

AIRLINE CUSTOMER SERVICE

HEARING

BEFORE THE

COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION UNITED STATES SENATE

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

—————
JUNE 28, 2000
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Printed for the use of the Committee on Commerce, Science, and Transportation



U.S. GOVERNMENT PRINTING OFFICE

82-662 PDF

WASHINGTON : 2004

For sale by the Superintendent of Documents, U.S. Government Printing Office
Internet: bookstore.gpo.gov Phone: toll free (866) 512-1800; DC area (202) 512-1800
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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED SIXTH CONGRESS

SECOND SESSION

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AIRLINE CUSTOMER SERVICE

WEDNESDAY, JUNE 28, 2000

U.S. SENATE,
COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION,
Washington, DC.

The Committee met, pursuant to notice, at 9:29 a.m. in room SR-253, Russell Senate Office Building, Hon. John McCain, Chairman of the Committee, presiding.

OPENING STATEMENT OF HON. JOHN McCAIN, U.S. SENATOR FROM ARIZONA

The CHAIRMAN. Good morning. I want to apologize ahead of time to the witnesses. We have a vote, two votes at 9:45. So we will try to get through opening statements and get as much done as we can, and then at some point I will have to take a brief recess until we come back from the vote. I want to thank all the witnesses for being here this morning.

One year ago, the Commerce Committee approved the Airline Passenger Fairness Act, which was enacted into law almost 3 months ago as part of the FAA Reauthorization Act. The Airline Passenger Fairness Act was crafted in response to widespread and intense public frustration with airlines' poor customer service.

This legislation gave the airlines an opportunity to refocus their attention on basic customer service. The member air carriers of the Air Transport Association developed the Airline Customer Service Commitment. Pursuant to that industry-wide initiative, each airline developed its own customer service plan. Those plans were scheduled to be implemented fully by last December, but I understand that full implementation by all airlines did not occur until March of this year.

The legislation directed the Department of Transportation Inspector General to report to Congress on the effectiveness of the airlines in living up to their Customer Service Commitment. The first report is an interim one and is being released today. The final report is due in December.

Although the Inspector General's findings are preliminary, the results show mixed success and raise many questions and concerns. Unfortunately, the report indicates that the airlines still have a long way to go to make significant inroads on the customer service front. The good news is that the Inspector General's interim report makes several thoughtful suggestions to help the carriers' customer plans work. Better yet the carriers have time to respond to these suggestions before their final report card is in.

At a minimum, it is necessary for the carriers to heed the Inspector General's advice. What is at issue here are basic standards of customer service, not dazzling promises designed to exceed passengers' expectations. Air travelers need to know that the airlines are bending over backward to meet and exceed these basic commitments.

For instance, customers should know that they have 24 hours to hold a seat at a quoted fare even if the ticket is non-refundable. Delays should be communicated when they are known, not simply when passengers show up at the gate. And information on frequent flyer programs should be useful enough to help consumers figure out the likelihood of redeeming their points for travel.

According to the Inspector General, the airlines are quick to blame their customers' dissatisfaction on the FAA and the air traffic control system. Delays related to bad weather and antiquated air traffic control equipment are indeed at the root of many customers' complaints. If the airlines truly believe that the air traffic control system is at the root of their woes, I urge them to throw their weight and momentum behind a serious, realistic plan for air traffic control reform.

As I said last year, I want and expect the airline customer service commitment to succeed. But if the airlines' voluntary effort falls short, I am committed to moving forward on additional, enforceable passenger fairness legislation. The Inspector General's December report will weigh heavily on our decisions regarding a future course of action. In the meantime, I expect the airlines to fully comply with the recommendations of the Inspector General.

Several of my committee colleagues and I have asked the Inspector General to go beyond his final report in December and continue reporting on the airlines' compliance with their voluntary customer service initiatives. I look forward to continuing to work with my colleagues on this important issue.

I would mention to my colleagues again, at 9:45 we have a vote. I would like to try to make our opening statements brief so we could at least begin the opening statements of the witnesses if they would agree.

Senator Kerry—or were you here first, Ron?

[The prepared statement of Senator McCain follows:]

PREPARED STATEMENT OF HON. JOHN MCCAIN, U.S. SENATOR FROM ARIZONA

One year ago, the Commerce Committee approved the Airline Passenger Fairness Act, which was enacted into law almost three months ago as part of the FAA reauthorization act. The Airline Passenger Fairness Act was crafted in response to widespread and intense public frustration with airlines' poor customer service.

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According to the Inspector General, the airlines are quick to blame their customers' dissatisfaction on the FAA and the air traffic control system. Delays related to bad weather and antiquated air traffic control equipment are indeed at the root of many customers' complaints. If the airlines truly believe that the air traffic control system is at the root of their woes, I urge them to throw their weight and momentum behind a serious, realistic plan for air traffic control reform. Otherwise, they will just be accused of trying to shift the blame.

As I said last year, I want and expect the Airline Customer Service Commitment to succeed. But if the airlines' voluntary effort falls short, I am committed to moving forward on additional, enforceable passenger fairness legislation. The Inspector General's December report will weigh heavily on our decision regarding a future course of action. In the meantime, I expect the airlines to fully comply with the recommendations of the Inspector General.

Several of my Committee colleagues and I have asked the Inspector General to go beyond his final report in December, and continue reporting on the airlines' compliance with their voluntary customer service initiatives. I look forward to continuing to work with my colleagues on this important issue.

Senator WYDEN. Mr. Chairman, I have strong feelings about it, but I know Senator Hutchison has something that is time-sensitive.
The CHAIRMAN. Senator Hutchison.

**STATEMENT OF HON. KAY BAILEY HUTCHISON,
U.S. SENATOR FROM TEXAS**

Senator HUTCHISON. Thank you, Mr. Chairman.

I have an amendment on the floor that is going to be voted on at 9:45, so Senator Wyden has allowed me to say a couple of words, which I appreciate very much. I do want to thank you, Mr. Chairman, for holding this hearing on the interim report, because I think it is good for the airlines to see what the preliminary results are, and to be able to adjust to the findings. I think, Mr. Chairman, the approach that you have taken in getting everyone to the table and giving fair notice and allowing the airlines a chance to respond is a good one.

I do think that dissatisfaction is up for a variety of reasons. Certainly, we know that there are a lot more planes in the air and I think the issue of air traffic control systems is legitimate. I also believe that there are indications that the airlines are doing a somewhat better job of disclosing their lowest fares but I think we still need to do more in simplifying for the passenger the fare structure and what it takes to get the lowest fares.

Second, I hope that the airlines will continue to strive to give more information to passengers. Most passengers will understand better what is before them if they are told on a frequent basis what the delays are, how long they will be, and even looking for other options that might get them to their destination on an expedited

basis. I know that if the delay is caused by weather that that is probably not possible, but disclosure of information, I think, helps a lot.

So, Mr. Chairman, I look forward to hearing from the witnesses and I hope that we can take positive steps that would avoid the necessity for us to pass laws, but rather inform the airlines of what should be done better and let them respond without new regulations and new reporting requirements. However, if these improvements do not happen, then I think legislation is a viable option.

Thank you.

The CHAIRMAN. Thank you, Senator Hutchison.
Senator Wyden.

**STATEMENT OF HON. RON WYDEN,
U.S. SENATOR FROM OREGON**

Senator WYDEN. Thank you, Mr. Chairman. Mr. Chairman, let me thank you especially for all your interest in this and for scheduling this hearing this morning.

I would like to spend just a few minutes outlining the significant gaps that our government's investigators found between what the airline industry promised its passengers a year ago and what the airlines have actually delivered.

First, on this question of the lowest fare, what the Inspector General found is that a majority of this country's airlines are not telling the passengers what the lowest fare actually is. The way the airlines fudge this up is they try to say, well, we will tell you the lowest fare you are eligible for, but the fact is that often on the Internet you can get a much lower fare. So the bottom line is that, as of today, a majority of the nation's airlines are not telling this country's passengers what the lowest possible fare that is out there actually is.

Second, the airlines promised that they would notify passengers of known cancellations and delays. At page 20 of the report, the Inspector General states that flights are often indicated as being on time when it is obvious that the flight is going to be delayed because the aircraft is not even at the gate. The Inspector General found that often there are delays of up to 4 hours prior to departure because the airlines are not telling the passengers the truth about where the airline is and when it is going to leave the gate.

I think it is especially troubling—and here I will quote just from the Inspector General's report—that very often the information that is given to the passengers is inaccurate, incomplete, or unreliable.

Third, the airlines pledged that they would return lost baggage within 24 hours. The way they fudge this one up is essentially by manipulating the clock. Some of the airlines say that the pledge kicks in when the lost bags actually show up at a destination airport. Others use a different kind of criteria such as when the customer files the missing baggage claim.

I could go on about a variety of these others areas, Mr. Chairman, such as the refund pledge. But let me tell you what I am most troubled about. It is very clear to me that a majority of this country's airlines will not write these commitments to the pas-

sengers into the contracts of carriage. This is the actual fine print, the legalese that protects the consumer.

[The information referred to follows:]

American Airlines/American Eagle

Customer Service Plan

Handling of Customer Issues

Customer Relations can be reached at:

American Airlines Customer Relations
 Mail Drop 2400
 P.O. Box 619612
 Dallas/Ft. Worth Airport, TX 75261-9612
 Fax 817-967-4162

Helpful Suggestions

- Be as specific as possible, including dates and flight numbers
- Provide all supportive documentation, such as copies of your tickets and certificates

We take the customer service goals in this plan very seriously. We know that you expect nothing less. However, the Customer Service Plan does not create contractual or legal rights. Rather, our contractual rights and obligations are set out in our conditions of carriage, applicable tariffs, and ticket jacket, all of which provide additional details on the matters discussed and must be consulted to fully understand your rights and our obligations. For example, we are not responsible for any special, incidental, or consequential damages for delays, cancellations, lost baggage, late refunds, or instances in which we do not meet our service goals.

Customer Service Plan
 September 15, 1999

So what I am troubled about is the prospect that, let us say we do not have a Chairman like you, Mr. Chairman, who is interested in this subject and the Inspector General is no longer on the beat; the contracts of carriage do not end up giving the consumer any meaningful protection and we are just back to business as usual.

I will wrap up with one last comment with respect to the airline industry's position on this. The airlines initially said that there really was not any big problem here. They said that this situation was largely anecdotal, that consumers were bringing us various concerns, but there was not a problem. Well, after we accumulated so many instances of that they finally said, OK, there is a problem; let us deal with it voluntarily.

Now that the Inspector General has found, as the newspaper said this morning, that the airlines are coming up short on their own pledges—this is not something that somebody independent required, but now that they are coming up short on their own pledges—the airline industry has begun to shift the blame yet again and as of yesterday they are saying it is air traffic control, the FAA, or one thing or another.

The bottom line it seems to me is we are not going to get this job done in terms of protecting passengers until we pass a bill that has got some teeth in it and gets passengers good information. We are not talking about mandating gourmet meals on airplane flights.

We are talking about passengers getting good, accurate, objective information that these airlines have and they are stonewalling and not giving it to the passengers, and I think it is outrageous.

I thank you.

The CHAIRMAN. How do you really feel?

[Laughter.]

The CHAIRMAN. Senator Burns.

**STATEMENT OF HON. CONRAD BURNS,
U.S. SENATOR FROM MONTANA**

Senator BURNS. Thank you, Mr. Chairman, and thank you for this hearing.

I do not know how many hours that you have spent behind a ticket counter in an airport. You are looking at a guy that has. Any time that you deal with the public, the traveling public, it is a special challenge, and it is one that is humbling and you learn a lot about how people are and what they react to and this type of thing. I worked for Ozark Airlines when I first came out of the Marine Corps and that is probably the 2 years that I spent in public relations that was really—you earn your stripes.

But nonetheless we know that, especially in the air travel industry, the competitive nature of it, trying to keep all of the loose ends tied together, trying to get them out on time and trying to get them to arrive on time with the same luggage that they started with—and we have all heard all the stories, all the horror stories that you could hear about what happens to luggage and this type thing. And I am still confident, I do not think it has changed a lot from the time that I was a young man working on the ramp, that there is some of those folks down there that could tear up shotputs and they just have a knack of doing that.

But nonetheless, for the most part, and if you look at the volume and the tonnage, for the most part they do a pretty good job.

If we are to look at this, if we are to look at this as government, then I think we should also look at a State like my State, who has captive shippers as far as ground transportation is concerned, the railroads. We do not get very good service there, either, and we pay a higher rate.

So I am interested to read the report. I am going to. And if there are some things that are glaringly being done by the airlines that is not in the best interest of the traveling public, then I think we should take a look at it. There is no doubt about it.

But for the most part, let us—I just think it is a wonderful thing. Now, I know a lot of folks that are elected and they go out and they work for a day on different jobs. I would suggest you go to the airlines and say, I want to work a ticket counter, I want to work a gate as a gate agent just 1 day, one shift. I am sure that there are folks that would allow you to do that.

So I just think that—now we have got high fuel prices. That further complicates things. We should be holding some oversight on FAA because we hear them complain about FAA. I have a good friend that was director of the FAA that I take some advice from and think a lot of, and I think there are some things there that could be done. Maybe it should be reformed all the way together.

We have got the technology to do it and the equipment, the know-how, and some days I do not think we do a very good job.

And we do not do a very good job controlling our thunderstorms. Maybe Congress can do that, too. I do not think so.

But I just want to throw an element of thought in this thing. Whenever we start this dialog, let us make sure that we have walked in the other man's shoes before we start talking about passing laws and requiring things of an industry that we do not take a look at ground transportation, because I will tell you there is some things there that could stand a little oversight.

I thank the chairman.

The CHAIRMAN. Thank you.

I would ask again my colleagues if we could complete our opening statements so that when we come back from the vote we can begin with the first witness.

Senator Kerry.

**STATEMENT OF HON. JOHN F. KERRY,
U.S. SENATOR FROM MASSACHUSETTS**

Senator KERRY. Mr. Chairman, thank you. Thank you for doing this hearing.

We hear two points of view, Senator Wyden and Senator Burns, and there is truth in both of them, obviously. But I do not think anybody here would feel constrained to say that the system is not working very well and it is not living up to the standards that we expected. Now, I know it is hard, obviously, to deal with acts of God, with thunderstorms that suddenly crop up and all of a sudden you have got a problem. But I do know enough, because I stay current as a pilot and I love to fly and I use this air system and I have watched the transition of it in the last years, and it is increasingly at risk for a number of different reasons.

The FAA bears some responsibility, there is no question about that. We have finally put some funding into that and hopefully some things can change.

But I will tell you, there are just some fundamental standards of common sense and basic decency in how people are treated that are not being applied. I speak as a user. I went out to National Airport about 4 weeks ago, after 4 telephone calls from my office by my scheduler prior to leaving within an hour to see if my flight was leaving on time. And they said, yes, scheduled on time, absolutely, we are all up to speed, you go out there.

I arrive at the airport 6 minutes after one of those phone calls was made and the line from the counter through the corridor was halfway down the corridor and any dolt could have walked in there and said this plane is delayed for hours. I got to the counter and indeed I was told: Oh, 2 and a half, 3 hour delay.

Now, in the age when I can sit on an airplane and e-mail my office or anywhere in the world on a PalmPilot, it is incomprehensible to me that people could not have informed us properly in real time as to what was happening. This is a matter of executive execution. It is a matter of smart people running a show more intelligently in an age of communications when there is no excuse for not knowing.

Now, my stepson this weekend was trying to go from New York to California. For six and a half hours, he sat on a runway in New York before they even left. You can fly across the great pond in that period of time. I have spent 5 hours sitting on the runway right here in Washington, D.C. to go to Boston.

Now, last Thursday I went out for the 9 o'clock flight. Congress, somehow we finished our work, several of us got to the airport, were told the flight is leaving on time and we could board. I get on the flight and the pilot comes on and says: Well, the good news is the flight time between here and Boston is only 52 minutes; the bad news is the flight is canceled, we are not going.

Why? Well, I could not understand it, so I went and got a pilots' briefing. Indeed, there was nothing in the pilots' briefing that suggested to me there was that kind of delay. I was told: Well, there is a delay in Boston. So I got the weather reports for the entire day. I have them.*

Senator KERRY. Here is the satellite photography beginning at 6:15 a.m., 10:15 a.m., 2:15 p.m., 6:15 p.m., 7:45 p.m.—there is a little bit of activity down in the south—9:15 p.m., a little more activity in the south, nothing in Boston, nothing in Washington; and right up to 10:15 p.m.* Then I got the GOES satellite and it shows a little bit of thunderstorm activity down here in the south, absolutely nothing here. In Boston they were reporting 10 miles visibility, 3,000 foot ceiling; in Washington a 20,000 foot ceiling, 10 miles visibility, which incidentally is the maximum they can report in terms of observations.

Yet the flight was canceled. Now, maybe it is because there were only about 25 people left to fly on it and equipment was tied up somewhere else in the country and they might not have had a plane to leave in the morning, so they made an executive decision to keep a plane there. I do not know, but they never told us.

The next morning at 7 a.m. when I got on the flight to get to Boston, the pilots from that flight the night before were on that flight to go and I asked them, why did we not go? They said: We do not have a clue; we cannot tell you; the weather was fine, we should have gone.

Now, this happens—I am going to end, but this happens to people all across this country. It is not because I am a Senator. It is just I am a user, I am a traveler like everybody else. And travelers all over this country are tired of being lied to, tired of being told, oh, it is flight traffic control. Flight traffic control says it must be the airline equipment. The airline equipment people tell you: No, it is the airport congestion or it is because they are down to a single runway or high wind.

You hear every kind of excuse. But in the end the loss of hours, the loss of productivity, the numbers of extra dollars spent on hotel bills for cancellations, and so on and so forth are driving people nuts. Already the sort of competition issue is on the table in a very significant way in terms of these mergers and other issues.

So I close by simply saying I am beginning not to have confidence. I was one of those who fought for compromise. I was one of those who fought to let the airlines have a chance to prove that

*The information referred to has been retained in the Committee files.

good management can change this. And I do not see the kind of concerted effort between the FAA and the airlines and others that indicates to me that we are not going to have to be a little tougher.

I wait for the final report. I will wait for the final report. We have got until December. But there is nothing that gives me great confidence that smart people are applying their ingenuity to creative means of providing people with greater choice and capacity to be treated more decently in this process.

I thank you, Mr. Chairman. I am sorry to go on longer.

The CHAIRMAN. Senator Gorton.

**STATEMENT OF HON. SLADE GORTON,
U.S. SENATOR FROM WASHINGTON**

Senator GORTON. Well, Mr. Chairman, I will put my formal statement in the record and just reflect that, beginning a couple of years ago and climaxing a year ago, we as well as the FAA were getting an increasing number of complaints, some of them extraordinarily serious. Some wanted to cure this problem by passing a law. The airlines asked to do it voluntarily and came up with the commitments that we see sitting before us here.

I think it is really only a relatively few months since they have been implemented. But the complaints have been increasing during that period of time rather than decreasing. It is an automatic American response to say, well, there ought to be a law. I am not sure that there ought to be a law and that any government entity is going to do any better. But the concerns voiced here are real concerns and are a real threat to the airlines unless they do do better.

I think Senator Kerry is correct when he says we ought to wait for the final report before we determine what, if any, actions should take place next.

It is not all airlines. Some of it is the FAA. But the airlines are the victims of their own success. They are doing extremely well. They are carrying more and more passengers every year, and that means the burden on them to do things right is greater. This hearing itself should be one more in a series of wakeup calls.

[The prepared statement of Senator Gorton follows:]

PREPARED STATEMENT OF HON. SLADE GORTON, U.S. SENATOR FROM WASHINGTON

I tend to be skeptical of any proposal to regulate an industry. Government intervention in any aspect of the marketplace must occur only when necessary and under extraordinary circumstances. That is why I resisted initial attempts to impose federal customer service standards on the airlines. I far preferred the approach taken by the Committee last year that gave the airlines a reasonable opportunity to make improvements on their own.

I fully understand the challenges facing the airlines. Deregulation of the airline industry, coupled with a booming economy has created increased demand for their product. More passengers are flying safely than ever before. In 1999, over 635 million passengers took to the skies. Planes are packed with passengers as airlines use complicated yield management systems designed to fill every possible seat.

While this is good news for the airlines, and their shareholders, this is not such great news for consumers. Passenger complaints are reaching record levels. Most of these complaints are based on a negative experience that has a significant impact on their travel plans. Canceled or delayed flights impact about 20% of all air travelers. While this number may seem low compared to the 80% of on time arrivals, that leaves roughly 127 million passengers that are delayed or stranded annually.

Whether it is anecdotal horror stories, the increasing number of complaints sent to DOT, or public opinion polls, there is widespread displeasure with the state of air travel, and all indicators have been headed in the wrong direction. Air travel

is no longer a luxury, as it was before deregulation. It has become a form of long-distance mass transit and an essential part of our society and economy. The public now expects minimum levels of customer service.

Some of the blame for these problems may lie with the Federal Aviation Administration. Some would even argue that the blame lies with Congress, although I don't think that would be wise at this point. Especially due to the fact that the recently passed AIR-21 bill provides record levels of funding for our aviation system. Although I don't feel that the airlines are solely to blame for their woes, they must take responsibility for increasing customer dissatisfaction.

With the issuance of the Inspector General's interim report, we have reached the first notable milestone in the review of the airlines' efforts to improve customer service since their plans took effect last December. The more important milestone will occur in December when the IG issues the final report, which will contain a more fully developed analysis of the airlines' progress.

As we will hear today, the results of the IG's testing to date have been mixed. I had sincerely hoped that there would be more substantial improvement than just mixed results. The airlines have been on notice for more than one year that Congress may take stronger action in this arena. Although their plans have been in place for six months, the airlines have been painfully aware of the problems for much longer.

My natural resistance to further congressional action on this issue is being tested by the airlines. Customer service is usually subject to the strong forces of the free market. If customers do not like a business's service, they will usually vote with their feet. But the airline industry operates in an environment that sets it somewhat apart. Too many air travel markets lack multiple competitors and market entry can be difficult. When all parts of the system are not subject to vigorous competition, the discipline of the market is weakened. In that sense, the airline industry may need closer attention than others.

At the same time, we must not lose sight of everything that the airlines do right. Thousands of flights, passengers, and bags are handled in a safe, timely, and satisfactory manner each day. Given its size and complexity, we have an outstanding air transportation system that no other nation can match. But it is a system that is becoming a victim of its own success. Aircraft are being filled up more efficiently than ever and more flights are filling the skies. The system is starting to burst at the seams on several levels. Whenever there is greater congestion in any environment, there is likely to be greater friction. At such times, sensitivity to customer needs becomes more critical.

I still support fully deregulation of the industry. The less need for governmental interference, the better. I am certainly not ready to consider any additional action at this time. The IG's final report may be a turning point, however. The airlines still have ample time to improve their overall performance. I hope they will heed the warning signs of potential government interference. If the IG's final report is negative, there will be little tolerance of airline claims that they need more time.

The CHAIRMAN. Senator Bryan.

**STATEMENT OF HON. RICHARD H. BRYAN,
U.S. SENATOR FROM NEVADA**

Senator BRYAN. Thank you very much, Mr. Chairman. Let me try to be brief because we have got a vote.

I think all of us are venting this morning and that is because we are frustrated. We are frustrated, not because we are Members of Congress, but because we are passengers, we are users.

I think it is fair to say that the system is overloaded in terms of volume of passengers. Today, airline travel, to be very honest, is not much fun. I mean, the airports are crowded and congested. It is a sea of humanity moving from one gate to another. That is an issue that is broader than the focus of our discussion here this morning.

But I think what my colleagues are talking about, among other things, is No. 2, "Notify customers of known delays, cancellations, and diversions." I have traveled back and forth from Nevada almost every weekend for the last 12 years. The last 4 weeks have

been an absolute nightmare, most of it, in fairness, weather-related out of Chicago. You cannot account for the weather. Nobody that is reasonable and rational holds you accountable for that.

But let me just share a couple of examples. We all share anecdotal experiences. In Chicago for a period of 5 hours, canceled from one flight to another, probably legitimately. But as you look at the monitor, all of a sudden the flight that you have been rescheduled on has disappeared from the monitor. What has happened? You wait in line to get the answer and they say: Oh, that plane has been canceled, too. This cancellation is not even on the monitor.

You will be racing from a session here to the airport. You get downstairs. The monitors say the plane is on time. You have nearly a cardiac arrest as you are racing to get to the counter, and you find out that the plane that you are scheduled to depart on has not left its point of origin, it has not even arrived. That misinformation on the monitor is something that is correctable.

My wife was the victim of a cancellation last week as she was traveling to visit our little granddaughter in Rochester, New York. The individual who was at the counter did not even have the basic information as to what options were available.

I would say with great respect, acknowledging all of the difficulties that you face, and that not everybody in the traveling public is reasonable or rational—we all understand that; we are in a line of business in which we deal with the public every day. But I must say I do not see any improvement since the last time we visited, and I will be anxious to hear your response to my comments as well as others.

Thank you very much, Mr. Chairman.

The CHAIRMAN. Senator Rockefeller.

**STATEMENT OF HON. JOHN D. ROCKEFELLER IV,
U.S. SENATOR FROM WEST VIRGINIA**

Senator ROCKEFELLER. Thanks, Mr. Chairman.

I will put my statement in the record and I agree basically with what Senator Gorton said. But I will say that I think there have been some improvements, but I do not think they have been what I would have expected. The airline folks I hope will remember that Senator Gorton and I indicated at our press conference that the airlines were going to be given a chance, but if there were not going to be improvements there was going to be legislation.

I do not like legislation because I think it is a lousy idea. I think we do a lousy job at it. The Congress would typically overreact, some people would showboat, and it would not be good.

But I think it is No. 2 and No. 3, on-time baggage delivery. I am really, really fed up with slow baggage delivery. Not on all airlines. I have seen some improvement. On some I have seen some almost what I think is disimprovement.

But the one group we have not blamed is ourselves, and when we talk about the FAA we are talking about ourselves. We are the ones who have failed to fund air traffic control. We are the ones. The thunderstorms are not just the acts of God. They are the acts of what we have not done in order to upgrade computer systems to allow all of this to work itself through a nationwide system.

So every one of us are to blame for customers' frustration. But the airlines have spent a lot of money and they have made some improvements. There are those little mobile units traveling here and there to try and please passengers, make life more convenient. Those things have happened. There is more space in some places. Those are heavily advertised. But the question is is the movement moving—is it going fast enough?

My last point, Mr. Chairman, is that this is an interim report. Some will want to jump upon this like it is the final report. The final report will come at the end of the year. That will be the report that we need to react on.

Mr. Mead, I congratulate you, sir, on the work that you are doing. But this is a serious situation and there is a lot of blame to be cast in many directions, perhaps some of it toward the airlines' insufficient intensity. Maybe they did not think we meant it. Maybe they do not think Slade and I mean it. I do not know, but we have got a public to satisfy and we ourselves have been very slow in Congress to give tools for all this to improve.

I might say, even though we did do an FAA bill, it is going to take several years for it to kick in and be effective, and that will cause people to blame airlines where sometimes they should be blamed, where sometimes we should be blaming ourselves in Congress for having failed to do our duty by the nation's air system.

Thank you, Mr. Chairman.

[The prepared statement of Senator Rockefeller follows:]

PREPARED STATEMENT OF HON. JOHN D. ROCKEFELLER IV,
U.S. SENATOR FROM WEST VIRGINIA

Thank you, Chairman McCain and Senator Hollings, for holding this very timely and important hearing.

Almost exactly one year ago, the Chairman, Senator Hollings, Senator Gorton and I joined together to work with the major airlines on a plan to improve customer service. Chairman McCain, together with Senator Wyden, had introduced legislation to address what seemed to be a burgeoning customer service crisis across the country. Congressman Shuster in the House had also introduced so-called "passenger rights" legislation. And Vice President Gore and Secretary Slater led an effort in the Administration to do the same.

Clearly, the American people had spoken about the lousy service and unfair treatment they were receiving, and all of us in Washington wanted desperately to put something in motion to solve the problem.

The difficulty we ran into is not an uncommon one. It was and is the difficulty of coming up with a one-size-fits-all set of rules for a highly complex industry. It was and is the difficulty of trying to do something that will help consumers without micro-managing the running of an airline.

Telling the carriers that they must announce a delay at exactly 20 or 30 minute intervals, regulating the size and pitch of airline seats, setting specific definitions for what constitutes "food" in an emergency, and writing the script for the telephone reservation agents seemed to be a bit much—or at least a bit much for a first step.

So, instead, we implored the airlines to take the first step themselves—to develop a common set of minimum, industry-wide customer service standards. To acknowledge that their service has not kept pace with the surge in air travel in the past decade, and to re-commit themselves to the effort.

Last June, the ATA member carriers came forward with a new Airline Customer Service Commitment called "Customer First." They promised to do more and to do better—or in some cases actually to do at all some of the things they were supposed to have been doing all along—for their customers.

They made 12 customer service promises, ranging from quoting the lowest available fare and notifying customers about delays, to paying more for lost bags and giving prompt refunds. They committed to better treatment for disabled passengers and minors; they promised to develop emergency plans for planes and passengers

stuck on a runway; and they took responsibility for assigning senior personnel the responsibility for handling complaints within 60 days, among other things.

They agreed to fully cooperate with the DOT Inspector General in a comprehensive, ongoing audit of their efforts and their results.

Some critics immediately declared there was nothing new here and that the effort was useless before it even got off the ground. Certainly, every one of the items on the commitment list was supposed to be being done by at least one of the major carriers at least some of the time. And in a few cases, they were to have been done by all of the carriers all of the time under existing regulations. But none of these commitments were a part of the routine practice of *all* of the airlines and none were being implemented in a comprehensive way. None were being given priority status at the airlines.

So, I joined with the Chairman and Subcommittee Chairman and Ranking Democrat in supporting the voluntary effort as an important and meaningful first step. I saw it as an opportunity—not just to avoid legislation and avoid regulatory micromanaging, but more importantly to get better results for consumers. My hope was that the airlines would take the effort seriously, make a major investment of human and financial capital in the effort, and actually begin to compete with one another in the service arena in ways we haven't really seen since deregulation.

I am grateful to the Inspector General Ken Mead for the tremendous effort he and his staff have made in monitoring this initiative. I am interested to hear from him at this mid-point in the process about how its going—whether the airlines have followed through on the commitment and whether there is any preliminary feedback on the results.

I would emphasize the word “preliminary” in that context because I think it goes without saying that we shouldn't be making any grand pronouncements one way or the other before the full tests and audits have been completed and the results have been analyzed. There is undoubtedly more work to be done and we have all made clear that, if the voluntary approach fails, then we will have no choice but to consider a regulatory approach.

I understand that the early signs are mixed and this is an opportunity for some dialogue about that. I want the airlines to know clearly that this Committee expects them to comply not just with the letter of this agreement, but with its spirit.

And I want to assure the airlines that we in Congress know that air traffic control and airport infrastructure deficits are a major contributing factor to the customer service challenge. With AIR-21 we have finally enacted legislation to begin to meet our responsibility in the aviation system, but it will take time—a very, very long time—to fix our side of the equation.

Finally, I would like to note before we start today that while we must always pay very careful attention to the human side of the passenger experience, we shouldn't lose sight of the human side of the airline experience. By that I mean the tens of thousands of airlines employees who care deeply about their jobs and have taken this customer service effort on in their day-to-day work lives.

I would very much regret if the message to employees from this hearing or this report is a discouraging one. Gate agents, reservationists, flight attendants, baggage handlers and mechanics—are the ones on the front lines every day. None of us would suggest that these employees, who are themselves also airline consumers, want or intend to provide lousy customer service.

Well, these employees must not think that all we in Congress have seen in the last year is business as usual. I hope, instead, that our message to those on the front lines is, first, thank you and, second, stay the course.

We know you are trying, and in many respects succeeding under very challenging circumstances. We know that safety is your top priority and that you deliver millions of passengers safely every single day. You have tough jobs, and we want you to succeed in this customer service effort.

The CHAIRMAN. Thank you, Senator Rockefeller.

When we return we will begin with you, Mr. Mead. I think it is going to be about 5 to 10 minutes because we have 2 votes, one that is just concluding now and one beginning.

I just would make one comment. I have been a member of this Committee for 14 years. I know of no time that Congress has not funded the request of the FAA for the modernization of the air traffic control system. I think it is a scandal the way the money has been wasted by the FAA, but I know of no time where Congress

has withheld funds. In fact, it is remarkable the amounts of money that have been wasted in failed efforts to modernize our air traffic control system.

We will have, this Committee will have, a hearing concerning the FAA and the failures of the air traffic control system in the near future.

I thank the witnesses for their patience. I apologize for the parliamentary procedures that are taking place, and we will be back and recommence the hearing as soon as possible. Thank you.

[The prepared statement of Senator Hollings follows:]

PREPARED STATEMENT OF HON. ERNEST F. HOLLINGS,
U.S. SENATOR FROM SOUTH CAROLINA

Mr. Chairman, I am glad that we are here to discuss the interim findings of the Department of Transportation Inspector General, Mr. Mead. Last year, the Chairman worked with other Members of this Committee to force the airlines to first admit that service was awful, and then to ensure that they began to make changes. Some Members wanted to dictate point by point what should be done. Instead, the air carriers developed their own "voluntary agreement," which was bolstered by legislation increasing the fines on air carriers for consumer violations from \$1,100 to \$2,500 and doubling the baggage liability limit to \$2,500. Additionally, this legislation also directed Mr. Mead to report to us first on whether the carriers had implemented the voluntary agreement, and then again in December on the effectiveness of the carrier actions.

On Monday, the Chairman and I, along with Senator Rockefeller and Senator Wyden, sent Mr. Mead a letter asking him to continue auditing the carrier customer service performance. All of us know that the industry has worked hard to improve safety, but we have yet to see the result of improved customer service. It is now a little over a year since the air carriers signed the voluntary agreement committing to 12 points of improvement in customer service. While Mr. Mead's report will acknowledge that the air carriers have made significant effort towards bettering customer service, I will need to be firmly convinced that change has occurred. I move through the airports each week. I see the long lines, and have experienced them myself. So far, I have not seen the benefits of the voluntary agreements.

I suspect that Mr. Carty, Ms. Escarra and Ms. Jopplin will explain that what each of their carriers are doing is making improvements, and I know they are spending money to make changes. Continental just got an award from Ziff Davis for its service. Delta will show us its new screens today, and apparently is investing about a billion dollars in customer service items. American has taken rows out of its planes and beginning to use new voice technologies at a number of airports, along with installing new mobile check-ins at 65 airports. Each of the carriers retrained their employees to demonstrate the point that consumers matter. I do not know that it will be enough, but it is a start.

Let's look at one area—delays. Why does it come as a surprise to air carriers that delays occur? Delays are up 50% since 1995. This is not a new phenomenon. I know they happen, the airlines know they happen, but many times they are not prepared to handle the consequences. Some carriers try to place the blame of delays on the FAA and air traffic control; yet, we have thunderstorms every year. We have snow storms. We have ATC outages.

Cancellations increased 68 percent between 1995 and 1999, from 91,905 to 154,311. At the nation's 28 largest airports, the number of flights experiencing taxi-out times of 1 or more hours increased 130%, from 17,164 to 39,523, during the same time frame. Despite these dramatic numbers, it is the manner of response and accommodation by the carriers, no matter the cause of the delay or cancellation, that will go a long way to convincing Congress not to legislate. The burden of proof is on the carriers. For each of the 12 parts of the voluntary agreement, our attitude will remain "prove it."

Delays are often cited as the primary root of customer dissatisfaction and certainly, flight problems are the number one complaint received by the Department of Transportation. Complaints are up 115% for 1999 over 1998, and up 74% for the first 4 months of 2000 (compared to the same period last year). Although these numbers do not reflect the new customer service plans, they do reflect the tremendous task of addressing customer dissatisfaction. There was a time when businesses courted one with the axiom, "The customer is always right." I am sure that we all

remember this. In this economy, though, it is a sellers' market. There are more than enough customers to go around and this goes double for the airline industry. According to the FAA Forecast Information, daily enplanements are expected to approximately double over last year's figure to more than 1 billion by 2009.

In the best scenario, the aviation infrastructure would keep up with demand. And certainly, as a national asset, the airspace should be modernized and the infrastructure should expand to meet the demands of the market. In recognition of this, we passed the FAA Reauthorization Act—FAIR 21—unlocking the Trust Fund and increasing the funding for infrastructure and modernization of equipment and airspace. But, as Rome was not built in a day, neither will the revamping of our airspace and infrastructure occur overnight.

Despite these hurdles, industry has the obligation to provide passengers with safe and courteous service. On the latter point, they have acknowledged that they have fallen down on the job and they have not yet righted the ship. Last summer's voluntary agreement, accepted in lieu of legislation, would have prescribed service levels and if there is not more significant improvement by Mr. Mead's final report, we will be right back at that point. It is inexcusable that passengers sit on the tarmac for hours at a stretch and that it is a herculean task to work through the paperwork to receive compensation for lost luggage. For an industry that is self-described as a customer service business, the airlines must do better.

[The prepared statement of Senator Snowe follows:]

PREPARED STATEMENT OF HON. OLYMPIA J. SNOWE, U.S. SENATOR FROM MAINE

Thank you, Mr. Chairman, for holding a hearing on this important matter. On behalf of the millions of air passengers traveling every year, I want to thank you for your attention to this issue.

Coming from a state which is vastly under served in terms of access to air service, I can tell you the air passengers in Maine need some protections from a service industry which too often seems to be more concerned about the bottom line and profits than the service they provide. That is why I became an original cosponsor of legislation reported by this Committee last year—the Airline Customer Service Commitment Act—which was designed to spur improvements in airline customer service. I also fought for provisions in AIR-21, the FAA reauthorization bill, to enhance a range of customer service protections, including protections for disabled travelers.

Among the major provisions of the Airline Customer Service Commitment Act were requirements to: direct the DOT Inspector General to report to Congress on the effectiveness of the airlines in living up to their customer service commitments; direct the DOT to increase the airlines' financial responsibility to passengers for lost bags; and significantly increase the civil penalties against airlines that violate aviation consumer protection laws.

Such customer service improvements are long overdue, Mr. Chairman. According to figures from the U.S. Department of Transportation, the number of passenger complaints per 100,000 passenger boardings was 26% higher in 1998 than the year before. The airlines argue that despite the increase in consumer complaints, the actual number of complaints—roughly 6,000 annually—is relatively low when taking into account the approximately 500 million aircraft boardings that occur annually.

Nevertheless, one customer service survey found that of a list of 33 major American institutions, only the Internal Revenue Service received worse consumer satisfaction ratings than the airline industry. And DOT estimates that for every complaint it receives against an airline, the airlines themselves receive anywhere from 100 to 400 complaints. You know things are really bad when the situation has sunk to this level . . .

This is why Congress and the airlines have both taken steps to address customer service concerns. Last year, the airlines voluntarily entered into a joint agreement to make a range of customer service improvements, such as offering the lowest fare available, notifying customers of delays, cancellations, and diversions, and being more responsive to customer service complaints in general.

In addition, the FAA reauthorization bill, which was signed into law earlier this year, as well as last year's transportation appropriations legislation, included provisions designed to bring a greater focus to the concerns of air travelers.

For example, the FAA bill included a provision I authored requiring air carriers to notify the purchaser of any expiration date of an electronic ticket. The measure also required the DOT IG to monitor the implementation of each airline's customer service plan, and evaluate and report on how each airline is living up to its commit-

ment. The bill also added preventing discrimination against the handicapped as one of the responsibilities of the DOT consumer office.

The FY2000 DOT appropriations legislation included language requiring the DOT IG to investigate whether air carriers are engaging in unfair and deceptive practices and methods of competition when they sell tickets on flights that are already overbooked or offer different low fares through different media (such as the telephone or the Internet). The IG was also required to report to Congress on the extent to which barriers exist to access to comparative price and service information from independent resources (such as travel agents) on the purchase of airline tickets. In addition, the legislation required the IG to report on the extent to which carriers deny travel to airline consumers with non-refundable tickets from one carrier to another. Finally, the legislation expressed the sense of the Senate that the penalty for involuntary "bumping" of passengers should be doubled.

None of this is to say that airlines have an easy job. I understand that airlines face significant challenges, including: efforts to increase efficiency and at the same time remain profitable; increased demand for flights; air travel delays due to inadequate airport and air traffic control infrastructure; and a range of other factors.

In addition, the airlines have a responsibility to their share holders. But they also have a responsibility to the public. In my view, the airlines need to remember that they must serve the passenger if they wish to continue serving the share holder. Because, Mr. Chairman, without the passenger, there would not be any share holders.

In recent years, I have received numerous complaints from constituents in Maine who have had horrible experiences while traveling on commercial carriers. These experiences do not reflect a real commitment on the part of some major airlines to customer service, or even an understanding of what travelers expect.

I believe that customer service requires a real commitment—that, for example, your bags arrive at your destination sometime around the time you do. While it is preferable to have those bags arrive simultaneously with you, it would be nice to at least have them within 24 hours of your arrival.

Is it too much to ask that your bags arrive within a reasonable period of time after you do . . . ? Is it too much to ask that you arrive at your destination without having to be held prisoner by the airlines . . . ? Is it too much to ask that you be able to redeem frequent flyer miles for a ticket without unreasonable restrictions . . . ?

I hope we can explore some of these issues and concerns today. I look forward in particular to hearing from the DOT IG on the results of the work they have been doing in this area. And I firmly believe that we must act on the findings of the IG, in order to ensure that the airlines improve customer service in real, tangible ways.

Thank you, Mr. Chairman.

[Recess.]

The CHAIRMAN. The hearing will reconvene. The hearing will reconvene.

We would like to begin with the Honorable Ken Mead. But before we do, I notice that we have some other people at the table who obviously are here to add to this hearing, so perhaps, in addition to Mr. Carty and Mr. Mead, perhaps we could have for the record the other people at the table identify themselves. We will begin with you, Mr. Dupont.

Mr. DUPONT. Yes. I am Mark Dupont. I work with American Airlines as the Managing Director of the Customer Services and the Liaison for the Customer Services Plan for American.

The CHAIRMAN. Welcome. Mr. Macey.

Mr. MACEY. Hello. I am Scott Macey. I am with the Department of Transportation Office of Inspector General. I am the Project Manager for this review.

The CHAIRMAN. Ms. Escarra.

Ms. ESCARRA. Good morning. I am Vicki Escarra, Executive Vice President for Delta Air Lines. I have responsibility for 45,000 of the front line men and women who are in charge of customer service.

The CHAIRMAN. And Ms. Jopplin.

Ms. JOPPLIN. Good morning. I am Mary Jopplin. I am the Director of Customer Service for Continental Airlines and I have been the Customer First liaison on behalf of Continental.

The CHAIRMAN. Welcome to all of you.

The CHAIRMAN. Mr. Mead, welcome back before the Committee.

STATEMENT OF HON. KENNETH M. MEAD, INSPECTOR GENERAL, DEPARTMENT OF TRANSPORTATION, ACCOMPANIED BY: SCOTT MACEY, PROJECT MANAGER, AIRLINE CUSTOMER SERVICE REVIEW, OFFICE OF INSPECTOR GENERAL, DEPARTMENT OF TRANSPORTATION

Mr. MEAD. Thank you, Mr. Chairman.

I am not going to repeat ground that you have already been over. I appreciate the opportunity to be here today. I know this is a very sensitive review on a subject that can at times be very controversial. I want to note right up front, before I get into the meat and the substance of this, that the airlines agreed with you to cooperate in our review and now, 6, 7 months into it, I want to note that the airlines as well as the Air Transport Association cooperated fully with us in doing our work. I think that is an important note and tone to set here.

Also, I would ask that the report that we are issuing be submitted for the record.*

The CHAIRMAN. Without objection.

Mr. MEAD. Thank you, sir.

As shown in this chart in front of me, the commitment addresses such matters as improved communication with passengers, quoting the lowest available airfare for which you are eligible, timely return of luggage, allowing reservations to be held or canceled without penalty, and meeting passengers' essential needs during long on-board delays.

Overall, in our testing to date we have found that the airlines are making a clear and genuine effort at strengthening the attention paid to customer service, but bottom line results are mixed. The airlines have a long way to go to restore customer confidence.

The CHAIRMAN. Could I ask that we move that in a way that all Members of the Committee—maybe we want to put it over there, so that all Members of the Committee can see that chart. Maybe our staff can help out here.

Is that chart relevant to your presentation?

Mr. MEAD. Yes, sir. I am going to refer to it just once, so he can probably just hold this up when I come to it.

The CHAIRMAN. OK.

Mr. MEAD. I want to say also that certain factors in determining the overall quality of customer service were not covered in the commitment or the plans, but the airlines have implemented other initiatives to improve customer comfort and convenience. I will let the airlines speak for themselves on what those initiatives that went beyond the commitments are, but I want to point out that I think the reason that they did some of these other initiatives—one of

*The information referred to has been retained in the Committee files and is available on the web at www.oig.dot.gov/show_pdf.php?id=48.

them is additional leg room—was competition, the force of competition, which is an underpinning of our system.

I also want to point out that the commitment does not directly address underlying reasons for customer dissatisfaction, such as extensive flight delays and cancellations, baggage not showing up on arrival, long check-in lines, and high fares in certain markets. In our opinion, until those areas are effectively addressed by the airlines, FAA, and a host of others, there will continue to be widespread discontent among the traveling public.

Now, I would like you to focus on this chart for a minute. Can everybody see it? Can the members see it?

The CHAIRMAN. Yes.

Mr. MEAD. The increases in flight delays and cancellations have fueled customer dissatisfaction. I know you have heard that before, but I want to share with you a couple of statistics that are quite telling about what has happened over the past 5 years. Cancellations have increased 68 percent in the last 5 years. What this chart shows is that at the 28 largest airports, the number of flights experiencing taxi-out times of 1 hour or more increased from about 17,000 to nearly 40,000, which is a whopping 130 percent increase.

The CHAIRMAN. How do you account for the drop between 1996 and 1997?

Mr. MEAD. I would have to get back to you on that.

The CHAIRMAN. I was just curious if there were some upgrades in the system or what. It does not matter, it does not matter.

Mr. MEAD. Those figures represent the point in time after the plane left the gate and basically reflect the time spent on the runway after departure.

The CHAIRMAN. So on-time takeoff and landing is somewhat skewed by these numbers.

Mr. MEAD. Yes, as is the legal definition of what an on-time departure is. An on-time departure is backing away from the gate within 15 minutes or less of the scheduled departure time. If you leave 14½ minutes late, you are on an on-time departure. The fact that you may spend 3 or 4 hours on that runway is not germane to the on-time departure statistic.

I would like to cover complaints for a moment. DOT has ranked flight problems as the number one air travel complaint. I do not think that is surprising. Customer care and baggage complaints ranked as number two and number three.

Senator KERRY. Just a quick one. Who sets that standard of on-time? Is that industry-set?

Mr. MEAD. No, that is a regulatory standard. I do not think it is anything Congress came up with. I think it is a regulatory standard. And I am not sure when it was first established that people appreciated what the implications were going to be over time.

I think that backing away from the gate is probably a legitimate measure for the airlines to use internally, but to tell the American public that you have had an on-time departure when you are sitting on the runway for 2 hours is absurd. So it can be changed by regulation. In fact, we issued a report a couple years ago suggesting that that be done.

The CHAIRMAN. Well, I hope we will take that suggestion more seriously.

Mr. MEAD. Anyway, the top complaints are flight problems, customer care, and baggage. They account for roughly 70 percent of the complaints received by DOT, which have really been increasing. The complaints doubled in 1999. You already heard that. The track record for 2000, at least for DOT, is they are going to exceed the number that were filed in 1999.

Now, you will hear that the Internet is responsible for that. In part it is, but I think we ignore the increase in those numbers at our peril. They are clearly an indication of widespread discontent.

The commitment and the airlines' plans for implementing them, implementing the commitment, were essentially a commitment to substantially re-emphasize attention, resources, and focus on customer service. The corporate board rooms of the airlines realized that improvements were needed in the way passengers were treated. I think a number of the CEO's will tell you that the commitments were a good thing and that the prompting that led up to that was necessary.

Two of the provisions of the commitment were new policy. The commitment to hold a non-refundable reservation for 24 hours without penalty and the increase in the baggage liability limit. The 24-hour hold provision was completely new. As for the remaining ten provisions, the airlines agreed to focus on better execution of customer service policies and procedures. Many were required by law, regulation, under the airlines' contract of carriage or were part of the airlines' operating policies. The baggage liability limit was the other new one. That increased from \$1250 to \$2500.

A few of the provisions had subsets that provided new policies, such as notifying customers in a timely manner of the best available information regarding delays, making every reasonable effort to return checked bags within 24 hours, issuing an annual report on frequent flyer mile redemptions, and providing information regarding aircraft configuration like seat width and leg room.

The preliminary results on the implementation of the commitment and plans are mixed. We identified some areas that appear to be working well, but also areas that need improvement. For example—and I will just provide some highlights here—the airlines pledged to offer the lowest fare available. Actually, this means the lowest fare available via the telephone. Testing of this provision showed that the airlines were usually offering the lowest fare available via the telephone.

But there were a sufficient number of exceptions that we think this is an area the airlines need to pay special attention to. I want to note that the problems we identified were not deliberate on the part of the airlines. They were due to employees not following established procedures.

Also, the airlines need to disclose when you call up on the phone that the lowest fare available over the phone is not necessarily the airline's lowest available fare. Some airlines already do this, others do not.

Notify customers of known delays, cancellations, and diversions. We found that the airlines were making a clear and substantial effort, both at the airport and on board the aircraft, to improve the frequency of communication with customers about delays and cancellations. They were also making technology investments in com-

munications equipment and in media displays that are germane to this particular commitment. But we found major room for improvement in the accuracy, reliability, and timeliness of the airlines' communications to customers about the status of flights.

So what we have is a very substantial effort to communicate more information, and to communicate more frequently, but the content of the information needs to be improved.

We found several airlines repeatedly pointing to air traffic control as the problem. Some would point to FAA by name. And in a number of these cases, the delay was due to extremely bad weather, crew not available, or maintenance problems. Sometimes the plane was not there and it was delayed getting there by a storm, and I suppose some of the airlines think that air traffic control can deal with all manner of weather.

We think the airlines that have not already done so ought to establish systems for notifying passengers before they show up at the airport of cancellations and extended delays.

On-time baggage delivery. Passengers expect to find their checked baggage on arrival, but this commitment actually does not deal with that, but with the misrouted or delayed baggage and its return within 24 hours. We found that the airlines were not consistent in what "within 24 hours" means and they need a formal definition. For instance, some airlines started this 24-hour clock when a passenger filed a missing bag claim, which I think is probably the right time to start the clock; others only after the bag showed up at the destination airport.

Allow reservations to be held or canceled. As I said before, this is a completely new customer service commitment and it applies to otherwise non-refundable tickets. It should be real popular with the consumer. Essentially, it allows the customer to hold a telephone reservation without payment for 24 hours or cancel a paid reservation without penalty for up to 24 hours. It is up to the airline which one of those two options it picks.

Our preliminary testing shows that with a few exceptions the airlines were living up to that commitment, but where a ticket purchase was required the reservation agents typically did not tell us that we could receive a refund if the reservation was canceled within 24 hours. We do not think the customer should have to ask if this option is available. We think the airline should affirmatively disclose it, and that in fact is the policy of a number of airlines.

Provide prompt ticket refunds. Essentially, the airlines agreed to comply with existing law here and we did not find compliance problems with this commitment.

Properly accommodate disabled and special needs passengers. I am not reporting results on this today, Mr. Chairman, because we are working with groups representing these passengers to collect their views and we feel that the benefit of their expertise will be invaluable, and we have not gotten a complete portfolio of these views yet.

Meeting customers' essential needs during long on-board aircraft delays. This provision and the plans to implement it, they use general terms like "food," "make every reasonable effort," "for an extended period of time," or "emergency" in meeting passenger needs. These terms do not provide the passenger with a clear under-

standing of what to expect and these terms and provisions need to be clarified.

In addition, in our initial checks less than half the airlines had comprehensive customer service contingency plans in place for handling extended delays on board aircraft. All the airlines now tell us that they have them in place and we have to go out and verify airline by airline that that is in fact the case. We found examples where the airlines have invested in such things as air stairs and have secured special backup supplies of food and beverages.

Handle bumped passengers with fairness and consistency. We found several inconsistencies and ambiguities between the check-in times in the airlines' plans and those identified on the airlines' contracts of carriage. For example, in its contract of carriage one airline says that passengers must check in 10 minutes prior to the flight's scheduled departure, but on the customer's receipt the check-in time is stated as 20 minutes. Check-in times also vary from airline to airline.

The reason check-in time is relevant is because he or she who gets there last is the first to get bumped. So it is important that you know what time you are supposed to check in.

Be more responsive to customer complaints. It seemed to us that the airlines appear to be taking this commitment seriously. That does not mean that customers get a satisfactory response that takes care of all their concerns, but it does mean that they are getting substantive responses and they are getting them usually well within 60 days. The commitment specifies 60 days. They are clearly more than just mere acknowledgments that we received your complaint, we are sorry you had an unfortunate flight experience. They are much more meaty than that.

Now, a key to the success of these plans is the need for each airline to have a credible tracking system in place. This is to check compliance with their plan. It should be buttressed by performance goals and measures. The reason this is important is because in the long term you do not want to rely on the Inspector General to have the only tracking system. You want the airlines to track their performance independently.

Initially, most of the airlines did not have one in place. They gave us assurances that they would put one in place and we will verify that. We expect, for example, that when we go out we will be able to see how good they are doing on returning lost bags within 24 hours to the customer.

We found that the airlines also need to train non-airline employees, like skycaps or security personnel, on the airlines' policies and procedures for customer service, since these individuals are often mistaken for airline employees. Yet these individuals have duties that interface with the execution and implementation of customer service plans, and the public cannot reasonably be expected to differentiate between those people who are airline employees and those who are not if both individuals are responsible for implementing the plan. Five airlines told us they do not plan to train the non-airline employees.

Also, the commitments in the airlines' plans, while promising customer service standards, do not necessarily translate into legally enforceable passenger rights. Each air carrier has a contract

of carriage, which is the enforceable document that defines your rights. At present it is uncertain whether an airline's plan is binding and enforceable on the airline. Why is that? Well, one airline states right in the plan that it takes the customer commitments very seriously, but the plan does not create contractual or legal rights.

So to resolve this question the airlines could incorporate all the details of their plans right in the contract of carriage. But based on our results thus far, we are concerned that, without direction to the contrary, the modified contracts of carriage might be more restrictive to consumers than envisioned in the plans. For example, in the critical area of when an airline will provide overnight accommodations, we found a contract of carriage that includes restrictions and limitations not found in the commitment or plan. Whereas the plan said that they will accommodate people overnight if the delay is occasioned by airline operations, the contract of carriage was much more limited and said we will accommodate you overnight if you are diverted overnight to some other airport that you had not planned to go to.

Finally, an important issue facing this Committee, I think facing the appropriators, and facing the DOT is DOT's capacity to enforce existing customer service regulations, given the workload. Staff responsible for overseeing and enforcing air travel consumer protection requirements have declined from 40 to 17 during a period of air traffic growth, more than a doubling of complaints, and additional consumer protection requirements.

Back when air travel was not so problematic, you had 40 people out there at DOT that were charged with enforcing all the consumer protection laws and now we are down to 17. We have serious concerns, given this situation, about the capacity of the office at DOT to handle this workload in a responsible manner.

Mr. Chairman, that concludes our oral statement.
[The prepared statement of Mr. Mead follows:]

PREPARED STATEMENT OF HON. KENNETH M. MEAD, INSPECTOR GENERAL,
DEPARTMENT OF TRANSPORTATION

Mr. Chairman and Members of the Committee:

We appreciate the opportunity to discuss airline customer service and the efforts taken by the airlines to improve customer service. Concerned over increasing complaints in air travel, compounded by the Detroit airport incident of January 1999, when hundreds of passengers were stuck in planes on snowbound runways for up to 8½ hours, Congress considered whether to enact a "passenger bill of rights." Hearings were held in both the House and Senate to discuss the treatment of aviation passengers and specifically the "passenger bill of rights."

Congress, the Department of Transportation (DOT), and the Air Transport Association (ATA) 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), to demonstrate the Airlines' ongoing dedication to improving air travel. The Commitment includes 12 provisions. Each Airline would prepare a Customer Service Plan (Plan) implementing the Commitment. The Airlines also agreed to cooperate fully in any request from Congress for periodic review of compliance with the Commitment, and we would like to thank them for cooperating fully with us during our review.

The Airlines Commit to:

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

Today, I would like to address three issues: (1) preliminary results on the implementation of the Commitment and Plans, (2) improvements needed by the Airlines to ensure the success of their Plans, and (3) changes to the contract of carriage.

Overall, the Airlines are at the 6-month point in implementing their Plans. We reported our preliminary results in our Interim Report on Airline Customer Service Commitment¹, which we request be included for the record. We will issue a final report by December 31, 2000, on the effectiveness of the Airlines' Plans to improve customer service, including recommendations for improving accountability, enforcement, and protections afforded to commercial air passengers. By December the Airlines will have had a full year in which to fully implement their Plans, and we will be better able to judge the results.

In our initial observations and testing, we found the Airlines are making a clear and genuine effort at strengthening the attention paid to customer service, but bottom-line results are mixed, and the Airlines have a ways to go to restore customer confidence. The results include areas where the Airlines can improve upon disclosures provided passengers, such as fare and refund availability, and required check-in times.

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.

Although certain factors in determining the overall quality of Airline customer service were not covered in the Commitment or the Airlines' Plans, the Airlines have implemented other initiatives to improve customer comfort and convenience. These initiatives include reconfiguring airplanes to increase the room between rows of seats and replacing overhead luggage compartments with large, easier to use bins.

We also noted several other important factors concerning customer service. Each Airline needs to have a credible tracking system for compliance with the Commitment. The Airlines also need to ensure that non-Airline employees who interact with passengers are trained on the Airlines' Plans because non-Airline personnel are often mistaken for Airline employees. We found that some Airlines' contracts of carriage terms were less advantageous to passengers than the provisions found in the Airlines' Plans. Finally, we are concerned that oversight and enforcement expectations for DOT, the agency responsible for airline consumer protection, may significantly exceed its capacity to handle the workload, since staff has significantly declined over the years.

¹ Report Number AV-2000-102 issued June 27, 2000.

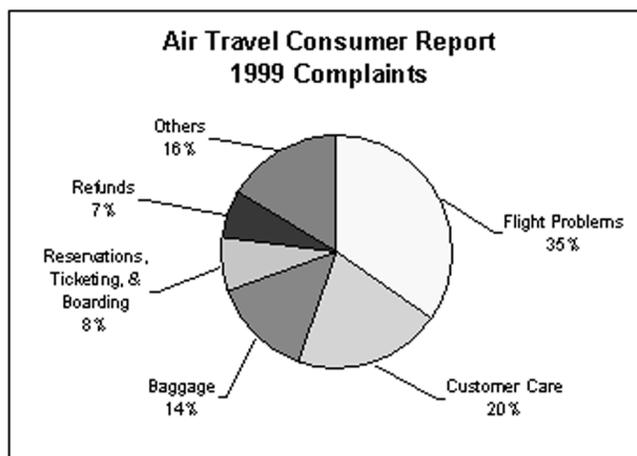
Increase in Flight Delays and Cancellations Fuel Customer Dissatisfaction

Air travel has doubled since 1980. With this growth has come growth in delays and cancellations, and customer dissatisfaction with air carrier customer service. Delays, as measured by the Federal Aviation Administration (FAA), have increased by over 50 percent, and cancellations have increased 68 percent in the last 5 years.

Much of the delay is occurring on the ground in the form of longer taxi-out and taxi-in times (taxi-out is the time between an aircraft departing the gate and taking off, taxi-in is the time between landing and reaching a gate). At the 28 largest U.S. airports, the number of flights experiencing taxi-out times of 1 hour or more increased 130 percent between 1995 and 1999, from 17,164 to 39,523.

The 1999 DOT Air Travel Consumer Report disclosed that consumer complaints against U.S. air carriers more than doubled in 1999 over the prior year, from 7,980 to 17,381. Complaints for the first 4 months of 2000 increased 74 percent (3,985 to 6,916) over complaints during the same period in 1999.

While a contributing factor to the increase in air traveler complaints is undoubtedly the ease of making a complaint to DOT via the Internet, the number of complaints and the increase during the first 4 months of 2000 cannot be ignored. They signal a high degree of consumer dissatisfaction with air carrier service that must be addressed.



Over the last several years, DOT has ranked flight problems (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 by the chart, 1999 data show that these three types of complaints account for nearly 70 percent of all complaints received by DOT against U.S. air carriers.

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 leg room).

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 each of the 14 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 25 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 the customer about the flexibility of their itinerary in terms of travel dates, airports and travel times to find the lowest fare available; or (3) notifying the customer through an on-hold message that lower fares may be available through other distribution sources and during different travel times.

Testing of this provision showed that Airline telephone agents were usually offering the lowest available fare for which we were eligible, but there were a sufficient number of exceptions to this that it is an area to which the Airlines should pay special attention. The problems we identified were not deliberate on the part of the Airlines, 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. However, we also found major room for improvement in the accuracy, reliability, and timeliness of the Airlines' communications to customers about the status of flights. For example, several Airlines pointed to the air traffic control system as the reason for delays, even in cases of extremely bad weather, crew unavailability, or maintenance problems.

Additionally, with respect to delays, cancellations and diversions, we found the Airlines are promising the consumer more in their Plans than they guarantee in their contracts of carriage. For example, with one exception, the Airlines' Plans provide accommodations for passengers put in an overnight status due to cancellations or delays caused by Airline operations. However, only two Airlines provide for this in their contracts of carriage.

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 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. We have also found examples where Airlines have invested in advanced baggage scanning technologies to facilitate the return of baggage or increased staff resources for processing claims.

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 preliminary 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. Our preliminary testing did not show compliance problems with this provision.
- **Properly accommodate disabled and special needs passengers**—This provision is all about disclosing policies and procedures for handling special needs passengers and for accommodating persons with disabilities. It does not require the Airlines to go beyond what is in the regulations for accommodating persons with disabilities or to improve the treatment of special needs passengers. Of the 12 provisions addressed in their Plans, we found the Airlines disclosed more detailed information to passengers on this provision than on any other. Between now and October 2000, we will assess how well the Airlines are complying with regulations for accommodating persons with disabilities. During this process, we will also collect views from groups representing the disabled, which we will consider in reaching a conclusion on whether this provision was effective.
- **Meet customers' essential needs during long on-aircraft delays**—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.

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.

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 Commitments, 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 20,495² 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' implementing plans are enforceable if they are not also contained in the Airlines' contracts of carriage.

We believe there is cause for concern whether the oversight and enforcement expectations for the Office of Aviation Enforcement and Proceedings significantly exceed the office's capacity to handle the workload in a responsive manner.

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

²Total aviation consumer complaints filed with DOT for the entire industry (U.S. airlines, foreign airlines, tour operators, etc.).

The CHAIRMAN. Thank you, Mr. Mead.
Mr. Carty, welcome.

**STATEMENT OF DONALD J. CARTY, CHAIRMAN, PRESIDENT,
AND CHIEF EXECUTIVE OFFICER, AMERICAN AIRLINES, AND
CHAIRMAN, EXECUTIVE COMMITTEE, AIR TRANSPORT ASSO-
CIATION OF AMERICA, ACCOMPANIED BY: MARY JOPPLIN,
SENIOR DIRECTOR FOR CUSTOMER SERVICE, CONTINENTAL
AIRLINES; VICKI ESCARRA, EXECUTIVE VICE PRESIDENT
FOR CUSTOMER SERVICE, DELTA AIR LINES; AND MARK DU-
PONT, MANAGING DIRECTOR OF CUSTOMER SERVICES,
AMERICAN AIRLINES**

Mr. CARTY. Mr. Chairman and members of the Committee: My name is Don Carty. I am the CEO of American Airlines and I appear today not only in that capacity, but in my capacity as Chairman of the Executive Committee of the Air Transport Association.

I am here today as much to listen as to speak. I have obviously not had a chance to review in detail the interim report of the Inspector General. Therefore I cannot comment on the specifics in it. But I consider it my responsibility to listen to your comments and concerns and certainly convey them promptly and accurately to my colleagues. While I intend to be a conduit for your comments and concerns to the industry as a whole, I would like to give you a sense of at least what we at American have done to respond to your call for more responsiveness to customer needs.

It is no secret that virtually no one in the business community likes government telling them what to do. When Congress debated a passenger bill of rights last year, I think all of you know we resisted. That debate did, however, cause the ATA carriers to refocus sharply on and address customer satisfaction much more quickly than we might otherwise have done.

While I still firmly believe that you made the right decision in not enacting rigid legislative standards, I have to say that the actions of this Committee and others were very beneficial in focusing the industry on customer issues. I think it is fair to say that you forced us, all of us, to recommit ourselves to improving customer service. In direct response to your initiative, we have and we still have people from different departments literally across our companies asking how we can treat our customers better.

We have cut across functional lines and have taken a comprehensive look at the whole question of customer service. I think it is fair to say that when we did we found areas that needed improvement, such as communications and training. Most importantly, we started talking with each other about developing common objectives that were focused on the customer.

Now, I realize that many of you are not satisfied with the results so far. You might be surprised to learn that neither am I. Despite an enormous effort, we are still not getting all the results that either you or we had hoped for. But I firmly believe that we have made very significant strides in the industry in the right direction and that, in fact, the pendulum on customer service is swinging back in the right direction and there is an intensification of competition around customer service.

Some of the criticism directed toward the airline industry assumes that we are cavalier in our attitude toward our customers. I can assure you nothing could be further from the truth. We want nothing more than for every single customer to have a safe and comfortable experience on our airline.

But in today's operating environment, as a number of you have mentioned, that is a monumental task. The airline industry today transports over two million passengers each and every day. The vast majority of these people do get where they want to go, when they want to go, and at a price that they are willing to pay. We transport all these people with a safety record that really is second to none in inter-city travel. This summer the industry's passenger loads are breaking all records. In fact, on Friday we will certainly have at American the busiest day in the history of our company.

Now, as much as we try, we will never be able to satisfy all of these customers all of the time. But we can certainly do better than we have and we can certainly do better than we are doing today. Again, I genuinely believe, and I do believe this, that we are making progress, and we are making this progress in a very challenging and demanding environment.

The record number of travelers this summer, while certainly good news, is making a task of providing better service for every passenger even harder. That is because when high load factors exist and when something goes wrong there are more people who miss connections, more bags to transfer, fewer seats on other flights to carry people who missed planes, and fewer facilities at airports to feed and house stranded passengers.

Transporting this record number of people has been made even more challenging by early summer weather patterns that have caused very substantial delays throughout the system, delays which I am sure many of you have experienced.

Indeed, as Ken commented, delays are the source of the vast majority of consumer complaints. And while some of the delays are certainly within our ability to manage and we should manage them better, such as maintenance, most really are, in fact by far the majority are, the result of weather or air traffic control problems.

The Nation's air traffic control systems and practices have simply not kept pace for the growing demand for air travel, and there is no greater cause of delays. Now, I know this is not news to this Committee. No committee in Congress has been more involved for a longer period of time in looking at air traffic control problems than this one in particular. Mr. Chairman, your early commitment to ATC reform has moved the issue forward faster than anything anyone else has been able to do.

But I think it is fair to say we are only beginning to identify the long-term fixes to the problem. We have a long, long way to go and until we get there, customer service is unfortunately going to suffer. I have to say to you personally, I am not terribly optimistic about dramatic improvement on that front in the next several years.

Now, some argue that delays are the result of the airlines overscheduling. With load factors in the 80's and the 90's on a continual basis, I think it is fair to say we cannot be accused of flying empty planes through scarce air space. Rather, we are responding

to a stronger demand for air service than we have ever seen before in the history of our country. And I am sure that passengers who cannot find seats to destinations they desire do not think that we have too many flights.

So what have we at American done about all of this? Taking off my ATA hat for a minute and putting on my American hat, I am very proud of our response to your concerns, particularly in the areas that go above and beyond the voluntary plans. Let me share just a couple.

There is no more customer-friendly act than to provide medical service that saves lives. We were the first carrier to place defibrillators on all our planes and as a result there are people literally alive today who were brought back to life on our airplanes. We have now supplemented this by adding state-of-the-art medical kits to all of our planes as well.

As a response to our customer surveys and to your criticism of the flying experience, we identified the single greatest, one of the single greatest complaints, crowded flying conditions, and as a result, as all of you I think know, we decided to remove two rows of seats from the coach section of each of our planes, returning the coach seating to the way it was before deregulation.

In fact, a number of you were there the day we launched this plan, and we have now reconfigured over 500 of our aircraft and will complete the conversion of the fleet by the end of the year. We certainly hope that passengers will choose American as a result of this vastly superior product.

I am really very proud of the customer service improvement made by our people and I thank you for the opportunity to shamelessly promote it in front of you today.

We have also added newly designed seats in most of our planes that are far more comfortable than the old ones and are the best in the industry. This program has cost us \$400 million.

In an effort to reduce delays at O'Hare, American Eagle has voluntarily agreed to use lower flying altitudes for some of its O'Hare flights. That, quite simply, frees up air space at higher altitudes. Although this increases Eagle's costs because flying at lower altitudes uses more fuel. However, we made the decision in order to help all carriers at O'Hare to reduce delays and improve customer service.

We have committed billions of dollars to refurbishing our terminals in numerous airports, including Miami, JFK, Los Angeles, and Boston, to make the traveling experience better for our passengers. We have made available additional food and water on all our flights for passengers to eat and drink during long delays. In fact, since the beginning of this program we have, unfortunately, distributed approximately 500,000 packages during extended delays.

By July we will have deployed mobile check-in stations at more than 65 airports, which will allow passengers to check bags and get boarding passes without having to go to the ticket counter. We are using voice recognition technology to handle telephone inquiries regarding gate assignments and flight status, which gives passengers a new option for obtaining information and frees up our agents to handle calls needing special attention more quickly.

But perhaps most importantly, we have spent countless hours talking to our employees about these issues and providing them with the training on how to deal with difficult situations. Our agents and our flight crews are literally on the front line each and every day and their jobs are incredibly stressful and incredibly challenging, and they get even more difficult when we see the delays that we have experienced.

We really have made every effort we can to support them in their desire, and they really do want this, to provide our customers with the best possible information at all times. I think we are doing a much better job telling our customers about delays, schedule changes, and other problems when they occur. I know that we are far from perfect in that regard thus far. Yet I think we are working very hard to provide consistent and accurate flow of information.

Part of what I have said in the last few minutes has been a bit of a plug for American Airlines, but I would be remiss if I did not say these kinds of efforts in one form or another are going on at virtually every airline in the industry. Because we engage with them competitively, when one of our competitors is offering something that we are not yet offering and we respond to that, just as many of our competitors are responding to us.

I am going to suggest that Vicki Escarra of Delta spend just a couple of minutes talking about some of the technology Delta is using to help provide customers with better information. Again, Delta is not exclusive in this effort. A number of airlines in the industry are spending an enormous amount of money in identifying new technologies as a way to communicate better with our passengers.

So let me say again, I am certainly here to answer questions and, most importantly, to listen very carefully, as I did in your opening comments to everything you have to say to us, and I certainly intend to convey your comments and your concerns to all my colleagues, not only at American but in the entire industry.

Vicki.

[The prepared statement of Mr. Carty follows:]

PREPARED STATEMENT OF DONALD J. CARTY, CHAIRMAN, PRESIDENT, AND CHIEF EXECUTIVE OFFICER, AMERICAN AIRLINES, AND CHAIRMAN, EXECUTIVE COMMITTEE, AIR TRANSPORT ASSOCIATION OF AMERICA

Mr. Chairman and Members of the Committee, my name is Don Carty. I am Chairman of the Board, President and Chief Executive Officer of American Airlines. I appear today in my capacity as Chairman of the Executive Committee of the Air Transport Association. ATA represents the major U.S. passenger and cargo air carriers. Our members transport approximately 95% of the passengers and goods transported by air on U.S. flag carriers.

I am here today as much to listen as to speak. I have obviously not had a chance to see the interim report of the Inspector General. Therefore, I cannot comment on any specifics in it. But I consider it my responsibility to listen to your comments and concerns, and then convey them promptly and accurately to my colleagues. The Members of this Committee have strong views, but you have also been willing to work with us to develop our various plans. For that we are most appreciative.

While I intend to be a conduit for your comments and concerns to the industry as a whole, I would like to give you a sense of how we at American have responded to your call for more responsiveness to customer needs.

It is no secret that virtually no one in the business community likes government telling them what to do. When Congress debated a "passenger bill of rights" last year, we resisted. That debate did, however, cause the ATA carriers to focus on and address customer satisfaction issues more quickly than we would have otherwise.

While I still firmly believe that you made the right decision in not enacting rigid legislative standards, I have to say that the actions of this Committee and other were very beneficial in focusing the industry on customer issues.

You forced us to recommit ourselves to improving customer service. In direct response to your initiative, we had, and still have, people from different departments across our companies asking how we can treat our customers better. We have cut across functional lines and have taken a comprehensive look at customer service.

This was not a trivial task. Thousands of individuals put down pressing work to focus on the problem. We looked at other businesses to help us in developing better practices. And more and more we started looking at our business from the customer's point of view. When we did, we found areas that needed improvement, such as communications and training. Most important, we started talking to each other to develop common objectives that were focused on the customer.

I realize that many of you are not satisfied with the results so far. You might be surprised to learn that neither am I. Despite an enormous effort, we are still not getting all the results that either you or we had hoped for. But I firmly believe that we have made very significant strides in the right direction and that, in fact, the pendulum in customer service is swinging back in the right direction.

Some of the criticism directed towards the airline industry assumes that we are cavalier in our attitude toward customers. Trust me, we want nothing more than for every single customer to have a safe and comfortable experience on our airline. In today's operating environment, that is a monumental task.

The airline industry transports over 2 million people each and every day. The vast majority of those people get to where they want to go, when they want to go, at a price they are willing to pay. We transport all these people with a safety record second to none in intercity travel. This summer the industry's passenger loads are breaking all records. On Friday, we expect to have the busiest day in our history.

As much as we try, we will never be able to satisfy all of these customers all the time. But we can certainly do better than we are today and, again, I genuinely believe we are making great progress, and we are making this progress in a very challenging and demanding environment. The record number of travelers this summer, while certainly good news, is making the task of providing better service for every passenger even harder. This is because with high load factors, when something goes wrong, there are more people who miss connections, more bags to transfer, fewer seats on other flights to carry people who missed planes, and fewer facilities at airports to feed and house stranded passengers. Transporting this record number of people has been made even more challenging by early summer weather patterns that have often caused substantial delays throughout the system.

Indeed, delays are the source of the vast majority of consumer complaints. While some of the delays are within our ability to manage, such as maintenance, most are a result of weather or air traffic control problems. The nation's air traffic control systems and practices have not kept pace with the growing demand for air travel, and there is no greater cause of delays. I know that this is not news to this Committee. No Committee in Congress has been more involved for a longer period of time in looking at air traffic control problems than this one. In particular, Mr. Chairman, your early commitment to ATC reform has moved the issue forward faster than any one else has been able to do. But we are only beginning to identify the long-term fixes to the problem. We have a long, long way to go, and until we get there, customer service will unfortunately suffer.

Some argue that delays are a result of the airlines "overscheduling." With load factors in the 80's and 90's on a continual basis, we can hardly be accused of flying empty planes through scarce air space. Rather, we are responding to a stronger demand for air service than we have ever seen before. I am sure that passengers who cannot find seats to the destinations they desire don't think we have too many flights.

So what have we at American done about all this? Taking off my ATA hat and putting on my American hat, I am very proud of our response to your concerns, particularly in areas that go above and beyond the voluntary plans. Let me share a few:

- There is no more customer friendly act than to provide medical services that save lives. We were the first carrier to place defibrillators on all of our planes. As a result, there are people alive today who were brought back to life on our planes. We supplemented this by adding state-of-the-art medical kits to all of our planes as well.
- As a response to our customer surveys and to your criticisms of the flying experience, we identified one of the single greatest complaints—crowded flying conditions. As a result, we decided to remove two rows of seats from the coach sec-

tion of each of our planes, returning the coach seating to the way it was before deregulation. A number of you were there the day we launched this plan. We have now reconfigured over 500 of our aircraft and will complete conversion of the fleet by the end of the year. We hope that passengers will choose American over our competitors as a result of this vastly superior product. I am immensely proud of this customer improvement and thank you for the opportunity to shamelessly promote it today.

- We have added newly designed seats in most of our planes that are far more comfortable than the old ones and are the best in the industry. This program has cost us \$400 million.
- We have committed billions of dollars to refurbishing our terminals in numerous airports, including MIA, JFK, LAX and BOS, to make the traveling experience better for our passengers.
- We have made available additional food and water on all of our flights for passengers to eat and drink during long delays. Since the beginning of this program, we have distributed approximately 500,000 packages during extended delays.
- By July, we will have deployed mobile check-in stations at more than 65 airports which will allow passengers to check bags and get boarding passes without having to go to the ticket counter.
- We are using voice recognition technology to handle telephone inquiries regarding gate assignments and flight status, which gives passengers a new option for obtaining information and frees up our agents to handle calls needing special attention more quickly.

Most important, we have spent countless hours talking to our employees about these issues and providing them with training on how to deal with difficult situations. Our agents and flight crews are on the front line each and every day. Their jobs are both stressful and challenging. We have made every effort we can to support them in their desire to provide our customers with the best possible information at all times. I believe that we are doing a much better job telling our customers about delays, schedule changes, and other problems when they occur. I know we are far from perfect, but we are working very hard to provide a consistent and accurate flow of information.

So let me say again, I am here to answer any questions and, most importantly, to listen carefully to you and to convey your comments and concerns to my colleagues at American and the ATA.

The CHAIRMAN. Thank you, Mr. Carty. Since you agreed to be the one to appear before the Committee, you certainly deserve the luxury of a couple of commercials for your airline.

Mr. CARTY. Thank you, Senator.

The CHAIRMAN. Ms. Escarra.

Ms. ESCARRA. Well, again good morning, Mr. Chairman, Senators, and thank you for an opportunity of being with you and to as well listen to your concerns, which are certainly our concerns.

Just a brief mention, if I may, about the technology that is in the room. I am sure many of you are wondering what this is. For Delta, this is a significant way to address many issues around notifying customers of known delays, cancellations, and diversions. It as well will provide to our consumers and to our employees accurate and reliable information. It will address the issues that Ken talked about with regard to content, which are certainly concerning to us.

If we know that there is a crew problem, a maintenance problem, a weather problem, this system will help us. Simply put, if you look at the back of the room, the first screen that you will see is called a Flight Status Monitor System. It is what our operations control center uses to actually enter information, retrieve information from

our pilots or our system or the FAA about known delays and cancellations. It as well helps us monitor gate changes and so forth.

Moving around the room, the second screen that you will see is technology at our gates which allow our gate agents to manage customers in a different and better way. The last two screens that you see are actually customer information display screens and they do a number of things for us. But the real power of this system is that at Delta over the last year and a half we have been merging our systems and our data bases together so that with a simple push of one keystroke in our operations control center around a cancellation or delay our consumers know about that within a matter of a few seconds.

The CHAIRMAN. How many airports do you have this information right there, those displays?

Ms. ESCARRA. The gate information currently is at 28 of our airports. We will be moving it into 56 additional airports by the end of this calendar year.

Senator KERRY. Just in the airport?

Ms. ESCARRA. Just in the airport. The customer information display screens are in the airports and we are launching them in the major cities that we serve today, as well as in our crown room clubs.

Senator KERRY. Could they be accessed by Internet by somebody?

Ms. ESCARRA. Yes, they can, and that as well, Senator Kerry, is really the power behind this system. As we move into the next decade, all of our technology will have Internet capability and access.

Thank you.

The CHAIRMAN. Thank you.

Anyone else?

[No response.]

The CHAIRMAN. Then I want to thank all of you for coming.

Mr. Mead, I thank you for a very important report. Give me a guess or an estimate, an estimate I would prefer. Clearly the delays are increasing. Clearly this system is becoming overtaxed. Clearly there are therefore additional inconveniences to the airline passenger.

A couple years ago we had a report that was given to Congress and the American people by a very important blue ribbon committee. I think you remember that report. You know the one I am referring to. In that report what struck me is they had a line that said: Unless something drastic changes as far as the air traffic control system is concerned, every day in a major airport in America will be like the day before Thanksgiving. Do you remember that?

So my question to you is how much responsibility can we place on the failure to modernize the air traffic control system versus poor performance on the part of the airlines themselves? And with an increase in flights—we see that all along—how significantly will this failure of the air traffic control system to absorb this dramatic increase in flights play in our attempts to give the American people what they deserve, which they are not getting today, in all due respect?

Can you ruminate a bit? I am trying to—rather than focus on whether there is on-time baggage delivery and those kinds of things, I think first we need more of a big picture here, because

I think that we need to look at the known factors—increases in flights, increases in congestion of the system, the failure of construction of airports to keep up with the number of flights, failure of the air traffic control system to modernize—and we can debate as to whose fault that is at another time.

But crank in all those factors. You have been involved in aviation issues now for many, many years. Please.

Mr. MEAD. You know, it is not a de novo question. When you are preparing for testimony like this, you think, well, what can you offer the Committee in the way of a solution? This is a tough cookie. I think the blaming of this substantially on air traffic control is misplaced. I think air traffic control and modernization do bear some of the responsibility. But if you reflect on the airports and more and more aluminum tubes on the airport, if a community is not prepared to significantly expand the airport, put in more runways, what can air traffic control reasonably be expected to do?

Weather. There are some weather patterns in this country—for example, just 2 weeks ago there were thunderheads that literally split the United States in half. It was like a wall. There was not a way, as it has been explained to me, that you could fly over it. A U-2 pilot perhaps could have, but not commercial airliners. Expecting air traffic control to deal with that type of situation I think is a bit unreasonable.

I think the airlines in their scheduling do anticipate that they will have normal flying conditions. They do not anticipate that there is going to be a terrible storm on a particular day. You will have an aircraft that is flying to three or four different locations throughout the day and it never makes it to its second location. This has a domino effect throughout the airline system that they are unable to compensate for because in many cases they do not have a spare aircraft sitting around at the destination.

That is why sometimes you will see a situation where the weather at the destination and point of origin is just fine, but the aircraft that is supposed to be used has been delayed someplace because of weather.

I would not want to attach a percentage to it. I think there are multiple factors. But I do believe the airlines bear a good bit of responsibility. The FAA's initiatives, such as Free Flight, which I know you are familiar with, they could be expedited. They need to be expedited.

We should not underestimate the importance of the availability of runways in this country. FAA cannot force a community to expand an airport, nor can the airlines. The statistic on that chart I put up that showed a 130 percent increase in delays of more than 1 hour, those were delays after the planes left the gate and before takeoff. That is not always because of weather.

The CHAIRMAN. I do not like to ask questions related to personal experiences particularly, but I have been flying the shuttle to New York and-or Boston for many years now. Even on good weather days, there are delays because of congestion within the system, just that there is too many airplanes using the Northeast Corridor. So does that not—that is probably the most severe case of the over-stress of the air traffic control system.

Mr. MEAD. When we went to deregulation, with the exception of four airports, there were no slot controls. There were no slot controls placed on them. Now we are lifting slot controls at Chicago. I do not know where this country is headed in 5 or 10 years. If we continue to have the low fares and the demand, we are going to have more and more planes and we are going to have to face some means of allocating the space.

Some economists would suggest that it be congestion, or peak-hour, pricing, but that would be translated to you, the passenger, on the ticket price. If you wanted to get a cheap fare, you would be unable to go from market A to market B at a peak hour at what you would consider to be a cheap fare.

Mr. CARTY. Senator, could I make a comment on that subject?

The CHAIRMAN. Sure. Sure, Mr. Carty. Bring the microphone a little closer if you would.

Mr. CARTY. I do not disagree with much of what Ken has said. There are a number of infrastructure problems. But I think we would be naive if we assumed that we are simply taxing the air space dramatically. I think there are runways we are also taxing, airports that we are taxing. But the air space is being taxed.

There is a tremendous increase in demand for that air space, not just by the gradual growth in our business, but by the changing nature of it. Regional jets do not occupy the same air space as turboprops do. They are up there with the big airplanes. You have seen just a huge increase in the number of regional jets flying in this country.

The Northeast quadrant which you identified is clearly getting more and more clogged, and it backs up in the rest of the country because many of the flights coming out of the rest of the country are headed for the Northeast. So a Dallas to Boston flight is just as badly affected as a New York to Boston flight.

So we are really beginning to clog this up. I would predict—and I am not a technical expert—that no matter what the airlines do in the next year, no matter how good a job they execute, the delay situation next summer will be as bad as it is this summer.

We all try to avoid the anecdotes. Let me give you an anecdote that happened to me last night. I was on a flight coming out of Dallas leaving at 4 o'clock and I was sitting in a line at 5:15 waiting to take off an hour and a quarter later and the captain came on and said he expected, he was being informed he would be able to take off at 5:30. I looked out the window and it did not look like to me he was taking off at 5:30. I must say in his defense, he said: But I am not sure about that. There were a lot of airplanes out there.

So I called our systems operation control. They said they were being told 5:30 by the FAA, but they doubted it and they had no information.

Now, there were a couple of comments made about the airlines providing better information and we certainly should when we have it. We have not done as good a job there as we need to do and we need to get more focused, more information to our people, more use of information systems, and more training. But I called at 6, I called at 6:30, I called at quarter to 7, and no one—I am the CEO of the company! If anybody at American Airlines had known when

that plane was taking off, they would have told me, I can assure you, and by the fourth call they certainly would have!

The plane took off at 7:20, 3 hours and 20 minutes late. And there was weather in the Dallas region, there was weather in the Washington region, but no one could understand how that weather, even in our systems operation control, had backed up the air traffic control system.

One further comment on weather. Ken is quite right, you cannot fly through weather that cannot be flown through and none of us want to. But once weather clears, if the infrastructure has more capacity than it currently has you can clear up the delays. They do not have to last all day and into the next day to catch up. The problem is the system is at capacity and we are going to be in deep trouble in this country in terms of providing good service to our customers even if we do a better job, and I can assure you, at least at American, we will do a better job.

Mr. MEAD. I had one thing, a postscript to add, that I think is a very major improvement, or at least it has that potential. Last year, at this time, we were experiencing all these delays—you will probably recall the experiences of last summer. At that point in time, FAA and the operations centers of the airlines were not collaborating nearly as much as they are today.

This last Friday, I was at Northwest Airline's operations center in Minneapolis. There was a storm, thunderheads going from the ground practically to 55,000 feet near Chicago. So there was no way planes were going to be getting into or out of Chicago once that storm hit. But I was seeing first-hand something that the Northwest people told me had not happened 7 months before, and that was they were there discussing and collaborating with Herndon air traffic control on the scheduling and movement of their flights around the country.

In the past, they said, they would just get orders. Air traffic control would say this is the way basically it is going to be, and the airline did not have as much input. So I think that is a non-technology-related initiative, but it is clearly an improvement. They were telling me at Northwest that they feel that they will be able to make better judgments on how well this will work 6 months from now, because they are still fairly new at it.

The CHAIRMAN. Mr. Carty, when you had that experience how often did the pilot come up on the intercom and tell everybody what was going on?

Mr. CARTY. He did, he did a very good job. He was on every 15 or 20 minutes, and our flight manual tells him to be on every 20 minutes.

The CHAIRMAN. I want to tell you, that is very rare. I fly every weekend. That is rare. And I do not know whether it is their military background or what it is, but very rarely do you get the pilots coming up every 15 or 20 minutes to tell us what is going on. And that—I cannot write that rule, we cannot write that regulation. It would be foolish to do so. But pilots do not do that routinely.

I have been in a plane as long as 2 hours without information. So everybody starts harassing the flight attendant for information. So again, we have a tendency to micromanage, but I have the expe-

rience all the time. I am glad you were given the ability to have that information shared with you. I have been as long as 2 hours.

Mr. CARTY. Senator, I agree with you we have not done as good a job as we should have there by any means. I think it is a mind set by the pilot, if he does not have anything to tell you he does not tell you anything. But I agree with you it is nice——

The CHAIRMAN. I would rather have him come up and say.

Mr. CARTY.—to hear that he does not have anything to say.

The CHAIRMAN. I would rather have him come up and say, I do not have anything to tell you.

Mr. CARTY. And I think we are making progress. We are doing some statistical measuring of that in delays and our pilots are doing a better job. They are far from where they need to be. We have now built it into our training and built it into our flight manuals.

I notice there was an anecdote in USA Today or something that the pilot on a USAirways flight was applauded when he simply came on and said: We are going to be here for a while and I do not have an idea how long. I wish I could tell you, but I cannot. And he got applause just because somebody talked to them. I could not agree more with you.

Ms. ESCARRA. Mr. Chairman, may I make a couple comments about your question? That is, when we look at what the growth is planned out to 2008, today we are carrying about between 635 and 650 million customers. We are planning on carrying or the demand looks like it will be right at a billion customers at the year 2008. So the issue around how we manage service for airlines——

Senator KERRY. How many are you carrying today?

Ms. ESCARRA. The industry is carrying about 635 million customers.

So when you look at—No. 1, I would say when you look at deregulation, one of the greatest benefits of deregulation is that more people are traveling today, certainly, than were traveling in 1978 at lower fares, and we could talk about that. But clearly, when we look at the demand based on what customers are telling us they want to do, and that is fly more frequently, it is not a one size fits all solution.

Airlines have got to do everything that we can to provide good service in light of the fact that crowds are inevitable. We have got to do a better job of working through local communities, State communities, on expanding runways. Atlanta is a good example. It has taken us years to get a fifth runway approved and now we are moving ahead.

But finally, I would say when we look at air traffic control, and our team is involved twice a day in talking to the Herndon center as far as FAA is concerned to discuss how we lay out what we are planning on doing as far as weather and ATC delays are concerned throughout the day. We are doing a better job, I think, in teaming on communication. But we have got to find a way of holding the FAA accountable and the air traffic controllers accountable, as we should be held accountable, for the production line of how we are actually running our system.

I know we are working on some ways of actually addressing those kinds of issues. But the public is demanding that we continue

to fly greater schedules and that demand will only get greater in the next 6 years.

The CHAIRMAN. Well, I will tell you one thing you can do and that is man your gates better and your ticket counters better. I have stood in lines of 100 people and not had the attendant show up, and then that same attendant is the one who has to open the gate for the pilot or do a lot of other administrative duties while we stand and wait. That is wrong, and clearly statistics indicate that staff employment has not increased along with the increase in passengers.

Finally, Ken—and I apologize to my colleagues for taking so long—your report indicates that passengers get bumped according to the reverse order of check-in, or the last person to check in is the first to be denied boarding. Is that always the case?

Mr. MEAD. No. We are finding some indications, not enough for us to formally report on it yet, of people that are frequent flyers, that may not be treated in the same fashion.

The CHAIRMAN. Mr. Carty.

Mr. CARTY. Senator, I am not aware of any such treatment at American. As I think you know, we always attempt to deal with overbooking situations with voluntary means and it is only rare occasions when we resort to involuntary. But involuntary generally is handled, as best I know across our airlines system, on the person that shows up late, last.

The CHAIRMAN. Well, do you agree that that should be the rule?

Mr. CARTY. I think it has got to be the rule. I think airlines have to make an enormous effort to make this happen voluntarily.

The CHAIRMAN. Senator Wyden.

Senator WYDEN. Thank you, Mr. Chairman. Mr. Chairman, I think you are right to look at this in the big picture. I want to look at another aspect of the big picture and that is information and, specifically, the public's right to know, because I think that is what this debate is really all about. I want to focus on this question of the inability of passengers to get good information about the lowest fare that is available.

Now, as I was visiting with my friend from Montana, who made some comments earlier on this issue, this is something that is within the industry's control. This is not a matter of thunderstorms or things of this nature. This is within the industry's control.

My reading of the report indicates that if you get on the telephone and you ask what is the lowest fare available, a majority of the country's airlines will not tell it to you, because very often that is available on the Internet or some other kind of way. So I would like to start out by having you, Mr. Mead, name the airlines by specific name that actually give out, if a passenger calls up on the telephone, the lowest fare that is out there.

Mr. MEAD. I do not know that any of them give the lowest fare that is out there over the phone. That is because there are fares available over the Internet that are not available over the phone. The point we are making in our report is that when you call up on the telephone that the airline should give you not only the lowest fare that is available over the phone, but should affirmatively tell you that there may be lower fares available through other distribution outlets.

Senator WYDEN. Which airlines tell you that and which do not?

Mr. MACEY. Yes, sir. Delta Air Lines has on their telephone reservation system, when you are put on hold, a recording that makes announcements that there are lower fares available on their Internet website. USAirways reservation agents also share that information with the consumer.

Senator WYDEN. So that is two. We have got 14 that signed the pledge. My understanding is 6 of the 14. Who are the other four, so we can know who the eight are that do not seem to tell you?

Mr. MACEY. Well, we know 6 of the 14 have modified their contracts of carriage to include the commitment to offer the lowest fare.

Senator WYDEN. Who are they?

Mr. MACEY. We have Delta, Hawaiian, Northwest, Southwest, United, and USAirways.

Senator WYDEN. So that leaves us with eight who either do not make it legally enforceable to tell you the lowest fare or you simply do not know what their practice is, is that not correct?

Mr. MACEY. Well, I also should point out, Senator, that in their plans several of the airlines disclose that there are other fares available through the Internet, through other distribution systems, not just on their own Internet sites, but other Internet sites. So the information is in a combination of places. They will tell you over the telephone. They have it in their plans.

Mr. MEAD. The commitment—it is important to realize that the commitment is that they will offer the lowest fare available over the telephone. It does not go on, nor do the airlines pledge to go on and say, gee, you might get a cheaper fare on the Internet. Also, they did not pledge that their city ticket offices would offer a lower fare, although six airlines have gone beyond what was just committed to.

Senator WYDEN. But the reason that this is so important is that this illustrates that the consumer is still part of a shell game, a kind of three-card monte with respect to fares. The airlines did not even promise what is really in the public's interest, which is to just get straight information on the lowest fare available. Now we are finding many of them are stonewalling even on what they said they would do, which was pretty limited in the first place.

The reason I make this point is that this is not an air traffic control matter. I happen to think that Chairman McCain is right with respect to congestion and infrastructure and the like. But on this lowest fare issue, which is so important to consumers, they are not getting straight information. It is within the control of the industry and the industry will not give it to them.

I think you performed a great service by laying out exactly what is going on with an issue that is within the industry's control.

The second area I wanted to examine with you, Mr. Mead, is this issue of the contracts of carriage. As you know, I feel this is especially important. Mr. Carty, I think it is great that you are putting in the extra leg room, but, frankly, I would rather have seen you change this document that you all put out in 1999 that basically said the contracts of carriage are not going to be changed, because to me that is what really protects the consumer.

What I would like to know, Mr. Mead, is of the 14 airlines which ones have changed their contracts of carriage to reflect that they would now put most of these voluntary commitments into writing?

Mr. MEAD. One airline, which I might as well say for the record was Southwest Airline, incorporated the commitments as well as the plans in the contract of carriage without limitation. None of the other airlines went that far. Three airlines did not change their contract of carriage at all in response to the commitments.

That leaves ten who changed their contracts of carriage to some extent at least to reflect the commitment. Now, parenthetically I want to stress that the commitment itself is not the entire portfolio that we are all interested in here. Each airline has its plans. The plans get specific. For example, let me take the commitment on notifying people of delays and accommodating them when they are delayed or canceled.

The commitment does not require an airline to accommodate anybody overnight. It says you will disclose what your policies are. It is the plan that says what specifically the airline will do. Now, so that is why it is very important when we are talking about these commitments and plans that we specify what exactly we are speaking of. The plans in many cases have a more liberal provision in them on, for example, accommodating people overnight than do the contracts of carriage. A very important distinction.

Senator WYDEN. And it is especially important because after December, when your work may be done, and if we do not have a chairman who is interested in these issues, the question is going to be what the consumer has in these contracts of carriage. Again, this is an issue, Mr. Carty, that is in the industry's control. This is not subject to thunderstorms and other problems. This is something that you all can change.

I will tell you, until I see some changes in this area I will continue to believe that these consumer protections are really not substantive.

A question for you, Mr. Carty, and that is on this on-time departure matter. I think you heard Mr. Mead describe you get out of the gate 14 and a half minutes, so you are within the 15-minute rule, but you sit on the runway for 5 hours. Do you think the rule ought to be changed so that that is not considered an on-time departure?

Mr. CARTY. Senator, I think the focus on on-time dependability that you see in the DOT and certainly the public reporting airlines do, is not on on-time departures, but on on-time arrivals. Obviously, if you sit on the runway for 2 and a half hours you are not going to have an on-time arrival. So I do not think there is any need to change that definition, because the focus is on promising the customer an arrival time and reporting against that, and that measure has become much more important to the DOT and consumers than the departure question.

Airlines try to get off the gate quickly even in adverse conditions because they know the sooner they get off the gate the sooner they are going to be in that line and the sooner they are going to be able to be taking off. So I do not think that reporting issue is a big problem.

Senator WYDEN. One last question if I could on this round, Mr. Chairman. Mr. Mead, AIR 21, the legislation in this area, increased the penalties for violating airline passenger consumer protection rules. Can you report how often that increased penalty has been imposed?

Mr. MEAD. I do not know if it has been. The point I tried to make in the statement was that there is some concern, I know, about the adequacy of the penalty. The deeper concern we have is whether they are going to get enforcement at all because of the number of staff in that office and the load that they are facing.

Senator WYDEN. My time is up, Mr. Chairman, and I will just wrap up by saying I am very sympathetic to what you and Senator Rockefeller, Senator Gorton, Senator Burns and others are saying with respect to the complexity of the system and the congestion. But each one of these areas that I focused on this morning is solely within the industry's control. I think that is why we need passenger rights legislation and I continue to want to work with you and our colleagues on a bipartisan basis to get it done.

Thank you.

The CHAIRMAN. Thank you.

Senator Burns.

Senator BURNS. Ms. Jopplin, you are a gate agent where?

Ms. JOPPLIN. I have been in the industry 23 years. I used to be a gate agent about 8 years ago. Now I am Director of Customer Service. I was also a reservationist and I was also a ticket counter agent.

Senator BURNS. Whereabouts, though?

Ms. JOPPLIN. In Houston, Texas, at Continental.

Senator BURNS. Houston. I remember Continental a long time ago, but anyway.

Ms. JOPPLIN. I do too, Senator Burns.

Senator BURNS. We were still flying DC-3's, so that is how far I go back.

[The prepared statement of Ms. Jopplin follows:]

PREPARED STATEMENT OF MARY JOPPLIN, SENIOR DIRECTOR FOR CUSTOMER SERVICE,
CONTINENTAL AIRLINES

Good Morning, my name is Mary Jopplin and I am the Director of Customer Service at Continental Airlines. For the last year, I have been the lead coordinator for system-wide implementation of the voluntary customer service plan for Continental Airlines, the nation's fifth largest airline with hubs in Houston, Newark and Cleveland.

Continental Airlines, more than most, understands that good customer service is key to long term success in the airline industry. Just seven years ago, we emerged from our second bankruptcy. We were last in DOT metrics on every level. We failed miserably at efforts to get passengers to their destination on time; our mishandled bag ratio was unacceptable and many of our customers were understandably motivated to write the Department of Transportation. We knew that in order to attract both business and leisure travelers back to our airplanes, we needed to distinguish ourselves.

Frankly, what all of the airlines do day in and day out is basically the same task: we hand out boarding passes to passengers; we take a long metal tube with seats and load passengers into that tube; we load bags and cargo in the belly of that tube; we wait for the FAA to tell our pilot when to takeoff, where to fly while enroute to their destination and when/how to land. Since we are all supplying basically the same "event", we have to distinguish ourselves in some way and frankly, while you can build a more beautiful airport or gate, the way we all try to distinguish ourselves is by providing better customer service.

In the last seven years, Continental Airlines has reworked how we provide customer service. And we have been recognized for our efforts. Just within the last year we have won the J.D. Power award for providing the best long and short haul service; Best U.S. Airline for Business Travel from Smart Money Magazine in 2000; Best Airline in the U.S. from Fortune Magazine in 1999; Best Airline Website from Forrester PowerRankings in 1999; and Best Elite Program and Best Customer Service as part of the Freddie Awards from Inside Flyer in 1999.

But with all that Continental had accomplished in the area of customer service prior to last June, we recognized that our passengers and the Congress were sending us a wake-up call with their debate about passengers' rights. The Congress motivated us to recommit ourselves to improving our levels of customer service by working with us to develop the voluntary Plans.

At Continental, we have taken the implementation of our voluntary customer service plan (known as Customer First) very seriously. While we were already doing several of the "initiatives" prior to the publishing of the voluntary plans, there were a number of things we were not doing at all or we were not doing with consistency. Here are just a few examples of what has changed at Continental as a result of Customer First:

- While Continental had a policy of providing the lowest available fare, as a result of our Customer First commitments, we developed and installed new software that ensures that reservations agents will always offer the lowest fare available to our customers.
- And, while we would hold a reservation for 24 hours if asked, our policy did not allow a passenger to hold a low fare reservation past its applicable date (e.g. a 14 day fare would not be held to the 13th day—even if you reserved at 11 p.m., 14 days before departure, you had just one hour to make up your mind). Now we honor the low fare for 24 hours past the time of reservation no matter when that reservation is made.
- Our baggage liability limit has been increased to \$2500 from \$1250.
- We have implemented a system-wide policy that pilots and gate agents should issue updates every 20 minutes to keep passengers informed about delays or cancellations. Our previous policy was to keep passengers at the airport or onboard aircraft informed as to delays, etc., but, we didn't have a good program to get the best information to the gate, we didn't stress the importance of providing the information and we didn't have a way to measure performance. Not surprisingly, we didn't have good compliance.
- While we have received numerous awards for the quality of our frequent flyer program, prior to the implementation of Customer First, we did not post the number of frequent flyer redemptions annually on our website and in our newsletters. Now we publish our annual and monthly redemptions each month on our website.
- We now have the capability to provide a customer who asks with the width/pitch for each of our aircraft types seats. Prior to implementation of Customer First, this information was not readily accessible to customer service and reservations agents.
- We now require that our domestic codeshare partners provide comparable consumer plans and policies, a step we did not apply with consistency prior to the implementation of Customer First.
- Because of Customer First we developed coordinated internal policies and procedures to ensure that all appropriate actions are taken to provide food, water, restroom facilities and access to medical treatment for passengers onboard aircraft for more than 2 hours. We negotiated with vendors and other catering services that business hours be extended as well as for the delivery of supplies—we even added diapers and baby food to our on-hand supplies at airport locations.
- We developed a plan in coordination with airport operations and FAA which provides for the safe movement of customers from an airplane to the airport terminal including consideration of aircraft parking locations, walkways and routes, ramp escorts and secure entrances to the airport terminal in the event that an airplane which needs to return to the terminal is unable to pull up to a gate.

Clearly, the Congressional debate about the quality of customer service delivered by the U.S. airlines in recent years has forced all of us to put the spotlight on this

issue within our own companies. And as each of the airlines has intensified our internal review of customer service, this has had a positive effect on our passengers because the airlines have basically been trying to “outdo” each other on a multitude of customer service fronts. Consider what we have seen implemented by various airlines in just the last few months:

- Several airlines have put additional leg room into part of their cabin.
- Several airlines have put bigger bins for carry-on baggage on their aircraft.
- At least one airline is now providing compensation in the event that a bag is mishandled.
- Airlines have set up new systems (like mobile lounges, hot lines, or service recovery centers) to reaccommodate, passengers in the event of a cancellation or bad weather, etc.
- At least one airline has developed and installed new screens at the gates to provide up to date information for passengers on delays.

In short, competition to have the best customer service is intense and that is a real victory for the consumer!

Over the last eighteen months, much public attention has been focussed on what goes wrong in the airline system but it is important to put the quality of airline service in perspective. Here are just a few statistics about customer service industry-wide since the voluntary programs were developed:

- From January through March of 2000, approximately 133 million passengers traveled in the United States on major airlines.
- These 133 million passengers traveled on 1,380,000 flights, the vast majority of which arrived within fifteen minutes of the scheduled arrival times.
- Only one half of one percent of these passengers’ bags was mishandled.
- Less than three one thousands of one percent of the passengers complained to the Department of Transportation (4,011 people) in this time period.
- And, for the record, at Continental, where we have toll free fax and phone lines for complaints, and postage-paid postcards in our on-board magazines, complaints versus enplanement are down over 10% for the first three months of this year compared with the same period last year.

In short, in so many ways air travel is actually working well. But is it working perfectly? No. When you think about the monumental task of transporting all those people and their bags on all those planes every day and then add in the impact of thunderstorms, rain, fog, snow, maintenance issues, and runway construction, the result is delays. Some would blame the FAA for most of the delays but the fact is that they are doing their very best to keep up by managing our aging and overburdened air traffic control system with inadequate resources and equipment. Truthfully, no matter what the cause of a delay is, it has a dramatic impact on our passengers, our employees, our crew time, our baggage delivery, our fuel supply, etc.

The bottom line message for this Committee and for the traveling public is that we, the industry, are not done doing everything we want and should do for our customers. Good customer service is a day in and day out project. Every day we want to do it better than the last. Every day new technology comes along that enables us to improve the passengers’ experience. Every day we have to train our people and yet, everyday we will make some mistakes—it’s human nature. We know that some days we don’t do as well as we should. But, we get up the next day and do it all over again and try to do it better.

In short, Customer First is not “done”—it is and always will be a work in progress. But I am here today to tell you that this industry and certainly this airline and its 50,000 employees, has been listening to you in Congress and to our customers. We are committed to doing the best we can today and we are committed to work harder to do it even better tomorrow and beyond.

Thank you for the opportunity to appear before you today.

Senator BURNS. I want to—this on-time thing, you hit on it, Mr. Carty, when you responded to Mr. Wyden’s question. I think on-time arrival is probably a more—gives us a better picture of what is going on out there than on-time departure. In other words, I can see a little better leeway there as far as on-time arrival is con-

cerned, because with this situation here it does not paint a real accurate picture of what we can engage things in.

Also, on bags, Mr. Mead, I was surprised you say now on lost bags 24 hours should start when it is reported. I come from a different view of that. I say you have got to find it first. You know, we do not know where it is. And then maybe the clock starts running to get it back to you and whatever. But it has got to be found first, and I would look at that.

The lowest fare does concern me, what Mr. Wyden says. I think that can be taken up. If you worked in reservations, Ms. Jopplin, you are perfectly aware that before you went on a shift there was always a little meeting before you sat down at your telephones and started answering reservations, doing in-line or on-line or inter-line. It did not make any difference. You had something to refer to.

Today fares change hourly, it seems like, and that is pretty tough to keep up with. But nonetheless, I think that can be done at the head of the shift when they go on.

Do you want to respond to that, or maybe Ms. Escarra could?

Ms. JOPLIN. Thank you, Senator Burns. I would like to respond to that. If you will recall, when customers call the reservation system many times they will ask, what is the lowest fare to a destination, and they will be quoted a range of fares. Then they will be asked when their travel date is or what date in the future they would be traveling. Then it gets more specific.

The customer is quoted the lowest fare for the applicable travel. They have an opportunity to change their dates to modify their travel in order to obtain a lower fare.

I think what is important to understand is that the airlines have done programming that automatically offers the lowest fare for the applicable travel dates. Second, the customer now has the ability to hold that fare for 24 hours without penalty. If we are holding a customer's fare for 24 hours and that fare is a 14-day advanced purchase, for example, they have into the thirteenth day to purchase that ticket, and that is giving them just a little bit extra time to explore alternative distribution methods such as the internet and then make their decision.

Senator BURNS. Now, also—that is good to know. Also, give me your policy, either Ms. Escarra or you, give me your policy on when you learn of a major delay, say a flight is going to be an hour late out of Kansas City, OK, and what time before departure do you not call the passengers that you have telephone numbers on? In other words, is it 2 hours before flight time do you try to call your passengers on that flight to notify them of a major delay?

Ms. ESCARRA. A very good question, Senator. At Delta we have a policy that says we will do everything we can if we know of a flight being canceled outside of 2 hours to notify customers. We have got good information around that that says we are doing well. Of the customers whose telephone numbers we have on record, we are contacting 80 percent of those customers to let them know about that.

Obviously, within 2 hours, generally speaking people have already made attempts to go to the airport.

Senator BURNS. I will say something here. There was a term used a long time ago, and everybody travels, this is just "RCNNO,"

“reconfirmation not necessary.” Remember those days? Well, none of us reconfirm. We walk off an airplane and then we go do our business and we fly the next day, but very seldom do we ever reconfirm what hotel we are staying in while we are on the road.

So I am just wondering. The contact of those people is pretty tough. But that was an old term that I threw out there that you probably would recognize as an old reservations person.

I say I am going to probably stay on this thing. Like Mr. Wyden, I think the fare thing is probably the most important thing as far as the customer is concerned.

Mr. MEAD. Mr. Burns.

The CHAIRMAN. Yes.

Mr. MEAD. A point on the lowest fare and your interest there. Some airlines’ reservations agents, the ones you call up on the phone do not know what the lowest fare is that the airline has to offer, except for the lowest fare that is available via the telephone. They may not have access to the Internet fares. So the lowest available fare may not be available to the reservation agent.

Senator BURNS. I am going to tell you something. You have got a supervisor, a supervisor of that shift, that has ways of finding out, I think so that they could be brought up to date on that information. I just feel that—but then again, that takes extra people, it takes extra, and that is costly. But nonetheless, I think you have got shift supervisors that also have certain responsibilities, too.

Mr. CARTY. Senator Burns, if I could just make one comment on that. I just want to be sure the Committee understands that part of the airline commitment was not to make the lowest fares on the Internet available over the phone. We never intended that. I think the policy of a number of airlines to say on their recording, there may be a fare lower available on the Internet, is a good one.

But remember, what we are trying to do by using this new Internet technology is to lower our cost of distribution so we can offer even cheaper fares. If we have to layer onto the selling of those fares reservations calls, we will drive up our costs and we will not be able to offer as cheap a fare. So part of the whole strategy here is to use today’s new technology to offer lower fares than we otherwise would be able to if we built in the costs that you just referred to.

So that is why we did not originally make the commitment. It is not part of the customer service plan. We do differentiate between Internet fares and res fares, and I just wanted to be sure that that was understood by the Committee.

Senator BURNS. Thank you, Mr. Chairman.

The CHAIRMAN. Senator Cleland.

Senator CLELAND. Thank you very much.

All of us, I think, have a vested interest in—

The CHAIRMAN. I am sorry. I am sorry, Senator Cleland. Senator Kerry was—I apologize—

Senator KERRY. No, no, no. You go.

Senator CLELAND. Yes, sir.

The CHAIRMAN. My apologies to both of you. I am sorry.

Senator CLELAND. No, not at all.

**STATEMENT OF HON. MAX CLELAND,
U.S. SENATOR FROM GEORGIA**

Senator CLELAND. All of us have a vested interest in a safe and secure flight. So many of us in America fly now. So the questions of airline services, airline safety, passenger convenience, are now a very major public interest.

Atlanta is the largest airport, the busiest airport, in the world. Ms. Escarra, it is also the great hub of Delta Air Lines. I would like to know from your point of view what the fifth runway, adding the fifth runway at Hartsville, will do in terms of its impact on Delta. Will it improve customer service by Delta out of that major hub that you have there?

Ms. ESCARRA. Thank you for the question, Senator Cleland. Clearly it will improve. Around the information that we were shown today about delays, pushing back from the gate but not taking off, improving. A fifth runway will allow, if you will, the constraint to be moved to a further destination away from the gate.

We still have concern, and I will reiterate this, that we find solutions on improving the capacity of air traffic control. So it will certainly help in the Atlanta hub with us having the ability to handle more capacity on the ground and generally speaking in the air. But as we get out—that fifth runway is actually 3 years away from being completed, as you well know. We have got to continue to work on ensuring that we do not move the constraint from being capacity on the ground to further constraints on capacity in the air.

Senator CLELAND. Capacity in the air, which means in your definition the ability of air traffic controllers to handle the traffic coming in and out of the busiest airport in the world. Is that your understanding?

Ms. ESCARRA. That is my understanding.

Senator CLELAND. So with an expansion of a runway it solves one problem for you, but then it transfers the problem to another part of the system, is that correct? That is the crowded corridors the Chairman referred to and the ability of air traffic controllers and the FAA to handle that traffic, is that correct?

Ms. ESCARRA. That is correct.

Senator CLELAND. Mr. Mead, it does seem to me that what we are talking about here and the impact on passengers is the result of a total system, that the airlines are part of it and there are certain things that only the airlines can control. But there are other aspects of the system that affect passenger service. Sometimes the airlines get blamed fairly, sometimes they get blamed unfairly.

Weather is an uncontrollable factor for any of us. But it would be helpful to me, and I do not know whether it is part of your charge or not, over the next 6 months as you complete this report on passenger service, if you could maybe allude to the fact of what is responsible for what. In other words, what are the airlines basically guilty of, A, B, C, D, then what are the communities around America that are not expanding airports guilty of, then what is the FAA and, shall we say, a shortage of air traffic controllers guilty of?

All of this adds up to a very, very serious situation, where those of us in the Senate and in the Congress hear increasing complaints from passengers, and I understand passenger complaints have in-

creased in the airline industry 100 percent just in 1 year. So, Houston, we have a problem.

But how do we go about managing this problem? How do we deal with it? Is it just a passenger bill of rights here that we are talking about? That is like saying we want the cure for cancer and we want it now, but then how do we get there? Is your report going to help us get there?

Mr. MEAD. I hope to a degree. I think you are right that, first of all, passenger service is a tough thing to legislate and I do not think you want to have to try to legislate service if you can through other measures ensure that it happens.

Senator CLELAND. And I would like to talk about that point in just a minute, as you finish.

Mr. MEAD. But as we pointed out in our statement, the commitments do not directly address some of the underlying sources of dissatisfaction. Those are the delays, the cancellations, lengthy lines, lost baggage, and baggage not showing up when you arrive.

Now, I think the airlines can do a lot better job on the lengthy lines. That is something that is certainly more within their control than delays, because there are all these different factors that come into a delay.

On that point, I would like to say that a year ago we could not come up here and really tell you how much air traffic was being delayed. That is because everybody had their own system of counting delays. The FAA had one system, DOT's Bureau of Transportation Statistics had another one, the airlines each had their own, and people could argue about whether there even was a delay and how much it was.

Over the past year, FAA and the airlines have gotten together and they now have a common base for calculating when a delay actually happens. At least that is in place for a number of very busy airports. Very key. But they have not pushed the envelope yet to where they have a common framework for keeping track of why a delay happens. That is why you see a lot of finger-pointing. People say, well, it is air traffic control; air traffic control says no, it is the airlines and their schedules.

This is something that the airlines and FAA really could accelerate if they put their minds to it, so that we would start the next year with a framework that people agreed upon and we could move beyond the finger-pointing. Now, we will go into that in our report on delays and we will also go into in our report the different reasons people say that delays occur and cancellations occur. But it is very difficult on a system-wide basis to do that without a system in place.

Senator CLELAND. Mr. Carty, are we gaming the system? I mean, I can understand if a plane leaves within 15 minutes of the scheduled departure time and you call it a departure on time and that is all right with me. But then to get out on the runway and sit there for an hour or 2, and to get to where you are going, as the distinguished Senator from Montana suggested, it is getting there on time. The passengers know whether they departed on time and they know when they arrived on time.

Are we playing games here? And is it correct—and I am not trying to be personal here—that some compensation for airline execu-

tives are based on on-time departure and so therefore if you push back at the gate on time then your compensation is OK, but if you sit on the runway for 2 hours nobody is held accountable? Are we gaming the system here?

Mr. CARTY. I do not think so, Senator. As I said a few moments ago, the critical customer service measure in terms of dependability has clearly emerged as on-time arrival, not on-time dependability. And to the extent we have any customer service measures in our management's incentive plan, they all relate to arrival dependability, not departure dependability. When we have extended delays on the runway, the airplane is not going to arrive on time, so those numbers will fail.

So my own view is we are not gaming it, but the statistics that Ken shared with you and the deterioration in on-time dependability and the increase in cancellations we have seen in the country are really happening. As I said earlier in my testimony, I am quite pessimistic about our ability to keep up, the infrastructure's ability to keep up with the tremendous demand that has been stimulated by deregulating this business.

Senator CLELAND. And so much of that is out of your control. As an airline executive, you cannot go to a community and say, gee, this is a major hub of ours, we wish you would put another runway out here so we can do better; or go to a half a dozen cities and say, gee, we would like to improve our service to these cities because these are key markets of ours.

Mr. CARTY. We are actively engaged as individual airlines and as an industry to lobbying local airports on capacity. Certainly, as Ken suggested, we are now collaborating much better than we were with the FAA on the process of managing the air space.

But I am concerned that the technology and the infrastructure, no matter how well we collaborate, simply is not going to keep up.

Senator CLELAND. And part of that infrastructure is the government, is the FAA, is the air traffic controllers. You are really a consumer, you are in effect a customer of that government service, is that not correct?

Mr. CARTY. That is absolutely correct.

Mr. MEAD. I think we are gaming the system. I would like to pursue that a bit. With all respect to my friend Mr. Carty here, I think we are gaming the system on departure delays and that we ought to face up to it. When the airline's schedule says that a plane is leaving at 10 a.m., for example, the airline wants that plane away from the gate within 15 minutes. I can tell you, I can see it all over the country, our folks see it all over the country.

They do not tell you, however, if that plane is going to back away from the gate between 10 and 10:15 so that it is within that 15-minute window, but that it's not going to take off. It is not often that I hear the airlines say: And by the way, when you pull away from the gate at 10:14 there is another 2 hours on the runway. I think the airlines can do a lot better job of telling people that before they get on that aircraft.

Senator CLELAND. May I just go back to the point where the pilot came on the air and said: We are in this situation; I do not have a clue what is going on here and I will let you know when I find out. He gets applause. I think the American people understand

that traveling in the airlines is kind of a risky business and they do not expect perfection. But I think they do expect honesty. I do think they expect total access to information, whether it is air fares, the lowest fare available, or on-time departure or on-time arrival or whatever.

I think, like so many aspects of communicating with people, if we just tell them the real story, I think we would all get along much better. In terms of telling them the real story, Ms. Escarra, tell us about Delta's effort here to get more information to the traveling public here.

Ms. ESCARRA. We briefly mentioned this in the opening, but let me go back and just talk. Actually, it ties in with the comment that Ken just made, and that is we agree that when we know what the delays and-or cancellations are, the causes for those, and if we know the length of the delay, we absolutely should be communicating that to customers. It is clearly a big issue. When you talk to consumers, as we all do day in and out, they want to know. They want to manage their time.

Our systems are tied together so that all of our operating systems communicate today—and this is just a month in the works—communicate today with what the customer sees on the front line and what our gate agents see. It includes a clear overview of the content. Now, we still have the issue when you push away from the gate, and I think our people are doing a much better job of communicating, maintenance, flight crew, weather, if we know how long it is going to be.

But Senator, we still have a problem, as was experienced by Don last night, and I got 8 pages during the course of dinner about major ATC delay, shutdowns 4 and 5 hours up and down the East Coast and over Dallas–Fort Worth. When we are not getting any information from FAA, it is tough to tell customers how long it is going to be. You think it is tough for all of us. It is certainly tough on our staff out there to manage those kinds of situations.

So that continues to be a big concern of ours.

Mr. CARTY. Senator, let me just reiterate. With all due respect to Ken, our agents are not aware of how long these delays are. Let me read you, if I could, from the FAA's June 21st—this is on their public web site of what is going on, delays by destination: “One, due to loss of land and hold short, departure traffic destined to Boston Logan International Airport is currently experiencing delays averaging 2 hours and 53 minutes, some flights receiving as much as 8 hours and 10 minutes delay.”

“Due to weather, departure traffic destined to New York John F. Kennedy International Airport is currently experiencing delays averaging 32 minutes, but some flights are receiving as much as 1 hour and 45 minute delays.”

“New York La Guardia, average 2 hours and 48 minutes, some flights 4 hours and 22 minutes.”

This is last week and this is a typical day with the FAA. So for an agent to know which of these is going to happen when the airplane pulls back from the gate is an absolute impossibility.

Senator CLELAND. Thank you very much.

Ms. ESCARRA. Let me add one more thing, Senator, and that is the customer information display screens that you are seeing here

are live and there is a delay on a flight from Fort Lauderdale to Atlanta, which is delayed right now based on a maintenance problem. So we are telling the customers that it is a maintenance issue. We are giving them information about how long we expect that delay to be. So this is real-time information, again to address your concern.

Senator CLELAND [presiding]. Well, a great challenge to us all, Mr. Chairman, and I think we ought to vote on it.

Thank you all very much for being here.

Senator KERRY [presiding]. I would like to pick up there if I may. You know, I just do not accept that when you say it is impossible to know where the delay is going to be. The problem is we do not have a system. I mean, you are nodding here. We do not have a system. You are running a major airline and we do not have a system, in the sense that the FAA is not coordinating with you, you are not coordinating with each other. I mean, there are various reasons why that happens and maybe we have to deal with some of them.

But I know when you get in that cockpit and you sit there and you call clearance control and clearance control comes on and they tell you what your clearance is going to be and they say, expect a delay of X amount of time usually. So you get it straight from clearance control before you push back.

Now, there ought to be a way with clearance control coming in. I do not like the idea of Congress trying to legislate service. I agree with you, Mr. Mead. And I was one of those who resisted the original passenger bill of rights, based on the notion that we ought to give people in the private sector the opportunity to up their service.

But I am beginning to wonder whether we have to create some standards that say that you are going to have certain expectations about getting off if there is a certain type or amount of delay, or there is going to be a right to be able to be reimbursed under certain circumstances or so forth.

As to the gaming issue, I mean, come on, folks. The entire schedule is gamed. Delay is written in. An on-time flight to Boston is about a 2-and-a-half-hour time period, so you can spend an hour-and-a-half on the ground and you still get in and the pilot comes on and says: Hurray, we are on time. It is a 50-minute flight and you are telling us that 2-and-a-half hours is "on time".

You game it by building into your schedules the amount of time that you anticipate normal delay is now going to be. And you are forced to do that because we do not have adequate capacity between the FAA and otherwise.

Why do you all leave at 8 o'clock? Why is every flight scheduled for 7, 8 in the morning? Because people want to fly then. But every airline says: We are leaving at 8 o'clock. It is physically impossible for every airline to leave on the schedule you tell people they are going to leave on, physically impossible. But you all persist in this myth where we have got 8 o'clock departures. Not going to happen.

You know, I learned something. I ran a small business for a very brief period of time and it would be laughable compared to what you all do. But I learned the fundamentals, because we were going to produce edible goods that were natural and so we used all natural goods. I knew I had to price these things accordingly, and so

we had to price them a lot more than goods that were not similarly made. But people bought them, and within a year, because they were good, we became “best of Boston.”

You are trying to run a discount business in a mass way that pretends it can offer the service, but you cannot because you are not pricing them accordingly. I mean, why do we have lines? And I do not want to get into the business of picking and choosing winners and losers here.

But why is it that we have to send a wakeup call for an entity that is in the business of providing a service to people? Why do any of us walk into the terminals anywhere in America and see these long lines of people? I am astounded at hundreds of people waiting for hours to get to a counter. Why is this happening?

Because you are not putting enough people on, because you do not have enough counter space? That costs money? Well, maybe the tickets should cost more. Maybe you are not pricing your service at the rate that the service costs because you want more and more and more people, because you want more people to ride on a service that does not have the ability to provide people what you pretend you can provide them. That is what is happening here. It is exactly what is happening here.

If you can tell me otherwise, tell me. You are all competing with each other to get that lower fare, to get more people into an airport that cannot hold more people, to fly into airports that cannot hold more airlines. This is the best advertisement for Amtrak I have ever heard of.

Now, am I wrong at that? I mean, are we not gaming this thing?

Mr. CARTY. No, you are not wrong. You are talking about to some degree the inadequacies of the infrastructure. You walk into the Boston Airport at 8 o'clock in the morning, every ticket counter position we have is manned. The airport needs to be bigger because Boston traffic is growing. We all know that. But getting an expansion in Boston, as you know, Senator Kerry, is no trivial thing.

Senator KERRY. And you are doing that and I love it and it is going to be a great thing, and I admire you for being able to try to pull it off in the midst of everything else that is going on up there.

Mr. CARTY. But moving that infrastructure, moving the air traffic control infrastructure—I mean, we could go at 9 o'clock, let everybody else go at 8, and most of the passengers are going to go on the 8 o'clock flights.

Senator KERRY. No, because there are not enough slots to take them at that hour and there are not enough aircraft.

Mr. CARTY. There are not slots now. Now, if you impose slots then we will put the airplanes where the slots are.

Either we need to—Ken made this point earlier, I think. Either we need to increase the infrastructure or some government policy-making people have to define capacity for us and we will operate as competitively as we can under that environment.

Actually, most recently Congress is headed in the opposite direction. Three of the four airports that have been slot-constrained are going to become unslot-constrained.

Senator KERRY. And there is going to be chaos.

Mr. CARTY. As a big operator in Chicago, we are going to have chaos in Chicago.

Senator KERRY. That is right, it is an invitation to it.

Mr. CARTY. Because we have not added capacity. It is an invitation to it.

Now, there are things that can be done to broaden the air traffic control infrastructure. As a pilot, I know you know this and so I will not go through it. But a lot of it is going to involve a lot of technology and a lot of investment, and it is not going to happen by next summer.

Senator KERRY. Well, let me ask you this question. Is it true that the spacing is 65 miles on an awful lot of aircraft flying cross-country at this point? Do you know what the spacing is?

Mr. CARTY. The spacing will change. That is part of the way the air traffic control people manage it.

Senator KERRY. But current spacing, current spacing I understand, according to a number of friends in the industry, is almost absurd.

Mr. CARTY. It is longer than we believe it needs to be.

Senator KERRY. I see heads nodding. People are agreeing.

Ms. ESCARRA. It is very conservative.

Senator KERRY. But why? Why are we doing that?

Mr. CARTY. I would say we are managing the existing capacity more conservatively than we have ever managed it before.

Senator KERRY. Is there not a greater capacity to restructure even some of the corridors, some of the airways, in ways that channel aircraft? I mean, it seems to me common sense would say we can get some cross-country aircraft coming in at X number of altitudes, bringing them down, out over the water, bring them back in, in a way that they stay out of the traffic on the other side.

I mean, I see someone sort of saying, yeah, let us go do this. Why are we not doing this? I do not understand. It seems to me—let us get General Horner, who seems to have a pretty good sense of how to coordinate a lot of aircraft at the same time, to put a new system together. Would you like that?

Mr. CARTY. I think there is no question in the short to intermediate term we are going to have to agree to some rules of the road that are different than they are today. The FAA has got to coordinate it.

Senator KERRY. Have you asked the FAA to do that?

Mr. CARTY. I have explicitly asked the FAA to do it.

Senator KERRY. Have all of the airlines come to them and said, will you do this?

Mr. CARTY. I do not know that, Senator Kerry, but I do not believe they all have.

Senator KERRY. Well, do you not represent them all as the Air Transport Association?

Mr. CARTY. Well, I certainly do not get to speak for all of them, although I would like to on most days. I do not mean to be facetious.

Senator KERRY. But should not all of you be beating down the door of the FAA and saying: We can facilitate this; here is a plan; we can simplify the approaches and the use of these corridors much more efficiently?

Mr. CARTY. Yes, I think we should. In fact, it is a very good segue into a comment I was going to make, and that is the ATA is focusing right now on putting together a consensus among the members of what all the priorities that we think should be in place at FAA, both in terms of process and procedure and in terms of new technology, and we intend to deliver that to the FAA as fast as we can get it done.

Mr. MEAD. You have to look at modernizing the national airspace system in 5-year blocks of time, Senator. I see measures that need to be put in place over the next 5 years as being different than the measures that would be in place 5 years from now.

For example, Senator McCain earlier mentioned that later this session he is going to hold hearings on ATC modernization. One of the big projects that FAA has under way is the Wide Area Augmentation System, or WAAS, which is a satellite-based navigation system. WAAS will shift navigation from a ground-based system to a satellite-based system that relies on the DOD's Global Positioning System. This is very integral to the Free Flight initiative that you have heard about.

The WAAS program is having a fair number of problems, but the airlines, once they can transition to satellite navigation, will be able to fly more flexible routes. The airlines will be able to do a lot more in reference to those maps in the sky that you were suggesting be redrawn. But WAAS, unfortunately, is some years away.

Senator KERRY. Some of the technology is years away. But a lot of this is not technology-dependent. A lot of this is just common sense, creativity, thoughtfulness, not being stuck in bureaucratic mud and being willing to try to coordinate with the airlines how we can do this better.

We cannot tell the American people that we are going to keep inviting more and more people into airports that are more and more crowded and incapable of providing the service. We have got underutilized airports in certain places. I look at a place like Westover Air Force Base or other places in New England. But we do not have the connections. I mean, this is where we need a transportation policy where we have high-speed rail and high-speed connection capacity to alleviate it.

Incidentally, the high-speed corridor in the Northeast could alleviate some of it. Now, you do not like to hear that because it may mean less people "flying", but you do not have the infrastructure to support what is flying today.

So people have got to start making some smarter business choices here, I think, respectfully. And I do not understand how you board an aircraft where you know there is going to be as long a delay as there is. I know you need the gate, so maybe somebody has to back the aircraft off and take it out to the apron and sit there without the people in the plane. Let them have the conveniences of these wonderful airports that are being built with stores to buy things in, places to eat, then bring it back to the gate and give them 15 minutes to board and take them out.

I mean, there have to be better ways to do this.

Ms. ESCARRA. We agree with that. One thing that we are clearly doing today versus where we were a year ago is having our management team and front line people at the gate talk about informa-

tion that they know, obviously in line with what we discussed today, and if it appears that there is going to be a 2-hour delay to talk to the customers about that but not board the airplane. That is a great point and we are doing that.

Senator KERRY. Well, I need to go vote. There were other areas that I wanted to try to pursue with some of you. Maybe we can do that by written questions. But I know the FAA is planning some of this redesign and I know that we are behind in terms of some of the technological expenditure that should have been made. I have for a number of years now been ranting about Congress' own inadequacy in responding to this in terms of the capital costs of some of the technology that ought to be put out there.

But I cannot, notwithstanding all of those difficulties, excuse easily the lack of coordinated effort that ought to be taking place to deliver a better service here. And I feel so badly for good people behind those counters who endure the wrath of so many people on a daily basis. They are good folks and they are the victims, too. They do not know what is going on. They cannot get the answers. It is very tough on them.

So I think we have really got to see the leadership of the industry take initiative here and help to make it happen. And we will do everything we can to leverage the FAA, leverage the government response, and make certain that we are being creative and thoughtful here.

But when I hear about some of these spacings and some of the reasons for delay and the excessive sort of bureaucracy that is restraining people from some creative and thoughtful kinds of responses here, particularly given some of the technology we have in the air today—I mean, the TCAS and other kinds of things that are improving safety—it seems to me we can do better, all of us, and I hope we are going to do it.

I have got to go vote. I thank you for being here. Mr. Mead, we will look forward with great anticipation. You can get a sense from the Committee that you are on the right track, and we are going to watch with interest.

I hope the airlines will come to us and ask us. Do not wait for us to come here to the next hearing and say, look, this is the problem. I will convene a meeting. I am sure the chairman will happily get the FAA and people at some meetings. Let us get people together and see if we can constructively get a response to this, because we are all going to suffer greatly if we are just promising Americans another summer like this one. That just is unacceptable.

With that, we are adjourned. Thank you.

[Whereupon, at 12:12 p.m., the Committee was adjourned.]

APPENDIX

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. SLADE GORTON
TO HON. KENNETH M. MEAD

Question 1. You report that 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 your opinion, until the airlines, FAA, and others also effectively address these areas, there will continue to be discontent among air travelers. How did you come to that opinion? Who are the "other" that you refer to?

Answer. The sources for identifying the underlying reasons for customer dissatisfaction are found in DOT'S Air Travel Consumer Report, independent surveys conducted by consulting firms such as JD Power, and academic studies by Universities. "Others" we refer to include airport operators and organizations representing airline employees such as flight attendants and pilots.

Question 2. It has been six months since the airlines have implemented their customer service plans. You are of the opinion that this is not enough time to evaluate the effectiveness of these plans, but that at the 12-month, it should be possible to judge the success of these plans.

If you ultimately conclude that the airlines' plans have been successful, or that a small portion of the airlines has not met the grade, would there be any need for OIG to continue monitoring the execution of the plans or let ATA and its member airlines do the monitoring?

Answer. Periodic monitoring would have a healthy effect of keeping the airlines vigilant and focused on customer service. In fact, subsequent to our Interim Report, Chairman McCain and Senators Hollings, Rockefeller and Wyden have requested that we continue to monitor, review, and report, following the release of our final report in December, on the implementation of the customer service commitments and airlines plans. The results in our final report will determine the scope of follow-on reviews. We may find that there are only a few customer service areas that require continuous monitoring, especially those that are governed by DOT regulations such as involuntary denied boardings.

If you ultimately conclude that the airlines' plans were not successful, would you recommend that Congress legislate good customer service?

Answer. Good customer service, like good management, is difficult to legislate. If we find areas that lend themselves to legislation, we would recommend that actions be taken. It is important to note that 7 of the 12 commitments and corresponding provisions in the airlines' plans are already covered by existing legislation. For example, the requirement for accommodating persons with disabilities are found in the Air Carrier Access Act of 1986 and codified in title 14 Code of Federal Regulations Part 382.

Other areas of the commitments and their implementing plans, such as the 24-hour hold or refund for reservations made over the telephone; offering the lowest fare available over an airline's telephone reservation system, returning delayed or mishandled baggage within 24 hours; and accommodating passengers put into an oversight status due to Airline operations could be covered by legislation if circumstances warrant. While such legislation is possible, we would much prefer the airlines achieve good customer service through healthy competition.

Another reason we hope the Airlines implement good customer service on their own is that some areas in need of attention are difficult to legislate. One such example is the commitment to meet customers' essential needs during long aircraft delays. As currently written, the provision uses general terms such as "food," "every reasonable effort," "for an extended period of time," or "emergency." These terms are not clearly defined and do not provide the passenger with a clear understanding of what to expect.

Question 3. You report that most of airlines did not have performance measurement systems in place to gauge where the airlines were with respect the success of their plans.

Were you surprised to find this to be the case?

Answer. Yes. We would have expected to see established, credible, time-tested systems for monitoring customer service, including performance goals and measures.

What would you expect to see in respect to an airlines performance measurement system?

Answer. At a minimum, a credible tracking system for compliance with its Plan, buttressed by performance goals and measures. The airlines argue that most of the commitment provisions can not be measured quantitatively. However, we disagree because we have designed tests for measuring each provision quantitatively, and have, so far, been successful in doing so.

What have the airlines done to assure you that performance measurement systems are in place and properly executed?

Answer. We discussed our concerns about the lack of performance measurement systems with the airlines. Based on those discussions, the carriers have committed to take action by establishing performance measurement systems. We have had an opportunity to review several of the airlines' performance measurement systems and the systems, if properly executed by the airlines, should be an effective tool for measuring success of their customer service plans.

Question 4. You reported that the majority of Airlines did not have a system in place for tracking what they considered to be their 24-hour window. As a result, the Airlines could not ensure they were in compliance with the provision.

Do you have any assurances from the airlines that systems are in place to track compliance with this commitment?

Answer. As part of their performance measurement systems, the Airlines assured us that systems to track and monitor compliance with the Commitment would be implemented. So far, however, our testing has shown that most 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.

Have your testers had a chance to see any of the systems in place and whether they are working?

Answer. Our testing is ongoing and the results are mixed. We have seen at the different airports visited that there is really no uniform tracking system in place within an airline's operations or among the airlines. We have found tracking systems in place and being used; in place and not being used; and simply not in place. At those airports where the airlines had a tracking system in place and being used, our testing showed higher levels of compliance with this Commitment to return baggage with in 24 hours.

Question 5. The airlines have said they should not be judged on their customer service plans yet and everyone should withhold judgment until the end of the year, when they will have ample time to implement their plans. Would you expect the number of complaints will decrease by the end of the year as the airlines continue to implement their plans?

Answer. We would hope to see complaints decrease as the airlines continue to implement and improve on their customer service plans. However, there are different dynamics that make it very difficult to predict if complaints will decrease or increase. The reality is that the Internet has undoubtedly made it easier to file a complaint to DOT. In addition, the increased visibility of airline customer service in Congress and the national media may have an influence on the number of complaints filed with DOT. It is clear that there has been an increase in complaints in 1999, continuing on into 2000. For example, complaints for the first 6 months of 2000 increased 60 percent (6,584 to 10,530) over complaints during the same period in 1999. As expected, flight problems (delays, cancellations, and missed connections) ranks as the number one complaint. Also, the trend for 2000 shows consumer complaints on the rise, month to month. For example, complaints for June 2000 increased 43 percent (1,495 to 2,141) over complaints in May 2000. Because of the different factors involved, especially the new technology of the Internet, DOT may want 2000 as the new baseline year for measuring whether air travel consumer complaints have increased or decreased.

RESPONSE TO WRITTEN QUESTIONS SUBMITTED BY HON. JOHN MCCAIN
TO HON. KENNETH M. MEAD

Question 1. With respect to the airline commitment to offer consumers the lowest fare, you report that there were sufficient number of cases in which the lowest fare was not offered to warrant that the airlines pay special attention to this area.

What do you mean by sufficient number?

Answer. At the time of our report, we had tested three airlines making 272 telephone reservations based on statistical sample of flights, and found for 13 of the reservations made the lowest fare was not offered.

What was the error rate?

Answer. This equates to a simple arithmetic error rate of 5 percent. However, using statistical sampling we will be able to project a more precise error rate to the sampled population once we have completed all our testing and analysis.

We recently completed testing at 8 other airlines and found that the lowest available fare was offer at least 99 percent of the time for 7 of the 8 airlines. However, for the remaining one airline, we found an error rate of 15 percent. We expect by year end to make a qualified statement on the percentage of compliance, by airline, for offering the lowest fare available.

Question 2. You have reached out to industry groups representing the disabled to assist in testing the industry's compliance with the Air Carrier Access Act. Do you have any results to report on how well the survey is working and whether the airlines are complying?

Answer. To date, we have not received enough information to arrive at a conclusion on whether the airlines are complying with the Act. We have recently posted on the DOT'S OIG web site a survey that will help us evaluate how well the US airlines are accommodating the needs of air travelers with disabilities and special needs. We have reached out to 11 different organizations representing persons with disabilities and special needs to assist in the survey. Organizations such as the Paralyzed Veterans of America, National Association for the Deaf American Federation for the Blind, and the National Organization on Disability will have direct access to the survey through the Internet. We do expect by year end to make a qualified statement on the treatment of persons with disabilities and special needs during air travel.

Question 3. Are passengers who purchase electronic tickets at a disadvantage when it comes to the information they receive regarding an airline's customer service plan or contract of carriage? In other words, what do the airlines do to ensure that passengers who fly ticketless receive the same information ahead of time as those who purchase traditional tickets?

Answer. Various DOT regulations require US. and foreign air carriers to provide consumer notices on or with passenger tickets. These notices provide information about protections afforded by federal regulations, limitations on air carrier liability, and contract terms that passengers may not otherwise be aware of such as ticket refund penalties or baggage liability limits. DOT'S *Statement of Compliance Policy: Ticketless Travel: Passenger Notices* filed under Docket No. OST-96-993 and published in the Federal Register Vol. 62, No. 77, dated April 22, 1997, states that the consumer notices required by Department regulations must be given or be made readily available to electronically ticketed passengers in writing no later than the time that the passengers check-in at the airport for the first flight of their itinerary. However, DOT also opined that airlines may find it advantageous to continue to provide DOT ticket notices to ticketless passengers in advance. In our review, we have found that most of the airlines provide its ticketless passengers, at the time of purchase or shortly thereafter, the consumer notices required by DOT. The consumer has a choice of having the notices mailed, e-mailed or faxed.

Question 4. Your report states that cancellations increased 68 percent between 1995 and 1999. While I understand you have a separate review on flight delays and cancellations, in general, what percent of cancellations are the results of airline operations versus other factors that are beyond the control of the airlines?

Answer. Based on information we received from 8 of the 10 major air carriers during our audit of flight delays and cancellations, approximately 66 percent of cancellations between 1995 and 1999 were due to service irregularities within the carriers control such as (1) aircraft maintenance and equipment, (2) lack of aircraft/flight crew, or (3) lack of ground support services, such as fueling. There are also other miscellaneous factors attributable to cancellations reported by the carriers but not necessarily within their control, such as runway closures or FAA security checks. However, cancellations attributable to these factors represent a very small

percentage. The air carriers also attributed 26 percent of cancellations over this period to poor weather and 8 percent to FAA's Air Traffic Control (ATC). In 1999, approximately 54 percent of cancellations were due to service irregularities within the carriers control, followed by weather (32 percent) and ATC (14 percent).

Question 5. Your report states that for the most part, the airline's commitment for better customer service was essentially a recommitment to place a substantially greater emphasis on compliance with existing law and airline policies and procedures. Should government do a better job of enforcing the existing laws and regulations related to customer service?

Answer. We agree that the DOT should do a better job of enforcing the existing laws and regulations related to customer service, especially regulations pertaining to accommodating the needs of air travelers with disabilities. A recent report submitted to the President from the National Council on Disability (NCD) discloses that although things have improved since the Air Carrier Access Act was passed in 1986, people with disabilities continue to encounter frequent, significant violations of the statute and regulation. However, as pointed out in both the NCD's report and our Interim Report, we believe there is cause for concern whether the oversight and enforcement expectations for the DOT'S Office of Aviation Enforcement and Proceedings significantly exceed the office's capacity to handle the workload in a responsive manner.

For example, resources dedicated to the Aviation Enforcement Office are inversely proportionate to its workload. Staffing has declined by more than half during a period when the office's workload has been expanding: air traffic more than doubled, complaints increased from 7,665 in 1997 to 20,495¹ in 1999, additional requirements were established (such as the Air Carrier Access Act and the Aviation Disaster Family Assistance Act), and recently, the Commitment emerged as an important element in protecting passenger rights. An issue that office will face soon is whether policies contained in the Commitment and the Airlines' implementing plans are enforceable if they are not also contained in the Airlines' contracts of carriage.

Question 6. Do you think telephone reservation agents should be required to tell passengers that they could find lower fares on the Internet? Do you think that these reservation agents would feel that they are putting themselves out of a job by telling people to use the Internet?

Answer. In our discussions with the airlines' telephone reservation agents about the Commitment provision to offer the lowest fare available, we found no evidence that the agents would feel their jobs were in jeopardy if they disclosed to the customer that lower fares may be available on the Airlines Internet web sites. Also, as part of their customer service plans, 8 of the 14 airlines disclose to the consumer that lower fares may be available on their Internet web sites or other distribution systems. Additionally, four airlines already notify the customer through an on-hold message in their telephone reservation systems that lower fares may be available through other distribution sources and during different travel times. In our Interim Report, we suggested that the airlines (10 of 14) that have not already done so should consider affirmatively informing the customer that lower fares may be available if the customer has a flexible schedule, or through other airline distribution systems including their Internet web sites.

Also, in our review of this Commitment provision, we found that airline Internet fares are not part of the airlines computer reservation systems and telephone reservation agents do not have access to the airlines Internet fares and fare rules. Therefore, we believe that airline telephone reservation agents should only be required to notify consumers that lower fares may be available on the airline's Internet web site and should not be required to quote Internet fares.



¹Total number of aviation consumer complaints filed with DOT for the entire industry (U.S. air carriers, foreign air carriers, tour operators, etc.).