



Memorandum

**U.S. Department of
Transportation**

Office of the Secretary
of Transportation
Office of Inspector General

Subject: **INFORMATION:** Announcement of
Follow-up Review: Airline Customer
Service Commitment
Project No. 05A3014A000

Date: September 9, 2005

From: Kenneth M. Mead
Inspector General

Reply to
Attn. of: JA-10

To: The Secretary
Deputy Secretary
Under Secretary for Policy
Chief of Staff
Federal Aviation Administrator
General Counsel
Assistant Secretary for Aviation
and International Affairs

In response to a request from Representative John L. Mica, Chairman, Committee on Transportation and Infrastructure Subcommittee on Aviation, we are initiating a follow-up review on the performance of U.S. airlines in implementing provisions of the Airline Customer Service Commitment.

Airline customer service issues took center stage in 1999, as aviation delays and cancellations began to escalate rapidly. Following congressional hearings on these service issues, member airlines of the Air Transport Association agreed to voluntarily execute the Commitment. Aviation delays and cancellations continued to worsen, eventually reaching their peak during the summer of 2000. In the summer of 2000,¹ more than 1 in 4 flights (28.3 percent) were delayed, with an average delay of 54 minutes.

The Department of Transportation's Office of Inspector General was directed by Congress to evaluate the effectiveness of the Commitment and the customer service plans of individual airlines. We issued our final report in February 2001.

¹ June 1, 2000, through August 31, 2000.

Overall, we found the airlines were making progress toward meeting the Commitment and it has been a plus for air travelers on a number of important fronts.

Since that report, the airlines have faced major challenges, including a weakened economy, the 2001 terrorist attacks, the war in Iraq, and rapidly rising fuel prices. Several airlines have gone into bankruptcy and more may follow; most airlines have cut costs by restructuring their workforces, among other efforts. We revisited airline customer service issues to a limited extent following last year's busy December 2004 holiday travel period when weather and other issues led to severe service disruptions in some parts of the country. While our review focused on the inconveniences experienced by Comair and US Airways passengers, we found that over one-half of all flights, systemwide, during the 7-day travel period were either delayed or cancelled, affecting hundreds of thousands of passengers.

With traffic rebounding as the number of flights and passengers exceed 2000 levels, we think it is time to revisit selected aspects of airline customer service. Unlike our prior work, which entailed a review of each of the 12 provisions in the Commitment, our focus this time will be on select provisions of the Commitment that have an immediate impact on passengers. We will conduct this review in phases, with the first phase beginning in September 2005. This initial effort will focus on the following commitments and the issues that derive from them.

- **Notification of Delays and Cancellations**

We will identify what efforts the air carriers and airports have made to reduce the number of flights chronically delayed or cancelled and to improve the flow of information about delays and cancellations. We will also observe in real time how effectively the airlines' employees—call centers, ticket agents, gate agents, and on-board personnel—are advising travelers about delays and cancellations and their causes.

- **Frequent Flyer Programs**

We previously recommended that airlines be more forthcoming with data on their frequent flyer programs, including data on the percentage of successful redemptions and frequent flyer seats made available in the airline's top origin and destination markets. We will follow up to determine whether the airlines are making available a more comprehensive reporting of frequent flyer redemption information in its frequent flyer literature and annual reports.

- **DOT's Authority To Investigate Unfair and Deceptive Practices**

The Department has authority to investigate unfair and deceptive airline practices. In our previous customer service report, we recommended that the Department be given additional resources to investigate and enforce cases under this statutory authority, and Congress did so. As part of this audit, we will review how the Department has used these additional resources in overseeing and enforcing air travel consumer protection requirements.

In this regard, one area of focus will be on the Department's investigations and actions related to airline disclosure and scheduling practices on flights that are chronically delayed or cancelled. This will include determining the causes of chronically cancelled flights and determining whether appropriate notification is made to passengers. In addition, we will review the Department's actions to address consumer complaints related to the number of seats made available by the airlines at the lowest advertised fares.

- **Overbooking and Denied Boardings**

We will determine whether inconsistent compensation practices still exist for passengers who voluntarily give up their seats and whether there have been any changes in the compensation policies for passengers who are involuntarily denied boarding. We will also review the Department's oversight and enforcement of airline compliance with regulations governing overbooking.

- **Accommodation for Disabled and Special Needs Passengers**

The Department is required to investigate and enforce Federal laws on accessibility for disabled travelers. The airlines performed well with this provision in our prior review, and we will follow up with the Department and the airlines to ensure that service has not suffered, especially in light of cost-cutting efforts by the airlines.

Our work will be conducted at Department of Transportation Headquarters in Washington, DC; the home offices of each member airline of the Air Transport Association; select member airlines from the Regional Airline Association and the Air Carrier Association of America; and select airports served by these airlines. If you have any questions or need additional information, please contact me at (202) 366-1959 or Robin K. Hunt, Deputy Assistant Inspector General for Aviation and Special Program Audits at (415) 744-3090.

#

cc: Air Transport Association of America
Regional Airline Association
Air Carrier Association of America