

A. SUPPORTING STATEMENT

14 CFR Part 241 Origin and Destination Survey

A. Justification

1. Explain the circumstances that make the collection of information necessary. Identify any legal or administrative requirements that necessitate the collection.

The Secretary of Transportation is required by 49 U.S.C. §329(b)(1) to collect and disseminate information on the origins and destinations of airline passengers.

2. Indicate how, by whom, and for what purpose the information is to be used. Indicate the actual use the agency has made of the information received from the current collection.

All large U.S. certificated air carriers which operate scheduled passenger service with at least one aircraft containing 60 seats or operates a domestic-to-international route must participate in the Passenger Origin-Destination Survey (O&D). U.S. carriers that are excluded from Survey reporting are all-cargo carriers, helicopter operators, charter carriers, small certificated air carriers and commuter air carriers. Generally, foreign carriers do not participate in the Survey; however, certain foreign carriers have been required to submit O&D data as a condition for granting them antitrust immunity for marketing/code-share agreements entered into with a U.S. air carrier. For example, the Department's grant of antitrust immunity to the United Air Lines/Lufthansa code-share agreement was conditioned, in part, on Lufthansa submitting Survey reports.

Air carriers must report data on one percent of the flight coupons involving large domestic markets, which are defined as major city pairs with directional origin-destination passengers in excess of approximately 35,000 annual passengers. To ensure data reliability, all other markets are sampled at 10 percent. The 10 percent sampling is also needed in the large international markets because these markets are only partially sampled, as most foreign air carriers do not submit the Survey to the Department. Data for transportation on a foreign air carrier are included in the Survey when a passenger interlines onto a U.S. carrier and the passage on the foreign carrier is part of the lifted ticket itinerary of the sampled ticket.

The following items are reported from the applicable flight coupons:

1. Year/Quarter
2. Origin Airport
3. Operating carrier on each flight stage
4. Ticketed carrier on each flight stage
5. Fare-basis code on each flight coupon

6. Points of stopover or connection
7. Destination Airport
8. Number of passengers
9. Total dollar value of ticket

The regulations regarding the “Total dollar value of ticket” instruct air carriers to report the “total” box on each passenger ticket and shall be the sum of the fare plus all fees and charges required to board the aircraft (domestic and international) that are recognized as revenue at the time of purchase of the ticket and that are or could be recognized as revenue at the time of first lift of the ticket, plus taxes. Under the Department’s interpretation, where a fee or charge assessed at the time of purchase of the ticket is associated with a choice, such as seat selection, where the consumer must pay the fee or charge regardless of the choice made, the fee or charge is considered part of the “total dollar value of ticket.” Under this interpretation, the “total dollar value of ticket” does not include fees or charges for optional services (services offered which the consumer may choose not to utilize and thus not incur the fee or charge) such as baggage fees, seat upgrade fees, or ticket change fees.

The following is a non-exhaustive list of carrier-imposed fees and charges that, in the Department’s view, are part of the “total dollar value of ticket”: frequent flyer reward redemption fees, fuel surcharges, carrier usage charges, carrier interface fees, check-in fees, electronic usage charges, peak/holiday travel fees, unaccompanied minor fees, transaction processing charges, and credit card surcharge fees. When a customer is assessed a fee based on how they acquire a ticket to board the aircraft, a booking fee, and the fee is assessed for one or more options available to obtain the ticket, such as being required to pay a fee or charge for electronic or phone booking where there is no fee for purchase at the counter, this fee should also be included in the “total dollar value of ticket.” Carriers should also include all taxes and fees imposed by the U.S. or a foreign government, such as, but not limited to, federal excise taxes, flight segment taxes, U.S. passenger facility surcharges, September 11 security fees, U.S. or international departure and arrival charges, and immigration charges. Carriers should also include taxes and mandatory fees charged by non-governmental foreign authorities, such as passenger service charges and airport taxes. plus tax for the entire ticket. Generally, ancillary fees for such things as baggage, food, entertainment, etc. are written on “service tickets” rather than passenger tickets and the costs of “service tickets” are not included in Total dollar value of ticket.

While carriers are required to report data on one percent of the flight coupons involving large domestic markets, all carriers have requested and received waivers from the Bureau of Transportation Statistics (BTS) allowing them to sample at a straight 10-percent rate, regardless of market size.

Because of widespread code-sharing operations, the Survey requires the reporting air carrier to identify both the operating and marketing air carriers. Code sharing is where one carrier operates a service under the name and marketing code of another air carrier. Congress urged

the DOT to analyze more thoroughly the effects of international code sharing on air transportation and on U.S. air carriers. In the United States, regional carrier service is growing as major carriers are handing over more service to their code-share partners. This trend increased after the events of September 11, 2001, as air traffic decreased and carriers downsized their aircraft in an effort to match supply with demand. Service to small communities can be affected by code sharing, creating a need for DOT to monitor the impact on the communities from code-share services.

Data from the Survey are used by the Department to fulfill its aviation mission as described below under separate captions.

Department of Transportation

International Air Service Program

The needs for Survey data are most critical in the Department's administering of its international aviation policy and programs. Without this data, the United States' negotiating position would be severely compromised. The Survey provides characteristics concerning those travelers flying on a U.S. carrier and those traveling on a foreign carrier that interlined with a U.S. carrier. Bilateral agreements are negotiated between the United States and Foreign countries. These agreements have many features including capacity controls, number of selected air carriers and identification of gateway cities. Code-share rights between U.S. and foreign air carriers are included in many agreements. The Survey is used as a spur for new service by showing that there are sufficient numbers of passengers moving between the United States and a particular country to warrant direct or additional service. The Survey supports new gateway destinations by showing that feed traffic from domestic interior points to existing gateways may flow better over a different gateway or a new gateway point. The Survey is an important data source for evaluating pricing articles in bilateral agreements by providing insight into volume of revenue traffic moving on specific fares and the yield for the communities of interest. Yield is passenger revenue per revenue passenger-mile. The Survey can be used to justify an increase in service in international markets that have capacity control restrictions by showing that passengers are forced to take circuitous routings between the points in question.

Carrier and Airport Selection

After a bilateral agreement is signed, the Department selects carrier and airport for all newly authorized services. The Survey is the primary tool for traffic forecasting and carrier or airport selections, because it displays the true origin and destination of passengers between the United States and the pertinent foreign country. This information is critical in assessing the potential for a particular carrier at a gateway point where domestic feed traffic is needed to make the international route a success. In reviewing an operating plan, the Department examines the carrier's revenue generation estimates by analyzing historic fare levels and

projecting traffic patterns. Survey data are universally accepted as reliable; and are used as evidence in court and administrative proceedings with minimum of legal debate. The Department's regulations (14 CFR 302.24(g)(iv) identifies Survey data as "officially noticed" data in proceedings before the Department.

War Air Service Program

In time of national emergency, the Survey is used to identify major and critical markets or minor markets, and to allocate U.S. air carrier resources.

Airport Programs

The airport planning program has a continuous need for Survey data to determine the impact of true origin-destination traffic flows on airports and to identify trends for growth and development in specific markets. The Survey is used for airport planning analysis by enabling the Department to keep current with market developments, such as the impact on particular airports of air carrier "hub and spoke" operations, and the impact of new or de-emphasized hubs and related operational realignments. Some hub airports might not be able sustain service if they relied only on passengers originating at those facilities – as opposed to the much larger number of passengers flowing through such airports. The Survey is needed to ascertain where these flow passengers originated, where they are going, and the amount of revenue generated. The Department uses Survey data in its hub airport forecasting program.

Reliable historic flow data are needed to accurately forecast passenger flows between city pairs for each hub airport. Once again, the Survey is needed to obtain data that are reliable enough to use in forecasting many of the smaller city pairs.

Aviation Policy and Plans Program

Survey data are a source for analyzing passenger demand in modeling studies that support development of the National Air Space System Plan. The Survey is a basic data source for responding to Congressional Inquiries and can be used for assessing policy proposals designed to promote competition and the health of the industry, or enhance the strength and responsiveness of the air transportation system. Additionally, the Survey has been used in energy efficiency studies.

Department of Homeland Security

The Transportation Security Administration uses Survey data to assess the level of security personnel and equipment needed at the various airports. While the department's passenger enplanement data from Schedule T-100 has the number of passengers that departed from an airport; it does not give you the number of passengers originating their journey at that airport.

Originating passengers must pass through security screening while the vast majority of connecting passengers have already passed through the screening area at their origin airport.

Department of Labor's Bureau of Labor Statistics

Survey data are used in the Consumer Price Index (CPI) calculations. Fare classifications data are used to establish the sample trips that are priced for airline fare components of the CPI.

Department of Commerce's Bureau of Economic Analysis and Census

Survey data are used in estimating the Gross National Product, providing analyses of International Trade Accounts and compiling the Input-Output Tables of the United States.

International Trade Administration's Office of Service Industries

Survey data are used to help improve access to foreign markets for U.S. industries.

Government Accountability Office

Congress often requests GAO to conduct special studies on air transportations. The Survey is one of three BTS data bases used by GAO.

Other Parties That Use Survey Data

Many state and local aeronautical agencies, airport commissions, aircraft manufacturers, and the air carriers all use Survey data.

3. Describe whether, and to what extent, the collection of information involves the use of automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g. permitting electronic submissions of responses, and the basis for the decision for adopting this means of collection. Also, describe any consideration of using information technology to reduce burden.

BTS has attempted to ensure that the form and format of the data collection are designed to minimize the burden of the reporting carriers. Carriers are enabled to electronically submit files to BTS, thus reducing their burden.

4. Describe efforts to identify duplication. Show specifically why similar information already available cannot be used or modified for use for the purposes described in Item 2 above.

BTS has studied the possible use of data from the air carrier reporting clearing house (ACRCH) as an alternative data source. The use of this data has the potential to reduce

carriers' reporting burden. However, while ACRCH's record format includes all the information needed by DOT, most carriers do not fill in all the ACRCH data fields. Moreover, not all carriers participate in the clearing house.

BTS looked at other data sources namely, but found none that satisfied DOT needs. The International Passenger Data (IPD) collected by Homeland Security provides information on international traffic demand, but lacks pure domestic traffic data. Also, IPD does not include the price or total value of the ticket (fare plus taxes and user fees), the fare basis code (first class, business class or coach class) or the complete passenger itinerary with all participating carriers.

The Official Airline Guide Flight Schedules are extremely useful data, but flight schedules are different from actual passenger flow data. Flight schedules track the movements of aircraft. The Survey tracks the movements of passengers.

The United States Travel and Tourism Administration have conducted voluntary surveys on travel to Mexico and other international flights. These surveys suffered from poor participation response rates and poor coverage. Further, domestic operations and service to Canada are omitted from these surveys.

Various airport authorities and commissions have conducted surveys on operations at their respective airports. Once again this is often useful information, but due to the lack of universal coverage these surveys are a poor replacement for the DOT Survey.

5. If the collection of information impacts small businesses or other small entities, describe efforts to minimize burden.

The Department has exempted small certificated and commuter air carriers from the provisions of Survey reporting.

6. Describe the consequence to the Federal Program or policy activities if the collection were not collected or conducted less frequently.

Less frequent data collection would seriously erode DOT's ability to monitor the condition of the U.S. air transport industry. The timeliness and frequency of data collection are critical in evaluating trends as well as monitoring individual carrier operations. The filing frequencies were chosen after careful analysis that balanced the degree of reporting burden against DOT's need for current data to oversee the air transportation industry.

The Department must have quarterly reporting to meet critical program requirements for timely data on passenger itineraries and dollar amount of fares. For examples, quarterly reporting is especially critical in the international program area that is concerned with tracking changes in traffic flows due to seasonality, carrier route changes, and carrier

preference. In assessing the U.S. position in international negotiations, current information is critical. Out-of-date data could compromise the U.S. position in sensitive negotiations. The dynamic nature of the air transportation industry requires that U.S. negotiators have the latest available information to protect U.S. interests.

If Survey data were not collected and processed by BTS, carriers would have to meet a myriad of reporting requirements that would be generated by the Department, or other Federal, state and local agencies for the many programs needs that now rely on Survey data.

7. Explain any special circumstances that would cause an information collection to be conducted in a manner:

- **requiring respondents to report information to the agency more often than quarterly;**
- **requiring respondents to prepare a written response to a collection of information in fewer than 30 days after receipt of it;**
- **requiring respondents to submit more than an original and two copies of any document;**
- **requiring respondents to retain records, other than health, government contracts, grant-in-aid, or tax records for more than 3 years;**
- **in connection with a statistical survey, that is not designed to produce valid and reliable results that can be generalized to the universe of study;**
- **requiring the use of statistical data classification that has not been reviewed and approved by OMB;**
- **that includes a pledge of confidentiality that is not supported by authority established in statute or regulation, that is not supported by disclosure and data security policies that are consistent with the pledge, or which unnecessarily impedes sharing of data with other agencies for compatible confidential use; or**
- **requiring respondents to submit proprietary trade secrets, or other confidential information unless the agency can demonstrate that it has instituted procedures to protect the information's confidentiality to the extent permitted by law.**

There are no special circumstances that pertain to this data collection.

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the Agency's notice, required by 5 CFR 1320.8(d) soliciting

comments on the information collection prior to submission to OMB. Summarize public comments received in response to the notice and describe actions taken by the agency in response to these comments.

The 60-day notice was published on June 14, 2022 in 87 FR 36042. No comments were received.

The 30-day notice was published on September 23, 2022 in 87 FR 58198. No comments were received.

9. Explain any decision to provide any payment or gift to respondents, other than re-enumeration of contractors or grantees.

No payment or gift of any kind is being made to any respondents.

10. Describe any assurances of confidentiality provided to respondents.

International Survey data are restricted as set forth in 14 CFR section 241.19-7(d) of the Department's regulations. U.S. carriers' international data are restricted because comparable foreign data are not available. All requests for access to these data must be submitted in writing to the Department for approval and criteria established for the release of data must be met, including certification that international Survey data will only be used for internal purposes and cannot be divulged to other parties.

11. Are there any questions of a sensitive nature?

There are no questions of a sensitive nature.

12. Provide estimates of reporting burden.

Number of Respondents	54
Frequency of Response	<u>4</u>
Annual Responses	216
Burden per Response	<u>60</u> hours
Annual burden hours	12,960

13. Provide an estimate of cost to the respondents. Do not include the cost of any hour burden shown in items 12 and 14. General estimates should not include purchase of equipment or services or portions thereof made prior to October, 1995.

Most of the cost of this data collection is imbedded in the normal administrative costs normally incurred by the carriers, including personnel expenses and computer time. OAI

estimates the annual air carrier computer costs total some \$8,000,000, or approximately \$266,000 per carrier per year. Estimates are the same as prior years.

14. Provide estimates of annualized cost to the Federal Government.

Federal Costs

Overhead & Miscellaneous Expenses	\$125,000
Manpower	125,000
ADP Resources	<u>75,000</u>

Total Government Cost \$325,000*

*Estimates are the same as prior years.

15. Explain the reasons for any program changes or adjustments in Items 13 or 14 of OMB 83-I.

The number of respondents and hours of burden have increased because (3) new US air carriers have started operating and (4) additional foreign carriers have received immunity.

16. Is the information received published?

The Survey is a recurrent report for each calendar quarter. The Survey is due within 45 days after the end of the quarter. Abbreviated summaries of the data are generally published 6 months after receipt of the carriers' submissions.

Also, Survey data are available on BTS' searchable web site at <http://www.transtats.bts.gov>.

17. Is the agency seeking approval not to display the expiration date for OMB approval?

We are not seeking approval to not display the OMB expiration date on the data.

18. Explain each exception to the Paperwork Reduction Act certification statements.

There are no exceptions.