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Air Carrier Flight Delays and 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 flight delays and cancellations, and airline efforts to improve customer service. Concerned over increasing complaints in air travel, compounded by the continued growth in flight delays and cancellations, Congress considered whether to enact a “passenger bill of rights.”

Congress, the Department of Transportation (DOT), and the Air Transport Association (ATA) agreed that, for the time being, legislation would not be necessary. Instead, ATA and 14 of its member airlines (Airlines) executed a document on June 17, 1999, known as the Airline Customer Service Commitment. The Commitment includes 12 provisions. Two of these provisions (notifying customers of known delays and meeting customers’ essential needs during on-aircraft delays) are in response to the growth in flight delays and cancellations.

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| <p><u>The Airlines Commit to:</u></p> <ol style="list-style-type: none">1. Offer the lowest fare available2. Notify customers of known delays, cancellations, and diversions3. On-time baggage delivery4. Support an increase in the baggage liability limit5. Allow reservations to be held or canceled6. Provide prompt ticket refunds7. Properly accommodate disabled and special needs passengers8. Meet customers' essential needs during long on-aircraft delays9. Handle "bumped" passengers with fairness and consistency10. Disclose travel itinerary, cancellation policies, frequent flyer rules, and aircraft configuration11. Ensure good customer service from code-share partners12. Be more responsive to customer complaints |
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At the request of the Chairman, we reviewed the amount of flight delays occurring in the National Airspace System as well as the systems for tracking delays and cancellations and their causes. The results are in our Report on Air Carrier Flight Delays and Cancellations, which we are submitting for the record. The Airlines cooperated fully with us during our reviews. Today, I would like to address growth in flight delays and cancellations, and our interim results on the Airlines’ implementation of the Commitment and Plans.

Growth in Air Carrier Flight Delays and Cancellations

Mr. Chairman, a major finding of our review, and one on which we believe urgent attention is required, is the absence of a system for collecting causal data and reporting a reasonably complete picture of the causes of delays and cancellations from pre-gate departure to arrival. The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century requires such a system, but there has been insufficient progress.

Meanwhile, air carriers blame much of the cause for delays on what they see as an antiquated air traffic control (ATC) system that has failed to keep pace with demand. The Federal Aviation Administration (FAA) points primarily to weather and flight volume. The lack of consistent and complete data has only fueled this debate – with the traveling public experiencing the result of delayed or canceled flights. We found that FAA causal data do not cover delays due to air carrier activities, such as aircraft maintenance, or lack of an aircraft or flight crew. Most of the air carriers maintain their own causal information for internal purposes, but their information is generally not consistent with the information collected by FAA.

The issue boils down to what can reasonably be expected of the ATC system and airports. For those in search of solutions, this is both a short- and long-term issue, and there is no “silver bullet” solution to reducing delays and cancellations. The Airlines do not view scheduling practices as the core problem; it is their expectation that a modern ATC system and airports should be able to handle the load. What is feasible in the way of relief – short- and long-term – can only be addressed with a common language between the Airlines and FAA and an agreed-upon system for tracking the proximate and underlying causes of delays and cancellations from pre-gate departure through all stages of flight. Our major conclusions are summarized below.

- **Flight Delays and Cancellations Have Increased Significantly Since 1995.** Both the Bureau of Transportation Statistics (BTS) and FAA reported increases in flight delays between 1995 and 1999. However, there is a large variance between BTS and FAA delay totals because they use different systems to define and track delays. BTS tracks only gate departure and arrival of a flight, while FAA tracks the intervening ground and airborne phases.

According to BTS data, delays increased 11 percent (1,863,265 to 2,076,443) during this time period. Likewise, FAA data identified an even larger increase of 58 percent (236,802 to 374,116). During this same period, total flight operations increased 8.3 percent, from approximately 64 million to 69.3 million.

We also found that the number of delays continues to increase in 2000. Overall, there were about 12 percent more FAA-reported delays and over 5 percent more BTS-reported delays during the first 5 months of 2000 than during the same period in 1999.

Flight cancellations between 1995 and 1999 grew at an even faster pace than flight delays, increasing 68 percent (91,905 to 154,311). Some high traffic routes had cancellation rates three to five times higher than the 1999 national average. Increases have continued this year, with the first 5 months of 2000 experiencing over 5 percent more cancellations than in the same period in 1999.

- **Flight Delays Are Also Getting Longer.** Not only are there more delays, but those occurring are longer. The length of delays reported by BTS and FAA increased 16 to 18 percent, respectively. According to BTS data, the average arrival delay increased to over 50 minutes in 1999 from 42 minutes in 1995. We also found substantial differences among the top 28 airports, with average delay times ranging from 70 minutes at Baltimore to 25 minutes at Las Vegas.
- **Most Delays Occur on the Ground.** We found that most delays took place on the ground in the form of longer taxi-out and taxi-in times. Our analysis of BTS data found that 82 percent of the increase in gate-to-gate times between 1995 and 1999 was due to longer taxi-out and taxi-in times, with the remaining 18 percent involving longer flight times.

Also at the 28 largest U.S. airports, the number of flights experiencing taxi-out times of 1 hour or more (flights in which the aircraft has departed the gate but remained for extended periods of time on the ground awaiting taking off) increased 130 percent between 1995 and 1999, from 17,164 to 39,523. More significant, at these 28 major airports, the number of flights with taxi-out times of 2, 3, and 4 hours increased by huge percentages of 186, 216 and 251 respectively during the same period. Push-back from the gate within 15 minutes of scheduled departure counts as an on-time departure for BTS reports, even if a flight remains on the taxiway for an hour or more.

- **Lengthening of Scheduled Flight Times Masks True Growth of Delays.** Between 1988 and 1999, the 10 major air carriers reporting to BTS increased their scheduled flight times on over 80 percent of their domestic routes (1,660 of 2,036 routes). By increasing the schedule time, the actual extent of delays through the system is underreported. For example, the number of arrival delays would have increased by nearly 25 percent in 1999 if the air carriers scheduled flight times had remained at their 1988 levels. *We estimate that, from 1988 through 1999, these schedule changes added nearly 130 million minutes of travel time for air passengers.*

In an effort to measure the true growth in flight delays and the resulting impact on consumers and air carriers, we developed the Consumer Flight Delay Indicator (CFDI). This indicator calculates the average delay time per flight flown by the 10 major air carriers and takes into account both scheduled and unscheduled delays. Using 1988 as the base year, we found that the CFDI rate in 1999 was 16:18 minutes. This represents a 42 percent increase from 1995 when the CFDI was 11:24 minutes.

- **DOT Lacks a Uniform Methodology for Tracking Delays.** We found major differences in the methodologies used by FAA and BTS to determine flight delays.

These differences can lead to somewhat confusing results. FAA collects data on flight delays via the Operations Network (OPSNET). OPSNET data come from FAA personnel who manually record aircraft that were delayed by more than 15 minutes after coming under FAA's control, i.e., the pilot's request to taxi out. As such, an aircraft could wait an hour or more at the gate or ramp area before requesting clearance to taxi. So long as the flight, once under FAA's control, took off within 15 minutes of the airport's standard taxi-out time, the flight would be considered an on-time departure.

Conversely, the major air carriers submit monthly flight data to BTS. According to BTS, a flight is counted as "on time" if it departed or arrived within 15 minutes of scheduled gate departure and arrival times shown in the airline's reservation system. Using this definition, an aircraft could wait an hour or more on the airport taxiway for takeoff and be reported by BTS as having departed on time if it left the gate within 15 minutes of its scheduled departure.

- **Although Actions Are Underway, Much Work Remains.** Partly in response to the increase in delays and cancellations as well as the number of complaints, FAA along with representatives of the airline industry conducted an extensive evaluation in 1999 aimed at improving its management of air traffic. As a result of the evaluation, FAA and the industry identified 165 near-term action items to relieve delays including: (1) limiting locally initiated ground stops to 30 minutes; (2) providing estimates to air carriers of the time a ground stop will end and the cause for this action; and (3) ensuring that local facilities coordinate miles-in-trail restrictions¹ through the National Air Traffic Control System Command Center. According to FAA, most of the action items have been implemented.

FAA also recognizes the need for a common system for tracking delays, cancellations, and their causes. As a result, the agency has been working closely with the major air carriers in developing the Aviation System Performance Metric (ASPM). ASPM, which became operational at 21 airports in April 2000, establishes a uniform set of metrics on which to measure delays during each flight segment, i.e., gate departure, taxi-out, en route, taxi-in, gate arrival, and overall flight time.

FAA officials noted that ASPM will initially be used to help identify and track delays and cancellations as well as measure ATC performance. *They also noted their intent to eventually include causal information in ASPM, which will be critical in helping FAA and the air carriers identify areas for improvement, such*

¹ Miles-in-trail is an ATC tool that intentionally paces traffic by increasing spacing between aircraft to keep volume at manageable levels. This spacing between aircraft is different from FAA's safety separation standards requirement of 5 nautical miles laterally or 2,000 feet in altitude, in sectors of high-altitude traffic.

as changes in traffic management practices, funding for equipment and airport enhancements, and airspace redesign.

- **Causal Data on Flight Delays and Cancellations Are Woefully Incomplete.** Beyond the methodologies used to determine flight delays, we also found causal data varied significantly—with no one system possessing a complete picture of the causes of flight delays and cancellations. For example, BTS does not collect causal data for delays or cancellations. FAA only collects causal data on delays reported through OPSNET, but maintains no comparable information on cancellations. Moreover, FAA causal codes do not cover delays due to air carrier activities, such as aircraft maintenance, boarding of passengers, or fueling. While most of the air carriers maintain causal information for internal purposes on both delays and cancellations, those causes are associated primarily with gate departure delays, and generally are not consistent with the causal information collected by FAA.

Preliminary Results on Implementation of the Airlines' Commitment and Plans Are Mixed

The Growth in Delays and Cancellations Has Led to Increases in Customer Dissatisfaction With Air Carrier Customer Service. The Airlines are at the 6-month point in implementing their Plans designed to restore and improve customer service. We reported our preliminary results in our Interim Report on Airline Customer Service Commitment.²

- **The Commitment Does Not Address Underlying Reasons for Customer Dissatisfaction.** The Commitment addresses such matters as improved communication with passengers, quoting the lowest available airfare, timely return of misrouted or delayed baggage, allowing reservations to be held or canceled without penalty, providing prompt ticket refunds, and meeting passengers' essential needs during long on-board delays. *However, 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 are effectively addressed by the Airlines, FAA, and others, there will continue to be discontent among air travelers.*
- **Airlines Have a Long Way to Go to Restore Customer Confidence.** 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

² Report Number AV-2000-102 issued June 27, 2000.

bottom-line results are mixed, and the Airlines have a long way to go to restore customer confidence.

For instance, at least 2 of the 12 provisions cover airline service when flights are delayed or canceled. These two provisions address notifying customers of known delays, cancellations and diversions, and meeting customers' essential needs during long on-aircraft delays. We found the Airlines were making a significant effort, both at the airport and on-board aircraft, to improve the frequency of 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.

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.

Likewise, accommodating passengers during on-aircraft delays is a major challenge faced by the Airlines. We found that less than half the Airlines had comprehensive customer service contingency plans in place, at all the airports they served, for handling delays due to severe weather or Airline service irregularities (e.g., unscheduled equipment maintenance or crew shortages). This provision also 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 should be clearly defined to provide the passenger with a clear understanding of what to expect.

Our detailed observations on the Airline's efforts to implement the Commitment and needed initiatives to enhance the success of Customer Service Plans are included later in this testimony.

Background

FAA estimates that delays to commercial aviation cost the airlines over \$3 billion a year and projects that delays throughout the system will continue to increase as the demand for passenger travel rises. Moreover, passengers are directly affected by the inconvenience of delays in terms of missed flight connections, missed business meetings, and lost personal time. Over the last year, the news media reported a growing debate on flight delays and their causes. One large U.S. airline claimed that it lost as much as \$120 million in the first half of 1999 because of air traffic control (ATC) delays and canceled flights. FAA contended that few delays resulted from ATC equipment problems, and attributed the bulk of all delays to poor weather.

Domestic air carriers³ that account for at least one percent of domestic scheduled passenger revenues submit monthly Airline Service Quality Performance Reports to the DOT's Bureau of Transportation Statistics (BTS). For this report, a flight is counted as "on time" if it departed or arrived within 15 minutes of scheduled gate departure and arrival times shown in the airline's reservation system.

FAA collects data on flight delays via the Operations Network (OPSNET). OPSNET data come from observations by FAA personnel who 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. Delays attributable to an air carrier's operations, such as aircraft and flight crew problems, are not included in OPSNET, nor are canceled flights (regardless of the reason).

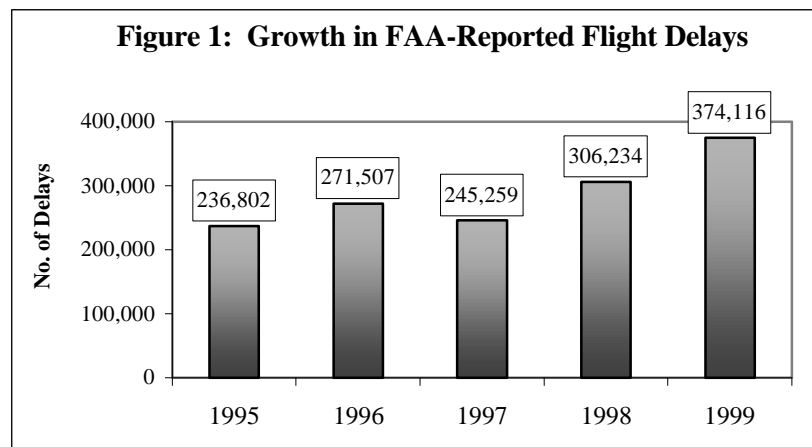
A key reason for differing data maintained by FAA and BTS is in how each uses the information it collects. For FAA, delay information serves to measure system-wide

³ Those 10 reporting air carriers are Alaska Airlines, America West Airlines, American Airlines, Continental Airlines, Delta Air Lines, Northwest Airlines, Southwest Airlines, Trans World Airlines, United Airlines, and U.S. Airways.

ATC performance as well as to identify areas for improvement. For BTS, measuring delays (and subsequent ranking of air carriers by on-time arrival performance) serves as a source of air travel information to consumers and helps ensure more accurate reporting of flight schedules by the air carriers.

Flight Delays and Cancellations Have Increased Significantly

Both BTS and FAA reported increases in all types of flight delays between 1995 and 1999. For instance, according to BTS data, delays increased 11 percent (1,863,265 to 2,076,443) during this time period. Likewise, FAA data identified an even larger increase of 58 percent (236,802 to 374,116). Figure 1 illustrates FAA-reported delays from 1995 to 1999. During this same period, both flight operations and enplanements were increasing, on average, 2 and 4 percent per year, respectively.



We found that the number of delays continues to increase in 2000. Overall, there were about 12 percent more FAA-reported delays and over 5 percent more BTS-reported delays during the first 5 months of 2000 than during the same period in 1999. The number of canceled flights the 10 major air carriers reported to BTS increased 68 percent, from 91,905 to 154,311, between 1995 and 1999. Increases have

continued this year, with the first 5 months of 2000 experiencing over 5 percent more cancellations than the same period in 1999.

Length of Delays Also Increased, Ranging From 16 to 18 Percent

Not only were there more delays in 1999 than in 1995, but the length of delays also increased. Table 1 lists the average duration of FAA OPSNET delays (i.e., departure, en route, and arrival) and BTS arrival delays from 1995 to 1999.⁴ Overall, the length of FAA OPSNET delays increased 16 percent, while BTS arrival delays increased 18 percent.

Table 1: Duration of FAA OPSNET and BTS Arrival Delays

Year	FAA OPSNET Delays (in minutes)	BTS Arrival Delays (in minutes)
1995	37:34	42:41
1996	40:41	46:12
1997	37:45	44:40
1998	41:04	49:19
1999	43:30	50:26
% Change 1995-99	16%	18%

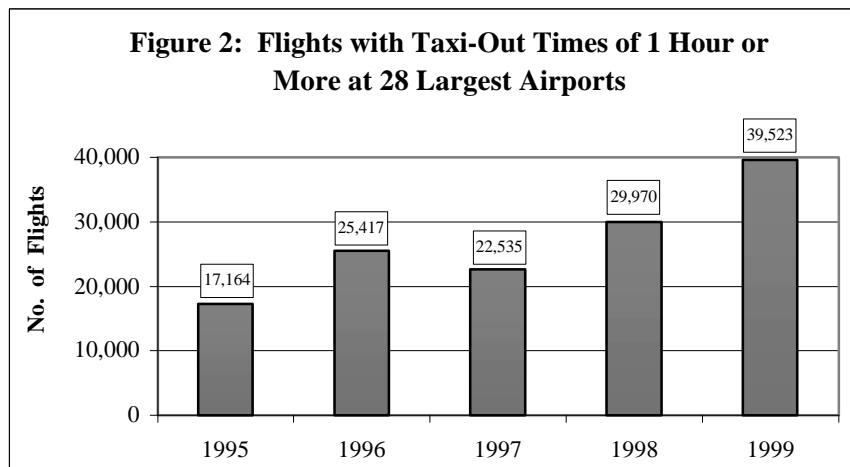
Most Delays Occur on the Ground During Departure

We found that most delays took place on the ground. FAA’s analysis of flights to and from 55 major U.S. airports found that ground delays represented approximately 83 percent of the total delay time in 1999. This percentage is supported by our own analysis of BTS data. Specifically, we determined that 82 percent of the increase in gate-to-gate⁵ times between 1995 and 1999 was due to longer taxi-out and taxi-in times, with the remaining 18 percent involving longer en route times. This represents a noticeable shift from 1996, when only 60 percent of the increase in gate-to-gate times (over 1995) was due to longer ground times.

⁴ These averages are based on delays of 15 minutes or more, since 15 minutes is the cut-off point used by both BTS and FAA in determining a delay.

⁵ Also referred to as “block” time, gate-to-gate time covers the period between gate departure and gate arrival.

We also found that the number of flights that experienced taxi-out times of 1 hour or more (e.g., the aircraft departed the gate but remained for extended periods of time on the ground awaiting takeoff) had increased 130 percent, as noted in Figure 2. Of even greater concern for passengers is the number of flights with taxi-out times of 2, 3, or 4 hours, which increased at an even faster pace, i.e., 186, 216, and 251 percent, respectively, between 1995 and 1999.



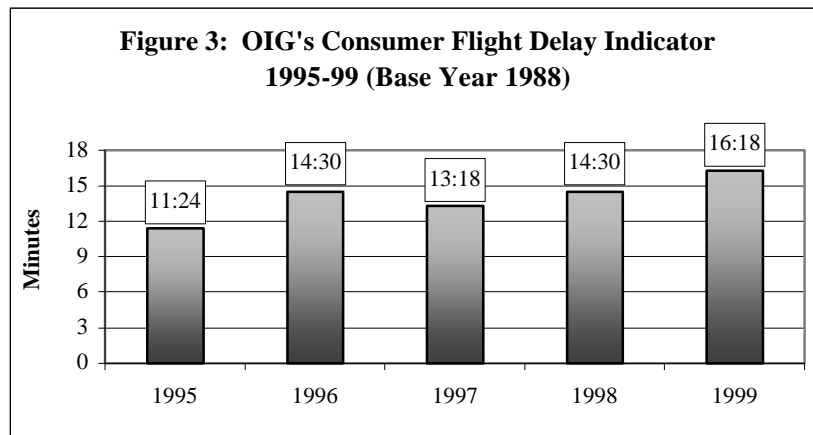
Actual Extent of Delays Is Much Greater, and Is Masked By Increases in Scheduled Flight Times

To compensate for longer ground and air times, the air carriers have increased their flight schedules on nearly 82 percent (1,660 of 2,036) of domestic routes between 1988⁶ and 1999. Overall, we identified 390 domestic routes, comprising 793,586 flights in 1999, which experienced schedule increases of approximately 10 to 27 minutes (on average) over the last 11 years. By increasing their scheduled flight times, however, the actual extent of delays throughout the system—as tracked by BTS—is underreported. For example, the number of arrival delays reported to BTS would have been nearly 25 percent higher in 1999 if flight schedules had remained at

⁶ 1988 is the first complete year of data from the 10 major air carriers.

their 1988 levels. Overall, we calculate that scheduled delays added nearly 130 million minutes of travel time for air passengers from 1988 through 1999.

In an effort to measure the actual growth in flight delays, taking into account both scheduled and unscheduled delays, we developed the Consumer Flight Delay Indicator (CFDI). This indicator calculates the average delay time per flight flown by the 10 major air carriers. Using 1988 as the base year, we found that the CFDI rate in 1999 was 16:18 minutes.⁷ This represents a 42 percent increase from 1995, when the CFDI was 11:24 minutes, as indicated by Figure 3.



DOT Lacks a Uniform Methodology for Tracking Delays

We found major differences in the methodologies used by FAA and BTS to record and track flight delays. As a consequence, FAA and BTS differ as to what they consider a delay and how such delays are calculated. For example, FAA tracks delays on the taxiway and runway (departure) and airborne (en route and arrival). BTS tracks delays at the departure or arrival gates. The two agencies also have little in common with respect to how they calculate delays. As a consequence, these differing

⁷ We calculated that 10 of 28 major U.S. airports had CFDIs equal to or greater than 20 minutes in 1999.

methodologies can lead to somewhat confusing (if not misleading) results as shown in the two examples.

For instance, FAA calculates a delayed departure as the difference between the time a pilot requests FAA clearance to taxi and the time an aircraft's wheels lift off the runway, minus the airport's standard unimpeded taxi-out time. In comparison, BTS calculates a delayed departure as the difference between scheduled and actual departure time from the gate.

EXAMPLE 1: On November 2, 1999, United Airlines flight 645 from Newark to O'Hare left the gate 68 minutes after the scheduled departure time due to mechanical problems. Because this delay took place at the gate, it incurred a departure delay as defined by BTS. Once repaired, however, the flight took off within 24 minutes of receiving FAA's clearance to taxi. Because the total time period between the request for taxi and wheels off did not exceed the allotted taxi-out time of 29 minutes at Newark, *FAA did not record a departure delay.*

EXAMPLE 2: On November 1, 1999, American Airlines flight 1599 from Newark to O'Hare departed the gate at the scheduled time. As such, it achieved an on-time departure as defined by BTS. Because of an FAA ground delay, the aircraft remained in the ramp/taxiway an additional 113 minutes before takeoff. *FAA, therefore, recorded a departure delay since the elapsed period far exceeded Newark's allotted taxi-out time of 29 minutes.*

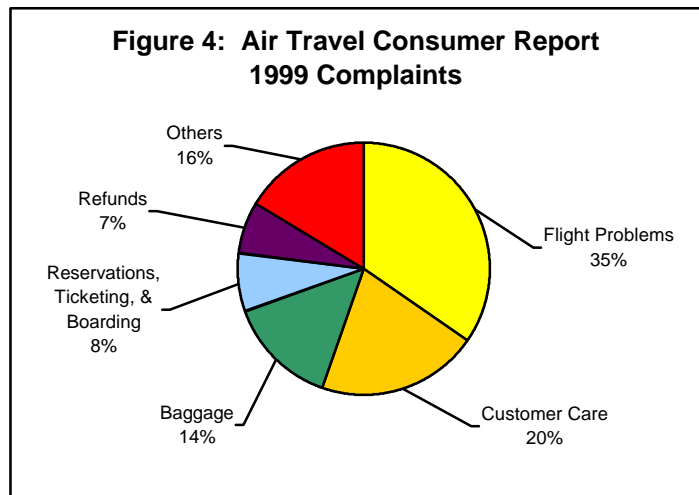
Causal Data on Flight Delays and Cancellations Are Incomplete

There is significant disagreement within the aviation community as to the causes of flight delays and cancellations. Air carriers, for example, blame FAA and weather for most delays. In contrast, FAA points to weather and flight volume as the main factors. Moreover, the lack of consistent and complete data on the causes of delays and cancellations has only fueled this debate. In conducting our audit, we found no system that provides a complete picture of the causes of flight delays and cancellations. FAA causal codes do not cover delays due to air carrier activities, such as aircraft maintenance, boarding of passengers, or fueling. While most of the carriers maintain causal information for internal purposes on both delays and cancellations,

those causes are associated primarily with gate departure delays, and generally are not consistent with the causal information collected by FAA. Until this inconsistency is resolved, FAA and the air carriers will continue to blame one another, and the decision-makers' ability to address the underlying causes such as runway capacity, air traffic control equipment and procedures, weather, and airline scheduling practices will be hindered.

Increase in Flight Delays and Cancellations Fuel Customer Dissatisfaction

Over the last several years, DOT has ranked flight problems (delays, cancellations and missed connections) as the number one air traveler complaint, with customer care (such as the treatment of delayed passengers) and baggage complaints ranked as either number two or number



three. As depicted in Figure 4, 1999 data show that these three types of complaints account for nearly 70 percent of all complaints received by DOT against U.S. and foreign air carriers. This trend continues for the first 5 months of 2000, with flight problems, customer care and baggage complaints accounting for over 70 percent of all complaints received by DOT against U.S. and foreign air carriers.

Preliminary Results on Implementation of the Commitment and Plans Are Mixed

The Commitment and the Airlines' Plans for implementing it were essentially a commitment to place substantially greater emphasis, attention and resources on

customer service. The Airlines realized they needed to improve the way they treat passengers 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.

In developing the Commitment, the Airlines included two provisions that constituted new policy. The provision to either hold a reservation without payment for 24 hours or (at the Airline's choice) cancel a paid reservation within 24 hours without penalty is a new service the Airlines are providing. Another new provision was to support the increase in the baggage liability limit from \$1,250 to \$2,500, which 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 (seat width and legroom).

Our interim results are based on visits to the Airlines' corporate headquarters and other key facilities, and review of 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 the Airlines' Plans and contracts of carriage to determine whether the provisions of the Commitment have been incorporated into these documents. To date, we have visited over 30 domestic airports to observe and test portions of the individual Airlines' Plans

that are in place. We are continuing to test the effectiveness of the Commitment and will provide our results in our final report. To date, our preliminary results have identified areas that appear to be working well, as well as areas for improvement, as illustrated in the following examples.

- **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. However, 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.

We found 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 customers 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.

Ongoing testing of this provision shows 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, but 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 the frequency of 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. For example, six airlines have procedures in place to contact passengers at their home, work, pager, or cellular telephone number about known delays and cancellations. 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.

We also found 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.

The Airlines and FAA must move beyond finger-pointing, and work towards greater cooperation in identifying and addressing the causes for flight delays and cancellations. FAA and the 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.

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.

We suggested the Airlines 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 frontline personnel who deal directly with passengers. We also suggested that the Airlines consider making their contracts of carriage consistent with their Plans to clarify the customers' rights when put in an overnight situation due to delays, cancellations, or diversions.

- **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 also found that the Airlines were not consistent in their Plans when defining what constituted "within 24 hours." For instance, some Airlines started the 24-hour clock when a passenger filed a missing bag claim and others only after the bag arrived at the destination airport.

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. 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.

- **Allow reservations to be held or canceled** - This is a *completely new* customer service commitment, which allows the customer either to hold a telephone reservation without payment for 24 hours **or** (at the Airline's option) 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 ongoing testing shows that, with a few exceptions, the Airlines were living up to this commitment in practice. However, where a ticket purchase was required, the reservation agents typically did not tell us that we could receive a full refund if the reservation was canceled within 24 hours. Therefore, we suggested that the Airlines requiring a ticket purchase affirmatively notify passengers that if they cancel the reservation within 24 hours they can receive a full refund without a penalty, even on otherwise nonrefundable tickets.

- **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 has been in effect for over 16 years. With the

exception of one Airline, our ongoing testing did not show compliance problems with this provision.

- **Meet customers' essential needs during long on-aircraft delays** - 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 also 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 should be clearly defined to provide the passenger with a clear understanding of what to expect.

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 occur on-board an aircraft.

- **Handle “bumped” passengers with fairness and consistency** - 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 if a flight is oversold.

We found several inconsistencies and ambiguities between the check-in times identified in the Airlines' Plans, and those identified 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 the 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 passengers which check-in time must be met in order to avoid losing their seats and being "bumped" from the flight without compensation.

- **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 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.

Airline Performance Measurement Systems and Non-Airline-Employee Training Are Needed

A key to the success of the Plans is the need for each Airline to have a credible tracking system for compliance with its Plan, buttressed by performance goals and measures. The Airlines also need to train non-Airline employees on customer service issues contained in the Plans, since these individuals are often mistaken for Airline employees.

The Airlines need to have performance measurement systems in place to ensure the success of the Commitment and Plans. Therefore, the success of the Customer Service Plans is dependent upon each Airline having a tracking system for compliance with each provision and the implementing Plan. We found that most of the Airlines originally did not have such a system in place, but we received assurances that the needed systems would be established.

In our work between now and December, we intend to determine whether the Airlines have followed through on their assurances and these performance measurement systems are in place. 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. So far, however, our testing has shown that most of the Airlines have come up short in putting a tracking system in place to ensure that misrouted and delayed baggage is returned to the passenger within 24 hours.

Another area the Airlines need to address to improve customer service is the training of non-Airline employees who interact with customers at the airport such as skycaps,

security screeners or wheelchair providers. The Airlines must ensure non-Airline employees who interact with their passengers are adequately trained on the Airlines' Plans, policies and procedures for customer service.

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. Therefore, it is critical to the success of the Commitment and Plans for these personnel to be properly trained. 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 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.

Because of their clear enforceability, the Airlines' contracts of carriage have become an important issue in the customer service debate. Our results indicate that, in general, the Airlines have not modified their contracts of carriage to reflect all items in their Plans. 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, for example, 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 Commitment or 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 the United States for travel within the United States. However, the Commitment does not make this distinction.

Customer service is likely to become more of a competitive market force as air carriers strengthen and implement plans to provide better service. Over time, where

there is competition in the air markets served, measures to improve customer service should serve as a catalyst for other Airlines to introduce initiatives to improve their customer service in order to remain competitive. However, inclusion of the Plans' provisions in the Airlines' contracts of carriage will become more important if an environment develops where there is less competitive pressure to maintain or improve customer service.

Implications for DOT's Capacity to Oversee and Enforce Air Carrier Customers' Rights

DOT is congressionally mandated to oversee and enforce air travel consumer protection requirements, some of which are covered by the Commitment, and the Airlines' Plans and contracts of carriage. These include compensation rules for bumped passengers, rules governing the accommodation of disabled air travelers, ticket refund provisions, and baggage liability requirements. The Office of the Assistant General Counsel for Aviation Enforcement and Proceedings, including its Aviation Consumer Protection Division, carries out this mission. This office is also responsible for enforcing other aviation economic requirements, such as legal issues that arise regarding air carrier fitness determinations and competition.

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, staffing has declined during a period of air traffic growth, complaints have increased from 7,665 in 1997 to 20,495⁸ in 1999, additional requirements have been 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' 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.

Although Actions Are Underway, Much Work Remains

Partly in response to the increase in delays and cancellations as well as the number of complaints, FAA along with representatives of the airline industry conducted an extensive evaluation in 1999 aimed at improving its management of air traffic. As a result of the evaluation, FAA and the industry identified 165 near-term action items to relieve delays, including: (1) limiting locally initiated ground stops to 30 minutes; (2) providing estimates to air carriers of the time a ground stop will end and the cause for this action; and (3) ensuring that local facilities coordinate miles-in-trail restrictions⁹ through the National Air Traffic Control System Command Center. According to FAA, most of the action items have been implemented.

⁸ Total aviation consumer complaints filed with DOT for the entire industry (U.S. airlines, foreign airlines, tour operators, etc.).

⁹ Miles-in-trail is an ATC tool that intentionally paces traffic by increasing spacing between aircraft to keep volume at manageable levels. This spacing between aircraft should not be confused with the FAA safety separation standards requirement of 5 nautical miles laterally or 2,000 feet in altitude, in sectors of high-altitude traffic.

FAA's evaluation also spurred a number of other initiatives. For example, FAA is deploying several traffic management tools, including the Flight Schedule Monitor, Collaborative Convective Forecast Product, and Departure Spacing Program. FAA has also established a web site (www.fly.faa.gov) that provides consumers real-time information on air carrier delays at the Nation's 40 largest airports. The web site is also linked to other information sources, such as the status of the National Airspace System, which shows all the ground delays and stops FAA has in place across the Nation at that time.

FAA also recognizes the need for a common system for tracking delays, cancellations, and their causes. As a result, the agency has been working with the major air carriers in developing the Aviation System Performance Metric (ASPM). ASPM, which became operational in April 2000, establishes a uniform set of metrics on which to measure delays during each flight segment, i.e., gate departure, taxi-out, en route, taxi-in, gate arrival, and overall flight time. ASPM also provides FAA and the participating air carriers with next day reports via the Internet on delays occurring at individual airports, on routes and flights, and within the overall system. FAA officials noted that ASPM will initially be used to help identify and track delays and cancellations as well as measure ATC performance. *They also noted their intent to eventually include causal information in ASPM, which will be critical in helping FAA and the air carriers identify areas for improvement, such as changes in traffic management practices, funding for equipment and airport enhancements, and airspace redesign.*

Likewise, the need for good causal data was recently reinforced by Congress in The Wendell H. Ford Aviation Investment and Reform Act for the 21st Century. This Act directs the Secretary of Transportation to modify existing regulations governing air carrier data submissions to DOT “. . . to disclose more fully to the public the nature and source of delays and cancellations experienced by air travelers.” The Act also

requires the establishment of a task force (including officials of FAA, air carriers, and consumer groups) to develop categories for reporting causal information on flight delays and cancellations.

Notwithstanding these efforts, much work remains to be done if delays and cancellations are to be addressed in a meaningful way. A good starting point is the development of a uniform system through which all components of DOT and the air carriers will be able to track flight delays and cancellations as well as measure ATC performance. In addition to this system, more comprehensive information is needed on the various causes of flight delays and cancellations not just those currently recorded by FAA or the air carriers. Finally, the Department needs to reassess the information it provides consumers, especially in the area of departure delays. The current emphasis on gate departure and arrival delays does not reflect the full extent of delays, much of which is occurring on the ground in the form of longer taxi-out times or is being underreported due to expanded flight schedules.

The issues are complex and there are no easy or quick solutions. The long-term solutions for enhancing capacity and improving customer service involve a number of steps including getting better data for decision makers to use in improving the use of our airspace, making more efficient use of existing and new runways, and exploring alternative airline scheduling practices.

Mr. Chairman, this concludes my statement. I would be happy to answer any questions you might have.