

**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.<sup>1</sup>

Last February we reported that the Air Transport Association (ATA) member Airlines (Airlines)<sup>2</sup> 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

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<sup>1</sup> Report Number AV-2001-020, February 12, 2001.

<sup>2</sup> 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 :

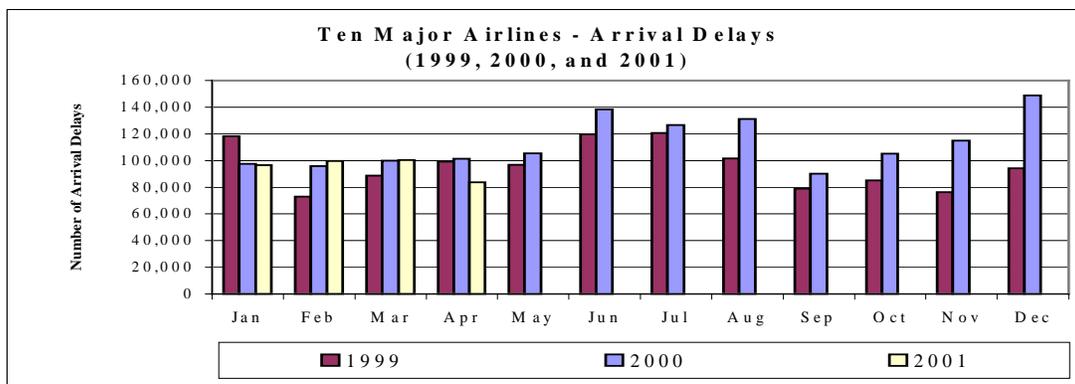
- Airlines' policies for accommodating passengers put in an overnight status due to delays, cancellations or diversions;
- accuracy and timeliness of information on airport display monitors regarding delayed or canceled flight;
- terms used to describe what passengers could expect during long on-board 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.



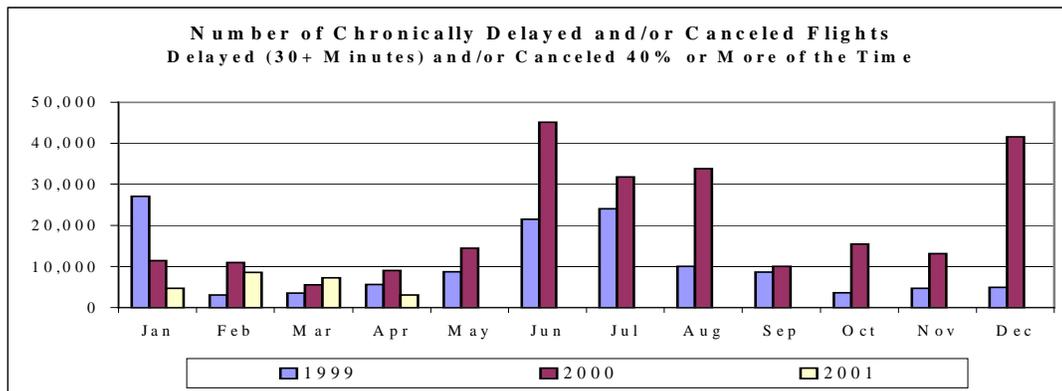
- Bureau of Transportation Statistics (BTS) reported that flight cancellations decreased 12 percent (61,582 to 54,217) during the first 4 months of 2001 as compared to the same period in 2000.
- Of those flights arriving late in 2001, the average delay was 48½ minutes—nearly 4 minutes less than the average 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.<sup>3</sup>



- 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.

<sup>3</sup> 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 office<sup>4</sup> 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.

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<sup>4</sup> 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.

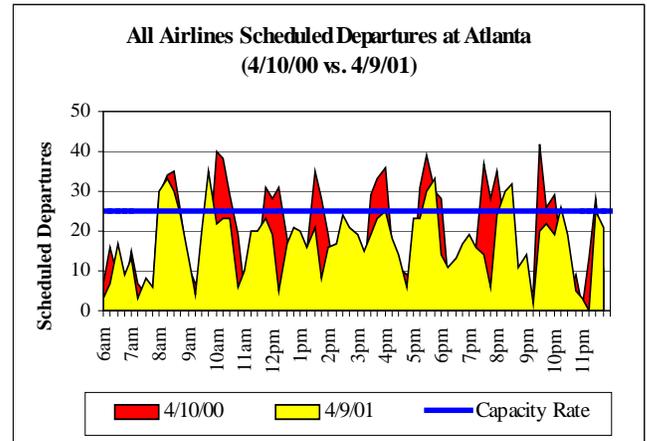
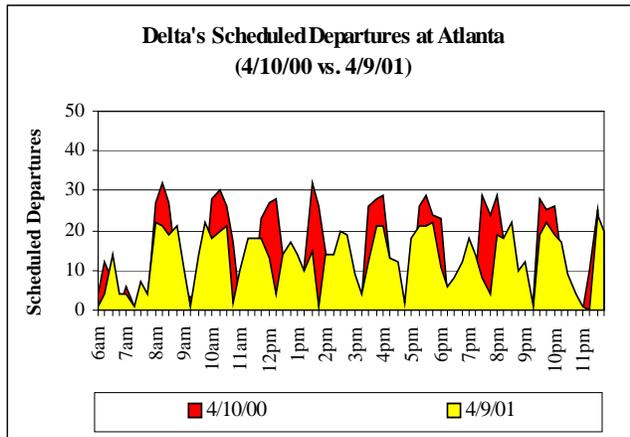
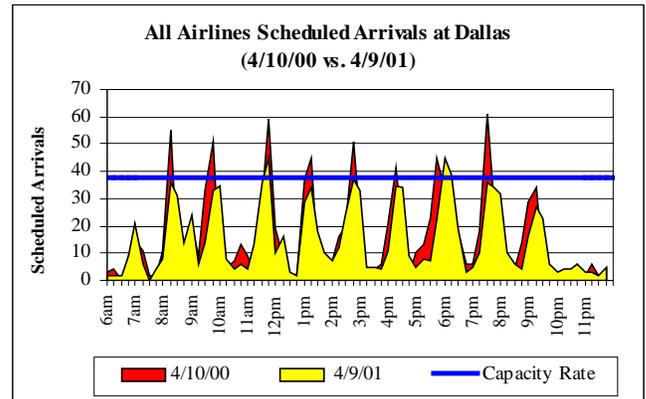
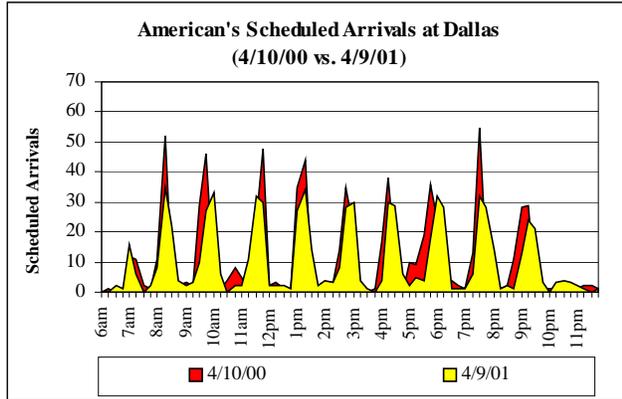
**Additional Steps Are Needed to Solidify the Additional Initiatives.** With the experience the Airlines gained from implementing the original Commitment provisions, in our opinion, implementation of the additional initiatives should not be a lengthy and exhausting process. Similar to the implementation 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

<b>Airlines' Original Commitment</b>	<b>Actions Taken Outside of the Original Customer Service Commitment</b>
	Place original Commitment into contracts of carriage
	Establish internal performance management systems
<b>Airlines' Original Commitment</b>	<b>Extensions to Original Commitment</b>
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 office<sup>1</sup> 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

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<sup>1</sup> 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](http://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 rulemaking<sup>2</sup>, 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**

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<sup>2</sup> 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.