

May 11, 2001

The Honorable Ron Wyden  
United States Senate  
Washington, DC 20510

Dear Senator Wyden:

Pursuant to our earlier conversation, I am pleased to provide you with an update on information concerning flight delays and cancellations.

Since 1990, the number of air travelers has increased nearly 43 percent (from 495 to 706 million), and according to Federal Aviation Administration (FAA) forecasts, will exceed 1 billion by 2010. Similarly, the total number of domestic flights scheduled by the 10 major airlines increased nearly 3.8 percent, from approximately 5.3 million in 1995 to 5.5 million in 1999. These trends continued into 2000, with the same airlines reporting nearly a 3 percent increase in scheduled domestic flights and a 4 percent increase in the number of passengers over 1999. With this growth has come an even larger increase in flight delays and cancellations as well as consumer dissatisfaction with the airlines. The following provides some vital statistics on the growing problem of flight delays and cancellations.

***Vital Statistics Indicate the Growing Severity of Delays and Cancellations***

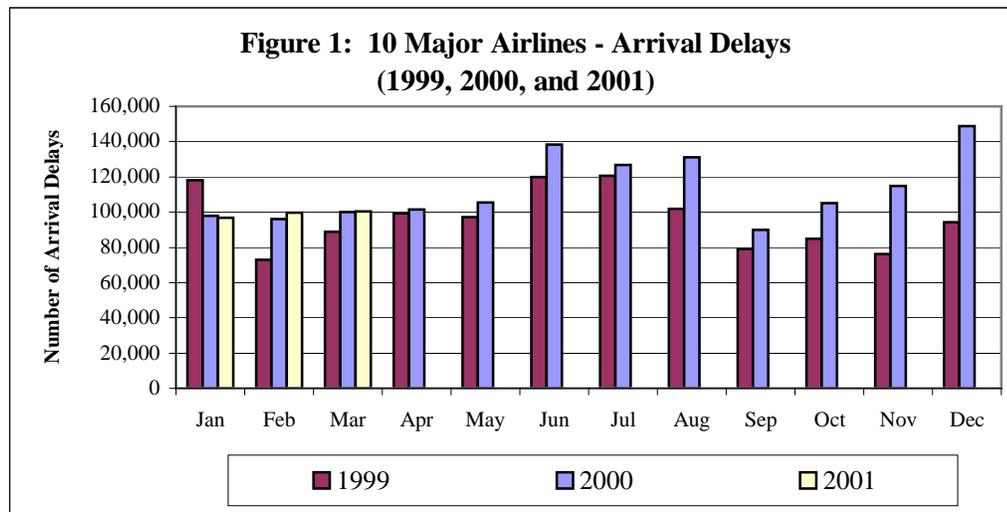
- In 2000, more than one in four flights (27.5 percent) were delayed, canceled; or diverted, which affected approximately 163 million passengers.
- Arrival delays increased nearly 18 percent (from 1,152,725 to 1,355,176) between 1999 and 2000. Likewise, cancellations were up over 21 percent (from 154,311 to 187,317) during this same time period.
- Of those flights arriving late in 2000, the average delay exceeded 52 minutes.
- Flights experiencing taxi-out times of 1 hour or more increased nearly 13 percent (from 40,789 to 45,993) between 1999 and 2000. Since 1995, the number of flights experiencing taxi-out times greater than 1 hour increased by 165 percent (from 17,331 to 45,993). Flights with taxi-out times of 2, 3, and

4 hours increased at even higher rates of 217, 289, and 341 percent, respectively, during this same period.

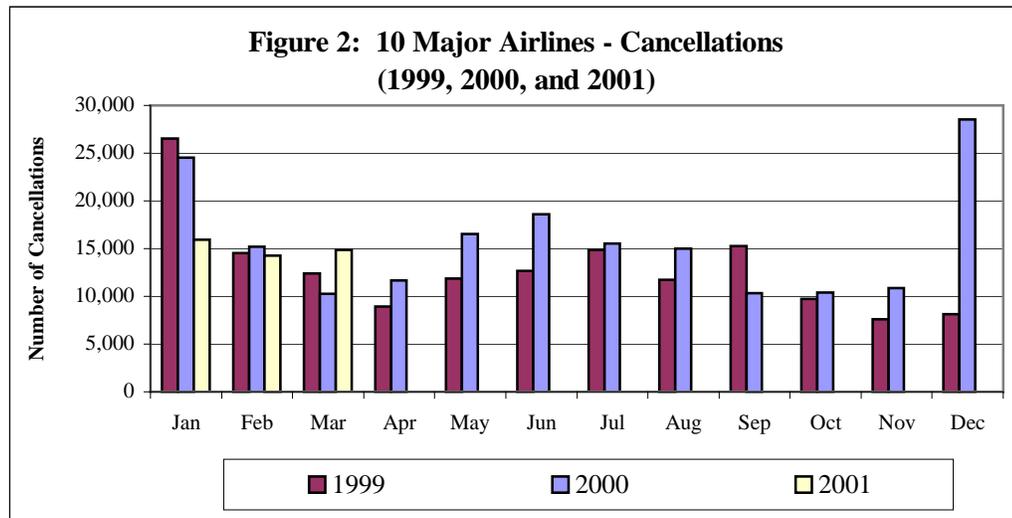
- To compensate for longer ground and air times, the 10 major airlines have increased their flight schedules on approximately 83 percent (1,794 of 2,167) of their major domestic routes between 1988 and 2000.
- The number of flights chronically delayed and/or canceled<sup>1</sup> increased 340 percent (from 55,179 to 242,803) between 1995 and 2000. Likewise, the number of unique flight numbers associated with these chronic delays and cancellations increased nearly 144 percent (from 4,400 to 10,717) during this same period.

**Future Outlook for Delays and Cancellations Contingent  
on Multiple Factors**

As we move into the busy spring/summer travel season, the question before us is whether the current state of air travel in the U.S. will improve or whether past trends will continue. As Figures 1 and 2 illustrate, delays and cancellations in 2001 are tracking those of 2000, a record year for delays and cancellations.



<sup>1</sup> Under our definition, which differs slightly from the Bureau of Transportation Statistics (BTS), chronically delayed and/or canceled flights are those regularly scheduled flights (e.g., Chicago to Miami) that arrived at least 30 minutes later than scheduled and/or were canceled at least 40 percent of the time during a single calendar month.



Whether these trends can be curbed in time for summer air travel depends on several key factors, including weather conditions; labor disputes within the airline industry;<sup>2</sup> how existing capacity is managed at already congested airports—especially during peak periods of demand; and the impact of a softening economy on air traffic demand.

### *Short-Term and Long-Term Solutions Are Needed*

The solution to the growing problem of delays and resulting consumer concern over air travel will require a combination of long-term, intermediate, and short-term actions. Ultimately, long term solutions are needed in the form of new air traffic control technology (ATC), airspace redesign, and infrastructure improvements including airport expansion. These approaches, however, vary as to the amount of relief that can be gained in the short term (over the next 1 to 2 years), the intermediate term (4 to 5 years), and the long term (8 to 10 years). For the solutions designed to improve capacity, such as new runways; airspace redesign; or ATC technology, we can expect only limited or no bottom line relief over the next few years.

In the more immediate term, however, the airlines can voluntarily take steps to minimize the impact of flight delays and cancellations on air travelers—especially in the areas of scheduling and operations. At least two airlines have instituted scheduling actions and we cite those examples below. We believe the airlines can go further and take steps under their control to reduce delays and the number of

<sup>2</sup> For example, in 2000, one major U.S. airline canceled over 24,000 flights due to labor problems, representing over 13 percent of all cancellations reported by the 10 major airlines that year.

chronically late or canceled flights, and to improve information provided to consumers about the incidence of chronically delayed and canceled flights.

- **Track airlines' voluntary actions to help reduce congestion and delays.**

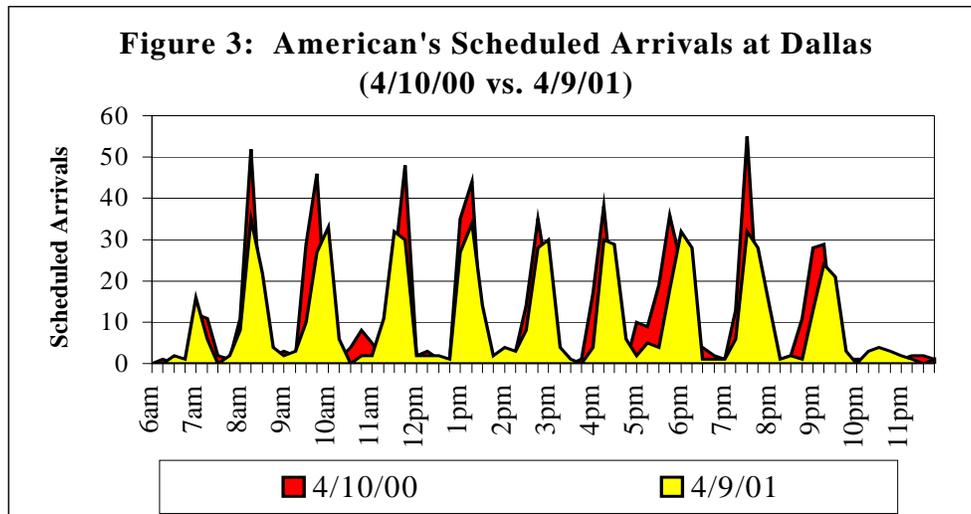
For the coming summer travel season, voluntary schedule changes by the airlines offer the greatest opportunity for reducing delays. FAA's recently issued airport capacity benchmarks will provide an important baseline for tracking the dispersal of flights from the main hub airports to smaller airports, and for gauging the success of the airlines' other voluntary actions to adjust demand on airport capacity. Voluntary hub rescheduling will prove critical in the short-term, particularly this summer, and dispersal away from hubs, where economically justified, may prove significant over the long term in helping reduce airport congestion and flight delays.<sup>3</sup> Now is the time for each airline to look at what it can do individually and independently to adjust its flight schedules voluntarily.

We are aware of at least two airlines that have taken steps to reschedule flights at their main hubs. Last year, American Airlines (American) announced two initiatives to address its delay problems. One was the "isolation" of American's Chicago hub and the other, a retiming of flights into and out of Dallas/Fort Worth. Under the first initiative, American "isolated" some markets, with flights now going back and forth between Chicago O'Hare and endpoint airports, rather than going on to a third airport. This approach is designed to isolate weather-induced delays at O'Hare only to flights that involve travel to or from Chicago. As a result, flight delays will not ripple out to other markets that are unaffected by the weather problems at O'Hare.

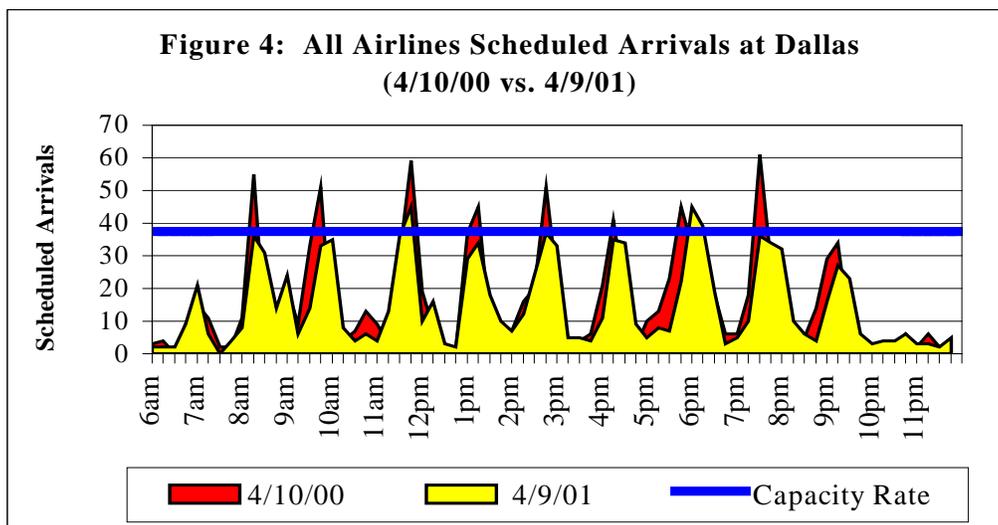
Under the second initiative, American expanded the connecting time between flights, thereby spreading the number of arrivals to and departures from Dallas/Fort Worth over longer time periods. According to American, this latter effort aimed to eliminate the bunching of flights into the airport at peak times. This point is supported by our analysis of American's scheduled arrivals at Dallas/Ft. Worth (see Figure 3).

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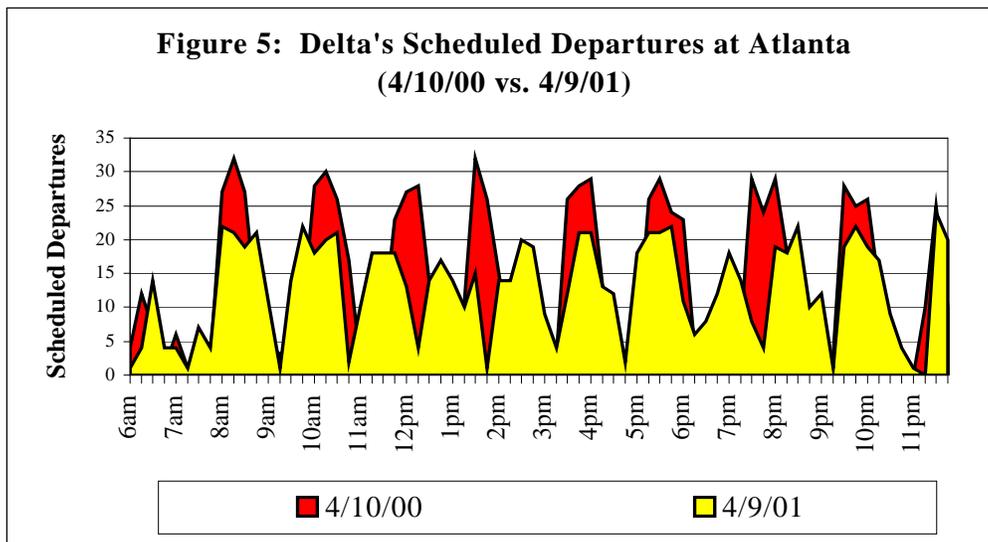
<sup>3</sup> A recent study, dated April 11, 2001, by Salomon Smith Barney suggests that the growth of hub dominance within the U.S. airline industry has peaked. In 2000, the hub and spoke airlines grew faster in non-hub markets than in their hubs for the first time since 1992. Furthermore, the percentage of connecting passengers declined due to an increased bypassing of the hub through direct flights.



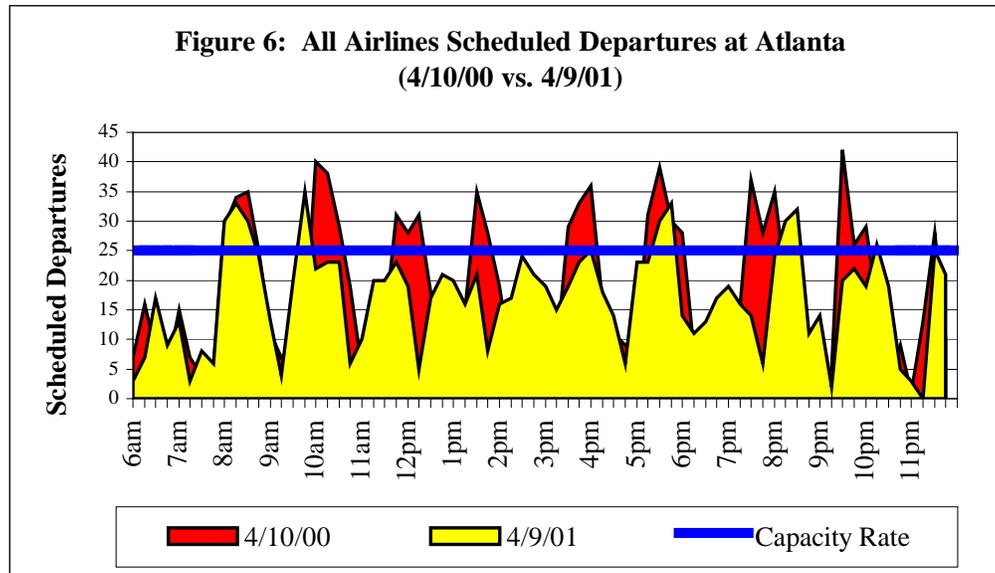
Moreover, American (which comprises nearly 70 percent of scheduled flights at Dallas/Ft. Worth) succeeded in moving many of the airport's arrival peaks below FAA's capacity benchmark, as illustrated by Figure 4.



In a similar vein, Delta Airlines (Delta) recently increased the number of departure and arrival banks at Atlanta Hartsfield airport from 10 to 12 banks. According to Delta, the goal of this rescheduling is to disperse flights from peak periods of demand to less congested periods. This point is supported by our analysis of Delta's scheduled departures at Atlanta (see Figure 5).



Moreover, Delta (which comprises over 70 percent of scheduled flights at Atlanta) succeeded in moving many of the airport's departure peaks below FAA's capacity benchmark, as illustrated by Figure 6.



Such voluntary actions by American and Delta should help to reduce congestion and, in turn, flight delays. Whether these voluntary efforts continue into the busy summer travel season remains to be seen. The Department needs to closely evaluate such actions to determine their effect on flight congestion and delays this

year. As part of our ongoing audit in this area, we will be measuring the impact of these recent initiatives as well as any others undertaken by the major airlines.<sup>4</sup>

- **Disclose Flight Delay and Cancellation Performance.**

Airlines should disclose to customers, at the time of booking and without being asked, the prior month's on-time performance rate for those flights that have been chronically delayed (i.e., 30 minutes or more) and/or canceled 40 percent or more of the time. Currently, airlines that account for at least 1 percent of domestic passenger revenues are required to maintain and report this information upon request. We propose that airlines voluntarily disclose this information without being asked.

We have recommended this disclosure several times, but no airline to date has chosen to adopt this proposal. According to an official from the Air Transport Association (ATA), there are a number of reasons why the major airlines are reluctant to provide such information to consumers—beyond what is already available upon request or via some airline websites. The reasons include:

- ✓ The fairness of requiring only certain airlines to provide this information. Currently, only airlines that account for one percent of domestic passenger revenues are required to maintain as well as report this information—to consumers—upon request.
- ✓ Costs associated with the additional time needed for reservation agents to provide this information to consumers.
- ✓ Some evening flights are deliberately delayed in order to accommodate late arriving passengers—who otherwise would have to wait until the following morning for a new flight.
- ✓ Concerns about disparaging their own product (i.e., poor on-time performance),
- ✓ Finally, the need to give the DOT-sponsored pilot program a chance to work in obtaining good causal data. Understanding the causes of delays and cancellations will provide some insight into why some flights are regularly delayed and canceled.

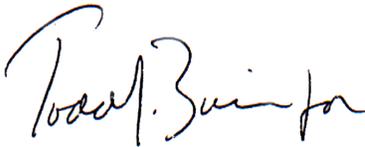
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<sup>4</sup> At the request of the Senate Commerce, Science, and Transportation Committee, OIG is assessing the extent to which growing flight volume, airline scheduling practices, and ground infrastructure constraints have led to increases in flight delays and cancellations. We anticipate issuing our report this summer.

These are among the reasons, as we have testified, that we do not believe the airlines will voluntarily disclose – without prompting – information about flights that have been chronically delayed or canceled.

We will continue to monitor the occurrence and severity of flight delays and cancellations and keep you informed on the efforts undertaken by the various stakeholders to minimize service disruptions. We appreciate the opportunity to provide you with this information and look forward to continuing communications with you and your staff regarding these issues and others that affect the flying public. If I can answer any questions or be of further assistance, please feel free to contact me at (202) 366-1959 or my Acting Deputy, Todd J. Zinser, at (202) 366-6767.

Sincerely,

A handwritten signature in cursive script that reads "Todd J. Zinser". The signature is written in black ink and is positioned above the typed name of the signatory.

Kenneth M. Mead  
Inspector General