations between December 22 and December 28, 2004. For comparison purposes, we also looked at operational data during the same period in 2003. We interviewed carrier officials and discussed various systems, procedures, operations, and practices at both Comair and US Airways, including crew scheduling, crew tracking, and customer service functions. We did not attempt to determine how disruptions occurring at Comair and US Airways during the 2004 holiday travel period compared to other carriers' experiences during this or other time periods.

Our review was conducted between December 27, 2004, and February 22, 2005, by staff from three OIG regional offices (Seattle, San Francisco, and Atlanta) and Headquarters. We relied on data from several sources. We used statistics collected and reported by agencies within the Department of Transportation (DOT); data collected by the airlines and supplied to us directly; and data from other industry sources, including airline contractors, airports, labor unions, and the National Weather Service. We also collected information directly from consumers through an OIG hotline established specifically to collect comments on travel experiences during the December 2004 holiday travel period.

DOT-Generated Data

Data represented graphically in the report and attributed to DOT sources were collected from the FAA and the Bureau of Transportation Statistics (BTS).

- Flight Schedule Data System. A database of published airline flight schedules. Scope: worldwide, 1995 through January 2005.
- Aviation System Performance Metrics. A database of FAA air traffic control performance measures, including delays, cancellations, operations, and causes for delays. Scope: 55 major airports across the country and all en route control centers, 1998 through December 2004.
- Airline On-Time Statistics and Delay Causes. A BTS database tracking the performance of domestic flights operated by large air carriers.

During the course of this review, we did not systematically audit or validate the data contained in any of the databases. However, in prior work, we conducted trend analyses and sporadic checks of the data to assess reasonableness and comprehensiveness. We also held discussions with managers responsible for maintaining the databases to understand and attempt to resolve any noted inconsistencies. We did not perform sufficient tests to draw conclusions or form an opinion on the completeness or accuracy of the data sources.

Comair

We discussed weather, computer, and customer service problems with (1) senior Comair and Delta Airlines management; (2) other Comair staff who dealt directly with the problems, such as ramp agents, gate agents, and child care staff; (3) personnel for the contractor who installed Comair's crew scheduling and tracking system; and (4) representatives of the Cincinnati Airport.

We also reviewed and performed limited tests of a wide array of Comair-supplied data and documentation related to the events of December 22nd through 28th. These data included weather activity at the airport, inventories and usage information for glycol, actions taken to restore crew scheduling and tracking, and what Comair and Delta did to meet customer service commitments during the period of service disruption. In addition, we toured Comair facilities at the Cincinnati Airport to obtain a perspective on conditions during the 7-day period.

To assess what Comair and Delta did to meet customer service commitments during the service disruptions, we reviewed information regarding how many customers were affected by cancellations and delays, how customers were notified of cancellations and delays, the magnitude and timeliness of ticket refunds, what was done to accommodate disabled and special needs customers, efforts taken to resolve problems with mishandled baggage, and actions taken to respond to customer complaints.

We discussed the computer system used to schedule and track flight crews with Comair management and information technology staff, as well as staff for the contractor who leases the system to Comair. More specifically, we determined what caused the system to shutdown on December 24th, how Comair's manual back-up system performed, and what actions Comair and its contractor took to restore the computer system and ensure problems do not reoccur before a new system is implemented in mid-2005.

US Airways

We met with representatives from US Airways management and labor groups; reviewed staffing, scheduling, and daily work and sick-call records; and analyzed historical patterns of staffing and sick calls on flight-attendant availability. We were not able to review historical staffing and sick-call rates for baggage handling operations because managers told us that the employee-tracking system had been changed in the past year, and prior year data were not available.

We reviewed contingency plans developed by management to address staffing shortages during the holiday travel period and determined the relative success and shortcomings of these plans. We discussed customer service issues with US Airways management and requested data to support statements made by managers regarding the airline's contention that it met its service commitments. US Airways was unable to provide some of these data, such as a detailed timetable on returning baggage, and the number of unaccompanied minors and special needs passengers affected. We did not attempt to validate the data that US Airways was able to provide.

We conducted fieldwork at US Airways' Operations Control Center, in Pittsburgh, PA; their airport operations in Philadelphia, PA; and their headquarters office in Crystal City, VA. We also met with airport and FAA officials in Philadelphia and toured the Philadelphia ramp and baggage operations. Our work analyzing service disruptions at US Airways' Philadelphia hub was delayed until late January in response to the airline's request that we not conduct any on-site work at the airport before then-ongoing labor contract ratifications were complete.

DOCUMENT SEPARATOR

**Before the Committee on Transportation and Infrastructure
Subcommittee on Aviation
United States House of Representatives**

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Actions Needed To Improve Airline Customer Service

**Statement of
The Honorable Calvin L. Scovel III
Inspector General
U.S. Department of Transportation**



Chairman Costello, Ranking Member Petri, and Members of the Subcommittee:

We are pleased to be here today to discuss airline customer service and the actions needed from the Department of Transportation (DOT), Federal Aviation Administration (FAA), airlines, and airports to improve customer service. This hearing is both timely and important given the events that occurred this past winter involving extended ground delays. In some cases, passengers were stranded aboard aircraft at the gate or on the airport tarmac for 9 hours or longer due to severe weather conditions.

It is also important to recognize that Secretary Peters has serious concerns about the airlines' treatment of passengers during extended ground delays; as such, she requested that we examine the airlines' customer service plans, contracts of carriage,¹ and internal policies dealing with long, on-board delays and the specific incidents involving American Airlines and JetBlue Airways when passengers were stranded on board aircraft for extended periods of time. She also requested that we provide recommendations on what actions should be taken to prevent a recurrence of such events.

Currently, the debate is over the best way to ensure improved airline customer service: either through voluntary implementation by the airlines, legislation, additional regulations, or some combination of these. This is clearly a policy issue for Congress to decide. As it did in 1999 and 2001, Congress is once again considering whether to enact a "passenger bill of rights," with legislation pending in both the House and Senate.

Our testimony today is based on the results of our previous airline customer service reviews as well as our ongoing work. I would like to discuss three key points dealing with actions that would help to improve customer service:

- **The airlines must refocus their efforts to improve customer service.** In November 2006, we reported² that Air Transport Association (ATA)³ airlines' customer service plans were still in place to carry out the provisions of the Airline Customer Service Commitment that the airlines promised to execute. These provisions include meeting passengers' essential needs during long, on-board delays. However, we found that the airlines must refocus their efforts on airline customer service by resuming efforts to self-audit their customer service plans,

¹ A contract of carriage is the document air carriers use to specify legal obligations to passengers. Each air carrier must provide a copy of its contract of carriage free of charge upon request. The contract of carriage is also available for public inspection at airports and ticket offices.

² OIG Report Number AV-2007-012, "Follow-Up Review: Performance of U.S. Airlines in Implementing Selected Provisions of the Airline Customer Service Commitment," November 21, 2006. OIG reports and testimonies can be found on our website: www.oig.dot.gov.

³ The Air Transport Association is the trade association for America's leading air carriers. Its members transport over 90 percent of all the passenger and cargo traffic in the United States.

emphasizing to their customer service employees the importance of providing timely and adequate flight information, disclosing to customers chronically delayed flights, and focusing on the training for personnel who assist passengers with disabilities.

- **The Department should take a more active role in airline customer service issues.** Oversight and enforcement of air traveler consumer protection rules are the responsibility of the Department’s Office of General Counsel. These rules encompass many areas, including unfair and deceptive practices and unfair methods of competition by air carriers and travel agents, such as deceptive advertising. We found that while the Office has made efforts to enforce civil rights violations, it needs to improve its oversight of consumer protection laws, including its efforts to monitor compliance with the terms and conditions of enforcement actions. In recent years, the Office has not conducted on-site compliance reviews, relying instead on self-certifications and company-prepared reports submitted by the air carriers without supporting documentation.
- **The airlines must overcome challenges in mitigating extraordinary flight disruptions.** This past winter’s severe weather events underscored the importance of improving customer service for passengers who are stranded on board aircraft for extended periods of time. According to the Department’s Bureau of Transportation Statistics (BTS), approximately 722,600 flights were delayed in 2006 *due to poor weather conditions* (10 percent of all commercial flights). Meeting passengers’ essential needs during long, on-board delays is a serious concern of Secretary Peters and the Department. Therefore, she asked our office to examine the American Airlines and JetBlue Airways events of December 29, 2006, and February 14, 2007, respectively, and provide recommendations as to what, if anything, the airlines, airports, or the Government—including the Department—might do to prevent a recurrence of such events.

Before I discuss these points in detail, I would like to briefly describe why airline customer service is a “front-burner” issue and highlight a few statistics on the development of the current aviation environment.

As this Subcommittee is aware, airline customer service took center stage in January 1999, when hundreds of passengers remained in planes on snowbound Detroit runways for up to 8 and a half hours. After those events, both the House and Senate considered whether to enact a “passenger bill of rights.”

Following congressional hearings on these service issues, ATA member airlines agreed to execute a voluntary Airline Customer Service Commitment⁴ to demonstrate

⁴ ATA signed the Commitment on behalf of the then 14 ATA member airlines (Alaska Airlines, Aloha Airlines, American Airlines, American Trans Air, America West Airlines, Continental Airlines, Delta Air Lines, Hawaiian Airlines, Midwest Express Airlines, Northwest Airlines, Southwest Airlines, Trans World Airlines, United Airlines, and US Airways).

their dedication to improving air travel (see figure 1), with provisions such as meeting passengers' essential needs during long, on-board delays.

However, aviation delays and cancellations continued to worsen, eventually reaching their peak during the summer of 2000. In 2000, more than 1 in 4 flights (26 percent) were delayed, with an average arrival delay of 51 minutes.

Congress then directed our office to evaluate the effectiveness of the Commitment and the customer service plans of individual ATA airlines.

Figure 1. Provisions of the Airline Customer Service Commitment

- Offer the lowest fare available.
- Notify customers of known delays, cancellations, and diversions.
- Deliver baggage on time.
- Support an increase in the baggage liability limit.
- Allow reservations to be held or cancelled.
- Provide prompt ticket refunds.
- Properly accommodate disabled and special-needs passengers.
- Meet customers' essential needs during long, on-aircraft delays.
- Handle "bumped" passengers with fairness and consistency.
- Disclose travel itinerary, cancellation policies, frequent flyer rules, and aircraft configuration.
- Ensure good customer service from code-share partners.
- Be more responsive to customer complaints.

Source: Airline Customer Service Commitment, June 1999

We issued our final report⁵ in February 2001. Overall, we found that the ATA airlines were making progress toward meeting the Commitment, which has benefited air travelers in a number of important areas. We found that the airlines were making the greatest progress in areas that are not directly related to flight delays or cancellations, such as offering the lowest fare available, holding reservations, and responding in a timely manner to complaints.

Although the ATA airlines made progress toward meeting the Commitment, we found that the Commitment did not directly address the underlying cause of deep-seated customer dissatisfaction—flight delays and cancellations. This is still the case today.

Since our 2001 report, the air carrier industry has faced a series of major challenges, including a weakened economy; the terrorist attacks of September 11, 2001; the Severe Acute Respiratory Syndrome epidemic; the war in Iraq; and soaring fuel prices. As we reported in November 2006, the network air carriers generated about \$58 billion in net losses from 2001 through 2005. They have also made unprecedented changes to their operations to regain profitability. Eight commercial air carriers have filed bankruptcy, two major air carriers have merged, and one has ceased operations. While four of the eight air carriers have emerged from bankruptcy, fuel prices continue to climb; this makes cost control a key factor in not only sustained profitability but also in overall survival of an airline.

We revisited airline customer service issues to a limited extent following the December 2004 holiday travel period, when weather and other factors led to severe

⁵ OIG Report Number AV-2001-020, "Final Report on Airline Customer Service Commitment," February 12, 2001.

service disruptions in some parts of the country. While our review⁶ focused on the inconveniences experienced by Comair and US Airways passengers, we found that nearly half of all flights, system-wide, during the 7-day travel period were either delayed or cancelled, affecting hundreds of thousands of passengers.

Flight delays and cancellations continue as a major source of customer dissatisfaction. A review of vital statistics shows the environment that air travelers faced in 2006 compared to peak year 2000.

Traffic and Capacity:

- The number of scheduled flights (capacity) declined from 8.1 million in 2000 to 7.6 million in 2006, a drop of 6.4 percent. Scheduled seats declined by 9.5 percent between 2000 and 2006, from 921 million to 834 million.
- Even as the number of flights and scheduled seats declined, passenger enplanements were up nearly 7 percent, from 699 million passengers in 2000 to 745 million passengers in 2006.
- Reduced capacity and increased demand led to fuller flights. For 2006, load factors averaged nearly 80 percent for 10 of the largest ATA airlines, compared to average load factors of just over 72 percent for 2000.
- *Reduced capacity and higher load factors can also result in increased passenger inconvenience and dissatisfaction with customer service. With more seats filled, air carriers have fewer options to accommodate passengers from cancelled flights.*

Flight Delays:

- The number of delayed flights declined from 2.09 million in 2000 to 2.02 million flights in 2006, a decrease of 3.5 percent.
- The percentage of delayed flights also declined from approximately 26 percent in 2000 to 25 percent in 2006.
- Nevertheless, the average flight delay increased from 51 minutes in 2000 to 53 minutes in 2006.
- While flight delays have declined nationwide since 2000, some individual airports experienced significant reductions in service and a subsequent reduction in delays. However, traffic and delays continued to increase at other airports. For example, between 2000 and 2006, George Bush Intercontinental/Houston Airport experienced a 27-percent increase in scheduled flights and a 55-percent increase in delays. This increase is important to note because Houston added a new runway

⁶ OIG Report Number SC-2005-051, "Review of December 2004 Holiday Air Travel Disruptions," February 28, 2005.

in 2003 at a cost of \$267 million that was supposed to alleviate delays. In comparison, Newark International Airport had a 3-percent reduction in scheduled flights but experienced a 34-percent increase in flight delays during this same time period.

Airlines Have Experienced Increasing Delays and Cancellations in Early 2007:

Historically, most chronically delayed and cancelled flights occur during the winter and summer months. While it is too early to tell what the summer months will hold, the picture in 2007 so far shows that the number of delayed flights is on the rise and that delays are somewhat longer in duration. Flight cancellations and extended ground delays have also increased.

During the first 2 months of 2007:

- Nearly 1 in 3 flights (31 percent) were delayed, cancelled, or diverted, affecting approximately 22.8 million passengers. This represents an increase over the same period in 2006 when nearly 23 percent of scheduled flights were delayed, cancelled, or diverted, affecting an estimated 16.6 million passengers.
- Of those flights arriving late, the average delay was 54 minutes—over 3 minutes longer than those for the same period in 2006.
- BTS reported that flight cancellations nearly doubled (21,080 to 41,115) as compared to the same period in 2006.
- According to BTS data, the number of flights experiencing taxi-in and taxi-out times of 1 to 2 hours increased by nearly 136 percent (from 5,044 to 11,889) as compared to the same period in 2006. Flights with taxi-in and taxi-out times of 2, 3, 4, and 5 hours or longer increased at even higher rates (see table).

Table. Number of Flights With Long, On-Board Tarmac Delays of 1 to 5+ Hours January Through February of 2006 and 2007

Time Period	2006	2007	% Change
1-2 Hrs.	5,044	11,889	135.7%
2-3 Hrs.	381	946	148.3%
3-4 Hrs.	67	193	188.1%
4-5 Hrs.	10	67	570.0%
5 or > Hrs.	3	24	700.0%
Total:	5,505	13,119	138.3%

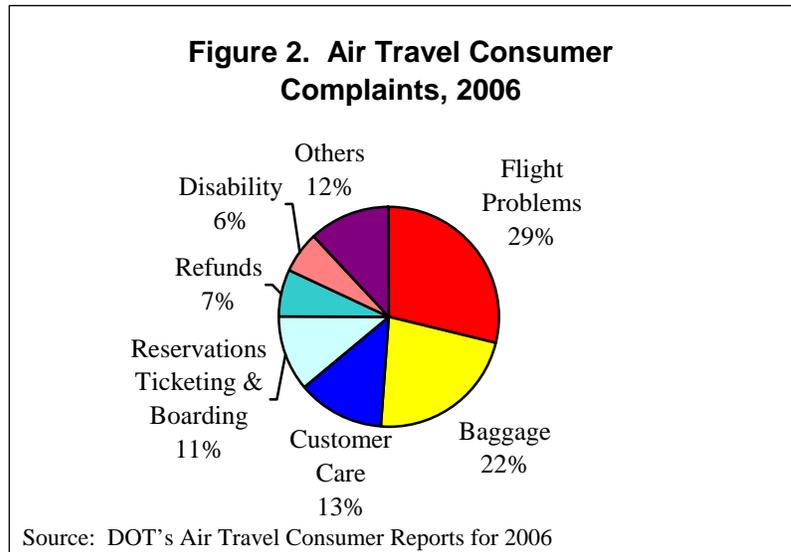
Source: BTS data

- The number of flights that were chronically delayed (by 30 minutes or longer), diverted, or cancelled 40 percent or more of the time increased by more than 400 percent over the same period in 2006 (from 12,596 in 2006 to 63,524 in 2007).

Consumer Complaints:

- Consumer complaints are rising. While the 2006 DOT Air Travel Consumer Report disclosed that complaints involving U.S. airlines for 2006 had declined by 6.6 percent (6,900 to 6,448) compared to complaints in 2005, February 2007 complaints increased by 57 percent (423 to 666) over complaints in February 2006, with complaints relating to delays, cancellations, and missed connections nearly doubling (127 to 247) for the same period.
- Over the last several years, DOT ranked flight problems (i.e., delays, cancellations, and missed connections) as the number one air traveler complaint, with baggage complaints and customer care⁷ ranked as number two and number three, respectively. As shown in figure 2, flight problems accounted for more than one-quarter of all complaints the Department received in 2006.

The busy summer travel season will soon be upon us, and the extent to which delays and cancellations will impact passengers in 2007 depends on several key factors, including



weather conditions, the impact of the economy on air traffic demand, and how existing capacity is managed at already congested airports.

I would now like to turn to my three points on airline customer service.

Airlines Must Refocus Their Efforts To Improve Customer Service

In June 2005, the Chairman of this Subcommittee requested that we follow up on the performance of U.S. air carriers in implementing provisions of the Commitment since the issuance of our 2001 report.

Unlike our prior work, which reviewed each provision, this review focused on selected Commitment provisions.⁸ We reviewed implementation of the selected

⁷ Complaints such as poor employee attitude, refusal to provide assistance, unsatisfactory seating, and unsatisfactory food service are categorized as customer care complaints.

⁸ Our 2006 review focused on notifying passengers of delays and cancellations, accommodating passengers with disabilities and special needs, improving frequent flyer program redemption reporting, and overbooking and denying boardings. We did not include the Commitment provision regarding on-time checked baggage delivery, which was subject to a hearing before this Subcommittee in May 2006.

Commitment provisions by the 13 current ATA member airlines; this included JetBlue Airways, which became an ATA member in 2001. JetBlue has not adopted the June 1999 Commitment and does not consider itself bound by its provisions. We also reviewed implementation of the selected provisions by two non-ATA airlines that are not signatories to the Commitment—AirTran Airways and Frontier Airlines.

In November 2006, we reported that the ATA airlines' customer service plans were still in place to carry out the provisions of the Commitment and that the Commitment provisions were still incorporated in their contracts of carriage, as we recommended in our 2001 review. This is important because unlike DOT regulations, which are enforced by the Department and may result in administrative or civil penalties against an air carrier, contracts of carriage are binding contracts enforceable by the customer against the air carrier.

However, we found that the airlines must refocus their efforts on airline customer service by taking the following actions.

- **Resuming Efforts To Self-Audit Their Customer Service Plans:** In our 2001 report, we recommended, and the ATA airlines agreed, that the airlines establish quality assurance and performance measurement systems and conduct internal audits to measure compliance with the Commitment provisions and customer service plans.

In June 2001 (about 5 months later), we confirmed that 12 of the 14 ATA airlines that were signatories to the Commitment had established and implemented their quality assurance and performance measurement systems. In our 2006 review, however, we found that the quality assurance and performance measurement systems were being implemented at just five of the ATA airlines.⁹ The other ATA airlines had either discontinued their systems after September 11, 2001, or combined them with operations or financial performance reviews where the Commitment provisions were overshadowed by operational or financial issues. We also found that the two non-ATA airlines we reviewed did not have comprehensive quality assurance and performance measurement systems or conduct internal audits to measure compliance with their customer service plans.

A quality assurance and performance measurement system is necessary to ensure the success of the Commitment and customer service plans. Therefore, the success of the customer service plans depends upon each airline having a tracking system for compliance with each provision along with an implementation plan for the Commitment. These systems and audit procedures will also help DOT to more efficiently review the airlines' compliance with the Commitment.

⁹ At the time of our 2006 review, quality assurance and performance measurement systems were being implemented at Alaska Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, and United Airlines.

- **Emphasizing to Their Customer Service Employees the Importance of Providing Timely and Adequate Flight Information:** The ATA airlines committed to notify customers who are either at the airport or on board an affected aircraft of the best available information regarding delays, cancellations, and diversions in a timely manner.

All of the airlines included in our 2006 review made up-to-date information available about their flights' status via their Internet sites or toll-free telephone reservation systems. However, we still found that the information provided in boarding areas about delays and cancellations was not timely or adequate during our tests. In 42 percent of our observations, airline gate agents did not make timely announcements (defined as approximately every 20 minutes) about the status of delays, and the information they provided was not adequate about 45 percent of the time.

This is one area where the airlines' self-audits would be effective in monitoring compliance with the Commitment provision and their own internal policies.

Disclosing Chronically Delayed Flights to Customers: On-time flight performance data should also be made readily available to passengers at the time of booking. We recommended in our 2001 report that the airlines disclose to passengers at the time of booking—without being asked—the prior month's on-time performance for those flights that have been consistently delayed (i.e., 30 minutes or longer) or cancelled 40 percent or more of the time. We have recommended this several times, but none of the airlines to date have chosen to adopt it.

Instead, as an alternative, the airlines agreed to make on-time performance data accessible to customers through either the airlines' Internet sites or toll-free telephone reservation systems or a link to the BTS Internet site. Only 5 of the 16 airlines¹⁰ included in our 2006 review made on-time performance data available on their Internet sites.

Currently, the airlines are required to disclose on-time performance only upon request from customers. However, the information that the agents provide about on-time performance through the airlines' telephone reservation systems is not always accurate or adequate. In 41 percent of our 160 calls to the airlines' telephone reservation systems, agents either told us that the information was not available, guessed what they thought the on-time performance was, or gave the data for only the previous day.

¹⁰ Alaska Airlines, America West Airlines, Northwest Airlines, United Airlines, and US Airways.

The on-time performance for consistently delayed or cancelled flights is readily available to the airlines. Continuing to operate chronically delayed flights could potentially constitute a deceptive business practice, and not disclosing such delays could be viewed as contributing to a deceptive practice. Therefore, we continue to believe—as we recommended in 2001—that on-time performance should be disclosed at the time of booking for those flights that have been consistently delayed and should not require a customer request.

- **Focusing on the Training for Personnel Who Assist Passengers With Disabilities.** The needs and perspectives of passengers with disabilities are of paramount importance in providing satisfactory service. This is especially true during extended flight delays whether the passengers are on board aircraft or in the airlines' gate area.

The ATA airlines committed to disclose their policies and procedures for assisting special-needs passengers, such as unaccompanied minors, and for accommodating passengers with disabilities in an appropriate manner.

In our 2001 review, the airlines performed well with respect to this provision. However, in our 2006 review, we found that the majority of airlines (12 of 15) and their contractor personnel who interact with passengers with disabilities were not complying with the Federal training requirements or with their own policies. In over 15 percent of the 1,073 employee training records we reviewed, airline employees were either not trained, not promptly trained, did not have records to support completion of training, or were not current with annual refresher training.

The airlines need to refocus their attention in this area and ensure that employees who assist passengers with disabilities are properly trained.

The Department Should Take a More Active Role in Airline Customer Service Issues

Oversight and enforcement of air traveler consumer protection rules are the responsibility of the Department's Office of General Counsel. These rules encompass many areas, including unfair and deceptive practices and unfair methods of competition by air carriers and travel agents, such as deceptive advertising.

In our 2001 customer service report, we recommended that the Department be given additional resources to investigate and enforce cases under its statutory authority, and Congress did so. As part of our 2006 review, we examined how the Department has used the additional resources Congress appropriated to oversee and enforce air travel consumer protection requirements.

We found that DOT was using its additional resources to oversee and enforce air travel consumer protection requirements with a focus on investigations and

enforcement of civil rights issues, including complaints from passengers with disabilities. But, when DOT discovered violations and assessed penalties, it almost always forgave or offset a significant portion of the penalty if the air carrier agreed to mitigate the conditions for which the penalty was assessed. DOT's follow-up monitoring of compliance with these conditions was limited, and in some cases there was no follow-up monitoring at all. In recent years, DOT has not conducted on-site compliance reviews, relying instead on air carriers' self-certifications and company-prepared reports submitted without supporting documentation.

We also found that DOT's increased responsibilities—especially as they relate to civil rights issues—had diverted resources away from its other consumer protection activities, such as regular on-site consumer protection and related compliance and enforcement visits to airlines.

Additionally, DOT has acknowledged that chronically delayed and cancelled flights are clearly examples of deceptive practices by the airlines. However, DOT's current position is that chronically delayed flights are mostly due to reasons beyond the air carriers' control—these are mostly weather-related but also include congestion. As a result, in DOT's view, a successful enforcement action for unrealistic scheduling would be difficult at best.

We believe that DOT should revisit its current position regarding unrealistic scheduling and take enforcement action against carriers that consistently advertise flight schedules that they cannot meet, regardless of the causes of the delay.

Given the results of our 2006 review and the extended ground delays that stranded passengers on board aircraft this past winter, DOT should take a more active role in overseeing airline customer service.

The Airlines Must Overcome Challenges in Mitigating Extraordinary Flight Disruptions

The airlines continue to face challenges in mitigating extraordinary flight disruptions, including long, on-board delays during extreme weather. According to BTS, approximately 722,600 flights were delayed in 2006 *due to poor weather conditions* (10 percent of all commercial flights). For that same year, over 73,000 flights experienced taxi-out and taxi-in times of 1 hour or longer. The airlines, FAA, and the Department cannot prevent significant weather events. What they can do, however, is work together to plan for such events and minimize the impact on passengers.

This past winter's severe weather events underscored the importance of improving customer service for passengers who are stranded on board aircraft for extended periods of time.

- On December 20, 2006, severe blizzards closed Denver's airport, causing several airplanes to divert to other airports. United Airlines diverted two flights to Cheyenne, Wyoming. The following morning, United's flight crew and attendants boarded the aircraft and departed, leaving all 110 passengers behind to fend for themselves.
- On December 29, 2006, the Dallas-Fort Worth area experienced unseasonably severe weather that generated massive thunder, lightning storms, and a tornado warning; this caused the airport to shut down operations several times over the course of an 8-hour period. American Airlines diverted over 100 flights and many passengers were stranded on board aircraft on the airport tarmac for 6 hours or longer.
- On February 14, 2007, snow and ice blanketed the northeastern United States. JetBlue Airways stranded scores of passengers aboard its aircraft on the tarmac at John F. Kennedy International Airport (JFK). At 1 point during that day, JetBlue had 52 aircraft on the ground with only 21 available gates. JetBlue has publicly admitted shortcomings in its systems that were in place at the time for handling such situations.
- On March 16, 2007, an ice storm hit the Northeast, causing numerous delays and cancellations and forcing passengers to endure long, on-board flight delays. In fact, several Office of Inspector General staff were flying that day and experienced a 9-hour, on-board delay.

Meeting Passengers' Essential Needs During Long, On-Board Delays Is a Serious Concern of Secretary Peters and the Department. As a result of the December 29, 2006, and February 14, 2007, incidents; Secretary Peters expressed serious concerns about the airlines' contingency planning for such situations. On February 26, 2007, she asked our office to do the following:

- Examine the airlines' customer service commitments, contracts of carriage, and policies dealing with extended ground delays aboard aircraft.
- Look into the specific incidents involving American and JetBlue, in light of whatever commitment these carriers made concerning policies and practices for meeting customers' essential needs during long, on-board delays.
- Provide recommendations as to what, if anything, the airlines, airports, or the Government—including the Department—might do to prevent a recurrence of such events and highlight any industry best practices that could help in dealing with such situations.

Our work in this area began on March 12, 2007, with site visits to JetBlue Airways in New York (including JFK) and American Airlines in Texas—specifically, Dallas-Fort Worth International and Austin-Bergstrom Airports. During the past 40 days, we have done the following:

- Collected voluminous amounts of information and data from American and JetBlue regarding the events of December 29, 2006, and February 14, 2007. We are in the process of analyzing this information. While we are in the early stages of our review, we can report that American and JetBlue have revised their operating practices for mitigating long, on-board delays. For example, American instituted a new policy designed to prevent on-board delays from exceeding 4 hours. JetBlue also set a time limit of 5 hours maximum duration for any long, on-board delay away from a gate.
- Received information from other carriers providing service from Dallas-Fort Worth, Austin, and New York airports and met with officials from FAA air traffic control and those three airports. We are in the process of receiving contingency plans from the ATA airlines (system-wide plans) and the major airports they serve (each airport operator's plan).

We expect to brief the Secretary by the end of June and issue a report shortly thereafter.

Airlines Must Implement More Effective Contingency Plans. One observation we can share today regarding our current review is that contingency planning for extreme weather is not a new concern for airlines, as evidenced by the June 1999 Commitment provision, which states that:

- The airlines will make every reasonable effort to provide food, water, restroom facilities, and access to medical treatment for passengers aboard an aircraft that is on the ground for an extended period of time without access to the terminal, as consistent with passenger and employee safety and security concerns.
- Each carrier will prepare contingency plans to address such circumstances and will work with carriers and the airport to share facilities and make gates available in an emergency.

However, as we noted in our 2001 report, the airlines had not clearly and consistently defined terms in the Commitment provision such as “an extended period of time.” We also noted that only a few airlines’ contingency plans specify in any detail the efforts that will be made to get passengers off the aircraft when delayed for extended periods, either before departure or after arrival. Our opinion was then, as it is now, that this should be a top-priority area for the airlines when implementing their

contingency plans, especially with long, on-board delays on the rise from 2005 to 2006—particularly those exceeding 4 hours.

In response to our 2001 report recommendations, the airlines agreed to do the following:

- Clarify the terminology used in their customer service plans for extended delays.
- Establish a task force to coordinate and develop contingency plans with local airports and FAA to deal with lengthy delays.

While a task force was formed, the effort never materialized as priorities shifted after September 11, 2001. We are examining airline and airport contingency planning as part of our ongoing review.

We are also examining the actions taken by each airline to clarify terms relating to customers' essential needs during long, on-board delays. To date, we found that:

- Five of the 13 airlines¹¹ still had not clearly and consistently defined terms in the Commitment provision, such as “an extended period of time,” for meeting customers' essential needs during long, on-board delays.
- Of the eight airlines that have defined “an extended period of time,” the trigger thresholds for meeting passengers' essential needs vary from 1 to 3 hours. We think it is unlikely that a passenger's definition of an extended period of time will vary depending upon which airline they are flying.

Furthermore, preliminary data show that only 6 of the 13 airlines have defined what constitutes a “long, on-board delay” and have set a time limit on delay durations before returning to a gate or, when a gate is not available, deplaning passengers using mobile air stairs; loading passengers onto buses; and returning to the terminal.

Given the extended ground delays that stranded passengers on board aircraft this past winter, all airlines should specify in detail the efforts that will be made to get passengers off the aircraft when delayed for extended periods, either before departure or after arrival.

JetBlue and ATA Announced Initiatives To Address Long, On-Board Delays but More Needs To Be Done. These two initiatives address the recent events. First, on February 20, 2007, JetBlue published its own customer bill of rights. JetBlue plans to offer compensation in the form of vouchers for flight disruptions, such as cancellations. While this is a step in the right direction, this bill of rights is limited; JetBlue needs to clarify some of the terms. The JetBlue bill of rights only addresses

¹¹ Aloha Airlines, Delta Air Lines, JetBlue Airways, Midwest Airlines, and United Airlines.

3 of the 12 Commitment provisions: flight delays and cancellations, on-board delays, and overbookings. Also, JetBlue needs to clearly define all terms in its bill of rights, such as “Controllable Irregularity,” so that passengers will know under what specific circumstances they are entitled to compensation.

JetBlue believes that its bill of rights goes beyond the Commitment provisions in some areas, but re-accommodating passengers for flight cancellations is already required under its contract of carriage. Additionally, while JetBlue will compensate its customers for being bumped from their flights, compensation is already required under an existing Federal regulation but not to the extent of JetBlue’s compensation of \$1,000.

Second, on February 22, 2007, ATA announced the following course of action:

- Each airline will continue to review and update its policies to ensure the safety, security, and comfort of customers.
- Each airline will work with FAA to allow long-delayed flights to return to terminals in order to offload passengers who choose to disembark without losing that flight’s position in the departure sequence.
- ATA will ask the Department to review airline and airport emergency contingency plans to ensure that the plans effectively address weather emergencies in a coordinated manner and provide passengers with essential needs (food, water, lavatory facilities, and medical services).
- ATA will ask the Department to promptly convene a meeting of air carrier, airport, and FAA representatives to discuss procedures to better respond to weather emergencies that result in lengthy flight delays.

While we understand the current pressures that ATA and its member airlines face in maintaining profitability, we are concerned that the actions proposed merely shift responsibility from ATA to the Department. We agree that the Department must be an active partner, but ATA’s proposed course of action is not significantly different than what the airlines agreed to do in response to our 2001 recommendations, such as “to establish a task force to coordinate and develop contingency plans with local airports and FAA to deal with lengthy delays.”

As mentioned earlier, how to ensure airline customer service is clearly a policy issue for Congress to decide. Given the problems that customers continue to face with airline customer service, Congress may want to consider making the Airline Customer Service Commitment mandatory for all airlines.

However, there are actions that the airlines, airports, the Department, and FAA can undertake immediately without being prompted by Congress to do so. For example:

- Those airlines that have not already done so should implement quality assurance and performance measurement systems and conduct internal audits of their compliance with the Commitment provisions. The Department should use these systems to more efficiently review the airlines' compliance with those Commitment provisions governed by Federal regulation.
- The airlines should post on-time performance information on their Internet sites and make it available through their telephone reservation systems and should not require a customer request.
- The Department should revisit its current position on chronic delays and cancellations and take enforcement actions against air carriers that consistently advertise flight schedules that are unrealistic, regardless of the reason.
- The airlines, airports, and FAA should establish a task force to coordinate and develop contingency plans to deal with lengthy delays, such as working with carriers and the airport to share facilities and make gates available in an emergency.
- The Department's Office of General Counsel—in collaboration with FAA, airlines, and airports—should review incidents involving long, on-board ground delays and their causes; identify trends and patterns of such events; and implement workable solutions for mitigating extraordinary flight disruptions.

That concludes my statement. I would be glad to answer any questions you or other Members of the Subcommittee might have.

The following pages contain textual versions of the graphs and charts found in this document. These pages were not in the original document but have been added here to accommodate assistive technology.

Actions Needed To Improve Airline Customer Service

Section 508 Compliant Presentation

Figure 1. Provisions of the Airline Customer Service Commitment

- Offer the lowest fare available.
- Notify customers of known delays, cancellations, and diversions.
- Deliver baggage on time.
- Support an increase in the baggage liability limit.
- Allow reservations to be held or cancelled.
- Provide prompt ticket refunds.
- Properly accommodate disabled and special-needs passengers.
- Meet customers' essential needs during long, on-aircraft delays.
- Handle "bumped" passengers with fairness and consistency.
- Disclose travel itinerary, cancellation policies, frequent flyer rules, and aircraft configuration.
- Ensure good customer service from code-share partners.
- Be more responsive to customer complaints.

Source: Airline Customer Service Commitment, June 1999

Table. Number of Flights With Long, On-Board Tarmac Delays of 1 to 5 Hours or Longer for January Through February of 2006 and 2007

- In the first 2 months of 2006, there were 5,044 flights with on-board, tarmac delays of 1 to 2 hours. In the first 2 months of 2007, there were 11,889. This represents a 135.7 percent change.
- In the first 2 months of 2006, there were 381 flights with on-board, tarmac delays of 2 to 3 hours. In the first 2 months of 2007, there were 946. This represents a 148.3 percent change.
- In the first 2 months of 2006, there were 67 flights with on-board, tarmac delays of 3 to 4 hours. In the first 2 months of 2007, there were 193. This represents a 188.1 percent change.
- In the first 2 months of 2006, there were 10 flights with on-board, tarmac delays of 4 to 5 hours. In the first 2 months of 2007, there were 67. This represents a 570.0 percent change.

- In the first 2 months of 2006, there were 3 flights with on-board, tarmac delays of 5 hours or longer. In the first 2 months of 2007, there were 24. This represents a 700.0 percent change.

The total number of flights with long, on-board tarmac delays of 1 to 5 hours or longer for January through February of 2006 was 5,505. The total number of flights with long, on-board tarmac delays of 1 to 5 hours or longer for January through February of 2007 was 13,119. This represents a 138.3 percent change.

Source: Bureau of Transportation Statistics data

Figure 2. Air Travel Consumer Complaints, 2006

Flight Problems	Accounted for 29 percent of complaints.
Baggage	Accounted for 22 percent of complaints.
Customer Care	Accounted for 13 percent of complaints.
Reservations, Ticketing, and Boarding	Accounted for 11 percent of complaints.
Refunds	Accounted for 7 percent of complaints.
Disability	Accounted for 6 percent of complaints.
Others	Accounted for 12 percent of complaints.

Source: Department of Transportation Air Travel Consumer Reports for 2006

DOCUMENT SEPARATOR

Interim Report on Airline Customer Service Commitment

Report AV-2000-102
June 27, 2000



Office of Inspector General

U.S. Department of
Transportation





**U.S. Department of
Transportation**

Office of the Secretary

The Inspector General

Office of Inspector General

Washington, DC 20590

June 27, 2000

The Honorable John McCain
Chairman
The Honorable Ernest Hollings
Ranking Minority Member
Committee on Commerce, Science,
and Transportation
United States Senate
Washington, DC

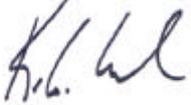
The Honorable Bud Shuster
Chairman
The Honorable James L. Oberstar
Ranking Minority Member
Committee on Transportation
and Infrastructure
House of Representatives
Washington, DC

Enclosed is our Interim Report on the Airline Customer Service Commitment, as required by The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century. As requested, we are reporting on the status of the Airlines' Customer Service Plans to carry out the Commitment and whether the Airlines modified their contracts of carriage to reflect all items in their Plans. Overall, the Airlines are at the 6-month point in implementing their Plans.

We will issue a final report by December 31, 2000, on the effectiveness of the Airlines' Plans to improve customer service. By December, the Airlines will have had a full year in which to fully implement their Plans.

We very much appreciate the cooperation received from the Air Transport Association and its member Airlines throughout this assessment. If I can answer any questions or be of further assistance, please contact me at (202) 366-1959 or my Acting Deputy, Todd J. Zinser, at (202) 366-6767.

Sincerely,

A handwritten signature in black ink, appearing to read "K. M. Mead". The signature is written in a cursive style with a large initial "K" and "M".

Kenneth M. Mead
Inspector General

Enclosure
Report No. AV-2000-102

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Introduction

Concerned over increasing complaints in air travel, compounded by the Detroit airport incident of January 1999, when hundreds of passengers were stuck in planes on snowbound runways for up to 8½ hours, Congress considered whether to enact a “passenger bill of rights.” Hearings were held in both the House and Senate to discuss the treatment of aviation passengers and specifically the “passenger bill of rights.”

Congress, the Department of Transportation (DOT), and the Air Transport Association (ATA)¹ agreed that, for the time being, legislation would not be necessary. Instead, ATA and its member Airlines² executed a document on June 17, 1999, known as the Airline Customer Service Commitment (the Commitment),³ to demonstrate the Airlines’ ongoing dedication to improving air travel. The Commitment includes 12 provisions. Each Airline would prepare a Customer Service Plan (Plan) implementing the Commitment.

In the Commitment, the Airlines agreed to have their Plans completed by September 15, 1999, and fully implemented by December 15, 1999. The Airlines also agreed to cooperate fully in any request from Congress for periodic review of compliance with the Commitment. It should be noted that the Air Transport Association and the Airlines cooperated fully with us during this review.

To ensure that ATA and the Airlines would live up to the Commitment, on December 10, 1999, Senator McCain, Chairman of the Senate Committee on Commerce, Science, and Transportation, asked DOT’s Office of Inspector General (OIG) to review the Plans and evaluate the extent to which each Airline met all

¹ The Air Transport Association is the trade association for America’s leading air carriers. Its members transport over 95 percent of all the passenger and cargo traffic in the United States.

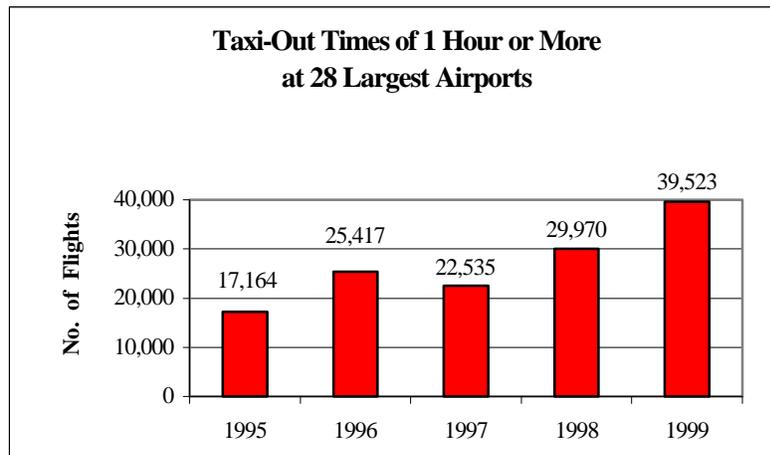
² For the purposes of this report, Airline or Airlines refers to the ATA member airlines; air carrier refers to airlines in general.

³ ATA signed the Commitment on behalf of 14 ATA member Airlines (Alaska Airlines, Aloha Airlines, American Airlines, American Trans Air, America West Airlines, Continental Airlines, Delta Air Lines, Hawaiian Airlines, Midwest Express Airlines, Northwest Airlines, Southwest Airlines, Trans World Airlines, United Airlines, and US Airways).

provisions under its Plan. Subsequently, Congress mandated such a review in The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21), Public Law 106-181, which gave the DOT Inspector General authority to monitor the implementation of the Commitment and the Airlines' Plans. The provisions under AIR-21 mirrored the Chairman's request, with one exception. Under AIR-21, the Inspector General's final report is to include a comparison of the customer service of ATA Airlines with non-ATA-member air carriers.

Increase in Flight Delays and Cancellations Fuel Customer Dissatisfaction

Air travel has doubled since 1980. With this growth has come growth in delays and cancellations, and customer dissatisfaction with air carrier customer service. Delays, as measured by the Federal Aviation Administration (FAA), have increased by over 50 percent in the last 5 years. Cancellations increased 68 percent, from 91,905 to 154,311 flights, between 1995 and 1999.⁴ Much of the delay time is occurring on the ground in the form of longer taxi-out and taxi-in times.⁵ At the 28 largest U.S. airports, the number of flights experiencing taxi-out times of 1 hour or more (situations in which the aircraft has left the gate and is waiting to take off) increased 130 percent between 1995 and 1999, from 17,164 to 39,523, as shown in the chart.



The 1999 DOT Air Travel Consumer Report disclosed that consumer complaints against U.S. air carriers more than doubled in 1999 over the prior year, from 7,980 to 17,381, with more than a 115 percent increase in the number of complaints relating to flight problems (delays, cancellations and missed connections). Complaints for the first 4 months of 2000 increased 74 percent (3,985 to 6,916) over complaints during the same period in 1999. However, DOT numbers are

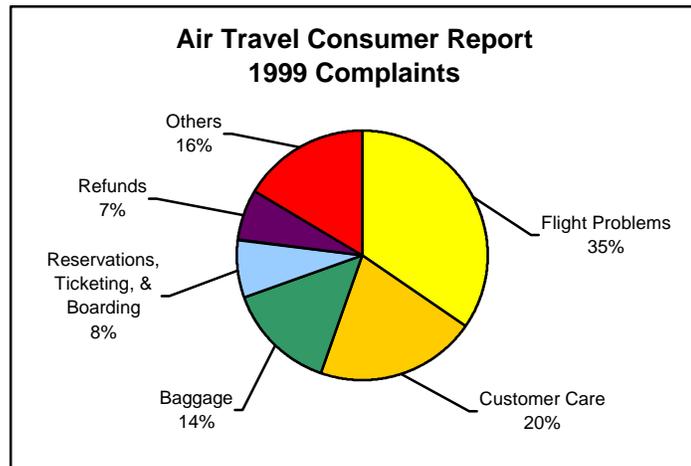
⁴ Information on delays and cancellations was developed in conjunction with our separate review of the sources and causes of flight delays and cancellations done at the request of the Senate Committee on Appropriations. The report on that review will be issued shortly.

⁵ Taxi-out time comprises the period between an aircraft departing the gate and taking off. Taxi-in time is the period between the aircraft landing and arriving at the gate.

significantly understated because, according to information available to DOT, the air carriers receive 100 to 400 complaints for every complaint filed with the DOT.

While a contributing factor to the increase in air traveler complaints is undoubtedly the ease of making a complaint to DOT via the Internet,⁶ the number of complaints and the increase during the first 4 months of 2000 cannot be ignored. They signal a high degree of consumer dissatisfaction with air carrier service that must be addressed.

Over the last several years, DOT has ranked flight problems as the number one air traveler complaint, with customer care⁷ and baggage complaints ranked as either number two or number three. As depicted by the chart, 1999 data show that these three types of complaints account for nearly 70 percent of all complaints received by DOT against U.S. air carriers.



Interim and Final Reports

This is an interim report. Overall, the Airlines are at the 6-month point in implementing their Plans. As requested, we are reporting on (1) the status of implementing the Commitment and the Airlines' Plans to carry out the Commitment, and (2) whether the Airlines modified their contracts of carriage⁸ to reflect all items in their Plans. See Exhibit A for a full discussion of the audit scope and methodology. Since this is an interim report, it does not include final results about how effectively the Airlines have implemented their Plans. Therefore, we have not identified specific Airlines by name in this interim report.

⁶ According to DOT's Consumer Protection Division, in 1999, one-quarter of the complaints received by DOT arrived electronically. In the 4 months from January through April 2000, over 45 percent of the complaints arrived electronically. Although some organizations have used a comparison of DOT 1998 and 1999 consumer complaint and air travel data to imply that the Airlines have not "lived up" to the commitments in their Plans, the data should not be relied on to measure the success or failure of the Airlines' Plans. The Airlines' Plans were not required to be implemented until December 15, 1999.

⁷ Complaints such as poor employee attitude, refusal to provide assistance, unsatisfactory seating, and unsatisfactory food service are categorized as Customer Care complaints.

⁸ A contract of carriage is the document air carriers use to specify legal obligations to passengers. Each air carrier must provide a copy of its contract of carriage free of charge, upon request. The contract of carriage is also available for public inspection at airport and city ticket offices.

This report contains an overview of our preliminary results, observations on the Airlines' systems to measure performance against their Plans, discussion of the Airlines' contracts of carriage in relation to their Plans, observations on DOT's capacity to enforce consumer protection rights, and discussion of the importance of customer service in the marketplace, both domestically and internationally. In addition, this report contains a detailed analysis of each of the 12 provisions of the Commitment, and, in the spirit of constructiveness, suggestions for improvement or steps the Airlines could take to strengthen implementation of the Commitment and their Plans.

We will issue a final report by December 31, 2000, on the effectiveness of the Airlines' Plans to improve customer service, including, as required by law, recommendations for improving accountability, enforcement, and protections afforded to commercial air passengers. By December 2000, the Airlines will have had a full year in which to fully implement their Plans.

The OIG is also reviewing the extent to which barriers exist to consumer access to comparative price and service information from independent sources on the purchase of air transportation, and the manner in which air carriers disclose information on overbooked flights to passengers or ticket agents. A separate report will be issued on this review later this summer.

Results

For the most part, the Airlines' commitment for better customer service was essentially a recommitment to place substantially greater emphasis on compliance with existing law, and Airline policies and procedures. The essence of the Commitment and Plans was to focus and re-emphasize attention and resources on customer service. The Airlines realized that improvements were needed in the way passengers were treated; and that good customer service begins with the successful execution of,

and continuous improvement to, existing customer service policies and procedures, programs and plans, as well as systems and technologies.

The Airlines Commit to:

1. Offer the lowest fare available
2. Notify customers of known delays, cancellations, and diversions
3. On-time baggage delivery
4. Support an increase in the baggage liability limit
5. Allow reservations to be held or canceled
6. Provide prompt ticket refunds
7. Properly accommodate disabled and special needs passengers
8. Meet customers' essential needs during long on-aircraft delays
9. Handle "bumped" passengers with fairness and consistency
10. Disclose travel itinerary, cancellation policies, frequent flyer rules, and aircraft configuration
11. Ensure good customer service from code-share partners
12. Be more responsive to customer complaints

The full text of the Airline Customer Service Commitment is in Exhibit B.

Two of the provisions in the Commitment were new policy. For example, one provision requires that Airlines either hold a telephone reservation without payment for 24 hours or cancel a paid reservation within 24 hours without penalty. Another provision supported an increase in the baggage liability limit from \$1,250 to \$2,500; this became effective January 18, 2000.

As for the remaining 10 provisions in the Commitment, the Airlines agreed to focus on better execution of customer service policies and procedures, many required by law or regulation, required under the Airlines' contracts of carriage, or part of Airline operating policy. A few of these provisions had subsets that provided new policies such as notifying customers *in a timely manner* of the best available information regarding known delays, cancellations and diversions; making every reasonable effort to return checked bags *within 24 hours*; issuing an annual report on frequent flyer redemption programs; and providing information regarding aircraft configuration (including seat size and pitch⁹).

Although certain factors in determining the overall quality of Airline customer service were not covered in the Commitment or the Airlines' Plans, the Airlines have implemented other initiatives to improve customer comfort and convenience.

⁹ Seat pitch is the distance from a point on one seat to the same point on the seat in front of it and is an indication of the amount of legroom between rows of seats.

These initiatives include things such as (1) reconfiguring airplanes to increase the room between rows of seats; (2) replacing overhead luggage compartments with larger, easier to use bins; (3) introducing airport kiosks to streamline the passenger check-in process; and (4) introducing new technologies to expedite the flow of passengers through security screening checkpoints. The Airlines responsible for the new initiatives estimate the cost for these new customer comfort and accessibility initiatives will exceed \$3 billion over the next few years. See Exhibit C for a full discussion on the Airlines' initiatives to improve customer service.

As agreed, the Airlines published their Plans by September 15, 1999. However, we found that not all the Plans were fully implemented by December 15, 1999, as required. The majority of Airlines were unable to meet the deadline because, due to the busy holiday travel season, training had not been completed for all their reservation, customer service, and sales personnel. Nonetheless, by March 1, 2000, according to the Airlines, their Plans were considered fully implemented.

In our initial observations and testing, we found the Airlines are making a clear and genuine effort at strengthening the attention paid to customer service, but bottom-line results to date are mixed, and the Airlines have a ways to go to restore customer confidence. The results include areas where the Airlines can improve upon disclosures provided passengers, such as fare and refund availability, and what to expect in the case of an extended on-board delay.

While the Commitment addresses such matters as improved communication with passengers, quoting the lowest available airfare, and timely return of misrouted or delayed baggage, the Commitment does not directly address underlying reasons for customer dissatisfaction, such as extensive flight delays, baggage not showing up on arrival, long check-in lines, and high fares in certain markets. In our opinion, until these areas also are effectively addressed by the Airlines, FAA, and others, there will continue to be discontent among air travelers.

Preliminary Results on Implementation of the Commitment and Plans Are Mixed

While we only recently began our testing of the Commitment and Plans, we have identified several areas that appear to be working well, as well as areas for improvement, as illustrated in the following examples. Each of the 12 provisions is discussed in detail beginning on page 15 of this report.

- **Offer the lowest fare available** - The Airlines agreed to offer, through their telephone reservation systems, the lowest fare available for which the customer is eligible. Six Airlines enhanced the provision by (1) offering the lowest fare

for reservations made at their city ticket offices and airport customer service counters, not just through the Airlines' telephone reservation systems; or (2) requiring their reservation agents to query the customer about the flexibility of their itinerary in terms of travel dates, airports and travel times to find the lowest fare available; or (3) notifying the customer through an on-hold message that lower fares may be available through other distribution sources and during different travel times.

Testing of this provision showed that Airline telephone agents were usually offering the lowest available fare for which we were eligible, but there were a sufficient number of exceptions to this that it is an area to which the Airlines should pay special attention. The problems we identified were not deliberate on the part of the Airlines; rather, they were due to employees not following established procedures.

- **Notify customers of known delays, cancellations, and diversions** - For the most part, we found the Airlines were making a significant effort, both at the airport and on-board aircraft, to improve communication with customers about delays and cancellations. These improvements include investments in various communication technologies and media as well as more frequent announcements to customers. However, we also found major room for improvement in the accuracy, reliability, and timeliness of the Airlines' communications to customers about the status of flights. For example, several Airlines pointed to the air traffic control system as the reason for delays, even in cases of extremely bad weather, crew unavailability, or maintenance problems.

Additionally, we found the Airlines are providing the consumer more in their Plans than in their contracts of carriage. For example, with one exception, the Airlines' Plans provide accommodations for passengers put in an overnight status due to cancellations or delays caused by Airline operations. However, only two Airlines provide for this in their contracts of carriage.

- **On-time baggage delivery** — Passengers expect to find their checked baggage upon arrival at their destination airports, but this provision actually deals with the delivery of misrouted or delayed baggage. The Airlines committed *to return the misrouted or delayed bag to the passenger "within 24 hours."* We have found examples where Airlines have invested in advanced baggage scanning technologies to facilitate the return of baggage or increased staff resources for processing claims. However, we found that the Airlines were not consistent in their Plans when defining what constituted "within 24 hours." For instance, some Airlines started the clock when a passenger filed a missing bag claim and others only after the bag arrived at the destination airport. Based on

our discussions with the Airlines, they have agreed to develop tracking systems to establish a baseline and monitor compliance with this provision.

- **Allow reservations to be held or canceled** — This is a new customer service commitment and allows the customer either to hold a telephone reservation without payment for 24 hours **or** to cancel a paid reservation without penalty for up to 24 hours. This provision should be very popular with passengers who book nonrefundable tickets, because it allows customers to check for lower fares and time to coordinate their travel without losing a quoted fare.

Our preliminary testing shows that, with a few exceptions, the Airlines were either holding the fare for 24 hours or refunding the full fare without penalty if the reservation was canceled within 24 hours. However, where a ticket purchase was required, we typically were not told by the reservation agents that we could receive a full refund if the reservation was canceled within 24 hours.

- **Provide prompt ticket refunds** - By agreeing to this provision, the Airlines have, in essence, agreed to comply with existing Federal regulations and requirements. The 7-day refund requirement for credit card purchases has been in effect for nearly 20 years and is governed by Federal regulations. The 20-day refund requirement for cash purchases was established and has been in effect for over 16 years. Our preliminary testing did not show compliance problems with this provision.
- **Properly accommodate disabled and special needs passengers** - This provision is all about disclosing policies and procedures for handling special needs passengers and for accommodating persons with disabilities. It does not require the Airlines to go beyond what is in the regulations for accommodating persons with disabilities or to improve the treatment of special needs passengers. Of the 12 provisions addressed in their Plans, we found the Airlines disclosed more detailed information to passengers on this provision than on any other. Between now and October 2000, we will assess how well the Airlines are complying with regulations for accommodating persons with disabilities. This process is not complete, and we are collecting views from groups representing the disabled, which we will consider in reaching a conclusion on whether this provision was effective.
- **Meet customers' essential needs during long on-aircraft delays** - We have found examples where Airlines have invested in air stairs for deplaning passengers when an aircraft is delayed on the ground but does not have access to a terminal gate; secured additional food and beverage supplies for service at the departure gates or on-board flights experiencing extended delays; or made

arrangements with medical consulting services to resolve medical emergencies that occurred on-board an aircraft.

However, during our initial visits to the Airlines, less than half had comprehensive customer service contingency plans in place for handling extended delays on-board aircraft at all the airports they served. Subsequent to our initial visits, the Airlines have all stated that comprehensive customer service contingency plans are in place for addressing delays, cancellations and diversions. Over the next several months, at the airports we visit, we will determine whether the (1) Airlines' customer service contingency plans are in place, (2) Airlines' customer service personnel are knowledgeable of contingency plan procedures, and (3) contingency plans have been coordinated with the local airport authorities and FAA.

This provision does not specify in any detail the efforts that will be made to get passengers off the aircraft when delayed for extended periods, either before departure or after arrival. The provision uses general terms such as "food," "every reasonable effort," "for an extended period of time," or "emergency." These terms are not clearly defined and do not provide the passenger with a clear understanding of what to expect.

- **Handle "bumped" passengers with fairness and consistency** — In the air carrier industry, many customers make reservations and subsequently fail to travel, without notifying the air carrier. Consequently, air carriers overbook their scheduled flights, which means they take more reservations than there are seats. When more confirmed passengers than expected actually show up for a flight, it is "oversold," and the air carrier must seek out passengers who are willing to give up their seats for compensation before bumping anyone involuntarily. The requirement that the Airlines establish and disclose to the customer policies and procedures regarding denied boardings has been in effect for over 17 years. One critical element of disclosure is the Airlines' check-in time requirements that passengers must meet in order to avoid being "bumped." This is important because the last passenger to check in is generally the first to be denied a seat.

We found several inconsistencies and ambiguities between the check-in times identified in the Airlines' Plans, and on the Airlines' contracts of carriage, ticket jackets, or other written instruments, such as the customer's receipt and itinerary for electronic tickets. For example, in its contract of carriage, one Airline requires passengers to check in 10 minutes prior to the flight's scheduled departure, but on its customer's receipt and itinerary for electronic tickets, the check-in time states 20 minutes prior to the flight's scheduled

departure, making it unclear to the passengers which check-in time must be met in order to avoid losing their seats and being "bumped" from the flight.

We also found that, among the Airlines, check-in time requirements are different. (For example, one Airline requires that the passenger be at the gate at least 15 minutes before scheduled departure, while another Airline requires 20 minutes.) To avoid being bumped and to protect their rights to denied boarding compensation, passengers need to be aware of the check-in requirements for the Airline on which they are flying.

- **Be more responsive to customer complaints** - The provision requires the Airlines to respond to complaints within 60 days; it does not require resolution of the complaint within the 60-day period, nor that when resolved, the disposition will be satisfactory to the customer. Our preliminary testing of this provision found the Airlines were responding to written complaints in accordance with their internal policies, generally less than 60 days. In addition, the replies we reviewed were responsive to the customer complaint and not merely an acknowledgement that the complaint had been received. This is an area the Airlines appear to be taking seriously. However, we have only done limited testing to date, so it is too early to conclude whether or not this provision has been effectively implemented.

Airline Performance Measurement Systems and Non-Airline-Employee Training Are Needed

A major observation of our review, which is key to the success of the Customer Service Plans, is the need for each Airline to have a credible tracking system for compliance with each provision and the implementing Airline Plan, buttressed by performance goals and measures. We found that most of the Airlines did not have such a system in place, and we received assurances that such systems would be established. In our work between now and December, we intend to establish whether the Airlines have followed through on these assurances. The expectation, for example, is that each Airline will have in place a tracking system to ensure the lowest eligible fare is offered, that misrouted and delayed baggage is returned within 24 hours, that refunds are paid within the requisite timeframe, and that communication systems for advising passengers of flight status are working properly, and generating reliable and timely information.

The Airlines must also ensure that non-Airline employees that interact with passengers (such as skycaps, security screeners, baggage handlers, and wheelchair providers) are adequately trained on the Airlines' Plans' policies and procedures for customer service. Often non-Airline personnel are mistaken for Airline

employees; therefore, it is critical to the success of the Commitment and Plans for these personnel to be properly trained. When these personnel perform customer service functions covered directly by the Airlines' Commitment, the public cannot reasonably be expected to differentiate between those who work for the Airlines and those who do not. However, 5 of the 14 Airlines told us they did not intend to train non-Airline personnel on their Plans' procedures. This is unfortunate.

For example, it is critical that the Airlines ensure that non-Airline personnel performing passenger security screening service on behalf of the Airlines understand the Airlines' policies and procedures in their Plans for accommodating persons with disabilities. The Airlines' policies and procedures in their Plans are there to ensure compliance with the requirements of the Air Carrier Access Act of 1986, which is codified in Title 14 Code of Federal Regulations Part 382, Nondiscrimination on the Basis of Disability in Air Travel.

The Terms in the Airlines' Contracts of Carriage Can Be More Restrictive Than the Terms in Their Plans

The Commitment and the Airlines' Plans, while conveying promises of customer service standards, do not necessarily translate into legally enforceable passenger rights. Rather, each air carrier has an underlying contract of carriage which, under Federal regulations, provides the terms and conditions of passenger rights and air carrier liabilities. The contract of carriage is legally binding between the air carrier and the passenger and may be enforced.

Because of their clear enforceability, the Airlines' contracts of carriage have become an important issue in the customer service debate, and one of our objectives was to determine whether the Airlines modified their contracts of carriage to reflect all items in their Plans. Our results indicate that, in general, they have not. Although 1 Airline incorporated its Plan in its entirety into the contract of carriage, 3 Airlines (as of April 20, 2000) have not changed their contracts of carriage at all since they agreed to the Commitment, and the remaining 10 Airlines have changed their contracts of carriage to some extent. This means that the provisions for returning misrouted baggage within 24 hours and holding a reservation for 24 hours without payment are not in some contracts of carriage.

At present, it remains uncertain whether an Airline's Plan is binding and enforceable on the Airline. In fact, one Airline, in its Plan, has stated that the Plan does not create contractual or legal rights. To resolve this question, the Airlines *could* incorporate their Plans in their contracts of carriage. However, based on our results thus far, we are concerned that, without direction to the contrary, this

would leave open the possibility that the contracts of carriage may be more restrictive to the consumer than envisioned in the Commitment or the Plans. In some cases, we found the modifications made to the contracts of carriage included restrictions not found in the Plans. For example:

- One Airline, in its Plan, states that it would accommodate passengers required to stay overnight for delays and cancellations caused by the Airline's operations. However, in its contract of carriage the terms are more limited--the Airline provides accommodations if the passenger is diverted to another airport and put in an overnight status at the other airport.
- One Airline, in modifying its contract of carriage to implement the provision to hold a reservation without payment for 24 hours, limited the benefit to passengers *calling* from within the United States for *travel* within the United States. However, the Commitment does not make this distinction.
- One Airline's Plan committed to deliver delayed checked baggage *before midnight of the day of the passenger's arrival* at his final destination. However, the Airline's contract of carriage states that the Airline "would make every effort to return the delayed checked baggage *within 24 hours of the passenger's arrival* at the destination airport."

These examples illustrate that the enforceable contract between the Airlines and their passengers may be less advantageous to the passengers than the provisions found in the Airlines' Plans. To adequately protect the consumer, the Airlines need to ensure that changes to the contracts of carriage fully reflect the benefits afforded by their Plans and the Airlines' commitment to customer service.

Implications for DOT's Capacity to Oversee and Enforce Air Carrier Customers' Rights

The Airline Deregulation Act of 1978 phased out the Federal Government's control over airfares and routes served, relying instead on competitive market forces to determine the price of domestic air service as well as where air carriers fly. In doing so, however, Congress authorized DOT to oversee and enforce air travel consumer protection requirements, some of which are covered by the Commitments and the Airlines' contracts of carriage. These include denied boarding compensation rules, rules governing the accommodation of disabled air travelers, ticket refund provisions, and baggage liability requirements. This mission is carried out by the Office of the Assistant General Counsel for Aviation Enforcement and Proceedings, including its Aviation Consumer Protection Division. This office is also responsible for enforcing other aviation economic

requirements, such as those proscribing unauthorized operations, those requiring the reporting of traffic and financial information, and legal issues that arise regarding air carrier fitness determinations.

DOT, in preparing and justifying budget requests for this office, and Congress, in reviewing those requests, should look closely at this office's capacity to fulfill its mission and be responsive in a timely way to consumer complaints. In 1985, this office had a staff of 40; in 1995, it was down to 20; and by 2000, it had a staff of 17 to oversee and enforce aviation consumer protection rules as well as carry out its other responsibilities.

In fact, resources dedicated to the Aviation Enforcement Office are inversely proportionate to its workload. Staffing has declined by more than half during a period when the office's workload has been expanding: air traffic more than doubled, complaints increased from 7,665 in 1997 to 20,495¹⁰ in 1999, additional requirements were established (such as the Air Carrier Access Act and the Aviation Disaster Family Assistance Act), and recently, the Commitment emerged as an important element in protecting passenger rights. An issue that office will face soon is whether policies contained in the Commitment and the Airlines' implementing plans are enforceable if they are not also contained in the Airlines' contracts of carriage.

We believe there is cause for concern whether the oversight and enforcement expectations for the Office of Aviation Enforcement and Proceedings significantly exceed the office's capacity to handle the workload in a responsive manner.

Customer Service Can Be an Area of Competition Among the Air Carriers

Customer service is likely to become more of a competitive force as air carriers strengthen and implement plans to provide better service. In fact, several Airlines have recently taken steps to improve customer comfort and convenience, such as: reconfiguring airplanes to increase the room between rows of seats; replacing overhead luggage compartments with larger, easier to use bins; introducing airport kiosks to streamline the passenger check-in process; and introducing new technologies to expedite the flow of passengers through security screening checkpoints. Over time, where there is competition in the air markets served, measures such as these should serve as a catalyst for other Airlines to introduce initiatives to improve their customer service in order to remain competitive.

¹⁰ Total number of aviation consumer complaints filed with DOT for the entire industry (U.S. air carriers, foreign air carriers, tour operators, etc.).

The recently proposed merger of United Airlines with US Airways and other potential mergers in response, raise questions about air carrier service. In the short run, merging air carriers may encounter many of the same service difficulties experienced by the railroad industry in recent mergers between large railroads with extensive route networks. The acquisition of the Southern Pacific by the Union Pacific and the purchase and division of Conrail by the Norfolk Southern and CSX generated large outpourings of complaints by railroad customers over a dramatic deterioration of rail service. Customers, particularly those with limited or no other options for rail service, complained about extensive problems with delays and the failure of their railroad to provide requested service. This occurred, in part, because the merging railroads had not adequately planned for or committed sufficient resources to the integration of their operations.

In the longer run, if the number of actual *or potential* competitors in air markets declines, there is likely to be less competitive pressure on the remaining air carriers to continue to offer improved service amenities or introduce additional ones. The Airlines' contracts of carriage, which contain legally enforceable terms, will become more important if an environment develops where there is less competitive pressure to maintain or improve customer service.

Customer Service Complaints Are Not Limited to U.S. Carriers

U.S. air carrier passengers are not alone in voicing their frustrations about customer service. In the European Union, more people than ever are flying, yet the European Parliament and national administrations are receiving a constant stream of complaints from citizens who are disappointed in the air service received. Last January, in a move to strengthen passenger rights, the Directorate-General for Energy and Transport of the European Commission issued a request for comments on an "Air Passenger Rights" proposal. This proposal, among other things, included consideration of provisions to compensate passengers for excessive delays. The Commission is considering either a voluntary approach with the air carriers or new regulations to extend passenger rights.

The Airlines here as well as those in Europe have an opportunity to improve customer service on their own initiative. First, they must be committed to customer service. Second, they will need to integrate the Plans throughout their operations. Third, they will need to continuously improve on their existing customer service policies and procedures, programs and plans, and systems and technologies.

Analysis of Each Provision, Including Suggestions for Improvement

The following description and analysis of each provision in the Commitment is based on our visits to the Headquarters of the Airlines; review of the Airlines' Plans, implementing policies and procedures, and contracts of carriage; and Federal regulations pertinent to selected provisions in the Plans. The analysis is also based on our preliminary observations and tests of the Airlines' customer service operations at several airports nationwide, and testing of implementing procedures for selected provisions in the Plans at corporate facilities (e.g., testing Airline compliance with ticket refund requirements). A significant issue in some cases is the difference between what was promised in the Plans and what was provided in the contracts of carriage. We are continuing to test the effectiveness of the Commitment and will report our results in our final report.

1 - Offer the Lowest Fare Available

What Was Promised - The Airlines committed to offer the lowest fare available for which the customer is eligible on the Airline's telephone reservation system for the date, flight and class of service requested. The Airlines, for the most part, considered this a pre-existing operating policy, which was part of the reservation agents' training curriculum before the Commitment. This provision gives assurances that the Airlines will offer the consumer the lowest fare available through their telephone reservation systems for the date, flight, and class of service requested.

What Was Not Promised - The Airlines did not commit to guaranteeing the customer that the quoted fare is the lowest fare the Airline has to offer. There may be lower fares available through the Airlines' Internet sites that are not available through the Airlines' telephone reservation systems. Also, the Airlines did not commit to always offer the lowest fare for reservations made or tickets purchased at the Airlines' airport customer service counters or city ticket offices. Further, the Airlines did not commit to disclose that there may be lower fares available through other distribution outlets, making it incumbent on the customer to know that lower price alternatives may be available.

What the Airlines' Plans Provide - In all the Plans, the Airlines agree to offer, through their telephone reservation systems, the lowest fare available for which the customer is eligible. However, six Airlines enhanced the provision by (1) offering the lowest fare for reservations made at their city ticket offices and airport customer service counters, not just through the Airlines' telephone

reservation systems; or (2) requiring their reservation agents to query the customer about the flexibility of their itinerary in terms of travel dates, airports and travel times to find the lowest fare available; or (3) notifying the customer through an on-hold message that lower fares may be available through other distribution sources and during different travel times. Also, six of the Airlines have modified their contracts of carriage to include this provision.

Complaint Data Reported by DOT - According to DOT's Air Travel Consumer Report, the number of complaints relating to fares increased nearly 100 percent in 1999 over the prior year, from 345 to 683. In the first 4 months of 2000, fare complaints increased 116 percent over the same period in 1999, from 164 to 354. However, over the last several years, DOT has ranked fare complaints among the bottom 4 complaint categories out of 11 categories reported.

Preliminary Observations - Our limited testing of this provision found that the Airlines' telephone reservation agents usually offered us the lowest fare available for which we were eligible. In cases where we were not offered the lowest fare, it was due to employees not following established procedures. There were a sufficient number of cases in which the lowest fare was not offered to warrant that the Airlines pay special attention to this area. The Airlines would have identified this problem had internal testing and performance measurement systems been in place. Our testing in this area is ongoing and will continue through October 2000. At that time, we will have determined the extent of the problem and verified whether the Airlines took effective corrective action.

Suggestions for Improvement - The Airlines that have not already done so should consider affirmatively informing the customer that lower fares may be available if the customer has a flexible schedule, or through other Airline distribution systems.

2 - Notify Customers of Known Delays, Cancellations and Diversions

What Was Promised - The Airlines committed to notify customers at the airport and on-board an affected aircraft, in a timely manner, of the best available information regarding known delays, cancellations, and diversions. In addition, each Airline would establish and implement policies for accommodating passengers delayed overnight. A clear and concise statement of Airlines' policies in these respects would also be made available to customers.

This provision is encompassed by either pre-existing operating policies or a pre-existing Federal regulation. *All of the Airlines' pre-existing operating policies* required notifying customers at the airport and on-board an affected aircraft of the best available information regarding known delays, cancellations, and diversions. "In a timely manner" was included in the provision so that the Airlines would be obligated to notify passengers **more frequently** about known delays, cancellations, and diversions.

The requirement that the Airlines must establish and publish policies for accommodating passengers delayed overnight is governed under Title 14 Code of Federal Regulations (CFR) Part 253, Notice of Terms of Contract of Carriage. Part 253 requires that all air carriers' contracts of carriage disclose to the consumer the rights of the carrier and limitations concerning delays or failure to perform service. Part 253 also requires these policies be made available to customers on an air carrier ticket or other written instrument, such as an air carrier ticket jacket.

The air carriers' contracts of carriage, under Rule 240 of the Domestic General Rules Tariff No. DGR-1, Failure to Operate on Schedule or Failure to Carry, outline the carrier's obligations to its passengers in the event of schedule irregularities such as delays, missed connections, diversions or cancellations. Under Rule 240, all air carriers will allow the passenger to travel on an alternate carrier at no additional expense to the passenger if the cause of the cancellation or delay was within the control of the air carrier. Under the same scenario, the air carriers will also refund any unused refundable and nonrefundable tickets.

Some Airlines go further in their contracts of carriage and agree to provide accommodations (lodgings, meals and transportation) if a flight is diverted to an unscheduled airport and the passengers' delay at such airport is expected to exceed 4 hours between the hours of 10:00 p.m. to 6:00 a.m. Two Airlines go even further and state they will accommodate passengers delayed overnight if the cancellation or delay resulted from the Airlines' operations, and the last actual flight of the day was canceled or the delay exceeds 4 hours and extends into the period 10:00 p.m. to 6:00 a.m.

What Was Not Promised - The Airlines did not commit to notifying customers, prior to their arrival at the airport, of known delays, cancellations, and diversions. The Airlines also did not commit to providing accommodations for passengers delayed overnight regardless of the reason for the delay. Further, the provision does not require the Airlines to establish goals for reducing the number of delays and cancellations, which are the largest source of air traveler dissatisfaction.

What the Airlines' Plans Provide - In their Plans, the Airlines all agree to notify passengers of delays and cancellations and to establish policies for when they will

accommodate passengers delayed overnight. Seven Airlines specify in their Plans that they will notify customers at the airport and on-board an affected aircraft, every 15 to 20 minutes, of the best available information regarding known delays, cancellations, and diversions. Also, six of the Airlines post flight status information on their Internet sites and provide real-time flight information through their flight status information systems by dialing a toll-free telephone number. Six Airlines have procedures in place to contact passengers at their home, work, pager, or cellular telephone number about known delays and cancellations.

However, in the Airlines' contracts of carriage, when a delay or cancellation occurs, the Airlines will rebook the passenger, without charge, on their next flight out. If rebooking the passenger on one of their own flights is not practical or possible, the Airlines will rebook the passenger, without charge, on another air carrier, or offer the passenger a full refund for the unused portion of the ticket, even for a nonrefundable ticket. Also, during delays at the airport, seven Airlines will accommodate their passengers with different types of amenities, such as a snack voucher, telephone card, or discount on future travel, depending on the extent of the delay, generally in excess of 1½ to 2 hours.

When a flight delay or cancellation creates an overnight stay for the passenger, all Airlines' Plans, except one, stated they will provide food, lodging or transportation, if the cause of the delay was within their control. This goes beyond the explicit terms in their contracts of carriage, and the Airlines define what is meant by within their control.

Complaint Data Reported by DOT - Over the last 2 years, DOT's Air Travel Consumer Report has ranked flight problems (delays, cancellations and missed connections) as the number 1 complaint out of 11 complaint categories reported. Complaints relating to flight problems more than doubled in 1999 over the prior year, from 2,552 to 7,129. In the first 4 months of 2000, again ranking as the number one air traveler complaint, flight problem complaints increased more than 80 percent compared to the same period in 1999, from 1,546 to 2,842.

For 1999, DOT reports¹¹ that the Airlines showed an increase in the number of delays over the prior year, from 1,935,479 to 2,076,443. DOT also reports that for 1999 the Airlines showed an increase in the number of canceled flights over the prior year, from 144,509 to 154,311, with a rate of cancellations per total flight operations going from 2.68 percent to 2.79 percent over this same period.

¹¹ DOT's reports of flight delays are based on statistics filed with DOT on a monthly basis by U.S. Airlines that have at least 1 percent of the total domestic scheduled-service passenger revenues.

Preliminary Observations — Since the Plans were implemented, we found the Airlines have made a clear and substantial effort to communicate delays and cancellations,¹² but the information being communicated is frequently inaccurate, incomplete or unreliable. We also found that several of the Airlines have invested in new technologies to improve customer service on the ground, such as the customer information display systems (40-inch diagonal screens) located at gate and boarding areas that provide passengers with information about aircraft type, meal service, ticketing procedures, planned boarding times by row number, on-board entertainment, and schedule irregularities. Further, seven of the Airlines have procedures in place to notify customers at the airport and on-board an affected aircraft, every 15 to 20 minutes, of the best available information regarding known delays, cancellations and diversions.

However, simply communicating is not sufficient if the information is not accurate. We found that the Airlines continue to be faced with the challenge of improving their lines of communication, both internally and with FAA, and streamlining the flow of accurate and reliable information to passengers during schedule irregularities. Although there are clearly improvements in the Airlines' efforts to keep passengers informed, we found that information being provided about known delays and cancellations at airport check-in counters and in the boarding areas was frequently inaccurate, incomplete, or unreliable. For example, during our initial testing we found:

- Some Airlines repeatedly blamed their delay or cancellation entirely on FAA's air traffic control system when, in fact, the delay was due to severe weather or an Airline schedule irregularity (mechanical problems with the aircraft or flight crew shortages).
- Flight monitors and gate displays in the boarding areas showed the flights as on-time although, at the time of the flight, it was evident there would be a delay because (1) there was no aircraft at the gate, or (2) the flight was scheduled to leave in 5 minutes and passenger boarding had not begun. During some of our tests, when queried, the gate agent told us the flight was scheduled to leave on-time when, in fact, we knew from FAA air traffic control that it was delayed.
- Delays in some instances were known by the Airlines up to 4 hours prior to departure but were not communicated to the passengers until after the aircraft had been boarded and pushed away from the gate. At that time, the captain

¹² Our work to determine whether the Airlines notify passengers in a timely manner when their flight is diverted to another location is not yet complete.

announced that the flight would be delayed 1 or 2 hours due to severe weather conditions at the destination airport.

We also found a disconnect between what the Airlines specified in their Plans and what is in their contracts of carriage. With one exception, all the Plans specify that the Airlines will provide accommodations for passengers put in an overnight status due to Airline operations. However only two Airlines explicitly provide for this in their contracts of carriage. Most Airlines' contracts of carriage only provide for accommodations if the passenger is diverted to another airport and put in an overnight status at that other airport. It is unclear if the passengers' rights to the services provided in the Airlines' Plans are enforceable if those rights are not specified in the Airlines' contracts of carriage.

Suggestions for Improvement —

- The Airlines should consider clarifying the customers' rights when put in an overnight situation due to delays, cancellations, or diversions by making the contracts of carriage consistent with their Plans. In doing so, we would urge the Airlines not to back off accommodations made in their Plans. The reason we surface this issue is that at least one Airline, in its Plan, has stated that the Plan does not create contractual or legal rights.
- The Airlines need to improve the lines of communication and streamline the flow of accurate and reliable information between (1) FAA and the Airlines' Operations Control Centers, and (2) the Airlines' Operations Control Centers and the frontline personnel in Airport Customer Service, Flight Operations, and In-Flight Service.
- The Airlines that have not already done so should consider implementing a system that contacts passengers prior to arriving at the airport when a known, lengthy flight delay exists or a flight has been canceled.

Both the Airlines and FAA must move beyond finger-pointing, and work towards greater cooperation in identifying and addressing the causes of flight delays and cancellations. There often are multiple causes of delays and cancellations. Whereas weather was a major source of delays and cancellations, in 1999 as well as in prior years, it alone is not responsible for the sizable increases in 1999. Nor can FAA's management of air traffic be seen as the only cause of delays and cancellations, since bad weather and the air carriers also play a role with respect to growing air traffic and scheduling practices.

Our current audit on delays and cancellations found that FAA, in coordination with the major air carriers, needs to establish a common system for tracking

delays, cancellations, and associated causes. In terms of tracking delays and cancellations, FAA and the air carriers have made progress in the last several months. Now, both FAA and the air carriers need to move forward and establish a common framework for documenting and identifying the *causes* of delays and cancellations. The need for this was recently demonstrated by a lengthy delay at a major U.S. airport when some passengers were on-board aircraft from 4 to 8 hours. FAA and the Airline have different views on what happened and why. This illustrates the need for better communications and systems for documenting the cause of delays.

3 - On-Time Baggage Delivery

What Was Promised — The Airlines committed to make every reasonable effort to return checked bags within 24 hours and attempt to contact any customer whose unclaimed, checked luggage contains a name and address or telephone number. This is considered a pre-existing operating policy and applies to checked baggage that has been delayed or misrouted by the Airlines, resulting in a passenger arriving at his or her destination without a bag. Although it is not explicitly stated in the provision, the intent of the provision is that the Airlines will make every reasonable effort to return checked bags *to the customer* within 24 hours.

What Was Not Promised — The Airlines did not commit to improve on-time baggage delivery, but rather to return the misrouted or delayed bag to the passenger within 24 hours. This provision also does not define at what point in time the “24 hour” clock starts ticking.

What the Airlines’ Plans Provide - In their Plans, the Airlines are consistent in offering what the provision requires. Five of the Airlines provide a toll-free telephone number for the customer to call to learn the status of lost, delayed, damaged, or pilfered baggage. Also, six of the Airlines provide an overnight kit containing essential toiletry and personal items, or an interim allowance up to \$25, to customers for bags not returned within 24 hours. In their Plans, seven of the Airlines remind customers to place their name, address and telephone number both outside and inside the bag to facilitate locating a misrouted or delayed bag.

Complaint Data Reported by DOT - According to DOT complaint data, mishandled baggage¹³ is a major source of air traveler dissatisfaction. Over the last 2 years, DOT's Air Travel Consumer Report ranked baggage complaints as the third complaint category out of 11 categories being reported. The number of complaints relating to baggage more than doubled in 1999 over the prior year,

¹³ DOT defines mishandled baggage as checked baggage that has been lost, delayed, damaged or pilfered.

from 1,431 to 2,913. In the first 4 months of 2000, baggage complaints increased by more than 66 percent over the same period in 1999, from 738 to 1,231.

In its Air Travel Consumer Report, DOT reports that for 1999 the Airlines showed a 2 percent increase in the number of passenger reports of mishandled baggage over the prior year, from 2,484,841 to 2,537,018, with an average of 5.08 claims filed per 1,000 passengers. The first 4 months of 2000 show an 8 percent decrease in the number of passenger reports of mishandled baggage over the same period in the prior year, from 886,734 to 811,755, with an average of 4.49 claims filed per 1,000 passengers. These data are self-reported by the Airlines and are not verified by DOT.

Preliminary Observations - The Airlines note that the vast majority of passengers and their checked baggage arrive at their destination together. Before the Commitment, the Airlines were, and still are, using WorldTracer to assist in the recovery of misrouted passenger baggage, allowing information exchange within a given air carrier as well as among air carriers worldwide. WorldTracer maintains a large worldwide database of on-hand and forwarded baggage information and has a sophisticated matching mechanism based on external and internal baggage characteristics. WorldTracer is used by approximately 300 companies worldwide.

Two Airlines have made additional investments in state-of-the-art baggage scanners to more accurately track bag transfer information between airports in order to match the bag tag number with anyone who has reported a bag missing. Several Airlines told us they increased staffing to track and process claims. Our December 2000 report will determine whether the investments in new technologies and additional staffing are having a material impact on the number of mishandled bags or materially assist in the rapid recovery of misrouted or delayed passenger baggage.

In our initial review of the Airlines' Plans for implementing this provision, we found that the Airlines had not uniformly defined what constituted within 24 hours. In other words, 24 hours from when? We found different interpretations among the Airlines of when the clock starts, ranging from when the passenger arrived at his or her destination, to when the misrouted bag was found. We also found that the majority of Airlines did not have a system in place for tracking what they considered to be their 24-hour window. As a result, the Airlines could not ensure they were in compliance with the provision.

We discussed our concerns about the ambiguity of "within 24 hours" with the Airlines. Based on those discussions, the Airlines have committed to address our concerns by defining "within 24 hours" and developing systems for tracking

compliance with the provision. One Airline revised its Plan to “return unclaimed and lost checked baggage to customers within 24 hours of receipt of a customer’s claim.” Also, several of the Airlines have modified their contracts of carriage to indicate they will make every reasonable effort to return checked bags within 24 hours and will attempt to contact any customer whose unclaimed checked baggage contains a name and address or telephone number.

Suggestions for Improvement - The Airlines should consider committing to returning unclaimed and lost checked baggage to customers within 24 hours of receipt of a customer’s claim. The filing of a claim is when a customer would reasonably expect the 24 hours to begin. In addition, the Airlines should fulfill their promise to implement systems for tracking compliance with the 24-hour requirement. Also, those Airlines that have not already done so should consider providing a toll-free telephone number for customers to call to check on the status of their bags.

4 - Support an Increase in the Baggage Liability Limit

What Was Promised - The Airlines would petition the Department of Transportation within 30 days (of June 17, 1999) to consider an increase in the current baggage liability limit.

The permissible limitations of air carrier liability for loss, damage or delay in the carriage of passenger baggage in domestic air transportation are set forth in 14 CFR 254, Domestic Baggage Liability. The regulation applies to both charter and scheduled service, and has been in effect for over 20 years. Although the Airlines’ petition to DOT was voluntary, the petition was in response to an earlier DOT rulemaking to increase the baggage liability limit to compensate for inflation. The baggage liability limit was last amended in 1984.

In July 1999, the ATA, on behalf of the Airlines, petitioned DOT to increase the baggage liability limit, from \$1,250 to \$2,500 per passenger, for lost, damaged, or delayed baggage. DOT issued its final rulemaking, effective January 18, 2000, increasing the baggage liability limit to \$2,500. The final rule also requires periodic adjustments in the baggage liability limit based on the Consumer Price Index.

Also, under 14 CFR 253, Notice of Terms of Contract of Carriage, the air carriers are required to make available to customers on their tickets or other written instrument, such as the ticket jacket, limits on the air carriers' liability for loss,

damage, or delay of baggage. This requirement applies to all scheduled direct air carrier operations in interstate and overseas air transportation.

What Was Not Promised - The provision does not require the Airlines to pay more than the liability limit established by DOT, currently \$2,500 per passenger, even if the passenger's lost baggage is worth more than \$2,500. However, neither the provision nor DOT regulations prevent the Airlines from paying more than the \$2,500, if they so choose.

What the Airlines' Plans Provide - In their Plans, the Airlines are consistent in offering what the provision requires. The Airlines stated that ATA, on their behalf, filed documents with DOT supporting an increase in the baggage liability limit. Also, eight of the Airlines' Plans went further by disclosing: (1) what items were excluded from liability (e.g. cameras), (2) availability of additional excess valuation insurance for checked baggage, or (3) the maximum liability limit per checked bag on international flights (not to exceed \$640 per bag). The baggage liability limit for international travel is established by international law and protocols.

Complaint Data Reported by DOT - Over the last 2 years, DOT's Air Travel Consumer Report has ranked baggage complaints as the third complaint category out of 11 categories being reported. Baggage liability limit complaints submitted to DOT are included in the baggage category, and represent nearly 25 percent of the total in 1999 (685 of the 2,913 complaints received by DOT). In the first 4 months of 2000, baggage liability limit complaints were nearly half the 1999 year-end total, 325 versus 685.

Preliminary Observations - At this time in our review, it is too early to establish pay-out trends or establish the extent to which the increase in the baggage liability limit will benefit customers whose claims for lost baggage exceed the prior limit of \$1,250. However, in our limited testing of passenger claims for lost baggage, we have found an increase in the number of payments over \$1,250 since the \$2,500 baggage liability limit went into effect.

Also, not all of the Airlines have revised their Plans, contracts of carriage, or tickets or other written instruments, such as the customer's receipt and itinerary for electronic tickets, to reflect the increased baggage liability limit of \$2,500.

Suggestions for Improvement - The Airlines should inform customers, through their tickets or other written instruments, such as the customer's receipt and itinerary for electronic tickets, of the new \$2,500 limit on the Airlines' liability for lost, damaged, or delayed baggage.

5 - Allow Reservations to Be Held or Canceled

What Was Promised - The Airlines committed to allow the customer either to hold a telephone reservation without payment for 24 hours **or** (at the election of the carrier) to cancel a reservation without penalty for up to 24 hours, in order to give customers an opportunity to check for lower fares through other distribution systems, such as travel agents or the Internet. This is a new customer service commitment provided to Airline customers. This provision basically applies to nonrefundable tickets, since refundable tickets can always be canceled without penalty.

What Was Not Promised - The terms of this provision apply only to reservations made over the Airlines' telephone reservation systems. Airlines are not required to extend this provision to reservations made through other distribution methods such as travel agents, city ticket offices or the Internet. Airlines are also not required to notify the consumer of this new policy.

What the Airlines' Plans Provide - Eight Airlines have elected to hold a reservation at the quoted fare, without payment, for 24 hours. Five Airlines require the customer to pay for the ticket, but will provide a full refund without penalty if the travel is canceled within 24 hours of the reservation. One carrier allows the customer to use either method, but the passenger must make the choice when placing the reservation. Four Airlines have extended the provision to cover reservations made through alternate methods such as city ticket offices or their Internet sites and all four Airlines have directed their telephone reservation agents to notify customers this option is available. In addition, one Airline's Plan states the customer will not be allowed to re-use a discount certificate used to purchase the ticket, and that it will not waive frequent flyer redeposit fees or refund upgrade fees if the purchase is canceled.

Complaint Data Reported by DOT - This is a new service provided by the air carriers; therefore, there are no historical complaint data in this area. DOT should start tracking complaints regarding this new customer service commitment.

Preliminary Observations - This new commitment should be very popular with passengers who book nonrefundable tickets, because it not only allows customers to check for lower fares, but also allows them time to coordinate their travel without losing a quoted fare.

The five Airlines requiring customers to pay for the ticket have incorporated this provision into their contracts of carriage. In addition, two Airlines that elected to hold a reservation for 24 hours at the quoted fare without payment also incorporated this into their contracts of carriage.

Our limited testing of this provision found that, with a few exceptions, the Airlines were following their prescribed procedures and are either holding the fare for 24 hours or refunding the full fare without penalty if the reservation was canceled within 24 hours. However, at the Airlines tested to date where a purchase was required, we typically were not told we could receive a full refund if we canceled within 24 hours. Our results are not conclusive because we have not tested all Airlines. Over the next several months, we will make reservations or purchase tickets for nonrefundable fares, depending on the Airline's specific procedure, and determine whether the Airlines are complying with this provision.

Suggestions for Improvement — The Airlines, especially those requiring that the ticket be purchased, should consider affirmatively notifying customers that they may cancel the reservation within 24 hours and receive a full refund without penalty. The customer should not have to ask if this option is available.

6 - Provide Prompt Ticket Refunds

What Was Promised — The Airlines committed to issue refunds for eligible tickets within 7 days for credit card purchases and 20 days for cash purchases.

The promised actions are already required under pre-existing Federal regulations. The 7-day refund requirement for credit card purchases is imposed under Regulation Z of the Board of Governors of the Federal Reserve System (12 CFR 226), implementing the requirements of the Consumer Credit Protection Act, as amended. Regulation Z has been in effect for nearly 20 years. The 20-day refund requirement for cash purchases (which includes checks) was established under a DOT consent order and has been in effect for over 16 years. Further, under 14 CFR 253, Notice of Terms of Contract of Carriage, a passenger is not bound by any terms restricting refunds of the ticket price or imposing monetary penalties on passengers unless the passenger receives conspicuous written notice of the significant features of those terms on or with the ticket. Generally, the air carriers provide written notice to the passenger with the ticket.

What Was Not Promised — It is important to recognize that, except when a nonrefundable ticket is purchased under the new 24-hour provision, the Airlines did not commit to make a class of fares, namely nonrefundable tickets, refundable. They committed to comply with Federal regulations and requirements governing the time frames for processing refunds.

What the Airlines' Plans Provide — In their Plans, the Airlines state that they will issue refunds for eligible tickets within 7 days for credit card purchases and

20 days for cash purchases. The provision states that the Airlines will submit the refund within 7 days to the credit card companies. Seven of the Airlines' Plans disclosed their ticket refund policies, including refunds for lost tickets. Also, seven Airlines, in their Plans, provided a toll-free telephone number for customers to obtain refunds for electronic tickets or to check on the status of their refunds. Conversely, three Airlines require a call, at the customer's expense, to check on the status of a refund.

Complaint Data Reported by DOT — Over the last 2 years, DOT's Air Travel Consumer Report ranked refund complaints as the fifth highest complaint category out of the 11 categories being reported. Complaints relating to ticket refunds increased in 1999 over the prior year, from 749 to 1,352. In 1999, refund complaints represented over 6 percent of all air traveler complaints received by DOT. In the first 4 months of 2000, ticket refund complaints increased nearly 30 percent over the same period in 1999, from 325 to 422.

Preliminary Observations — We found that the majority of Airlines amended their contracts of carriage to include the requirement to issue refunds for eligible tickets within 7 days for credit card purchases and 20 days for cash purchases. We have not completed our testing at all Airlines, but our preliminary testing found that the Airlines are providing eligible ticket refunds within required time frames. Our testing at the Airlines' corporate facilities is ongoing and we will report our results in the final report.

Suggestions for Improvement — At this time, we have no suggestions for improving the Airlines' implementation of this provision.

7 - Properly Accommodate Disabled and Special Needs Passengers

What Was Promised - The Airlines committed to disclose their policies and procedures for handling special needs passengers, such as unaccompanied minors, and for accommodating the disabled in an appropriate manner. In reviewing and analyzing this provision, we are being assisted by the Paralyzed Veterans of America and the National Council on Disability.

This provision is governed under a pre-existing Federal regulation and binding under the Airlines' contracts of carriage. *The requirements for accommodating persons with disabilities* are found in the Air Carrier Access Act of 1986 and codified in 14 CFR Part 382, Nondiscrimination on the Basis of Disability in Air Travel. Part 382 prohibits discrimination against passengers with disabilities by

air carriers providing air transportation services. The following are some of the major provisions of Part 382.

- A person may not be refused transportation on the basis of disability or be required to have an attendant or produce a medical certificate, except in certain limited circumstances, such as a person who, because of a mental disability, is unable to comprehend or respond appropriately to safety instructions from the flight crew.
- Air carriers must provide assistance (including personnel and equipment) for passengers with disabilities to enplane, deplane and transition to connecting flights.
- Airport terminals and air carrier reservations centers must have Telecommunications Devices for the Deaf (TDD) telephones for persons with hearing or speech impairments.
- Passengers with vision or hearing impairments must be provided timely access to the same information given to other passengers at the airport or on the aircraft concerning gate assignments, delayed flights, and safety.
- Air carriers must accept wheelchairs as checked baggage, and cannot require passengers to sign liability waivers for them (except for pre-existing damage).
- Air carriers must make available a specially-trained Complaints Resolution Official if a dispute arises.
- Air carriers must work closely with airport authorities to improve on airport accessibility for people with disabilities.

Each air carrier, including its domestic code-share partners, must have a DOT-approved program for carrying out the requirements in Part 382 that includes, among other things, schedules for training air carrier and contract personnel.

The policies for handling special needs passengers, such as unaccompanied minors, are found in the Airlines' contracts of carriage. The Airlines' contracts of carriage outline their obligations and liabilities to the parents or guardians of unaccompanied minors. The Airlines set age restrictions on who they accept for transportation as an unaccompanied minor. Most air carriers charge a service fee, in addition to the cost of the ticket, for accepting transportation of an unaccompanied minor.

What Was Not Promised — This provision is all about disclosing policies and procedures for handling special needs passengers and for accommodating persons with disabilities. It does not require the Airlines to go beyond what is in the regulations for accommodating the disabled or in their contracts of carriage for handling special needs passengers.

What the Airlines' Plans Provide - The Airlines are consistent in offering what the provision requires. Twelve of the Airlines' Plans include detailed descriptions of their policies and procedures for special needs passengers and the disabled. This includes details on what passengers need to do prior to arrival at the airport, once at the airport, and on-board the aircraft. Several of the Airlines make reference to their brochures on "Tips for Young Travelers" and "Tips for Travelers with Disabilities," while one Airline included the brochures in its Plan. For customers with hearing impairments, a few of the Airlines provide a TDD toll-free number for making inquiries and reservations, and for filing a complaint.

Complaint Data Reported by DOT - For 1999, DOT's Air Travel Consumer Report shows the number of civil rights complaints by air travelers with disabilities increased more than 50 percent in 1999 over the prior year, from 374 to 595. In the first 4 months of 2000, civil rights complaints by air travelers with disabilities nearly doubled compared to the same period in 1999, from 142 to 278.

Preliminary Observations — Of the 12 provisions, we found the Airlines disclosed more detailed information to passengers on this provision than on any other. All the Airlines had policies and procedures for accommodating the disabled and handling unaccompanied minors. Most relay this information to passengers, through brochures and their reservation agents.

The Airlines' policies and procedures for accommodating persons with disabilities include, but are not limited to, (1) assistance with boarding and deplaning; (2) accommodation of special seating and meal requests; (3) accommodation of requirements of passengers traveling with service animals; (4) transportation of wheelchairs and similar devices; (5) sensitivity training; and (6) complaint resolution.

The Airlines' policies and procedures for handling unaccompanied minors include, but are not limited to, (1) the service fees charged by the Airlines; (2) age requirements for children traveling alone, generally ages 5 to 14; (3) parent and guardian responsibilities, at the originating and destination airports; and (4) Airline responsibilities including supervision and controls of minors, accountability of minors including documented hand-off from one employee to

another, and positive identification of authorized parents or guardian meeting the child at destination.

The majority of the Airlines have modified their contracts of carriage to outline their obligations and liability limits for handling unaccompanied minors and accommodating persons with disabilities. Also, one Airline has published in its Plan, but not in its contract of carriage, the applicable service fee for accepting unaccompanied minors, while six Airlines have published the applicable service fee in their contracts of carriage, but not in their Plans. One Airline does not charge a service fee for accepting unaccompanied minors.

The air carrier industry appears to be taking positive steps to improve service to persons with disabilities. For example, in November 1999, the ATA and the Regional Airline Association held a 2-day seminar to discuss how to better meet the needs of passengers with disabilities. In addition, one Airline formed an advisory board for passengers with disabilities, with members from several organizations representing the disabled. A couple of the Airlines have published Braille and large print brochures for customers with vision impairment outlining travel-related needs for persons with disabilities.

Between now and October 2000, we will assess how well the Airlines are complying with regulations for accommodating persons with disabilities. We are being assisted by the Paralyzed Veterans of America in surveying the level of customer service afforded its members by the Airlines. Also, with the assistance of the National Council on Disability, we will expand our survey to include other groups representing disabled and special needs passengers. We will consider their views in reaching our conclusion as to whether this provision was effective.

Suggestions for Improvement — We have not collected sufficient data to conclude at this time whether the Airlines' disclosure practices for handling special needs passengers and accommodating the disabled are more effective than in the past.

8 - Meet Customers' Essential Needs During Long On-Aircraft Delays

What Was Promised - The Airlines committed to make every reasonable effort to provide food, water, restroom facilities and access to medical treatment for passengers aboard an aircraft that is on the ground for an extended period of time without access to the terminal, as consistent with passenger and employee safety and security concerns. Each carrier would prepare contingency plans to address

such circumstances and would work with other carriers and the airport to share facilities and make gates available in an emergency. The Airlines, for the most part, considered this to be a pre-existing operating policy, which has been part of the Airlines' policy since before the Commitment.

What Was Not Promised - The provision does not specify in any detail the efforts that will be made to get passengers off the aircraft when delayed for extended periods, either before departure or after arrival. The provision uses general terms such as “food,” “every reasonable effort,” “for an extended period of time,” or “emergency.” These terms are not clearly defined and do not provide the passenger with a clear understanding of what to expect. Also, the provision does not require the Airlines to establish goals for reducing the number of long on-board delays.

What the Airlines' Plans Provide - In their Plans, the Airlines are consistent in offering what the provision requires. However, only two Airlines provided clear and concise procedures on how they would accommodate their passengers during a long delay on an aircraft. Only one Airline had in its Plan a commitment to return the aircraft to the gate when extended departure delays occurred. Also, less than half of the Airlines' Plans stated whether contingency plans were in place to handle extended on-board delays, and only two Airlines' Plans stated their contingency plans were coordinated with the airport authorities.

Complaint Data Reported by DOT — Over the last 2 years, DOT's Air Travel Consumer Report has ranked flight problems (delays, cancellations and missed connections) as the number 1 complaint out of 11 complaint categories reported. Delays (a subcategory under flight problems) represented over 35 percent (2,591 of 7,129) of the flight problem complaints DOT received in 1999, with 5 percent (131 of 2,591) relating to long on-board aircraft delays. For the first 4 months of 2000, 4 percent of the complaints continue to relate to long on-board delays (37 of 966).

Preliminary Observations - Accommodating passengers during on-aircraft delays is a major customer service challenge faced by the Airlines. Overall, the number of flights experiencing taxi-out times of 1 hour or more (situations in which the aircraft has left the gate and is waiting to take off) increased 130 percent (from 17,164 to 39,523) at the 28 largest U.S. airports between 1995 and 1999. Of even greater concern for passengers is the number of flights with taxi-out times of 2, 3, and 4 hours, which increased at even a faster pace, i.e., 186, 216, and 251 percent, respectively, between 1995 and 1999. This means that passengers were experiencing more long on-board delays. The Airlines' goal should be to ensure passengers experience the least amount of inconvenience, discomfort, or dissatisfaction during these on-board delays. In our opinion, the ability to achieve

this challenge will depend on the Airlines working together and in cooperation with the FAA and the Nation's airports. It will also be key to measuring the success of their Plans.

We have found examples where Airlines have invested in air stairs for deplaning passengers when an aircraft is delayed on the ground but does not have access to a terminal gate; secured additional food and beverage supplies for service at the departure gate or on-board flights experiencing extended delays; or made arrangements with medical consulting services to resolve medical emergencies that occurred on-board an aircraft. We also found that 5 of the 14 Airlines have modified, to some extent, their contracts of carriage to accommodate passengers during extended on-aircraft delays.

However, during our initial visits, less than half of the Airlines had comprehensive customer service contingency plans in place, at all the airports served, for handling delays due to severe weather or Airline service irregularities (e.g., unscheduled equipment maintenance or crew shortages). Following our initial visit, the Airlines stated that they now have comprehensive customer service contingency plans in place for addressing delays due to severe weather, air traffic control equipment failures, and Airline service irregularities. Over the next several months, at the airports we visit, we will determine whether the (1) Airlines' customer service contingency plans are in place, (2) Airlines' customer service personnel are knowledgeable of contingency plan procedures, and (3) contingency plans have been coordinated with the local airport authorities and FAA.

We are also in the process of placing a passenger comment form on the OIG Internet site. This will allow passengers to provide us with their comments on whether, among other things, their essential needs were met during extended on-board delays. At this time, we do not have sufficient data to conclude that the Airlines are making every reasonable effort to meet passengers' essential needs during extended on-board delays.

Suggestions for Improvement — The Airlines should consider clarifying, in their Plans, what is meant by food, every reasonable effort, for an extended period of time, and emergency, so passengers will know what they can expect during extended on-board delays, and ensure that comprehensive customer service contingency plans are in place and that they are coordinated with the local airport authorities and FAA.

9 - Handle “Bumped” Passengers With Fairness and Consistency

What Was Promised - The Airlines committed to disclose to a passenger, upon request, whether the flight on which the passenger is ticketed is overbooked¹⁴ if, within the usual and ordinary scope of such employee’s work, the information is available to the Airline employee to whom the request is directed. Each Airline will also establish and disclose to the customer policies and procedures, including any applicable requirements (such as check-in deadlines), for managing the inability to board all passengers with confirmed reservations.

This provision is covered under pre-existing Federal regulations. Although disclosing to a passenger, upon request, whether a specific flight is overbooked could be considered a new policy, public disclosure of deliberate overbooking and boarding procedures has been a requirement for over 17 years under 14 CFR 250, Oversales. Under Part 250, air carriers are required to display a “Notice-Overbooking of Flights” at each airport check-in counter. The air carriers are also required to print the “notice” on the ticket, ticket jacket, or a separate piece of paper accompanying the passenger’s ticket.

The requirements that air carriers establish and disclose to the customer policies and procedures for managing the inability to board all passengers with confirmed reservations are also governed by 14 CFR 250. Under Part 250, air carriers are required to ask passengers who are not in a hurry to give up their seats voluntarily in exchange for compensation. Passengers “bumped” unwillingly are also entitled to compensation, except when the passenger has not met air carrier check-in rules or the air carrier arranges for the passenger to get to his or her destination within 1 hour of the passenger’s original flight. Part 250 also requires the air carrier to give all passengers who are involuntarily denied boarding a written statement explaining the terms, conditions, and limitations of denied boarding compensation, and describing the air carrier's boarding priority rules and criteria.

Compensation: Part 250 requires the air carriers to seek out passengers who are willing to give up their seats for compensation before bumping anyone involuntarily. However, Part 250 does not say how much compensation the air carrier has to give volunteers. This means that the air carriers may negotiate with their passengers for a mutually acceptable amount of money, or perhaps a free trip or other benefits.

¹⁴ In the air carrier industry, many customers make reservations and subsequently fail to travel, without notifying the air carrier. Consequently, air carriers overbook their scheduled flights. Overbooked means there are more reservations than there are seats. Overbooking is not illegal, and the air carriers overbook their flights to a certain extent in order to compensate for “no-shows.” In a separate review, OIG is reviewing the air carrier practice of overbooking flights, and we plan to report our results later this summer.

Part 250 requires that passengers who are bumped involuntarily receive an on-the-spot payment of denied boarding compensation. The amount depends on the price of their ticket and the length of the delay. Passengers always get to keep their original ticket and use it on another flight. Or, if passengers choose to make their own arrangements, they can request a refund for the ticket on the flight for which they were denied boarding. The denied boarding compensation is essentially a payment *over and above* the price of the ticket. Part 250 provides:

- If a passenger is bumped involuntarily and the air carrier arranges substitute transportation that is scheduled to get the passenger to his or her final destination within 1 hour of the original scheduled arrival time, no compensation is required.
- If the air carrier arranges substitute transportation that is scheduled to arrive at the passenger's destination between 1 and 2 hours after the original arrival time (between 1 and 4 hours on international flights), the air carrier must pay the passenger an amount equal to the one-way fare to the passenger's final destination, with a \$200 maximum.
- If the substitute transportation is scheduled to arrive at the passenger's destination more than 2 hours later (4 hours internationally), or if the air carrier does not make any substitute travel arrangements for the passenger, the compensation is doubled (200 percent of the amount equal to the one-way fare to the passenger's final destination, with a \$400 maximum).

Denial of Compensation: The air carrier can deny compensation if the passenger does not: (1) have a confirmed reservation; (2) meet the deadline for purchasing a ticket, normally 30 minutes before the flight; or (3) fully comply with the air carrier's check-in requirements. Passengers who miss the ticketing or check-in deadline may lose their reservation and the right to compensation if the flight is oversold. Part 250 requires that the air carriers publish and disclose their check-in requirements in their contracts of carriage.

What Was Not Promised - The provision only requires the Airlines to disclose whether a flight was *overbooked*; it does not require the Airlines to disclose to a passenger, upon request, whether a flight is *oversold* and, if so, by how much. *An oversold flight occurs when more confirmed passengers than expected actually show up for the flight and check in on time, thus leaving one or more confirmed passengers without a seat.* This puts the Airline in a denied boarding situation that can create frustration among the passengers.

What the Airlines' Plans Provide - In their Plans, the Airlines are consistent in offering what the provision requires. There is little, if any, difference between the policy for handling "bumped" passengers in their Plans and what is required by Part 250. This is due to the fact that the Airlines' policies are structured around the minimum requirements in Part 250.

Ten Airlines have published, in their Plans, their: (1) denied boarding procedures and compensation policies for passengers who volunteer to give up their seats, (2) denied boarding procedures and compensation policies for passengers that are "bumped," and (3) check-in requirements for domestic and international flights that the passenger must meet in order to avoid being "bumped" from the flight.

Two Airlines also published "helpful hints" for the customers to consider to reduce the risk of being "bumped," such as arriving early for airport check-in. Passengers will be denied boarding based on reverse order of check-in (last to check in is the first to be denied boarding), even if the passengers meet the Airline's minimum check-in time requirement. One Airline, in its Plan, states: "Normally, the passengers who are subjected to a possible oversell are those who arrive at the airport within 30 minutes prior to departure."

Complaint Data Reported by DOT - For 1999, DOT's Air Travel Consumer Report ranked oversale (denied boarding) complaints by air travelers seventh out of 11 categories reported. The number of oversale complaints increased more than 50 percent in 1999 over the prior year, from 504 to 786. In the first 4 months of 2000, oversale complaints increased more than 60 percent over the same period in 1999, from 208 to 344.

In its Air Travel Consumer Report, DOT reports that for 1999 the rate of involuntary denied boardings was the same as the prior year, .88 per 10,000 passengers. The first 3 months of 2000 show that involuntary denied boardings slightly increased over 1999 year-end, from .88 to .90 per 10,000 passengers. These data are self-reported by the Airlines and are not verified by DOT.

Preliminary Observations - We found that all the Airlines' contracts of carriage disclose policies and procedures, including any applicable requirements (such as check-in deadlines), for managing the inability to board all passengers with confirmed reservations. However, we also found several inconsistencies and ambiguities between the check-in times identified in the Airlines' Plans, and on the Airlines' contracts of carriage, ticket jackets, or other written instruments, such as the customer's receipt and itinerary for electronic tickets. For example, in its contract of carriage, one Airline requires passengers to check in 10 minutes prior to the flight's scheduled departure, but on its customer's receipt and itinerary for

electronic tickets, the check-in time states 20 minutes prior to the flight's scheduled departure, making it unclear to the passengers which check-in time must be met in order to avoid losing their seats and being "bumped" from the flight.

In another example, one Airline specifies in its Plan that passengers must be checked-in at *either* the ticket or gate counter 20 minutes prior to scheduled departure time. However, the check-in requirement listed on the Airline's ticket jackets states that reservations are subject to cancellation when passengers present themselves *at the departure gate* less than 20 minutes prior to scheduled departure. Without clear policy statements, passengers are left to wonder what check-in time to follow.

We also found that passengers need to be aware that each Airline's check-in time requirement can be different and unique to its operations because we found that, among the Airlines, check-in time requirements are different. For example, one Airline requires that passengers be at the gate at least 15 minutes before scheduled departure, while another Airline requires 20 minutes. To avoid being bumped and to protect their rights to denied boarding compensation, passengers need to be aware of the check-in requirements for the Airline on which they are flying.

At this time, we have not collected sufficient data to conclude whether the Airlines' (1) practices for disclosing to a passenger, upon request, whether the flight is overbooked are more effective than in the past, and (2) are in compliance with Part 250 requirements for oversold flights. We will be focusing our tests on whether the Airlines are complying with their check-in time requirements for "bumping" passengers. Our observations and tests at airports nationwide are ongoing, and we will report our results in the final report.

Suggestions for Improvement — Each Airline needs to ensure it is consistent in the check-in time requirements identified in its Plan, ticket jackets, contract of carriage, and other written instruments, such as the customer's receipt and itinerary for electronic tickets.

10-Disclose Travel Itinerary, Cancellation Policies, Frequent Flyer Rules, and Aircraft Configuration

What Was Promised — The Airlines committed to disclose to the customer: (1) any change of aircraft on a single flight with the same flight number; (2) cancellation policies involving failures to use each flight segment coupon; (3) rules, restrictions and an annual report on frequent flyer program redemptions;

and (4) upon request, information regarding aircraft configuration, including seat size and pitch. Seat pitch is the distance from a point on one seat to the same point on the seat in front of it and is an indication of the amount of legroom between rows of seats.

The commitment to publish an annual report on frequent flyer award redemptions is new, but only requires the Airlines to report the total awards redeemed. The remaining portions of this provision are encompassed by pre-existing Federal regulations, the Airlines' contracts of carriage, or pre-existing operating policies.

Title 14 CFR Part 258, Disclosure of Change of Gauge Services, requires the air carriers to disclose to passengers, traveling on a single flight number, if they will be required to change planes during the flight (commonly referred to as a "change of gauge"). Part 258 requires the air carriers to inform the consumer that there is a change of gauge in the booked itinerary at the time the reservation is made. Some passengers, such as persons with disabilities or who otherwise are not disposed to make a connection, prefer to book on flights without a change of aircraft. However, passengers could incorrectly assume that if they are traveling on a single flight number they will not be required to change planes. Single flight numbers are typically used for a domestic and international flight (e.g., San Francisco to New York to London).

The requirement for disclosing cancellation policies involving failure to use each flight segment coupon is found in the Airlines' contracts of carriage as required by 14 CFR 253.5. According to their contracts of carriage, the Airlines, with one exception, will cancel continuing and return reservations without notice if the customer fails to board any leg of a flight on which the customer holds a reservation.

To illustrate, a passenger originating a roundtrip itinerary at Washington's Dulles International Airport destined for Los Angeles via St. Louis gets off the plane in St. Louis and does not board the flight to Los Angeles. A day or so later, the passenger checks in at St. Louis for the return to Washington Dulles. The passenger has 2 unused coupons – St. Louis to Los Angeles and Los Angeles to St. Louis. A passenger might wish to do this if the roundtrip fare to Los Angeles were cheaper than the roundtrip fare to St. Louis. Under the Airlines' policy as stated in the contracts of carriage, the Airlines will cancel the passenger's reservation for the return trip, once the passenger did not board the St. Louis to Los Angeles flight.

Passengers can be put in this situation even if their original intention was to board all flights. For example, a passenger originating a roundtrip itinerary in San Francisco destined for Charlottesville, Virginia, via Washington Dulles might

choose to drive to Charlottesville, when upon arrival at Dulles he or she finds the connecting flight is delayed several hours. If the passenger drives to Charlottesville and does not secure the Airline's concurrence that this is an acceptable deviation, the return reservation may be canceled.

The disclosure of rules and restrictions for the frequent flyer programs and information regarding aircraft configuration, including seat size and pitch when requested by the customer, are pre-existing operating policies of the Airlines.

What Was Not Promised — The provision for an annual report on frequent flyer program redemptions does not require each Airline to make public the number of seats redeemable on each flight, or the percentage of frequent flyer tickets awarded and made available in the Airline's top origin and destination market.

What the Airlines' Plans Provide — In their Plans, the Airlines agree to disclose to customers the items required by the provision. In the Plans, the Airlines restated the commitment for disclosure of change of gauge and their cancellation policies. Also, 11 Airlines stated in their Plans that new frequent flyer program members will receive pamphlets with the rules and restrictions, along with an annual report with redemption information. Two Airlines stated that they will provide redemption information in their annual submission to the Securities and Exchange Commission (10K report), which will be made available to the public. One Airline does not have a frequent flyer program.

Two Airlines provided aircraft configuration, seat size, and seat pitch in the Plans, and this information can also be found on these Airlines' Internet sites and through their representatives. At least two Airlines have reconfigured their fleets to add more legroom per coach seat, with one Airline expanding its seat pitch (legroom) in coach cabins from the present industry standard of 31 and 32 inches to a predominant level of 34 and 35 inches.

Complaint Data Reported by DOT — DOT does not have a separate category to track complaints related to this provision. However, the number of complaints relating to frequent flyer issues increased in 1999 over the prior year, from 241 to 382. In 1999, complaints about frequent flyer issues represented about 2 percent of all air traveler complaints received by DOT. In the first 4 months of 2000, frequent flyer complaints still represented about 2 percent of all air traveler complaints received by DOT. Complaints DOT received regarding nondisclosure of change of gauge totaled 5 in 1998, 10 in 1999, and 7 for the first 4 months of 2000. These totals represent less than 1 percent of the complaints received by DOT.

Preliminary Observations — It is too early to provide detailed observations on this provision because we have only recently started our testing for this provision. However, our preliminary testing found that a change of gauge was usually disclosed, with only a few exceptions. In addition, several reservation agents were unfamiliar with the term seat "pitch," and were therefore unable to tell us the seat pitch on our flight when requested. "Pitch" is the term used in the Commitment and the Airlines' Plans made available to the public. That is why we used this term when querying the reservation agents.

In addition, we found that 7 of the 14 Airlines amended their contracts of carriage to include the requirements for disclosure of change of gauge flights, cancellation policies involving failure to use each flight coupon, frequent flyer program information, or aircraft configuration information.

Suggestions for Improvement — The Airlines should consider more comprehensive reporting of frequent flyer redemption information in their frequent flyer literature and annual reports, such as the percentage of successful redemptions and frequent flyer seats made available in the Airlines' top origin and destination markets. This type of information would enable consumers to make more informed decisions about the comparative value of frequent flyer programs.

11-Ensure Good Customer Service From Code-Share Partners

What Was Promised — The Airlines committed to ensure that domestic code-share partners make a commitment to provide comparable consumer plans and policies. The Airlines frequently handle functions like reservations, ticketing, ticket refunds, frequent flyer programs, and complaint handling for their domestic code-share partners.

What Was Not Promised — With the exception of accommodating persons with disabilities,¹⁵ the terms of this provision do not extend to foreign code-share and alliance partners.

What the Airlines' Plans Provide - In their Plans, the Airlines are consistent in offering what the provision requires. The majority of the Airlines' Plans simply state what was in the provision (one Airline does not have code-share partners). The Airlines require their domestic code-share partners that are wholly owned subsidiaries to adopt their customer service plans. In their Plans, four Airlines

¹⁵ On June 1, 2000, the Secretary notified foreign air carriers serving the United States that they are now subject to the Air Carrier Access Act, which protects passengers with disabilities. The Secretary stated "This new provision ensures that people with disabilities will have the same protections when flying on foreign carriers to and from the United States that they have enjoyed on U.S. airlines."

stated they are working with their international code-share partners to ensure they understand the provisions in the Commitment and to encourage them to implement the same or similar provisions.

Complaint Data Reported by DOT — DOT does not report complaint data on a code-share partner basis. However, DOT does report on the number of complaints against foreign air carriers. In 1999, complaints against foreign air carriers increased nearly 80 percent over the prior year, from 1,001 to 1,795. In the first 4 months of 2000, complaints by air travelers against foreign air carriers more than doubled compared to the same period in 1999, from 330 to 738. However, the DOT report does not break out foreign carrier flights that were operating as code-share flights for a U.S. carrier and foreign carrier flights that were not.

Preliminary Observations — Four Airlines modified their contracts of carriage, to some extent, incorporating the provision to ensure that domestic code-share partners make a commitment to provide comparable consumer plans and policies.

In our discussions with representatives from the Regional Airline Association, we were advised that the majority of its members, due to size and limitations of their aircraft, are exempt from some of the requirements found in the Air Carrier Access Act of 1986. For example, because of the smaller aircraft used by its member air carriers (many with less than 19 seats), boarding assistance to individuals with disabilities is not required.

To date, our observations and tests have focused primarily on the Airlines who are direct signatories to the Commitment. We sequenced our work in this manner because the Airlines frequently handle functions like reservations, ticketing, ticket refunds, frequent flyer programs, and complaint handling, for their domestic code-share partners.

Suggestions for Improvement — At this time we have no suggestions for improving the Airlines' implementation of this provision.

12-Be More Responsive to Customer Complaints

What Was Promised — The Airlines committed to assigning a Customer Service Representative responsible for handling passenger complaints and ensuring that all written complaints are responded to within 60 days.

We consider this a pre-existing operating policy: all Airlines already had staff designated to handle complaints (and compliments) and the majority of Airlines had internal policies requiring substantive responses to complaints in less than

60 days. However, under 14 CFR 382, Nondiscrimination on the Basis of Disability in Air Travel, the air carriers are required to make a dispositive written response to a written complaint alleging a violation of a provision of Part 382 within 30 days of its receipt.

What Was Not Promised - The provision requires the Airlines to be responsive to complaints within 60 days; it does not require resolution of the complaint within the 60-day period, nor that when resolved, the disposition will be satisfactory to the customer. The provision also does not require a response within 60 days to complaints received in other than written form, such as by telephone.

What the Airlines' Plans Provide — The majority of the Airlines committed to responding to complaints in less than 60 days, while the others only committed to the 60-day rule. One Airline's Plan committed to a response time as low as 10 to 14 days. Most Airlines, in their Plans, will accept a complaint by letter, fax, electronic mail or telephone, and will respond to all complaints, whether written or oral, within 60 days or less.

Complaint Data Reported by DOT — DOT does not have a specific category for reporting customer complaints regarding nonresponsive or untimely replies by an Airline.

Preliminary Observations — The internal policies of 12 Airlines required a response in 10 to 45 working days. Six Airlines amended their contracts of carriage to include the requirement to be more responsive to customer complaints. Our preliminary testing of this provision found the Airlines were responding to written complaints in accordance with their internal policies. In addition, the replies we reviewed were responsive to the customer complaint and not merely an acknowledgement that the complaint had been received. However, a substantive response to a customer does not mean the resolution is always in favor of the customer or that the customer will be satisfied with the response. We did identify a few problems with complaint tracking systems, which we brought to the Airlines' attention. This is an area the Airlines appear to be taking seriously. However, we have only done limited testing to date, so it is too early to conclude whether or not this provision has been effectively implemented.

Suggestions for Improvement — At this time, we have no suggestions for improving the Airlines' implementation of this provision.

Objectives, Scope and Methodology, and Prior Coverage

OBJECTIVES

To help assure Congress that ATA and the Airlines were adhering to the terms of the Airline Customer Service Commitment, the Chairman of the Senate Committee on Commerce, Science, and Transportation, in a December 10, 1999 letter, asked DOT's Office of Inspector General to (1) monitor the implementation of the Airlines' Plans and evaluate the extent to which each Airline has met all provisions under its Plan, and (2) provide the Commerce Committee an interim report by June 15, 2000, and a final report by December 31, 2000. For the interim report, the Chairman asked us to include a status on the completion, publication, and implementation of the Commitment and the individual Airlines' Plans to carry out the Commitment. We were also asked to report on whether each Airline has modified its contract of carriage to reflect all items in its Plan.¹

Our audit objectives are as stated in the Chairman's letter, and to that end we focused on the following areas: (1) the extent to which the Airlines had developed and published individual Plans to meet the requirements of the Commitment, (2) the Airlines' methodologies for implementing their Plans that would allow for successful execution of the Plans, (3) the initial accomplishments of the Plans by the Airlines, and (4) the extent to which each Airline modified its contract of carriage to reflect the items in its individual Plan.

SCOPE AND METHODOLOGY

This is an interim report, so we have not completed testing of all 12 provisions of the Commitment for each Airline. Our audit work for this report was conducted between November 1999 and June 2000 in accordance with Government Auditing Standards as prescribed by the Comptroller General of the United States. During the course of this audit phase, we met with and obtained data from officials within DOT's Office of the Assistant General Counsel for Aviation Enforcement and Proceedings, Bureau of Transportation Statistics, and FAA's Air Traffic Control System Command Center.

¹ The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century (AIR-21), Public Law 106-181, reiterated the requirement of the December 10, 1999 letter with one exception. For the final report, we would also make a comparison between the customer service provided by the ATA Airlines and a representative sampling of non-ATA airlines, to allow consumers to make decisions as to the relative quality of air transportation provided by each group of airlines.

In addition, we met with and obtained data from executives of ATA as well as Airline officials representing key operating departments involved in the implementation of the Airline Customer Service Commitment. To gain an understanding of each carrier's operations, we made visits to their corporate headquarters and other key facilities. Finally, we consulted with a private organization for aviation consumer rights, two advocacy groups representing disabled passengers, and several groups representing the air carrier industry to solicit their feedback on the Commitment and the individual Plans.

During this effort, we reviewed Airline policies and procedures before and after implementation of the Commitment. This allowed us to evaluate what impact the formal Commitment had on the Airlines' customer service. We also reviewed each of the 14 Airlines' Plans and contracts of carriage to determine whether the provisions of the Commitment have been incorporated into these documents.

We developed and pre-tested protocols to test each of the 12 provisions in the Commitment. To date, we have visited 25 domestic airports for the purpose of observing and testing the individual Airline's Plans that are in place. Our observations and testing included determining: (1) if the Airlines had notified customers of known delays and cancellations in a timely manner, (2) how long it was taking the Airlines to process claims of misrouted or delayed baggage and to deliver baggage to passengers at their final destination, (3) how passengers' essential needs were being taken care of during long delays in airport and on-board aircraft, and (4) whether "bumped" passengers were being processed with fairness and consistency to include whether cancellation policies were disclosed to passengers. Our observations and testing will continue through October 2000 at more airports and Airline corporate facilities, and the results will be presented in our final report.

PRIOR COVERAGE

On September 10, 1999, the General Accounting Office (GAO) issued its report, Aviation: Comparison of Airline "Customer Service Commitment" With Contracts of Carriage and Federal Law, to Senator Wyden. GAO's review consisted of a comparison between the current contracts of carriage for 10 major carriers with ATA's Commitment and Federal statutes and regulations. GAO concluded that ATA's Commitment extends the Airlines' commitment beyond the current contracts of carriage by either adding new provisions or augmenting existing terms. At the time of the GAO review, Airline officials indicated they were considering revisions to their contracts of carriage to reflect some provisions of their Customer Service Plans.

There has been no prior audit coverage in this area by the Department of Transportation's Office of Inspector General.

AIRLINE CUSTOMER SERVICE COMMITMENT June 17, 1999

The member carriers of the Air Transport Association (ATA) are committed to providing the best level of service to our customers. In recent months, there has been an increasing recognition of the need to improve airline passenger service. As a result, the ATA carriers, working with Members of Congress, have developed an Airline Customer Service Commitment, and each carrier will develop its individual Customer Service Plan to demonstrate our ongoing dedication to improving air travel.

The ATA carriers hereby commit to:

- Offer the lowest fare available
Each airline will offer the lowest fare available for which the customer is eligible on the airline's telephone reservation system for the date, flight and class of service requested.
- Notify customers of known delays, cancellations and diversions
Each airline will notify customers at the airport and on board an affected aircraft, in a timely manner, of the best available information regarding known delays, cancellations and diversions. In addition, each airline will establish and implement policies for accommodating passengers delayed overnight. A clear and concise statement of airlines' policies in these respects will also be made available to customers.
- On-time baggage delivery
Each airline will make every reasonable effort to return checked bags within 24 hours and will attempt to contact any customer whose unclaimed, checked luggage contains a name and address or telephone number.
- Support an increase in the baggage liability limit
The airlines will petition the Department of Transportation within 30 days to consider an increase in the current baggage liability limit. [Since 1984, DOT rules provide baggage liability of \$1250.]
- Allow reservations to be held or canceled
Each airline will allow the customer either to hold a telephone reservation without payment for 24 hours or (at the election of the carrier) to cancel a reservation without penalty for up to 24 hours, in order to give customers an opportunity to check for lower fares through other distribution systems, such as travel agents or the Internet.
- Provide prompt ticket refunds
Each airline will issue refunds for eligible tickets within 7 days for credit card purchases and 20 days for cash purchases.
- Properly accommodate disabled and special needs passengers
Each airline will disclose its policies and procedures for handling special needs passengers, such as unaccompanied minors, and for accommodating the disabled in an appropriate manner.

- Meet customers' essential needs during long on-aircraft delays
The airlines will make every reasonable effort to provide food, water, restroom facilities and access to medical treatment for passengers aboard an aircraft that is on the ground for an extended period of time without access to the terminal, as consistent with passenger and employee safety and security concerns. Each carrier will prepare contingency plans to address such circumstances and will work with other carriers and the airport to share facilities and make gates available in an emergency.
- Handle "bumped" passengers with fairness and consistency
Each airline will disclose to a passenger, upon request, whether the flight on which the passenger is ticketed is overbooked, if, within the usual and ordinary scope of such employee's work, the information is available to the airline employee to whom the request is directed. Each airline will also establish and disclose to the customer policies and procedures, including any applicable requirements (such as check-in deadlines), for managing the inability to board all passengers with confirmed reservations.
- Disclose travel itinerary, cancellation policies, frequent flyer rules, and aircraft configuration
Each airline will disclose to the customer:
 - (i) any change of aircraft on a single flight with the same flight number;
 - (ii) cancellation policies involving failures to use each flight segment coupon;
 - (iii) rules, restrictions and an annual report on frequent flyer program redemptions; and
 - (iv) upon request, information regarding aircraft configuration, including seat size and pitch.
- Ensure good customer service from code-share partners
Each airline will ensure that domestic code-share partners make a commitment to provide comparable consumer plans and policies.
- Be more responsive to customer complaints
Each airline will assign a Customer Service Representative responsible for handling passenger complaints and ensuring that all written complaints are responded to within 60 days.

Each airline will develop and implement a Customer Service Plan for meeting its obligations under the Airline Customer Service Commitment. Customer Service Plans will be completed and published within 90 days and will be fully implemented within 6 months.

Airline implementation will include training for airline reservation, customer service and sales personnel to enhance awareness of the responsibilities involved in implementation of the Customer Service Commitment and Plans.

The Airlines will publish and make available their Customer Service Plans:

- (i) on airline Internet web sites;
- (ii) at airports and ticket offices (upon request); and
- (iii) to travel and reservation agents.

Upon completion and publication of the Customer Service Plans, the Airlines will notify and provide copies to Congress and the Department of Transportation. The Airlines expect and will cooperate fully in any request from Congress for periodic review of compliance with the Customer Service Commitment.

Signed June 17, 1999

Carol B. Hallett

Carol B. Hallett
President and Chief Executive Officer
Air Transport Association of America, Inc.

On behalf of,

- Alaska Airlines
- Aloha Airlines
- America West Airlines
- American Airlines
- American Trans Air
- Continental Airlines
- Delta Air Lines
- Hawaiian Airlines
- Midwest Express Airlines
- Northwest Airlines
- Southwest Airlines
- Trans World Airlines
- United Airlines
- US Airways

Other Airline Initiatives Enhancing Customer Service

Although certain factors in determining the overall quality of Airline customer service were not covered in the Commitment or the Airlines' Plans, the Airlines have implemented other initiatives to improve customer comfort and convenience. These initiatives include things such as (1) reconfiguring airplanes to increase legroom in coach seating; (2) introducing new technologies to expedite the flow of passengers through security screening checkpoints; (3) testing new technologies to reduce turnaround time at gates; and (4) expanding aircraft overhead bin space for carry-on baggage. The Airlines responsible for the new initiatives estimate the cost for these new customer comfort and accessibility initiatives will exceed \$3 billion over the next few years. For example:

- At least two Airlines have reconfigured their fleets to add more legroom per coach seat. At a cost of \$70 million, one Airline has removed thousands of coach seats on its entire fleet of more than 700 aircraft, using the space to provide more room for passengers throughout its coach cabin. It will expand the living space in its coach cabins from the present industry standard of 31 and 32 inches to a predominant level of 34 and 35 inches of space, with some reaching as much as 36 inches. The Airline has also invested \$400 million for new seats and new aircraft interiors. Although not quite as extensive, the other Airline added up to 5 inches more legroom per seat in the first 6 to 11 rows in coach cabins throughout its entire fleet.
- Another Airline has decided to install additional bathrooms, at a cost of \$36 million, in most of its long-range aircraft, responding to complaints by customers and flight attendants. The Airline explained its decision was prompted mostly by reports from its flight attendants of long bathroom lines in coach and passengers frequently blocked in the plane's single aisle by service carts.
- Another Airline has invested over \$2 billion on new technology to improve customer service on the ground. Technologies such as the customer information display systems (40-inch diagonal screens) located at gate and boarding areas will provide information about aircraft type, meal service, ticketing procedures, planned boarding times by row number, on-board entertainment, and irregularities in service. Also, this Airline has installed, at

several major airports it serves a two-stage security system designed to decrease passenger-processing time at security checkpoints.

- Another Airline is introducing a device that could further reduce turnaround time at airport gates. In February 2000, the Airline began testing a dual boarding bridge for enplaning and deplaning passengers. Enplaning and deplaning can be the most time-consuming part of the turnaround of flight, so the Airline sees the new boarding gate as a way to shave precious minutes.
- Two other Airlines are renovating their aircraft to expand the overhead bin space to alleviate the carry-on baggage crunch. The bins are being made deeper to accommodate more bags per bin. By expanding overhead bin space, the Airlines expect to see improvements in on-time departures and ease of boarding.

DOCUMENT SEPARATOR

Pages 365 through 497 redacted for the following reasons:

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**Before the Committee on Commerce, Science, and Transportation
United States Senate**

For Release on Delivery
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Refocusing Efforts To Improve Airline Customer Service

**Statement of
The Honorable Calvin L. Scovel III
Inspector General
U.S. Department of Transportation**



Mr. Chairman, Mr. Vice Chairman, and Members of the Committee:

I appreciate the opportunity to be here today to discuss airline customer service. This hearing is both timely and important given the recent events that occurred this past winter involving extended ground delays. In some cases, passengers were stranded aboard aircraft at the gate or on the airport tarmac for 9 hours or more due to severe weather conditions.

It is also important to recognize that Secretary Peters has serious concerns about the airlines' treatment of passengers during extended ground delays; as such, she requested that we examine the airlines' customer service plans, contracts of carriage,¹ and internal policies dealing with long, on-board delays and the specific incidents involving American Airlines and JetBlue Airways when passengers were stranded on board aircraft for extended periods of time. She also requested that we provide recommendations on what actions should be taken to prevent a recurrence of such events.

Currently, the debate is over the best way to ensure improved airline customer service: either through voluntary implementation by the airlines, legislation, additional regulations, or some combination of these. This is clearly a policy issue for Congress to decide. Our testimony today is based on the results of our previous airline customer service reviews as well as our ongoing work. I would like to discuss three key points dealing with actions that would help to improve customer service:

- **The airlines must refocus their efforts to improve customer service.** In November 2006, we reported² that Air Transport Association (ATA)³ airlines' customer service plans were still in place to carry out the provisions of the Airline Customer Service Commitment that the airlines promised to execute. These provisions include meeting passengers' essential needs during long, on-board delays. However, we found that the airlines must refocus their efforts on airline customer service by resuming efforts to self-audit their customer service plans, emphasizing to their customer service employees the importance of providing timely and adequate flight information, disclosing to customers chronically delayed flights, and focusing on the training for personnel who assist passengers with disabilities.

¹ A contract of carriage is the document air carriers use to specify legal obligations to passengers. Each air carrier must provide a copy of its contract of carriage free of charge upon request. The contract of carriage is also available for public inspection at airports and ticket offices.

² OIG Report Number AV-2007-012, "Follow-Up Review: Performance of U.S. Airlines in Implementing Selected Provisions of the Airline Customer Service Commitment," November 21, 2006. OIG reports and testimonies can be found on our website: www.oig.dot.gov.

³ The Air Transport Association is the trade association for America's leading air carriers. Its members transport over 90 percent of all the passenger and cargo traffic in the United States.

- **The Department should take a more active role in airline customer service issues.** Oversight and enforcement of air traveler consumer protection rules are the responsibility of the Department’s Office of General Counsel. These rules encompass many areas, including unfair and deceptive practices and unfair methods of competition by air carriers and travel agents, such as deceptive advertising. We found that while the Office has made efforts to enforce civil rights violations, it needs to improve its oversight of consumer protection laws, including its efforts to monitor compliance with the terms and conditions of enforcement actions. In recent years, the Office has not conducted on-site compliance reviews, relying instead on self-certifications and company-prepared reports submitted by the air carriers without supporting documentation.
- **The airlines must overcome challenges in mitigating extraordinary flight disruptions.** This past winter’s severe weather events underscored the importance of improving customer service for passengers who are stranded on board aircraft for extended periods of time. According to the Department’s Bureau of Transportation Statistics, approximately 722,600 flights were delayed in 2006 *due to poor weather conditions* (10 percent of all commercial flights). Meeting passengers’ essential needs during long, on-board delays is a serious concern of Secretary Peters and the Department. Therefore, she asked our office to examine the American Airlines and JetBlue Airways events of December 29, 2006, and February 14, 2007, respectively, and provide recommendations as to what, if anything, the airlines, airports, or the Government—including the Department—might do to prevent a recurrence of such events.

Before I discuss these points in detail, I would like to briefly describe why airline customer service is a “front-burner” issue and highlight a few statistics on the development of the current aviation environment.

As this Committee is aware, airline customer service took center stage in January 1999, when hundreds of passengers remained in planes on snowbound Detroit runways for up to 8 and a half hours. After those events, both the House and Senate considered whether to enact a “passenger bill of rights.”

Following congressional hearings on these service issues, ATA member airlines agreed to execute a voluntary Airline Customer Service Commitment⁴ to demonstrate their dedication to improving air travel (see figure 1), with provisions such as meeting passengers’ essential needs during long, on-board delays.

⁴ ATA signed the Commitment on behalf of the then 14 ATA member airlines (Alaska Airlines, Aloha Airlines, American Airlines, American Trans Air, America West Airlines, Continental Airlines, Delta Air Lines, Hawaiian Airlines, Midwest Express Airlines, Northwest Airlines, Southwest Airlines, Trans World Airlines, United Airlines, and US Airways).

However, aviation delays and cancellations continued to worsen, eventually reaching their peak during the summer of 2000. In 2000, more than 1 in 4 flights (26 percent) were delayed, with an average arrival delay of 51 minutes.

Congress then directed our office to evaluate the effectiveness of the Commitment and the customer service plans of individual ATA airlines.

Figure 1. Provisions of the Airline Customer Service Commitment

- Offer the lowest fare available.
- Notify customers of known delays, cancellations, and diversions.
- Deliver baggage on time.
- Support an increase in the baggage liability limit.
- Allow reservations to be held or cancelled.
- Provide prompt ticket refunds.
- Properly accommodate disabled and special-needs passengers.
- Meet customers' essential needs during long, on-aircraft delays.
- Handle "bumped" passengers with fairness and consistency.
- Disclose travel itinerary, cancellation policies, frequent flyer rules, and aircraft configuration.
- Ensure good customer service from code-share partners.
- Be more responsive to customer complaints.

Source: Airline Customer Service Commitment, June 1999

We issued our final report⁵ in February 2001. Overall, we found that the ATA airlines were making progress toward meeting the Commitment, which has benefited air travelers in a number of important areas. We found that the airlines were making the greatest progress in areas that are not directly related to a flight delay or cancellation, such as offering the lowest fare available, holding reservations, and responding in a timely manner to complaints.

Although the ATA airlines made progress toward meeting the Commitment, we found that the Commitment did not directly address the underlying cause of deep-seated customer dissatisfaction—flight delays and cancellations. This is still the case today.

Since our 2001 report, the air carrier industry has faced a series of major challenges, including a weakened economy; the terrorist attacks of September 11, 2001; the Severe Acute Respiratory Syndrome epidemic; the war in Iraq; and soaring fuel prices. As we reported in November 2006, the network air carriers generated about \$58 billion in net losses from 2001 through 2005. They have also made unprecedented changes to their operations to regain profitability. Eight commercial air carriers have filed bankruptcy, two major air carriers have merged, and one has ceased operations. While four of the eight air carriers have emerged from bankruptcy, fuel prices continue to climb; this makes cost control a key factor in not only sustained profitability but also in overall survival of an airline.

We revisited airline customer service issues to a limited extent following the December 2004 holiday travel period, when weather and other factors led to severe service disruptions in some parts of the country. While our review⁶ focused on the inconveniences experienced by Comair and US Airways passengers, we found that

⁵ OIG Report Number AV-2001-020, "Final Report on Airline Customer Service Commitment," February 12, 2001.

⁶ OIG Report Number SC-2005-051, "Review of December 2004 Holiday Air Travel Disruptions," February 28, 2005.

nearly half of all flights, system-wide, during the 7-day travel period were either delayed or cancelled, affecting hundreds of thousands of passengers.

Flight delays and cancellations continue as a major source of customer dissatisfaction. A review of vital statistics shows the environment that air travelers faced in 2006 compared to peak year 2000.

Traffic and Capacity:

- The number of scheduled flights (capacity) declined from 8.1 million in 2000 to 7.6 million in 2006, a drop of 6.4 percent. Scheduled seats declined by 9.5 percent between 2000 and 2006, from 921 million to 834 million.
- Even as the number of flights and scheduled seats declined, passenger enplanements were up nearly 7 percent, from 699 million passengers in 2000 to 745 million passengers in 2006.
- Reduced capacity and increased demand led to fuller flights. For 2006, load factors averaged nearly 80 percent for 10 of the largest ATA airlines, compared to average load factors of just over 72 percent for 2000.
- Reduced capacity and higher load factors can also result in increased passenger inconvenience and dissatisfaction with customer service. With more seats filled, air carriers have fewer options to accommodate passengers from cancelled flights.

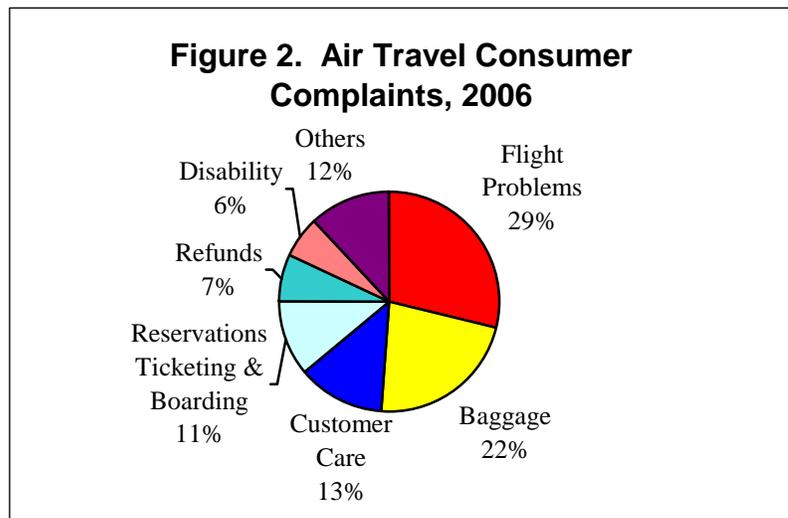
Flight Delays:

- The number of delayed flights has declined from 2.09 million in 2000 to 2.02 million flights in 2006, a decrease of 3.5 percent.
- The percentage of delayed flights also declined from approximately 26 percent in 2000 to 25 percent in 2006.
- Nevertheless, the average flight delay increased from 51 minutes in 2000 to 53 minutes in 2006.
- While flight delays have declined nationwide since 2000, some individual airports experienced significant reductions in service and a subsequent reduction in delays. However, traffic and delays continued to increase at other airports. For example, between 2000 and 2006, George Bush Intercontinental/Houston Airport experienced a 27-percent increase in scheduled flights and a 55-percent increase in delays. This increase is important to note because Houston added a new runway in 2003 at a cost of \$267 million that was supposed to alleviate delays. In comparison, Newark International Airport had a 3-percent reduction in scheduled

flights but experienced a 34-percent increase in flight delays during this same time period.

Consumer complaints are rising. While the 2006 Department of Transportation (DOT) Air Travel Consumer Report disclosed that complaints involving U.S. airlines for 2006 had declined by 6.6 percent (6,900 to 6,448) compared to complaints in 2005, February 2007 complaints increased by 57 percent (423 to 666) over complaints in February 2006, with complaints relating to delays, cancellations, and missed connections nearly doubling (127 to 247) for the same period.

Over the last several years, DOT ranks flight problems (i.e., delays, cancellations, and missed connections) as the number one air traveler complaint, with baggage complaints and customer care⁷ ranked number two and number three, respectively. As shown in figure 2, flight problems accounted for more than one-quarter of all complaints the Department received in 2006.



Source: DOT's Air Travel Consumer Reports for 2006

Historically, most chronically delayed and cancelled flights occur during the busy summer travel season—which will soon be upon us. The extent to which delays and cancellations will impact passengers in 2007 depends on several key factors, including weather conditions, the impact of the economy on air traffic demand, and how existing capacity is managed at already congested airports.

I would now like to turn to my three points on airline customer service.

Airlines Must Refocus Their Efforts To Improve Customer Service

In June 2005, the Chairman of the House Subcommittee on Aviation requested that we follow up on the performance of U.S. air carriers in implementing provisions of the Commitment since the issuance of our 2001 report.

⁷ Complaints such as poor employee attitude, refusal to provide assistance, unsatisfactory seating, and unsatisfactory food service are categorized as customer care complaints.

Unlike our prior work, which reviewed each provision, this review focused on selected Commitment provisions.⁸ We reviewed implementation of the selected Commitment provisions by the 13 current ATA member airlines; this included JetBlue Airways, which became an ATA member in 2001. JetBlue has not adopted the June 1999 Commitment and does not consider itself bound by its provisions. We also reviewed implementation of the selected provisions by two non-ATA airlines that are not signatories to the Commitment—AirTran Airways and Frontier Airlines.

In November 2006, we reported that the ATA airlines' customer service plans were still in place to carry out the provisions of the Commitment and that the Commitment provisions were still incorporated in their contracts of carriage, as we recommended in our 2001 review. This is important because unlike DOT regulations, which are enforced by the Department and may result in administrative or civil penalties against an air carrier, contracts of carriage are binding contracts enforceable by the customer against the air carrier.

However, we found that the airlines must refocus their efforts on airline customer service by taking the following actions.

- **Resuming Efforts To Self-Audit Their Customer Service Plans:** In our 2001 report, we recommended, and the ATA airlines agreed, that the airlines establish quality assurance and performance measurement systems and conduct internal audits to measure compliance with the Commitment provisions and customer service plans.

In June 2001 (about 5 months later), we confirmed that 12 of the 14 ATA airlines that were signatories to the Commitment had established and implemented their quality assurance and performance measurement systems. In our 2006 review, however, we found that the quality assurance and performance measurement systems were being implemented at just five of the ATA airlines.⁹ The other ATA airlines had either discontinued their systems after September 11, 2001, or combined them with operations or financial performance reviews where the Commitment provisions were overshadowed by operational or financial issues. We also found that the two non-ATA airlines we reviewed did not have comprehensive quality assurance and performance measurement systems or conduct internal audits to measure compliance with their customer service plans.

A quality assurance and performance measurement system is necessary to ensure the success of the Commitment and customer service plans. Therefore, the

⁸ Our 2006 review focused on notifying passengers of delays and cancellations, accommodating passengers with disabilities and special needs, improving frequent flyer program issues, and overbooking and denied boardings. We did not include the Commitment provision regarding on-time checked baggage delivery, which was subject to a hearing before the House Subcommittee on Aviation in May 2006.

⁹ At the time of our 2006 review, quality assurance and performance measurement systems were being implemented at Alaska Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, and United Airlines.

success of the customer service plans depends upon each airline having a tracking system for compliance with each provision along with an implementation plan for the Commitment. These systems and audit procedures will also help DOT to more efficiently review the airlines' compliance with the Commitment.

- **Emphasizing to Their Customer Service Employees the Importance of Providing Timely and Adequate Flight Information:** The ATA airlines committed to notify customers who are either at the airport or on board an affected aircraft of the best available information regarding delays, cancellations, and diversions in a timely manner.

All of the airlines included in our 2006 review made up-to-date information available about their flights' status via their Internet sites or toll-free telephone reservation systems. However, we still found that the information provided in boarding areas about delays and cancellations was not timely or adequate during our tests. In 42 percent of our observations, airline gate agents did not make timely announcements (defined as approximately every 20 minutes) about the status of delays, and the information they provided was not adequate about 45 percent of the time.

This is one area where the airlines' self-audits would be effective in monitoring compliance with the Commitment provision and their own internal policies.

- **Disclosing Chronically Delayed Flights to Customers:** On-time flight performance data should also be made readily available to passengers at the time of booking. We recommended in our 2001 report that the airlines disclose to passengers at the time of booking—without being asked—the prior month's on-time performance for those flights that have been consistently delayed (i.e., 30 minutes or greater) or cancelled 40 percent or more of the time. We have recommended this several times, but none of the airlines to date have chosen to adopt it.

Currently, the airlines are required to disclose on-time performance only upon request from customers. However, the information that the agents provide about on-time performance through the airlines' telephone reservation systems is not always accurate or adequate. In 41 percent of our 160 calls to the airlines' telephone reservation systems, we were told that the information was not available or the agents either guessed what they thought the on-time performance was or gave the data for only the previous day.

The on-time performance for consistently delayed or cancelled flights is readily available to the airlines. Continuing to operate chronically delayed flights could potentially constitute a deceptive business practice. Not disclosing such chronic delays on a flight could be viewed as contributing to such a deceptive practice.

Therefore, we continue to believe—as we recommended in 2001—that on-time performance should be disclosed at the time of booking for those flights that have been consistently delayed and should not require a customer request.

- **Focusing on the Training for Personnel Who Assist Passengers With Disabilities.** The needs and perspectives of passengers with disabilities are of paramount importance in providing satisfactory service. This is especially true during extended flight delays whether the passengers are on board aircraft or in the airlines' gate area.

The ATA airlines committed to disclose their policies and procedures for assisting special-needs passengers, such as unaccompanied minors, and for accommodating passengers with disabilities in an appropriate manner.

In our 2001 review, the airlines performed well with respect to this provision. However, in our 2006 review, we found that the majority of airlines (11 of 15) and their contractor personnel who interact with passengers with disabilities were not complying with the Federal training requirements or with their own policies. In over 15 percent of the 1,073 employee training records we reviewed, airline employees were either not trained, not promptly trained, did not have records to support completion of training, or were not current with annual refresher training.

The airlines need to refocus their attention in this area and ensure that employees who assist passengers with disabilities are properly trained.

The Department Should Take a More Active Role in Airline Customer Service Issues

Oversight and enforcement of air traveler consumer protection rules are the responsibility of the Department's Office of General Counsel. These rules encompass many areas, including unfair and deceptive practices and unfair methods of competition by air carriers and travel agents, such as deceptive advertising.

In our 2001 customer service report, we recommended that the Department be given additional resources to investigate and enforce cases under its statutory authority, and Congress did so. As part of our 2006 review, we examined how the Department has used the additional resources Congress appropriated to oversee and enforce air travel consumer protection requirements.

We found that DOT was using its additional resources to oversee and enforce air travel consumer protection requirements with a focus on investigations and enforcement of civil rights issues, including complaints from passengers with disabilities. But, when DOT discovered violations and assessed penalties, it almost always forgave the penalty if the air carrier agreed to mitigate the conditions for which the penalty was assessed. DOT's follow-up monitoring of compliance with

these conditions was limited, and in some cases there was no follow-up monitoring at all. In recent years, DOT has not conducted on-site compliance reviews, relying instead on air carriers' self-certifications and company-prepared reports submitted without supporting documentation.

We also found that DOT's increased responsibilities—especially as they relate to civil rights issues—had diverted resources away from its other consumer protection activities, such as regular on-site consumer protection and related compliance and enforcement visits to airlines.

Given the results of our 2006 review and the extended ground delays that stranded passengers on board aircraft this past winter, DOT should take a more active role in overseeing airline customer service.

The Airlines Must Overcome Challenges in Mitigating Extraordinary Flight Disruptions

The airlines continue to face challenges in mitigating extraordinary flight disruptions, including long, on-board delays during extreme weather. According to DOT's Bureau of Transportation Statistics, approximately 722,600 flights were delayed in 2006 *due to poor weather conditions* (10 percent of all commercial flights). For that same year, over 73,000 flights experienced taxi-out and taxi-in times of 1 hour or more. The airlines, the Federal Aviation Administration (FAA), and the Department cannot prevent significant weather events. What they can do, however, is work together to plan for such events and minimize the impact on passengers.

This past winter's severe weather events underscored the importance of improving customer service for passengers who are stranded on board aircraft for extended periods of time.

- On December 20, 2006, severe blizzards closed Denver's airport, causing several airplanes to divert to other airports. United Airlines diverted two flights to Cheyenne, Wyoming. The following morning, United's flight crew and attendants boarded the aircraft and departed, leaving all 110 passengers behind to fend for themselves.
- On December 29, 2006, the Dallas-Fort Worth area experienced unseasonably severe weather that generated massive thunder, lightning storms, and a tornado warning; this caused the airport to shut down operations several times over the course of an 8-hour period. American Airlines diverted over 100 flights and many passengers were stranded on board aircraft on the airport tarmac for 6 hours or more.
- On February 14, 2007, snow and ice blanketed the northeastern United States. JetBlue Airways stranded scores of passengers aboard its aircraft on the tarmac at

John F. Kennedy International Airport (JFK). At 1 point during that day, JetBlue had 52 aircraft on the ground with only 21 available gates. JetBlue has publicly admitted shortcomings in its systems that were in place at the time for handling such situations.

- On March 16, 2007, an ice storm hit the Northeast, causing numerous delays and cancellations and forcing passengers to endure long, on-board flight delays. In fact, several Office of Inspector General staff were flying that day and experienced a 9-hour, on-board delay.

Meeting Passengers' Essential Needs During Long, On-Board Delays Is a Serious Concern of Secretary Peters and the Department. As a result of the December 29, 2006, and February 14, 2007, incidents; Secretary Peters expressed serious concerns about the airlines' contingency planning for such situations. On February 26, 2007, she asked our office to do the following:

- Examine the airlines' customer service commitments, contracts of carriage, and policies dealing with extended ground delays aboard aircraft.
- Look into the specific incidents involving American and JetBlue, in light of whatever commitment these carriers made concerning policies and practices for meeting customers' essential needs during long, on-board delays.
- Provide recommendations as to what, if anything, the airlines, airports, or the Government—including the Department—might do to prevent a recurrence of such events and highlight any industry best practices that could help in dealing with such situations.

Our work in this area began March 12, 2007, with site visits to JetBlue Airways in New York (including JFK) and American Airlines in Texas—specifically, Dallas-Fort Worth International and Austin-Bergstrom Airports. During the past 30 days, we have done the following:

- Collected voluminous amounts of information and data from American and JetBlue regarding the events of December 29, 2006, and February 14, 2007. We are in the process of analyzing this information. While we are in the early stages of our review, we can report that American and JetBlue have revised their operating practices for mitigating long, on-board delays. For example, American instituted a new policy designed to prevent on-board delays from exceeding 4 hours. JetBlue also set a time limit of 5 hours maximum duration for any long, on-board delay away from a gate.
- Received information from other carriers providing service from Dallas-Fort Worth, Austin, and New York airports and met with officials from FAA air traffic

control and those three airports. We are in the process of receiving contingency plans from the ATA airlines (system-wide plans) and the major airports they serve (each airport operator's plan).

We expect to brief the Secretary by the end of June and issue a report shortly thereafter.

Airlines Must Implement More Effective Contingency Plans. One observation we can share today regarding our current review is that contingency planning for extreme weather is not a new concern for airlines, as evidenced by the June 1999 Commitment provision, which states that:

- The airlines will make every reasonable effort to provide food, water, restroom facilities, and access to medical treatment for passengers aboard an aircraft that is on the ground for an extended period of time without access to the terminal, as consistent with passenger and employee safety and security concerns.
- Each carrier will prepare contingency plans to address such circumstances and will work with carriers and the airport to share facilities and make gates available in an emergency.

However, as we noted in our 2001 report, the airlines had not clearly and consistently defined terms in the Commitment provision such as “an extended period of time.” We also noted only a few airlines’ contingency plans specify in any detail the efforts that will be made to get passengers off the aircraft when delayed for extended periods, either before departure or after arrival. Our opinion was then, as it is now, that this should be a top-priority area for the airlines when implementing their contingency plans, especially with long, on-board delays on the rise from 2005 to 2006—particularly those exceeding 4 hours.

In response to our 2001 report recommendations, the airlines agreed to do the following:

- Clarify the terminology used in their customer service plans for extended delays.
- Establish a task force to coordinate and develop contingency plans with local airports and FAA to deal with lengthy delays.

While a task force was formed, the effort never materialized as priorities shifted after September 11, 2001. We are examining airline and airport contingency planning as part of our ongoing review.

JetBlue and ATA Announced Initiatives To Address Long, On-Board Delays but More Needs To Be Done. These two initiatives address the recent events. First, on February 20, 2007, JetBlue published its own customer bill of rights. JetBlue plans to offer compensation in the form of vouchers for flight disruptions, such as cancellations. While this is a step in the right direction, this bill of rights is limited; JetBlue needs to clarify some of the terms. The JetBlue bill of rights only addresses 3 of the 12 Commitment provisions: flight delays and cancellations, on-board delays, and overbookings. Also, JetBlue needs to clearly define all terms in its bill of rights, such as “Controllable Irregularity,” so that passengers will know under what specific circumstances they are entitled to compensation.

While JetBlue believes that its bill of rights goes beyond the Commitment provisions in some areas, re-accommodating passengers for flight cancellations is already required under its contract of carriage. Additionally, while JetBlue will compensate its customers for being bumped from their flights, compensation is already required under an existing Federal regulation but not to the extent of JetBlue’s compensation of \$1,000.

Second, on February 22, 2007, ATA announced the following course of action:

- Each airline will continue to review and update its policies to ensure the safety, security, and comfort of customers.
- Each airline will work with FAA to allow long-delayed flights to return to terminals in order to offload passengers who choose to disembark without losing that flight’s position in the departure sequence.
- ATA will ask the Department to review airline and airport emergency contingency plans to ensure that the plans effectively address weather emergencies in a coordinated manner and provide passengers with essential needs (food, water, lavatory facilities, and medical services).
- ATA will ask the Department to promptly convene a meeting of air carrier, airport, and FAA representatives to discuss procedures to better respond to weather emergencies that result in lengthy flight delays.

While we understand the pressures that ATA and its member airlines face in maintaining profitability in today’s environment, we are concerned that the actions proposed merely shift responsibility from ATA to the Department. We agree that the Department must be an active partner, but ATA’s proposed course of action is not significantly different than what the airlines agreed to do in response to our 2001 recommendations, such as “to establish a task force to coordinate and develop contingency plans with local airports and FAA to deal with lengthy delays.”

As mentioned earlier, how to ensure airline customer service is clearly a policy issue for Congress to decide. Given the problems that customers continue to face with airline customer service, Congress may want to consider making the Airline Customer Service Commitment mandatory for all airlines.

However, there are actions that the airlines, airports, the Department, and FAA can undertake immediately without being prompted by Congress to do so. For example:

- Those airlines that have not already done so should implement quality assurance and performance measurement systems and conduct internal audits of their compliance with the Commitment provisions. The Department should use these systems to more efficiently review the airlines' compliance with those Commitment provisions governed by Federal regulation.
- The Department should revisit its current position on chronic delays and cancellations and take enforcement actions against air carriers that consistently advertise flight schedules that are unrealistic, regardless of the reason.
- The airlines, airports, and FAA should establish a task force to coordinate and develop contingency plans to deal with lengthy delays, such as working with carriers and the airport to share facilities and make gates available in an emergency.
- The Department's Office of General Counsel; in collaboration with FAA, airlines, and airports; should review incidents involving long, on-board ground delays and their causes; identify trends and patterns of such events; and implement workable solutions for mitigating extraordinary flight disruptions.

That concludes my statement. I would be glad to answer any questions you or other Members of the Committee might have.

The following page contains textual versions of the graphs and charts found in this document. This page was not in the original document but has been added here to accommodate assistive technology.

Refocusing Efforts To Improve Airline Customer Service

Section 508 Compliant Presentation

Figure 1. Provisions of the Airline Customer Service Commitment

- Offer the lowest fare available.
- Notify customers of known delays, cancellations, and diversions.
- Deliver baggage on time.
- Support an increase in the baggage liability limit.
- Allow reservations to be held or cancelled.
- Provide prompt ticket refunds.
- Properly accommodate disabled and special-needs passengers.
- Meet customers' essential needs during long, on-aircraft delays.
- Handle "bumped" passengers with fairness and consistency.
- Disclose travel itinerary, cancellation policies, frequent flyer rules, and aircraft configuration.
- Ensure good customer service from code-share partners.
- Be more responsive to customer complaints.

Source: Airline Customer Service Commitment, June 1999

Figure 2. Air Travel Consumer Complaints, 2006

Flight Problems	Accounted for 29 percent of complaints.
Baggage	Accounted for 22 percent of complaints.
Customer Care	Accounted for 13 percent of complaints.
Reservations, Ticketing, and Boarding	Accounted for 11 percent of complaints.
Refunds	Accounted for 7 percent of complaints.
Disability	Accounted for 6 percent of complaints.
Others	Accounted for 12 percent of complaints.

Source: Department of Transportation Air Travel Consumer Reports for 2006

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