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MISHANDLED BAGGAGE: PROBLEMS AND SOLUTIONS

(109–68)

HEARING

BEFORE THE

SUBCOMMITTEE ON AVIATION

OF THE

COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED NINTH CONGRESS

SECOND SESSION

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MISHANDLED BAGGAGE: PROBLEMS AND SOLUTIONS

May 3, 2006

HOUSE OF REPRESENTATIVES, COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE, SUBCOMMITTEE ON AVIATION, WASHINGTON, D.C.

The committee met, pursuant to call, at 10:00 a.m. in Room 2167, Rayburn House Office Building, the Honorable John J. Mica [chairman of the committee] presiding.

Mr. MICA. Good morning. I would like to call this hearing of the House Aviation Subcommittee to order. Welcome everyone this morning.

The topic of today's discussion is Mishandled Baggage: Problems and Solutions. It should be a relatively short hearing, but it is an important hearing on an issue that faces our passenger transportation system and the traveling public.

As I said, we have one panel of witnesses and we will hear from them. We will have some opening statements by members as the first order of business. I will proceed with mine and then we will hear from other members, then we will hear from our panelists. Again, welcome everybody.

This morning's hearing will focus, as I said, on the growing problem of airline passenger baggage that is delayed, damaged, lost or stolen. I think that is very important, particularly at this time, in a few more weeks we will be entering the peak travel season which will not only bring increased flight delays, we will have also more problems with weather. But we will not only see those delays but will also see increased problems with baggage.

The traveling public and our airlines unfortunately will experience, I believe, a baggage meltdown this summer, because again of the confluence of some of these problems that I have cited.

Mishandled baggage has increased by 23 percent in the United States from 2004 to 2005 to a rate of about 6 mishandled bag reports per 1,000 passengers. The vast majority of these complaints are related to baggage that is unfortunately delayed.

Sometimes probably all of us have experienced first-hand the frustration of having our bags delayed. In addition to customer inconvenience, mishandled baggage is also a huge financial drain on the airlines, and as you know, many of those are struggling financially.

Mishandled baggage has also been estimated to cost the airline industry worldwide $2.5 billion per year. If you calculate, a simple calculation, we have about two-thirds of the world traffic, it is probably a $2 billion price tag for the United States carriers.

Airline passenger bags are mishandled because of again, weather, theft, human error and also sometimes because of the TSA screening process. Nearly two-thirds of all baggage delays are caused by transfer baggage mishandling. Bags often take longer to reach a flight than passengers.

Normally airline schedules take some of these problems and timing into account. However, flight delays caused by severe weather, air carrier maintenance, crew problems, air traffic control problems or security delays, can and do reduce the actual time available to make a connection, resulting in delayed baggage.

Unfortunately, a growing cause of baggage delay, something that is under Federal command, is security screening. Unfortunately, that problem is increasing. Last summer, passengers were left in long security lines and backups and the baggage screening process left baggage also sometimes far behind. For example, the July 4th, 2005 Washington Post had an article that said flights were routinely delayed last summer at Dulles Airport, as planes sat at the gate waiting for passenger baggage to work its way through the baggage screening process. At Fort Lauderdale airport, back in my back yard, baggage and security delays caused chaos. At one point we had near-riots because of problems with the bags, delayed passenger and baggage screening.

As planes fill to capacity this summer, I am afraid more baggage turmoil is almost an inevitability. Screening delays such as these can and should be eliminated, I believe, through better technology. To date, and this is a remarkable figure, only 14 of our 429 commercial airports have installed inline automated high-tech baggage screening systems.

Since the Transportation Security Administration was created in 2002, we have spent over $25 billion on a very expensive and labor-intensive aviation security system. Despite this massive spending, few Federal dollars have gone toward deploying and installing inline explosive detection automated high-tech systems. Converting to these high-tech inline explosive detection systems is important for several reasons.

Really the most important reason we have those systems and those required checks is detection of explosives and dangerous materials. The most important reason to have this high-tech equipment is that it is probably as good as it gets in terms of detection. We have tested this system, some of the results are not public, but I can assure you that the tests with these automated inline systems are phenomenal. And unfortunately it's just the opposite where you have labor-intensive hand screening of the checked baggage.

I believe that inline automated EDS systems also pinpoint whether TSA or the air carrier is responsible for mishandling baggage, something we can't do now.

While installation of inline explosive detection systems requires a large up-front capital investment cost, it does significantly reduce TSA's operating costs, and those savings can pay for installation of these systems in just a few years. Not only is automated bag screening less costly, as I said, it performs the detection, again, our primary purpose for this whole process, in a much better fashion.

These automated systems also don't file worker comp claims, they don't call in sick and their work force doesn't turn over rapidly.

[Laughter.]

Mr. MICA. Last week I think some of you might have seen the TSA article that was featured, I guess in USA Today, when they brought to light that an astounding 24 percent of TSA staff turned over, a turnover rate of 24 percent. Actually, that is a national average. If you start looking at the 29 airports that handle 75 percent of our passengers, the rate is much higher. Not to mention those that are out on workers comp and for other reasons not appearing at work.

According to a March 2005 GAO report, TSA analysis showed that installing inline EDS at nine airports that were covered by letters of intent would result in a savings to the Federal Government of $1.26 billion over seven years, with the initial investment in the systems recovered just in 1.07 years. So in just a little over a year you could recover the cost of installation.

We currently employ 16,708 full-time equivalent TSA staff to process checked baggage, or approximately 33 percent of TSA's work force. Simple math can tell you how much we could save, not to mention we get better detection by using these systems.

According to TSA's own analysis, inline EDS could reduce by 78 percent the number of TSA baggage screeners and supervisors required to screen checked baggage at the airports that they reviewed. Despite the operational cost savings TSA could derive from installing inline detection systems, progress in installing such systems has been slow. To date, of the top 25 airports in terms of passenger enplanements, only 3 airports have fully converted to inline EDS systems. At the current installation pace, according to my calculations it will take 18 years before inline systems and automated checked baggage systems reach all our major airports.

The airlines also have a very significant role to play in mishandled baggage. In 1999, 14 major airlines agreed to implement a 12-point customer service commitment, including a commitment to on-time baggage delivery. And I remember some time after I took over as Chairman, after February of 2001, before September 11th, we met and we had a public declaration that the airlines would keep their public service commitment. We had that pledge from them.

Last year, I asked the Department of Transportation Office of Inspector General to assess how effective the airline customer service commitment has been in improving customer service. I am told that work is currently in progress. I look forward to receiving the independent analysis and review by the Inspector General some time in the near future.

I also look forward to the testimony of today's witnesses. I am hopeful that this hearing can help us gain an understanding of the cause of the mishandled baggage and hopefully we can also take away from this hearing some solutions and recommendations to resolve this problem.

I am pleased now to recognize the Ranking Member of the Subcommittee, Mr. Costello.

Mr. COSTELLO. Mr. Chairman, thank you. I want to thank you for scheduling this hearing today. In particular, I want to thank

our colleague and a valued member of this Subcommittee, Mr. Boswell, who contacted us immediately back in March and requested a hearing on this matter today. So I thank our colleague, Mr. Boswell.

Mr. MICA. I failed to give credit to Mr. Boswell. I am sorry it took this long to get to this issue, but he is the prime motivator. I thank him for bringing that to the Subcommittee's attention.

Mr. COSTELLO. Mr. Chairman, I have a formal statement which I will enter into the record. But let me say that it has been widely reported, both the foreign and domestic carriers collectively mishandled approximately 30 million bags out of approximately 3 billion checked last year in the United Sates alone. Approximately 3.6 million bags were mishandled in 2005. The Department of Transportation data indicate that the mishandling baggage rate has increased by 23 percent from 2004 to 2005. However, I think we have to note that the current rate of mishandled baggage is only slightly higher than it was in 2000, the last peak travel year before September 11th, but far better than it was in 1988, the first year that the mishandled baggage reporting requirement was placed on the industry.

While these numbers are relatively low, mishandled bags cost airlines and the Federal Government increasingly more money. RFID technology is one possible way to improve baggage handling. Adopting technologies such as RFID tagging and bag reconciliation systems to track baggage at various points throughout the bag's journey could mean fewer bags being handled manually and improve security. It has been estimated that it could save the aviation industry an estimated $760 million per year.

Mr. Chairman, as you noted and have noted in the past, we have had discussions both in hearings and with industry officials, we need to get the technology out to the airports in order to improve this system and also to improve security. You know that since September 11th, the TSA is the agency now responsible for inspecting or otherwise handling checked baggage prior to the airlines boarding it on an aircraft.

I am pleased that we have a representative from TSA to discuss what the agency is doing to cut down on mishandled bags, as well as the process the passenger must go through if he or she discovers that his bag has been mishandled or opened.

And I look forward to hearing the testimony of our witnesses today. Again, I thank you for calling the hearing and thank our colleague, Mr. Boswell, for requesting this hearing.

Mr. MICA. Thank you.

Mr. Boswell?

Mr. BOSWELL. After those nice words, maybe I shouldn't say anything.

Thank you very much, both of you, for calling this hearing. It occurred to me when I saw the report that, I thought immediately about the time I have had a misplaced bag, both domestic flight and international. It causes a lot of stress and concern, it really does. I would be curious, I don't know if anybody would be willing to participate or not, but I wonder how many in the room have ever had their bag misplaced.

[Show of hands.]

Mr. BOSWELL. Okay, a lot of us.

So I think it is important that we take this information, and I appreciate the Chairman's remark, and try to find a solution. We're not here to point blame or anything. What is the solution and how can we serve our public better? So that is what it is about.

But 30 million bags lost or stolen in 2005, with over 200,000, so I am told, never reunited. Also, this report stated from SITA that the problem of mishandled baggage was worsening on both sides of the Atlantic. I do hear about this from constituents quite a bit.

With higher airfares and less convenience at airports today, passengers need to get better than 30 million lost bags. I think we could agree on that.

In 2005, it was estimated that some 3 billion bags were checked worldwide, 30 million were mishandled or lost. The U.S. DOT approximates 3.6 million were mishandled or lost. Whether you're a business or leisure traveler, I can think of no greater inconvenience than arriving at your destination without your baggage when you really need something that is in the baggage.

This problem means more and more passengers to forego checking their luggage and carrying them aboard for placement in overhead bins. Just think of ourselves, we fly every week, and I do that. I try my best not to check, and I hadn't really thought too much about it. But I do try not to check, so consequently, I would guess my Chairman and Ranking Member, you probably have clothes in different locations that you would just as soon not have to have, and probably wouldn't if you could count on your bags being transported.

But it leads to delays in screening by the TSA, sometimes boarding the aircraft and in some cases I am told actual departure, and I think I have seen that. So the system, or we, need to be held accountable. It is unacceptable.

As a strong supporter, and I feel that I am, I think I have demonstrated that in many ways, to the Chair and our Ranking Member, a strong supporter, a frequent customer of our airline industry, I genuinely want our carriers to succeed. We all do. I requested a hearing not to lay blame at the doorstep of the industry, but to investigate the root causes of the lost baggage problem, so that we might work together to develop solutions to what is quite clearly a major problem for passengers.

Compared to 1988, when the mishandled baggage rule went into effect, today's numbers, while somewhat better, are still unacceptable. The other problem relates to having no requirement as to what specific type of mishandling had occurred. Were they lost, delayed, damaged, pilfered? The lack of a standardized system for labeling mishandled luggage is a problem itself. I would suggest a more detailed report would be helpful, and proper assessment of the data.

Mishandled baggage reports are kind of misleading, too, I think. A single mishandled baggage report does not necessarily correspond to a single mishandled bag or a single passenger. One filed report could cover multiple bags or family members. This is part of the report that could possibly be refined.

I am told the number one reason for baggage delays, nearly two-thirds, is transfer mishandling. This means it takes longer for the

baggage to reach the flight than for the passenger to reach the same flight. Minimum connecting times for each individual airport, largely based on transferring baggage established by the Air Transport Association, and the International Air Transport Association. Perhaps these minimum connecting times should be reevaluated and altered.

I am particularly concerned as to whether airline staffing requirements may be too thin to meet some peak baggage handling demands. This is something we saw during the Christmas holiday period of 2004 in two key hub airports. Lost or mishandled luggage represents a badge of shame for all of us, everybody in the industry.

Today we will hear from a person tasked by the U.S. DOT for enhancement for air travel consumer protection requirements. We have been advised over 500 aviation consumer complaints are filed with the DOT each month. Is it reasonable to conclude that this number is not reflecting the true number of complaints? It remains difficult for passengers to know the proper procedure to file a complaint. That is why I am developing a link on my Congressional web site to assist constituents who wish to file a complaint with the proper information.

The air carriers are struggling to see profitability, and they have to have profitability. I don't want to see passenger service compromised. There is surely a new business climate in store for our travelers. Charges are being assessed for checked luggage, additional fees added for booking reservations over the phone, charging extra for premium seats, expanding use of kiosks for checking in, rather than in person, and even charging for soft drinks. All of this leads me to question where passenger service really stands. Are all the charges good only for airline profitability at the expense of passengers?

So I appreciate all of you being here today. Thank you for coming, and let's share together, let's find some solutions.

Thank you, Mr. Chairman.

Mr. MICA. I thank the gentleman. Other members have opening statements?

Mr. Pascrell?

Mr. PASCRELL. Thank you, Mr. Chairman. Mr. Chairman, I think we should heed your remarks to open this hearing today particularly concerning TSA personnel. I think the turnover is unacceptable. And I think it could be at the root cause of many of the problems at our airports. And we need to find out the root causes of this TSA personnel problem. Whether TSA sees this as a problem or not is dubious at best.

I am anxious to hear from our panel members on the ways they plan to work together to improve checked baggage handling. And I look forward to a very interesting hearing. Checked baggage service is an integral part of customer service and can be a substantial expense if not done correctly.

You have heard the figures from both the Chairman and the Ranking Member of this February compared to last February, which gives us a little hope. The numbers improved a little bit. But then when we look at the overall numbers from year to year, we have pause here.

So I want to say to the Chair and the Ranking Member, this is part of a larger problem, I believe, dealing with personnel. And we need to have a hearing devoted strictly to that. So I look forward to hearing from the panelists.

I thank you, Mr. Chairman.

Mr. MICA. I thank the gentleman.

Ms. Norton?

Ms. NORTON. Thank you very much, Mr. Chairman. I guess I should thank Mr. Boswell, too, I guess every member of Congress, because except for me, I think everybody, maybe a couple of other members, gets on a plane. And it does say something that we don't simply have hearings on what immediately affects us. Indeed, we have been devoting the time of this Committee, quite justifiably, to an overarching issue, to the security issue.

But I believe if you asked the average American what most vexes you, security or baggage handling, that baggage handling would come first. Now, I don't endorse that choice. But it goes to the everyday effect that this issue has on the average traveler who gets on a plane. The Committee has spent most of its time on the overarching issues, I mentioned security, financial state of the airlines, my goodness, worsened by the present gas crisis. They do have a lot on their hands. But anybody who gets on a plane has a right to believe that not only will she get there, her bags will get there, too.

Now, this is a very timely hearing, Mr. Chairman, because we are beginning the vacation period when many people will in fact be getting on a plane. I think it's very important to see where TSA is right now this month before that period begins.

Now, I am the first to say that I feel for the baggage handlers. I think it is a very hard job. And I think errors are inevitable. That is why the whole move to some kind of technological fix would be so important. I don't think we should shoot the messengers or the people who are down there trying to sort that baggage out, getting it with the impatience that the American people show if they don't get their bags instantaneously when they get off. I have frankly been impressed often by how much more rapidly the bags in fact get to where we can pick them up. But of course, if you don't get to pick yours up, then real anguish sets in.

Mr. Chairman, if I may say so as well, this Committee's work was responsible for restarting general aviation at National Airport, one of those hugely belated and unnecessarily belated matters. Of course, what came into play was a monster of an unnecessarily cumbersome, awkward, ridiculous system, gateways, as if somehow we could not put together a way to get general aviation here safely and protect what is also on the ground. At some point, Mr. Chairman, I think we are going to have to ask TSA and all those involved when we are going to get off of this system. The Committee pressed and we no longer have to—

Mr. MICA. Will the gentlelady yield?

Ms. NORTON. Yes, sir.

Mr. MICA. I am glad you mentioned that, I don't see the gentleman from North Carolina, Mr. Hayes, we were discussing that this morning. While staff and members are here, I would like to have a meeting before we go out for Memorial Day, probably have

to be closed door, because there are security issues that get drawn into this on the National reopening. I am not at all a happy camper with what hasn't taken place.

So I am glad you mentioned that. We have been distracted by other priorities but it is absolutely certain that Mr. Costello and others agree that we go back to that.

So we will do that, and I ask staff to schedule something before we go out, and thank you again for raising it. I yield back.

Ms. NORTON. Thank you very much, Mr. Chairman. Because your work, the work of this Committee, was responsible for getting it open in the first place. I don't think we should let that rest what we now have.

The work of this Committee in pressing to see whether it was really necessary to make people, if you will forgive me, hold their water a half hour before and after your coming into Washington finally resulted in people saying, you know what, I think there is enough security all around so that we can treat people coming in and out of Washington humanely, that is the only way I can put it, for those who did not remember to take care of themselves in time before getting on the plane.

In the same way, I think all the witnesses have heard the Chairman, we had to press so hard that the Chairman of the Full Committee threatened to hold those who were responsible in contempt and then finally something happened.

I thank you very much for this hearing, Mr. Chairman, which I think the American people will appreciate, particularly this season. I very much thank you for the meeting you say you are going to hold on general aviation at National Airport. Thank you very much.

Mr. MICA. Thank you.

If there are no further opening statements from members, we will go ahead and proceed with our panel of witnesses.

Let me introduce our witnesses. We have Mr. Samuel Podberesky, Assistant General Counsel for Aviation Enforcement and Proceedings, with the Department of Transportation. I am told he is accompanied by Mr. Michael Cirillo, Vice President of Systems Operations Service, of the Air Traffic Organization.

We have Ms. Charlotte Bryan, Acting Assistant Administrator for Transportation Sector Management, with the Transportation Security Administration. And Mr. John Meenan, Executive Vice President and Chief Operating Officer of the Air Transport Association.

So I would like to welcome our witnesses, and if you have any lengthy documents or material you would like to have added to your statement, a request to the Chair would be appropriate.

With that, I will first call on Mr. Samuel Podberesky.

TESTIMONY OF SAMUEL PODBERESKY, ASSISTANT GENERAL COUNSEL, AVIATION ENFORCEMENT AND PROCEEDINGS, UNITED STATES DEPARTMENT OF TRANSPORTATION, ACCOMPANIED BY: MICHAEL A. CIRILLO, VICE PRESIDENT, SYSTEMS OPERATIONS SERVICE, AIR TRAFFIC ORGANIZATION; CHARLOTTE BRYAN, ACTING ASSISTANT ADMINISTRATOR FOR TRANSPORTATION SECTOR NETWORK MANAGEMENT, TRANSPORTATION SECURITY ADMINISTRATION; JOHN M. MEENAN, EXECUTIVE VICE PRESIDENT AND CHIEF OPERATING OFFICER, AIR TRANSPORT ASSOCIATION

Mr. PODBERESKY. Mr. Chairman, members of the Subcommittee on Aviation, I am pleased to be able to appear before you to comment in airline mishandled baggage. With the Subcommittee's approval, I would ask that my written testimony be included for the record.

Mr. MICA. Without objection, so ordered.

Mr. PODBERESKY. Some background on the functions of my office may be useful to the Subcommittee in understanding our involvement with baggage issues. Our first priority is to enforce DOT's aviation requirements with the exception of those dealing with safety and operational issues that are under the purview of the Federal Aviation Administration.

The office also processes complaints received from the public regarding airline service, and publishes information to consumers, including a monthly air travel consumer report that contains useful information for consumers on flight delays, complaints. That includes complaints to DOT about baggage service, mishandled baggage reports filed with airlines by passengers and over-sales.

With respect to baggage issues, there are two Department rules that specifically address airline mishandled baggage. Fourteen C.F.R. Part 234 is the first. It requires reporting of mishandled baggage by each large air carrier. And 14 C.F.R. Part 254 is the other, and it limits liability limits, minimum liability limits, for lost, stolen, damaged or delayed baggage in domestic service.

Under Part 234, each large U.S. air carrier is required to report to DOT monthly on the number of its domestic enplanements and the number of mishandled baggage reports that have been filed with the carrier by its passengers. Under Part 254, the Department sets a floor on the liability limit that carriers may assert for lost, stolen, damaged or delayed baggage. The current limit is $2,800 per passenger, and it will increase with inflation.

Maintaining a reasonable liability limit is an incentive for air carriers to minimize the incidence of baggage mishandling. For international travel, passenger baggage liability limits are generally governed by the Montreal Convention and are currently set at about $1,460 per passenger.

I would next like to discuss possible trends in how carriers are handling baggage. Table 1 in my written testimony examines yearly data since 2000. The calendar year rate of mishandled baggage reports by passengers declined from 5.29 reports per 1,000 passengers in 2000 to 4.55 in 2001. In 2002, this rate declined again to 3.84. Between 2003 and 2005, the rate has increased from 3.84 to 6.04.

However, even this recent rate of 6.04 is much lower than the comparable figure for 1988, the first full year that these data were collected. Some of the same trends I just mentioned are also observable in the complaints received by the Department directly from consumers.

Table 2 of my written testimony is a tabulation of mishandled baggage reports for the first quarter of 2004, 2005 and 2006. This table shows that the rate of such reports declined from 6.72 in the first quarter of 2005 to 6.24 in the first quarter of 2006. The data for the individual months in the first quarter of 2006 shows that the rate declined steadily from 6.92 in January to 6.08 in February and to 5.81 in March, 2006.

As also noted in Table 1, the number of air carriers required to file mishandled baggage data with the Department has varied over time. We compared the 2000 data to the 2005 data for the nine carriers that appeared in both reports. While the rate of mishandled baggage reports increased from 5.29 to 6.04 reports per 1,000 passengers between 2000 and 2005, the corresponding increase for the nine airlines that appeared in both reports was only from 5.25 to 5.54, as is shown in Table 3.

There may be a relationship between on-time performance and the rate of mishandled baggage reports. As shown in Table 4, system-wide on-time performance for the carriers that report this information improved nearly 5 percentage points from 2000 to 2001, and nearly 5 points from 2001 to 2002. During that same period, the rate of mishandled baggage reports declined from 5.29 to 3.84. During the 2003-2005 period, on-time performance declined from 82 percent to 77.4 percent, and the rate of mishandled baggage reports rose from 4.19 to 6.04.

In addition, recent increases in mishandled baggage reports and consumer complaints about baggage may result in part from the particular difficulties experienced by U.S. Airways and ComAir during the December holiday period. One-time anomalies are not likely to be repeated on a regular basis. However, U.S. Airways' baggage handling problems continued well into 2005 and may have reflected labor issues.

In this regard, it should be noted that if U.S. Airways is removed from Table 3, the change in the rate of mishandled baggage between 2000 and 2005 for the group of carriers that reported in both those years goes from a slight increase to a slight decrease.

We would also observe that there is a significant variation among carrier baggage data based on the nature of their operations. Table 5 shows this clearly. For example, in 2005, the mishandled baggage rate for Hawaiian Airlines was 2.9, while the rate for Atlantic Southeast Airlines was 17.4. Carriers like Hawaiian, with limited interlining, few or no commuter carrier affiliates and smaller route systems generally have lower mishandled baggage rates. Larger carriers with extensive hub and spoke networks and numerous connections and the regional partners of such carriers tend to have higher rates of baggage problems, since many baggage delays and losses appear to occur during connections.

In conclusion, there can be variations over time and among carriers and baggage handling performance. The data available to us

do not appear to point to a systemic problem at this time. I would be happy to take your questions. Thank you.

Mr. MICA. Thank you, and we will hold questions until after we have heard from the other witnesses.

We have Charlotte Bryan, who is with the TSA. We recognize her next.

Ms. BRYAN. Thank you. Good morning, Congressman Costello and distinguished members of the Subcommittee.

I am Charlotte Bryan, the Acting Assistant Administrator for the Transportation Sector Network Management within TSA. TSA provides, TSNM, which I lead, provides a single focal point for our stakeholders through ten modal general managers.

Prior to accepting this position, I spent 15 years working in aviation security. I am pleased to have the opportunity to appear before you today on behalf of TSA to discuss the challenge of mishandled baggage in our aviation system and TSA's efforts to work with airlines to improve it.

The Aviation and Transportation Security Act, which created TSA, requires us to screen for explosives all checked baggage placed on TSA-regulated commercial flights. Under this requirement, we screen approximately 1.3 billion pieces of checked baggage each year, using a variety of solutions, many custom-tailored, to suit the needs of particular airport environments.

TSA assumes a limited role with respect to checked baggage handling. We are responsible for checked baggage from the time it is presented for screening until the time it is cleared after screening. Once checked baggage is screened and cleared, air carriers are responsible for transporting it to its final destination.

TSA generally has no role in prioritizing, sorting or transporting checked baggage. As a result, the amount of time checked baggage is under our control is relatively short, though it will vary depending on the operational conditions of the airport. In many cases, passengers have the opportunity to deliver checked baggage directly to TSA and to observe it as it is screened and cleared and delivered to the airline.

TSA has a solid track record when it comes to appropriately handling all forms of passenger property, including checked baggage. Since we assumed responsibility for aviation security, more than 2 billion passengers have been screened, yet the number of planes alleging lost or damaged property is only approximately 84,000. The incident of damage and loss attributable to TSA security operations is less than 1 percent of passengers traveling through the system. But we continue to work diligently to reduce delays, damage and loss of property.

A certain amount of damage to bags and their contents unfortunately occurs because accidents happen and equipment malfunctions. In an effort to reduce the number of items damaged during the screening process, TSA engages in trend analysis to develop new training and handling techniques. TSA certainly regrets that occasionally checked baggage and locks are damaged by secondary screening. In the event that a bag must be forced open, TSA is not responsible for broken locks or unavoidable damage caused by opening a locked bag. Passengers can avoid this potential damage

by either leaving their bags unlocked or by using a TSA-recognized lock.

We educate the traveling public about how to pack and secure checked baggage through our web site, www.TSA.gov. The site provides links to sites that sell TSA-recognized locks.

Theft is a problem that affects all key players in the aviation industry, and unfortunately, TSA is not immune. We have a zero tolerance policy towards theft. Our transportation security officers are held to the highest professional and ethical standards. Allegations of misconduct are aggressively investigated, and when infractions are discovered, offenders are swiftly removed from our agency's employment.

Since August of 2002, of the tens of thousands that have served, 87 TSOs have been removed from employment for theft. Many of the offending screeners were turned in by their fellow employees.

TSA also works with State and local law enforcement to ensure that offenders are prosecuted. In an effort to further deter theft, TSA is working to expand its use of closed circuit TV surveillance of non-public areas where checked baggage is screened, in partnership with airport operators. If a passenger believes that his or her property has been lost, damaged or stolen due to TSA action, they are encouraged to contact TSA as soon as possible. Although a claim maybe filed within two years of the event, the earlier a claimant contacts TSA, the easier it will be to investigate and to make a determination of the claim. Potential claimants can get information about filing claims from a number of sources, including a toll-free customer contact center and our web site. These resources can provide potential claimants with the information and forms necessary to file a claim.

TSA investigates and evaluates claims by verifying the underlying facts and contacting the claimant and other parties in possession of relevant information. When an investigation is complete, TSA will approve the claim for full value, offer to settle the claim at reduced value, or deny the claim in its entirety. Determinations of negligence are based upon the evidence. A letter will be sent to the claimant informing them of TSA's decision. Claims are generally resolved within 90 days.

TSA has historically accepted or settled 40 percent of the claims. If a claim is denied in full, the passenger can seek reconsideration of the claim with TSA by providing additional information, or the claimant can file a lawsuit in the appropriate U.S. district court. State and local small claims courts have no jurisdiction over claims against the Federal Government. To date, only 35 claims have resulted in Federal litigation.

TSA also encourages passengers to contact their air carriers and review any applicable insurance coverage they may have. Since February of 2002, we have received approximately 84,000 claims. In 2006, claims have fallen dramatically, with the number of claims during the first quarter of this year down by approximately 30 percent from the same time period a year ago, to an average of about 1,800 a month. The average claim is settled for approximately $150.

Thank you for the opportunity to testify today, and I will be pleased to respond to questions.

Mr. MICA. Thank you, and we will hear from our final witness, which is John Meenan. He is with the Air Transport Association. Welcome, and you are recognized.

Mr. MEENAN. Thank you, Mr. Chairman. I would ask that my written statement be included in the record.

Mr. MICA. Without objection.

Mr. MEENAN. I would like to preface my oral remarks today with an apology. As a former baggage handler myself and a representative of the airline industry, I would like to apologize to everyone who has ever lost or had a bag misplaced. We don't like it happening.

Safety is always the airlines' number one concern and priority. But the quality of the customer experience is absolutely critical to every airline's business plan. The airlines are acutely aware that baggage miscues can be frustrating and remembered long after dozens of other trips came off without a hitch. For that reason, the industry is not content that over 99 percent of bags arrive with the passenger as promised. When we see an uptick in mishandled baggage reports or in any other measure of customer dissatisfaction, the carriers take action.

In order to add a little perspective to your consideration, a few facts might help. Last year, the U.S. airline industry carried 739 million passengers. That is the highest number since 2000. That filled 77.6 percent of the seats on our aircraft. And each passenger checked on average 1.2 bags.

Last year, too, we know the DOT reported mishandled bags rose, reports rose from 4.9 per 1,000 passengers to 6. Now, although going back to 1988 when the data was first reported, the 2005 data is not out of line. The industry clearly wants to keep that rate as low as possible. The rate was 5.0 in 1989 when we entered into our Customers First program. It rose a bit with demand in 2000. In 2001, as traffic declined, the rate declined. And since 2001, as traffic has returned, unfortunately the rate has climbed with it.

What to do? Obviously look to the causes of baggage mishandling incidents and adjust the process where necessary. For the most part, that analysis and adjustment must and does take place at the individual carrier level. Is it a staffing problem, is it at a particular airport, is there an equipment problem, is there a scheduling problem? These issues are dealt with at each company, by each company, and each company closely monitors both its operations and the DOT reports.

More broadly, at the industry level, are there steps to be taken? There are many proponents today of new technology. The most popular idea being the introduction of radio frequency chips in bag tags. The industry is engaged in a serious consideration of the RFID approach. But the analysis is by no means complete.

Importantly, RFID technology does little to address the most common cause of mishandling, and that is the fact that the bag is not where it is supposed to be. We know where it is, it just isn't where it is supposed to be. So 60 percent of the mishandled bags are a result of that issue which would not be addressed by RFID technology. That said, the industry is still looking at the possibility and the prudence of an investment, and we will take appropriate action.

Other mishandling factors within the airlines' control include things like tagging errors, loading errors and space and weight restrictions. Each carrier tracks its operation and does its best to deal with these issues. But in the aggregate, they really only amount to about a single digit percentage point of the problem.

There are, however, two other significant factors in mishandled baggage that are not within the control of the airlines. I point these out not to shift responsibility, but just to give you a complete picture. We urge that all parties do everything within their control to minimize passenger inconvenience. Here of course I am referring to the air traffic control system and security issues impacting baggage handling and schedule reliability.

As the members of this Committee know, the constantly increasing demands placed on our Nation's air traffic control system threaten aviation system gridlock in the foreseeable future and require a major overhaul of technology, procedures and funding. Without dramatic change, mishandled baggage reports will simply become a footnote to the economic harm that will be done to our Nation's economy.

Similarly, with regard to security measures, steps must be taken to match screening capacity with public demand in an economically responsible manner. Inline EDS may help at some airports, but experience to date shows that it is not a silver bullet to solve these issues.

In conclusion, Mr. Chairman, we are all involved in these issues. The ATA airlines are acutely aware of their responsibilities and are working daily to meet them. We look forward to the continued cooperation with the Government in addressing those contributing factors not within our control.

Thank you very much.

Mr. MICA. Thank you for your testimony and for each of the witnesses being with us and providing their opinion and outlook.

Let me now turn to some questions. I have a few. Maybe I could ask ATA first. You said we had 739 million passengers last year, I guess close to a record number or was it a record?

Mr. MEENAN. It is climbing.

Mr. MICA. What do you expect this year, and this summer?

Mr. MEENAN. We expect a dramatic uptick. I couldn't give you a precise number at this point, but clearly traffic is returning.

Mr. MICA. And did you say you were running at what percentage of capacity?

Mr. MEENAN. Last year, the load factor was 77.6 percent. We expect it will be higher this year.

Mr. MICA. Probably into the 80s?

Mr. MEENAN. Possibly. We would like to see that.

Mr. MICA. Even with the higher prices, we might have a return to the air.

Mr. MEENAN. We would like to see that.

Mr. MICA. We really don't have a system, Mr. Podberesky, of differentiating the cause of mishandled baggage, do we?

Mr. PODBERESKY. The reporting that is required is just the number of mishandled baggage reports filed with carriers by passengers. It is not broken down by type of mishandling.

Mr. MICA. And that is part of our problem is trying to—Mr. Boswell, the reason he asked for this hearing was to try to find some solutions. We don't have some of the data we need. Anecdotally, I do hear, and I have heard, of meltdowns at some locations with TSA handling bags. And that is becoming more of a problem.

Part of the problem, I guess, too, Congress has put a cap on the number of people that can be hired. So we have some limits, the same limits we had last year we will have this year as far as net numbers. We also have the turnover problem, which Mr. Pascrell spoke to, and we heard the report last week, some airports 30, 40 percent turnover in personnel. But it appears, again, from reports I am getting, that baggage is often not processed as far as screening to keep up with the flights. Is that something you are aware of, Ms. Bryan, as a problem, and how are you trying to address it?

Ms. BRYAN. Mr. Chairman, I have the latest air travel consumer report that the Department produces. It shows for February, which is the latest information I have, of over 500,000 reported operations, less than 0.9 percent were due to security delays. And of course security delays can be—

Mr. MICA. I would have to go back to some of last year, last summer.

Ms. BRYAN. Yes, sir.

Mr. MICA. We had some very serious—and I can pick a time. But we are heading for the summer. ATA has just reported that they expect a record number of people to be in the air. You have a record amount of turnover and vacancies in personnel. And we are going to be processing more bags. I think you said on average 1.2 bags per person.

So if you do the math in processing these, are we going to be ready this summer?

Ms. BRYAN. Perhaps I could talk about a few of the things that we are doing. Retention is a top priority for TSA. We have recently done several things. We have a work group focused specifically on it. We just put out a bonus program for screeners that have been on board for a year or more. We are developing additional grade levels, a career path for our screeners so that we can keep them, that they can see some possible future with TSA.

Of course, we have just introduced local hiring initiatives for our FSDs. We have set up a group in headquarters to support them, so that they have everything they need to hire and train and retain those screeners. So it is a high priority and I think we have some good efforts underway to support that.

Mr. MICA. I understand that. I was just mentioning to Mr. Costello, I did meet with Mr. Hawley, and I understand that initiative really gets launched in May or this month?

Ms. BRYAN. Yes, sir.

Mr. MICA. That gives me great concern, because any time you launch anything in TSA, it does take a while for things to sort of get in place and smooth out. So I just—I am very concerned about this summer. I don't know what the answer is, again, given some of the constraints you've even been put under.

So let me just ask, the number of inline systems we have at major airports, I said three. One is Boston, we have San Francisco, and the top 25, 29, I guess we could get—Denver—

Ms. BRYAN. Mr. Chairman, I thought we had 14 full inline systems.

Mr. MICA. Here's what they gave me, Logan, which is Boston, Denver, San Francisco, that is it for the top 25 and full inline. We have got some partial, a little bit at Baltimore-Washington, a little bit at Dallas, a little bit at Newark, George Bush Intercontinental, JFK. But that is it.

And I think of the top, well, Denver, I think they did theirs when they did that entire system, didn't they? I know Boston did their own. And we are seeking reimbursement. And San Francisco has been ongoing.

Is there any projection as to when we could get—29 airports handle 75 percent of the traffic and probably are the major hubs where we have transfer. Any projections about inline?

Ms. BRYAN. Yes, sir. In the near future we will have 23 additional inline or partial systems in place.

Mr. MICA. Can you define near future?

Ms. BRYAN. Two years.

Mr. MICA. Twenty-four months, okay. I don't view that, as Mr. Meenan said, as a silver bullet, but so far experience is that process is faster. I haven't seen any of those systems file workers comp claims, as I said, or the systems call in sick or the systems have high turnover rates, except the baggage, they're processing that pretty fast. You've seen the classified results of the difference between handling the baggage and examining them by hand—

Ms. BRYAN. Yes, sir.

Mr. MICA.—with labor-intensive versus the automated. Would you say that the detection rate is off the charts in a positive fashion for the automated system and off the charts for failure for the non-automated systems? We don't have to discuss percentages of failure for the labor-intensive, costly system.

Ms. BRYAN. Well, I would rather not say that, because I don't have that information.

Mr. MICA. Are you telling me you haven't seen that information?

Ms. BRYAN. I have seen that information.

Mr. MICA. But you don't want to comment on it?

Ms. BRYAN. No, sir.

Mr. MICA. Okay.

Mr. Costello.

Mr. COSTELLO. Mr. Chairman, thank you.

Mr. Chairman, I am glad that you noted the issue of the cap, because I think that is an issue here as well. You also noted, as others did, about the turnover rate at TSA. It is troubling, and I am glad to hear that TSA is attempting to do something about that.

But I do think that it is worth noting for everyone in the room here is that, the turnover rate under the old system, before TSA was created, was far greater than the turnover rate of TSA. If you look at O'Hare International Airport in Chicago, I don't have the statistics in front of me, but I would tell you that the turnover rate at O'Hare was at least double or triple their turnover rate today at TSA.

My question to you is, would you agree that the turnover rate has an effect on the issue that we are examining here today, the mishandled baggage? How does that play? What factor is the turn-

over rate at TSA in the problem that we are dealing with in mishandled bags?

Ms. BRYAN. Congressman, first I would like to say that I recall turnover rates of over 400 percent with some of the carriers back in the pre-9/11 days. I would think intuitively, certainly folks that are working for us longer are going to be better trained and more familiar with our procedures.

So I don't have the data to support that, but intuitively, I would think that that would be the case.

Mr. COSTELLO. You mention in your testimony that thus far in 2006, the passenger claims of mishandled baggage, that it has fallen dramatically. To what do you attribute that?

Ms. BRYAN. We are trying to educate the public and the screeners better. We have told the public, both on our web site, try not to over-pack. You can open a bag and things fall out, they sometimes don't get back in or they get damaged. Carry your valuables or leave them at home. And we have ethics training for screeners, and just better training for the screeners.

Mr. COSTELLO. I guess this probably would go to you from ATA, but I would ask everyone on the panel. First, there are some problems, I guess, with RFID technology addressing this issue. This hearing is billed as examining mishandled baggage problems and solutions, and reading the testimony of our witnesses here today last night and hearing your testimony today, I think we all have identified the problem. But I haven't heard a lot of concrete solutions here this morning. I wonder if you might comment on RFID technology and any other solutions that you might propose today.

Mr. MEENAN. Mr. Costello, I think the solution, as I suggested in my oral statement is, each carrier looking at its individual operation and determining where these incidents are occurring and addressing those incidents. It is often a staffing problem. It can be an equipment problem. It can be a particular problem at a given airport. But they are highly individualized issues.

RFID technology is an interesting concept. It is something that we are certainly looking at. But it is not, despite what the vendors have been trying to say, some panacea that is going to fix the problem of mishandled baggage. Because as I noted, over 60 percent of the bags that are mishandled are not mishandled because we don't know where they are. They're mishandled, we know where they are, but they just aren't where they are supposed to be. An RFID chip isn't going to help address that problem.

So we think this is really a very individual, carrier by carrier sort of set of issues, and we are working to address that. I think as the numbers demonstrate from 1988 on forward, this is truly a manageable problem. We would, I think, make a mistake by over-investing in technology and thinking that is going to fix it. Because it is a day in and day out sort of affairs.

Mr. COSTELLO. Do any other witnesses want to comment on the RFID technology or any other solutions?

Ms. BRYAN. I would like to add that we have asked the airlines to help us prioritize bags. We are doing that pretty much on a local level. We are working on software programs that will help increase the throughput for our EDS systems. We have developed optimization teams that are reviewing schedules and equipment mixes,

ergonomics and operational conditions. So we are hoping that will help.

Mr. PODBERESKY. The purpose of our mishandled baggage reporting rule, the original purpose and it is still the real purpose, is to provide data that we use in rankings, in monthly rankings and yearly rankings of carriers with respect to their handling of baggage. This is supposed to help consumers choose carriers based on things that are important to them. We try to publicize this information. We may try harder to point out which carriers are doing the best and which are doing the worst.

Mr. COSTELLO. Thank you, Mr. Chairman.

Mr. MICA. Thank you.

Mr. Dent?

Mr. DENT. Thank you, Mr. Chairman.

Mr. Podberesky, I have a question for you. You suggest that there is a relationship between on-time performance and the rate of mishandled baggage. What are the most common causes of flight delays based on the data published in the air travel consumer report? And to the extent that these delays are due to weather conditions or air traffic control problems, what is the FAA doing to address these issues?

Mr. PODBERESKY. I will start with the two categories that are the smallest. We require a reporting of I believe five categories. Security delays I believe are the smallest, and I believe the next smallest are extreme weather delays. Those are like thunderstorms closing airports for many operations.

The next three categories are all about in the same ballpark. They account for somewhere between 4 and 7 or 8 percent of delays. And they vary from month to month. Those categories are carrier caused delays, which are primarily maintenance, but it could be maintenance related, but it could be crew, flight and duty time restrictions or other issues.

Another category is national airspace system, which involves the air traffic control system, but also involves weather related issues, not extreme weather, which impacts on the flow rates and other issues in the air traffic control system. And the final category is late-arriving aircraft. And late-arriving aircraft could involve any one of the others as original causes of the delays.

With that, I will turn it over to Mike Cirillo, to see if he has anything he wants to add from the FAA perspective.

Mr. CIRILLO. The way we categorize delays, 70 percent are attributed to weather, and then 15 percent to volume, and then the remainder are other issues, or less than 1 percent are attributed to equipment and the balance of the delays are other issues, such as airport construction and things like that.

So what are we doing about that? In a good weather situation, the volume delays are just a matter of balancing capacity with demand. So to increase capacity, those programs that you have all heard about, such as required navigation performance and precision runway monitors and our wake turbulence research, for example, actually show pretty significant benefit in improving capacity at airports.

As far as improvements in weather, we have some systems that we are developing, corridor integrated weather system, which al-

lows us to better predict the movement of storms, and also the tops of the system. We have a route availability planning tool that actually automates our route availability based on weather conditions. And then this June, we are implementing the airspace flow program, which actually for us and our customers, which includes the airlines, the business folks and the DOD, will describe an area of constraints, which is most of the time weather, and better allow us to route around it.

Mr. DENT. Thank you, Mr. Chairman. I yield back.

Mr. MICA. Thank you.

Mr. Pascrell?

Mr. PASCRELL. Ms. Bryan, do you think that, you referred to the 400 percent turnover before 9/11, that was a different situation now, we have Federal employees. It's a big difference.

Ms. BRYAN. Yes, sir.

Mr. PASCRELL. And we had rent-a-cop then. We don't have that now.

Ms. BRYAN. Right.

Mr. PASCRELL. So you are comparing oranges and apples.

Would you agree with this statement, though, that information concerning on-time records and what are the loss and damage rates with that particular, with a particular airline, shouldn't that information be readily available to passengers?

Ms. BRYAN. Yes, sir, I think it should be.

Mr. PASCRELL. How would we educate passengers as to, so they can make an educated decision as to which airline is trying, is moving in the right direction in protecting their property and getting on and off the ground on time? How do we educate the public in those things?

Ms. BRYAN. I would really rather defer to DOT.

Mr. COSTELLO. Mr. Podberesky?

Mr. PODBERESKY. We publish an air travel consumer report every month. It is put on our web site. It is probably, I believe as of now it is the second most popular web site at DOT. It is one of most popular web sites, I think, in the Government.

And on a monthly basis we provide flight delay information, very detailed flight delay information, as well as mishandled baggage. These include rankings of airports, of carriers.

Mr. PASCRELL. And that winds up in a newspaper sometimes?

Mr. PODBERESKY. We issue press releases each month, and USA Today does publish—

Mr. PASCRELL. Yes, I've seen it.

Mr. PODBERESKY.—a good bit of that information.

Mr. PASCRELL. Mr. Podberesky, let me respond to your answer. I think that's all well and good, by the way. Web sites certainly serve a great purpose. What if we put that information on the ticket that you purchase?

Mr. PODBERESKY. That would create somewhat of a burden for carriers. The information is also available to the passenger directly for a specific flight when he makes a reservation.

Mr. PASCRELL. So you are telling us that the passenger, because of what you do on the web, the passengers is usually aware of what those percentages are, which are kept updated, I am sure, on the

web site? Do you think that's true, that the passenger is aware of that? Do you think the web site does the trick?

Mr. PODBERESKY. I believe it does for some passengers. But I have also found that, for example, passengers making reservations with an airline can, when they call the reservation agent, the reservation agent has the information in front of you to provide that customer specific information for the prior month, for the specific flight that the passenger is reserving.

From what we understand, not a lot of passengers avail themselves of that opportunity for information.

Mr. PASCRELL. Which is my point. Which is my point. So maybe we ought to take a look at how we are educating the public and the flying public to those facts and figures, so that they can make an educated decision about that particular airline.

I want to ask you another question. Because checked baggage, Mr. Podberesky, is processed by both individual airlines and the TSA, a passenger whose baggage has been damaged or pilfered must file two claims, one with TSA and one with the airline. To me—educate me—sounds like a time consuming and duplicative process for the consumer. Are there any plans to simplify or integrate the claims procedure?

Mr. PODBERESKY. My understanding is that TSA has been working with carriers over time to try to resolve issues having to do with the interplay of their—

Mr. PASCRELL. Is that an issue?

Mr. PODBERESKY. When we get a complaint from a consumer or a question of the consumer about what to do with respect to a baggage liability issue, we tell them to file a complaint with both.

Mr. PASCRELL. Ms. Bryan?

Ms. BRYAN. Yes, sir, it is an issue. We have been working with the carriers, but we have got a couple of stumbling blocks. Our claims fall under the Federal Tort Act, and I believe the carriers fall under the Contract of Carriage. I think they have 60 or 90 days under the carriers, and they have up to 2 years under ours. So we are looking at whether or not we need some legislative change.

Mr. PASCRELL. So maybe we are going in that direction, then?

Ms. BRYAN. Yes, sir.

Mr. PASCRELL. What do you think?

Ms. BRYAN. Yes, sir.

Mr. PASCRELL. Mr. Cirillo, the FAA is currently in the midst of an airspace redesign for our Nation's major airports. We have been talking about it for a long time. You folks have been going through the painful attempts to make everybody happy. I don't know how you can do that.

But what if any effect will this have on flight delays and their contribution to baggage mishandling, in your opinion?

Mr. CIRILLO. In my opinion, the design of the airspace is a key component of the efficiency of the system. So we consider airspace redesign as absolutely essential to the efficiency of the system.

Mr. PASCRELL. So this is what is being, these are things that are being taken into account as we design a new system?

Mr. CIRILLO. Yes, sir.

Mr. PASCRELL. Okay. Have you reported to the Congress on those factors, on how factors within airports and passengers have af-

fected your decisions about where airplanes go and how they approach airports and how they take off?

Mr. CIRILLO. I don't know that the FAA has. I don't have any knowledge that we have specifically related to that subject.

Mr. PASCRELL. Thank you, Mr. Chairman.

Mr. MICA. Thank you.

Mr. Chandler?

Mr. CHANDLER. Thank you, Mr. Chairman.

Very few things are as frustrating as losing a bag. And I think that any of us who have done much traveling through the air have had that experience happen to them.

One thing that I am not clear about, and I would appreciate it if you could just walk me through this process, how is a claim filed? When you go the baggage area and you stand there and you wait and the thing goes around and around and your bag doesn't show up. What do you do? From that point on, how does that process work, if you could tell, just walk me through it in lay language.

Mr. PODBERESKY. I'll try, in lay language, if your bag doesn't come off the conveyer belt, the next point in the process is that you have to go to a baggage claim area, an office usually that the carrier has, or one of its affiliated carriers has that will then take the claim, take down information, personal information about you or the contact information, as well as detailed information about the bags that are either missing or damaged or, if you know that an item has been stolen, bag is open and you know that something is lost, they will take that information right on the spot.

There are occasions where carriers will resolve a claim on the spot. There are occasions where carriers will replace a bag on the spot with a substitute bag, if a bag has been damaged.

Mr. CHANDLER. What does that depend on? Under what circumstances?

Mr. PODBERESKY. It depends on the carrier.

Mr. CHANDLER. What circumstances? It just depends on the particular carrier?

Mr. PODBERESKY. It depends on the particular carrier and its own policies. Since the bulk of the problems with bags are delays, usually what happens is you provide the carrier enough information about the bag, about your itinerary, the size of the bag, what it looks like, color, and the carrier then puts a tracer out back on the points that you have traveled on, looking for that bag.

Mr. CHANDLER. So there is a substantial difference in the policies the different carriers have. I am one of these people that Mr. Pascrell was talking about who has no idea what the difference in the rates or the policies between one carrier and another.

Mr. PODBERESKY. I think the general policies are the same. On occasion, a carrier will resolve minor claims with either a replacement bag or a cash voucher or travel voucher to resolve a minor claim, like minor damage to a bag or an obviously lost item. That makes up, I believe, a small percentage of what is happening.

With respect to delayed baggage, which is the primary mishandled baggage group, the general approach that I gave you, the bag is then searched upline, from where you came from, along your path. And once it is found, the carrier, just as a general rule will then deliver that bag to you, to wherever you are going to be.

Mr. CHANDLER. Is there an average rate of time that it takes to resolve a claim? Do you all have numbers on this? Can you answer, Mr. Meenan?

Mr. MEENAN. I believe the average claim stays open for less than 24 hours. By far the vast majority of these bags turn up on the next flight that is arriving from the destination you departed from.

The carriers also, there are minor variations between the way the carriers handle these issues. But the fact of the matter is, there is also sort of industry standardization in terms of how the messages are communicated, how the information flows back and forth across the industry. I would say that by far the great majority of carriers respond, they know this is a very frustrating experience. They know that this is not something they want their customers to be experiencing. And they go out of their way to try to accommodate as best as possible. They provide often short term payments to get you over until your bag gets there, to get you the necessary supplies. There are all sorts of different variables that go into each individual case. But we do make our best effort to accommodate the passenger.

Mr. CHANDLER. Thank you.

Mr. MICA. Ms. Berkley?

Ms. BERKLEY. Thank you, Mr. Chairman. And thank you all for coming. We appreciate your being here.

I represent Las Vegas, Nevada. McCarran Airport is the lifeline to my Congressional district and its economic well-being. It is also the fifth or sixth busiest airport in the Country. We will have 45 million visitors this year coming to McCarran, coming to Las Vegas through McCarran. So half of those people will be coming through the airport. McCarran Airport is very important to me.

I have two questions directed to Ms. Bryan, if I may. The first one is, because all checked baggage must be screened by the TSA, any problems in staffing levels or scheduling can directly lead to the mishandling of baggage. McCarran has had longstanding issues with the TSA, not giving us enough screeners and not matching the screeners' schedule to the actual peak times of airline business.

And let me give you an example. Las Vegas is a Monday through Thursday, we have two peak times. Monday through Thursday we have our convention and trade shows. They all leave on Thursday afternoon. Thursday night come the tourists for the weekend and they leave on Sundays. Now, there are obviously different schedules, but those are our peak times.

What can you do to help me get more TSA screeners, not only more, but more at the appropriate peak times for McCarran Airport?

Ms. BRYAN. McCarran is one of our critical airports. As you may know, two of the former FSDs now work in Washington, so we are very familiar with McCarran. We are working very closely with them, with Rosemary and some of the others there, on their needs.

I know there are still some issues about the numbers of EDS machines that we are going to put in line.

Ms. BERKLEY. That was my second question. They are desperate for these machines.

Ms. BRYAN. Yes, and we are still negotiating that. We are looking at part-time, full-time mixes. I know the acting FSD is working very hard to come up with the right solution.

But let me assure you that it is on the front burner.

Ms. BERKLEY. May I ask, and I appreciate that, and I am glad that you are so familiar with our problem. When do you think we will be able to resolve this and when will you be able to contact me and give me some idea of what is going on?

Ms. BRYAN. We have had three recent EDS machines installed.

Ms. BERKLEY. How many more do we need?

Ms. BRYAN. I don't have that information, but I will find out. Our director, our chief technology officer will be going out there on the 15th to discuss technological needs. And I know that they are down 76 screening officers. So as I said, we have a task force that is working on local hiring. And I will go back and find out specifically what they are going to do.

Ms. BERKLEY. May I ask you to contact me directly in the office, so I can get that information to the McCarran people?

Ms. BRYAN. Absolutely.

Ms. BERKLEY. I am very grateful. Thanks a lot.

Thank you, Mr. Chairman.

Mr. MICA. Thank you.

Mr. Boswell?

Mr. BOSWELL. Thank you, Mr. Chairman. I apologize for being called out by a deep concern with constituents, just on the other side of the door.

I again appreciate your being here, and I am sorry I missed out on some of the discussion. I certainly will read the record and I have heard much of what has been said.

If guess I would address maybe about three points to Mr. Podberesky. You gave us some data, but what steps have the airlines, in your view, taken since 1988 to improve their performance? Number two, you said in your testimony that there may be a relationship between on-time performance and the rate of mishandled baggage reports. You might say something about that. And also if you would, you said in your testimony there is significant variation among carriers' baggage data based on the nature of their operation.

Would you comment on those items?

Mr. PODBERESKY. Yes. I would be pleased to. The carriers have invested, over the last 20 or so years, what appears to be significant amounts of money to modernize their baggage handling systems. We all recall the old system where we used to have just these bag tags that used to have the three letter codes of carriers, and they were in these enormous boxes behind the counter and it was pretty much left to the whim of the check-in agent as to whether or not they pulled the right bag tag out to match to the ultimate destination where you were going.

Nowadays you have these barcoded tags that are printed out by computer that are printed off your reservation record, so there is very little possibility of having the wrong tag applied to your bag. I think that has improved things to a great extent.

That to me is the biggest area of improvement, some modernization by the carriers. Perhaps the ATA representative would like to add to that after I address your two other points.

The relationship of on-time performance to baggage handling, my testimony relates, it does discuss the last five years. It appears over the last, since 2000, that there has been sort of a direct relationship that as on-time performance has gotten better, baggage handling rates have gotten better, and as it has gotten worse, baggage handling rates have gotten worse. That relationship doesn't hold true during all periods of time. If we went back to the 1988, 1989, 1990 period, and from 1989 to 1990, on-time performance got, I believe worse, and baggage handling went the other way. So it is not a guarantee that that is always going to work that way.

And then among variations among carriers, I mentioned several of the factors, the connections, which carriers have the most connections. There are also certain carriers that just carry more bags than other carriers. If you have a shorter route system, if your average of your flights are shorter, then people are taking shorter trips, they may not be carrying as many bags for these trips, they may be doing more business travelers, fewer vacation travelers.

Other things, carriers that have significant international routing systems will have, I believe will have a propensity to have more baggage problems, because they have to deal with connections between international and domestic flights, which also throws Customs in, as well as variables relates to Customs, as well as variables related to TSA, having to rescreen the bags once the persons leave the Customs area.

Other issues may be carriers that operate more regional jets, those airplanes tend to have more bulk and weight issues. They don't have the size compartments and they can't carry as heavy a load as perhaps some of the bigger airplanes. So that may have an impact also.

Mr. BOSWELL. Let me interrupt you just a second, my time is running out. The information that you gain, is it shared with Mr. Meenan and his group? Is there a sharing process going on so everybody can benefit?

Mr. PODBERESKY. Well, some of this information I just gave you is information we get from airlines. We don't get reports of that, some if it is intuitive, common sense. But a lot of it is—

Mr. BOSWELL. From your vantage point, though, do you try to get people to share? If you see the airline, whatever, has a good, better system, that information is shared with the others?

Mr. PODBERESKY. No. We don't do that. I think ATA does that to an extent.

Mr. BOSWELL. Is that right?

Mr. MEENAN. That is absolutely correct. We have passenger service, baggage service committees that meet constantly and share information back and forth, as well as watching very closely the information that is shared with DOT.

Mr. BOSWELL. Okay. Again, thank all of you, and thank you, Mr. Chairman.

Mr. MICA. Mr. DeFazio?

Mr. DEFAZIO. Thank you, Mr. Chairman.

Mr. Meenan, representing the airlines, and I know not individually, but there was at least one airline that had a, sort of like a baggage heaven, which I have never understood, where they ended up with all the goods that came out of people's bags in this giant sort of flea market place. I have seen press accounts of it.

Does that still exist? I have always been puzzled as to, there is a limited universe of people who have lost bags and there is a limited universe of bags, and how we couldn't reassociate people with their belongings and they had to go to a flea market or wholesale house or whatever it was. How is that?

Mr. MEENAN. It happens. The fact is that, it is in the airline's best interest to get that bag back to the passenger. But on occasion, you go through the bag, you look for every means of identification, you look for other ways to trace it back to the original owner, and it just isn't there. When that happens, you have to do something with the—but it is a very minimal part of what actually goes on.

Mr. DEFAZIO. Right, but there was some small town, I think it was in Georgia—

Mr. MEENAN. I have seen the story.

Mr. DEFAZIO.—where the economy evolved around this. I always found it odd. It seems that that might be, the RFID thing, I understand there is both expense in terms of tagging and the equipment to read them.

On the other hand, people might be willing to pay for an RFID tag that would not impose a cost on the airline and then the readers are not all that expensive. People do it with pets, they do it with other things. Then we could not have to worry about the bags that could never be reassociated with people, because we would have permanent identification with it.

Mr. MEENAN. And as I said, there are a number of concepts that are currently being reviewed. One of them I have heard mentioned recently is the idea of embedding these tags in the bag itself. That is a possibility. I will say that like everything else, though, we want to make investments that are responsible and are going to pay for themselves prudently. Right now, the business case for RFID tags is highly debatable. We are looking at different ways we might approach it.

Mr. DEFAZIO. Ms. Bryan, do you have any statistics on the airports where, for instance, let's use San Francisco, which has a fully integrated inline system. Do we have a lowered number, lesser number of complaints for damaged bags there?

Ms. BRYAN. Sir, our data does not—there is no correlation between the number of claims and the type of baggage system.

Mr. DEFAZIO. There is none?

Ms. BRYAN. There is none currently.

Mr. DEFAZIO. Looked for it, can't find one?

Ms. BRYAN. Yes, sir.

Mr. DEFAZIO. That is interesting, because you would think that it might.

How are you doing on, I just asked this question over in Homeland Security last week, how are we doing on getting dedicated baggage handlers who would be generally people who had not gone through the training to be Federal security officers and would be

paid less, but could be like people who are set up better to handle heavy bags day in and day out?

Ms. BRYAN. Yes, sir, we are discussing that. Earlier I mentioned a career path for our screeners. This would be at the low end of that path. We are just looking at funding and some other issues right now. But we are seriously considering it.

Mr. DEFAZIO. It just seems it would help with your, with the issue of the workers comp claims and the time loss that results from that.

The other issue would be on EDS. I am surprised that the EDS systems, which requires a lot less handling and it seems to me would preclude a lot of problems, that you can't find statistically that they work better. We know they work better for other things.

Where are we on issuing new letters of intent? You talked to Ms. Berkley about her airport which has been in line for quite some time. Are we anticipating any new letters of intent in the near future?

Ms. BRYAN. No, sir. The current 2006 and 2007 funding supports reimbursement for the existing ones, but there is no plans for additional ones.

Mr. DEFAZIO. Well, I wish TSA would push back against OMB and the White House on this issue. We've shown, for instance, at Portland, that we could save you, in a year and a half you would get back your investment, and then thereafter forever you would be saving money. So it is extraordinary to me, and I can't blame this all on the Administration, the Republican Appropriations Committee chairman played a big role in this when he arbitrarily slashed the number of screeners we have, for whatever reason, and then said, don't worry, technology will take care of it, and then failed to fund the technology.

So you can kind of do security two ways. One way is you've got a lot of people, not very good technology. The old 20 year ago model in Israel. Or you can have really good technology and few people. And what we have is not enough people and not the right technology. It is really the worst of all possible worlds, both for security and also for, ultimately, I think, for customer satisfaction and problems, as the Chairman pointed out, that we may bump into this summer.

I just really wish, I know it is hard and it is not your call, but I keep urging everyone I see from TSA, tell us honestly what you need, you might lose your job, but hey, you will sleep better at night knowing that you told us that we really needed better technology at the screening checkpoints.

Ms. BRYAN. As you might know, we delivered the EDS strategic plan to the Congress earlier. We are working feverishly with our industry partners on a cost sharing study that we are expecting to be, the preliminary results to be delivered this summer. So we are real anxious to get that. Thank you.

Mr. DEFAZIO. Okay, thank you. Thank you, Mr. Chairman.

Mr. MICA. Just a couple of quick questions. You sort of surprised me when you said 87 TSA personnel have been charged with theft. Were all of those people, did they have the background checks completed or were some of the—do you have any statistics?

Ms. BRYAN. I don't, and we can get back to you on that.

Mr. MICA. But I would imagine they would have all, to be online working, they would have had to have the screening check done.

Ms. BRYAN. I believe originally they were not done for the original hires, but I am not sure that they ever done.

Mr. MICA. Was it 87 last year or total or what?

Ms. BRYAN. Total, sir.

Mr. MICA. What about the airline industry? How many folks have you arrested? Do you have any statistics on that?

Mr. MEENAN. We do not have any statistics.

Mr. MICA. Can you get them? I have read a few, like I think they had problems at JFK.

Mr. MEENAN. I don't believe anyone tracks those numbers directly. We can do a LEXIS search and see what we can come up with.

Mr. MICA. Okay. I just want to know the baggage handlers, I don't want to know about the CEOs and others who are taking money. Just a bad joke.

[Laughter.]

Mr. MICA. Oh, Mr. Costello wants those statistics.

But again, I was sort of shocked by that number. Also shocked by your response to the gentlelady from Nevada. Now, I played the game for moving TSA personnel, and I have been out to McCarran, and we did the McCarran dance and all of that. She is still obviously having problems.

One of the problems it sounds like, you've got a 60 percent turnover in FSDs. Did you say there is an acting FSD at McCarran?

Ms. BRYAN. Yes, sir.

Mr. MICA. Okay, so you've gotten two now.

Ms. BRYAN. There were good people. We needed them in Washington.

Mr. MICA. But again, nobody in charge. When we devised this system, we always thought there would be an FSD directing things. And now we have the FSD and most of them have eight to ten administrative people on top of that. But now we have something for them to do, because in May they are going to start hiring at the local level.

Ms. BRYAN. Yes, sir.

Mr. MICA. Okay, good.

The other thing, too, and I don't know if ATA has this information, I asked staff to check it, if you can get it, the U.K. is the only country that has total inline integrated checked baggage, automated processing of the baggage systems. I visited them shortly after 9/11, and a lot of what we did is modeled after what they did. They told me it took $4.5 billion in 7 years. I think they did 38 of 41 or 42 airports.

But I would be interested to check their baggage mishandled rates with those—because we would have a country with all inline systems. See if there is any difference just to see if there is anything we can gain from their experience.

Mishandled baggage, I had estimated, well, the information we have worldwide is $2.5 billion. I just did a quick estimate that that was 2005, and this is—who gave us that data? SITA? Okay.

What do you think the cost is to the U.S.?

Mr. MEENAN. We don't have a solid number on that, and I would mention that SITA is very interested in selling technology here. Any time I find a vendor who is putting numbers out, I always look at them skeptically.

Mr. MICA. Okay, well, what do you estimate? I mean, I am not—

Mr. MEENAN. That is a number that the carriers hold very tightly themselves. Obviously it has competitive implications.

Mr. MICA. You don't disclose what you pay out in claims?

Mr. MEENAN. No, we don't.

Mr. MICA. You don't. Can you get that information for the Committee?

Mr. MEENAN. Let me do some checking and we will get back to staff on that.

Mr. MICA. The other thing too is, now, I see TSA is telling me that they are paying out money and claims, and she broke it down into some small amounts. What is the total amount you paid out in 2005?

Ms. BRYAN. Oh, let's see. It's about $2 million a year.

Mr. MICA. Okay, then the other thing is how do you determine, and I have been told that there have been some discussions with the airlines as to who is responsible for what amount. Now, TSA requires the bag be open, unlocked, we have TSA people who they have testified also have been stealing things from bags. Are you involved in, and again, the preliminary information I have is there was some discussion or consideration of an agreement between the airlines and TSA. What is the status of that and how are you going to determine responsibility and equity in paying these costs? Or is TSA stiffing the airlines? And $2 million does not sound like a lot. That sounds like my wife's claim for just her lost bag.

Mr. MEENAN. We have had extensive discussions on repeated occasions with TSA. As Ms. Bryan noted, there are some significant difficulties in trying to bring two very different approaches to these issues together.

Mr. MICA. I want to find out if you have more thieves than they have. Maybe you could do it on a percentage caught basis.

Mr. MEENAN. I would mention that what has happened in the real world is that there is a close working relationship between the TSA claims people and the individual carrier claims people. They communicate back and forth quite effectively.

Mr. MICA. Are you in the process of a formal agreement?

Mr. MEENAN. That I believe at this point is sort of in hiatus. But in a real operating world, the day to day interaction between those folks works pretty effectively.

Mr. MICA. Well, I have $2.3 million being paid out in 2005 by TSA. Now, TSA, you said that you are looking at putting in video cameras at your locations where they are doing a lot of that hand processing and screening.

Ms. BRYAN. Yes, sir.

Mr. MICA. Do you have a request in for money for that?

Ms. BRYAN. I don't know.

Mr. MICA. Will you let us know?

Ms. BRYAN. Yes.

Mr. MICA. The other thing too is you said that of the 87 TSA employees that were found pilfering or stealing, that a significant

number—I don't want to take words out of your mouth—were turned in by other TSA employees?

Ms. BRYAN. Yes, sir.

Mr. MICA. Do you know how many, and maybe we should look at some sort of a reward system or something as opposed to putting in video cameras. I have been through the video cameras at Miami airport and ports, and I saw what can be done to the video cameras. The employees know they are there. As opposed to some reporting system where there is some incentive to keep everybody straight. Have you explored that?

Ms. BRYAN. I don't think we have, but we can, and we will determine the number that were turned in by their fellow employees.

Mr. MICA. And then finally, we really, now, do we have a resolution system, when a claim is put in, is there any way of telling what number are resolved back to the Department of Transportation? You don't?

Mr. PODBERESKY. No, we don't.

Mr. MICA. You basically pass it on to the airline.

Mr. PODBERESKY. We have two sets of data, the mishandled baggage report data, which is data that the carriers provide to us, and those are the—

Mr. MICA. But we don't know what the success rate is or the resolution rate?

Mr. PODBERESKY. No.

Mr. MICA. Now, back, I remember in a previous life back some time when we started this process, and I was trying to help the airlines, because there were so many complaints and there wasn't the ability to even process them. Some of you may recall, we had complaints that they could not handle all the complaints that were coming in. This is before 2001, I believe.

So we went to the appropriators and we got you, I think you had 30 staffers and you went up to 50. Now I heard you are back down.

Tell us what is taking place with the people who handle complaints. Do you have the personnel to handle the complaints? We know we have a system in place in which we know there is no confirmation of resolution. But tell me where you are in handling complaints and the number of folks you have now.

Mr. PODBERESKY. We went from 16 to approximately 40 and we are down to about 33 now.

Mr. MICA. Ah, high turnover rate.

Mr. PODBERESKY. Most of it has to do with budgetary, that's a budgetary issue.

Mr. MICA. I was teasing on that. Seriously, is that funded positions? How many FTEs do you have?

Mr. PODBERESKY. I think for this year we may be funded at around 34.

Mr. MICA. So we are back to where we were? Because we were up.

Mr. PODBERESKY. We are not all the way back. We went from 16 to 40. But if you recall, the main reason for the increase in staffing were additional responsibilities that were given to us under AIR-21, the main one being, having to do with civil rights issues. The first one was we had to investigate every disability complaint we received. The second was specific authority to investigate other

types of civil rights complaints and take enforcement action against the airlines where appropriate.

Mr. MICA. Yes, I heard at one point you had 500 disability—

Mr. PODBERESKY. We get about 500 disability claims a year.

Mr. MICA. Is that about the same?

Mr. PODBERESKY. It is about the same. It is down a little bit from 2000, 2001. And last year, it has gone down a little bit. But the numbers there are still fairly significant, it does take a lot of resources.

But with respect to complaints that we get about baggage, where we see real problems in the sense of problems that we can resolve, we will take action to try to get airlines—for example, if an airline does not respond to a claim, if an airline takes too long to respond to a claim, we will get involved. We won't get involved if an airline says that a pair of pants that was damaged is only worth $50 and the passenger thinks it is worth $75. That is the kind of thing that typically is handled in small claims court. It is not the kind of issues that we get involved in. We don't try to adjudicate claims.

Mr. MICA. So actually, it is not practical to have some sort of a resolution reporting?

Mr. PODBERESKY. Not for those kinds of issues. We get involved where we find practices at airlines that might be a problem. We have had carriers that were applying interpretations, for example, of our requirements like carriers would disclaim any responsibility for consequential damages. For example, somebody has to buy toiletries because their bags don't arrive for a day. The carrier is responsible for paying for that. And even reasonable expenses for clothes, you know, that a person has to buy if the bags take a long time to get to them. And if a carrier disclaims responsibility for that, we will take action to ensure that they—

Mr. MICA. One of the other things, too, that I noticed, if you look at the spike in the claims, some of the incidents with, I guess some labor problems, U.S. Air had some problems, maybe some others. There were some pretty significant mess-ups with baggage. And you said that, I think one of you testified that that accounted for a number of, well, spikes in the statistics.

Mr. PODBERESKY. That is correct.

Mr. MICA. Do we have any way to hold anyone accountable who causes these delays? For example, it is nice for some of the baggage handlers or whoever is effected to walk out or cause a problem. There is no recourse or hasn't been any for anyone who causes—

Mr. PODBERESKY. There is no recourse that the Government has.

Mr. MICA. And they are killing themselves, because the first thing on every television screen is baggage delayed at such and such an airline, who is already in financial difficulty. So passengers walk away from that or cancel their reservations in droves. There is a penalty that is paid, but nothing as far as recouping costs for those actions.

Mr. PODBERESKY. Right.

Mr. MICA. Well, I think I have sort of milked this cow dry. Mr. Costello, anything else? Mr. Boswell?

Mr. COSTELLO. Mr. Chairman, I do not have any questions, but I want to give the witnesses an opportunity if they want to add

anything, before we conclude the hearing. Anyone on the panel want to?

Ms. BRYAN. I will. I would just like to say, we are very proud of our claims program. We have put a lot of effort and work into it. There is still work to be done. Passengers can file with both the carriers and TSA as well. So we are trying to prevent fraudulent claims. As Mr. Meenan said, we are bouncing names off each other locally.

But I think it is a real good news story. We have our manager here and we have a 24/7 claims operation and I think that he should be commended for the hard work we have done in that area.

Mr. MICA. She stuck herself into that one for a question.

[Laughter.]

Mr. MICA. Just a quick one. You are getting the claims and you are getting claims. Do you have a system of running your dupes?

Ms. BRYAN. We are continuing to work on it.

Mr. MICA. Do you have a system?

Ms. BRYAN. Yes, sir, we do.

Mr. MICA. So when you get a claim, she gets notice and vice versa?

Mr. PODBERESKY. When we get a complaint that in any way relates to a baggage problem with TSA, the issue is transferred to TSA, is directed to TSA.

Mr. MICA. Okay, so you both know that there is a claim.

Mr. Boswell.

Mr. BOSWELL. Just to thank you again. I think this has been a good exchange. I don't know if we came up with a lot of solutions or not, Mr. Chairman, but maybe we will go contemplate and come back with some. Keep doing your best. That is all we can ask. The American public wants you to do that, and I feel from listening to you today you have your heart in it, so stay right after it. If there is some tool that you need that you don't have that we could help with, I trust you will let us know.

Mr. MICA. I thank Mr. Boswell for requesting this hearing and for Mr. Costello's leadership on the issue. Thank you for providing expert testimony today.

Like Mr. Boswell, I am not sure if we came up with any specific remedies. It gives us a better idea of what is going on. I am not very optimistic, quite frankly, for the summer. I think just the numbers of people that we have handling baggage from a security standpoint, the number of increased passengers we will see in the air, add a little air turbulence of the summer and delays, and I think we are looking for a meltdown with baggage, passenger baggage this summer, unfortunately.

Mr. BOSWELL. Mr. Chairman, if we could ask, do you have any knowledge, are the airlines planning on putting maybe more help on during this peak period?

Mr. MEENAN. The airlines always plan for peak periods. We in fact are doing it. I think one of our big concerns, obviously this summer but longer term, is where we are going with this air traffic control system. Because that from our perspective is where the real problems lie. And what we are looking at is essentially gridlock in the not too distant future if we don't start moving on some of the newer technologies.

Mr. MICA. That is an issue that is also pending before the Committee and the FAA. As you mentioned, too, in your testimony, a manner in which to finance that. But that is a discussion that we will continue and hopefully we will resolve that.

Again, I thank each of the witnesses for participating together, and the members.

There being no further business before this Committee, this hearing is adjourned. Thank you.

[Whereupon, at 11:55 a.m., the committee was adjourned.]

United States Department of Homeland Security
Transportation Security Administration

Statement of Charlotte Bryan
Acting Assistant Administrator for Transportation Sector Network Management
Transportation Security Administration

Before the

Committee on Transportation and Infrastructure
United States House of Representatives
Subcommittee on Aviation

May 3, 2006

Good morning Mr. Chairman, Congressman Costello, and distinguished Members of the Subcommittee. I am pleased to have the opportunity to appear before you today on behalf of the Transportation Security Administration (TSA) to discuss the problems of mishandled baggage in our aviation system and TSA's efforts to reduce them.

Created in the aftermath of the 9/11 terrorist attacks, the Transportation Security Administration continues to pursue its vital mission of protecting our Nation's transportation systems. With the Aviation and Transportation Security Act (ATSA) (P.L. 107-71) as our statutory foundation, TSA has worked with the airlines, airports, shipping industry, flight crews, law enforcement, and passengers to take aviation security orders of magnitude beyond where it stood on 9/11. Today, our challenge is to keep it fresh, to make our security regime as flexible, dynamic, adaptable, and unpredictable as the enemy we face.

Since TSA's creation, our aviation security system has grown substantially. It is now comprised of fifteen interlocking and reinforcing layers of security working together to protect passengers by providing a formidable deterrent to terrorists. Passenger and baggage screening at the airport is only one of these layers. Security begins well before a passenger arrives at the airport and continues until a passenger is securely on the ground.

1. U.S. government agencies work with others around the globe to detect and disrupt terrorist activities at their source.

2. Customs and Border Protection activities identify potential terrorists and bar their entry into the United States.

3. Federal, State, and local law enforcement work together with the FBI in Joint Terrorism Task Forces across the United States to detect and disrupt terrorist activities within the United States.

4. A No-Fly system is used to prevent anyone known to an agency of the U.S. Government to be a threat to commit a terrorist act from flying into or within the United States.

5. Airline flight crews and airport employees who have access to an aircraft are subject to an even stricter vetting standard than the No-Fly analysis.

These first five security elements mean that anyone known to U.S. intelligence or law enforcement agencies as a terrorist or a close terrorist associate never gets close to an airplane. But there is much more.

6. An additional, risk-based computer-assisted pre-screening of passengers is conducted before a boarding pass is issued.

7. Hundreds of canine teams and local law enforcement officers are working at airports across the country to identify suspicious articles or people.

8. Surveillance activities take place in and around the airport environment on a daily basis.

All of this happens before a passenger even shows up at a TSA checkpoint.

9. At the checkpoint, a professional, well-trained, experienced team of Transportation Security Officers (TSO), assisted by multiple technologies, screens passengers and their carry-on bags for weapons and explosives.

10. In the baggage area, similarly well-trained, experienced Transportation Security Officers use a variety of technologies to screen baggage, and, when necessary, they physically search baggage.

Then, on the aircraft:

11. Thousands of Federal Air Marshals fly undercover on a very significant number of flights, both domestic and international.

12. Thousands of pilots who undergo special training and become Federal Flight Deck Officers are authorized and ready to protect the cockpit with firearms.

13. Other local, State, and Federal law enforcement officers travel armed as part of their normal duties and are prepared to intervene.

14. Hardened cockpit doors prevent unauthorized access to the flight deck.

15. And sitting on every airplane are passengers who, experience has shown, are prepared to act, if necessary.

Each and every one of these 15 security layers is important.

TSA's Baggage Screening Role

As you know, the Aviation and Transportation Security Act, which created TSA, requires us to screen for explosives all checked baggage placed on TSA-regulated commercial flights. Under this requirement, we screen approximately 1.3 billion pieces of checked baggage each year using a variety of solutions, many custom tailored to suit the needs of particular airport environments.

TSA assumes a very limited role with respect to checked baggage handling. We are only responsible for checked baggage from the time it is presented for screening until the time it has been cleared after screening. Once checked baggage has been screened and cleared, air carriers are responsible for transporting it to its final destination. TSA generally has no role in prioritizing, sorting, or transporting checked baggage. As a result, the amount of time checked baggage is under TSA control is relatively short, though it will vary depending upon the operational conditions of the airport. However, in many cases passengers have the opportunity to deliver checked baggage directly to TSA and observe as their checked baggage is cleared and delivered to the airline.

TSA has an excellent track record when it comes to appropriately handling all forms of passenger property, including checked baggage. Since we assumed control over aviation security, over 2 billion passengers have been screened, and we have recorded approximately 84,000 claims alleging lost or damaged property. The incidence of damage or loss attributable to TSA security operations is well below one tenth of one percent of passengers traveling through the system. Nevertheless, TSA screening has occasionally resulted in some delay, damage, and loss to checked baggage, and we are working diligently to prevent even these anomalies.

Flight Delays

There have been isolated incidents in which flights departing during certain peak times have been delayed because baggage screening had not yet been completed. These events occur when the volume of checked baggage to be screened before a flight departs exceeds the capacity of our screening equipment and personnel. Further complicating the matter is that TSA is not in a position to prioritize screening by flight departure time. Our TSOs screen checked baggage as it is received from the air carriers. TSA is working to mitigate the possibility of delays by increasing checked baggage screening capacity where necessary through additional equipment and personnel deployments, and by working with stakeholders to encourage better cooperation on scheduling matters. Although ATSA permits us to use certain alternative screening measures when electronic screening methods are unavailable, it is our preference to require all checked baggage be screened electronically. The decision to use alternative measures rests with the Federal Security Director at the airport.

Damage

TSA screens every piece of checked baggage being placed on commercial flights in the United States. As a result, a certain amount of damage to bags and their contents, unfortunately, occurs because accidents happen and equipment malfunctions. TSA encourages passengers to pack valuables, laptops, cash, and jewelry in their carry-on luggage. This is the safest means to transport these items, and airlines will not pay for them if they are lost or damaged because they are excluded under the contract of carriage. In an effort to reduce the number of items damaged during the screening process, TSA engages in trends analysis to develop new training and handling techniques. I want to reemphasize that from the time the passenger presents his or her checked baggage to either curbside check-in or to the air carrier's check-in counter to the time that the passenger retrieves their checked baggage at their final destination, TSA personnel are in physical possession of the checked baggage for only a very small portion of that time.

Moreover, while TSA certainly regrets that occasionally checked baggage and locks are damaged by secondary screening, TSA is not responsible for certain damage caused by secondary screening. Should checked baggage generate an alarm for the presence of explosives during the screening process, TSA must resolve the alarm for the safety and security of the aircraft and its passengers. Access to the interior of the bag is often required to resolve the alarm, even if it must be forced. In the event that access to a bag must be forced, TSA will not be responsible for broken locks or unavoidable damage in opening a locked bag. Passengers can avoid this type of possible damage by either not locking their bags or using a TSA recognized lock that can be opened by TSA without damage.

TSA goes to great lengths to educate the traveling public about how to pack and secure checked baggage. TSA's public website (www.tsa.gov) provides travelers with tips on packing for air travel, including a recommendation to use a TSA recognized lock if the traveler wishes to lock their checked baggage. The site provides links to the TSA accepted and recognized locks. Virtually all air carrier and internet travel websites contain links to TSA's Travel Tips website containing this information.

Theft

Theft from passengers is a problem that affects all key players in the aviation industry, and unfortunately, TSA is not immune. Our policy regarding theft is to take action to deter it, and react aggressively when we become aware of it. Our Transportation Security Officers are held to the highest professional and ethical standards. As a result, we have a zero-tolerance policy for theft in the workplace. Allegations of misconduct are aggressively investigated, and when infractions are discovered, offenders are swiftly removed from the agency's employment. Since August 2002, 87 TSOs have been removed from employment for theft from passengers' checked or carry-on baggage. Many of the offending screeners were turned in by their fellow employees. TSA also works with State and local law enforcement to ensure that offenders are prosecuted.

In an effort to further deter theft generally, TSA is working to expand its use of closed-circuit television (CCTV) surveillance of non-public areas where checked baggage is screened. Using $10 million in available funds, we are expanding a partnership program with airports, where, in exchange for installation funds, airports agree to install and operate shared CCTV cameras covering all areas of the airport, including checkpoints and baggage screening areas. The system provides for access to both TSA and the airport and is an additional security measure in addition to a theft deterrent.

Handling Administrative Claims

If a passenger believes that his or her property has been lost, damaged, or stolen due to TSA actions, they are encouraged to contact TSA as soon as possible. Although a claim may be filed within two years of the event, the earlier a claimant contacts TSA, the easier it will be to investigate and make a determination on the claim. Potential claimants can get information about filing claims from a number of sources, including the TSA Customer Contact Center (866-289-9673), TSA's public website (www.tsa.gov), and TSA's Claims Management website (www.tsaclaims.org). These resources can provide potential claimants with the information and forms necessary to file a claim.

Claims may be filed with TSA either by mail or by facsimile. To assist the public in filing a claim, TSA is developing an online claim submission option. Once a claim is received by TSA, it is entered into our Claims Management System and assigned to a claims examiner for investigation. The claimant will receive an acknowledgement letter with a control number once the claim has been entered. Claims are generally resolved within 90 days, although some complex claims may take longer to resolve. Allegations of wrongdoing by TSA employees are referred to TSA's Office of Inspection for appropriate handling. Claim status information is available from the TSA Claims Management website or by calling the Customer Contact Center.

TSA investigates and evaluates claims by verifying the underlying facts and contacting the claimant and other parties in possession of relevant information including airlines, origin-of-receipt stores, and airport personnel. TSA also inquires as to whether a police report has been filed. When an investigation is complete, TSA will approve the claim for full value, offer to settle the claim for reduced value, or deny the claim in its entirety. TSA's determination is made by a Delegated Authority Official (DAO), a TSA employee specially authorized to approve and pay claims, and determinations of negligence are based upon a preponderance of the evidence. A letter will be sent to the claimant informing them of TSA's decision.

If the claim has been approved or an offer of settlement has been made, the letter includes the additional forms necessary to settle and pay the claim. TSA has historically accepted or settled 47% of claims. When the necessary paperwork is returned, TSA pays the claim through the Department of Homeland Security. If a claim is denied in full, the passenger can seek reconsideration of the claim with TSA by providing additional

information, or the claimant can file a lawsuit in the appropriate United States District Court within six months of the date a denial letter was mailed. State and local small claims courts have no jurisdiction over claims against the Federal Government. To date, only 35 claims have resulted in Federal litigation. TSA also encourages passengers to contact their air carriers and review any applicable insurance coverage they may have.

TSA has been accepting claims for items lost or damaged in the screening process since we assumed responsibility for aviation security in February 2002. In that time, we have received approximately 84,000 claims, an average of approximately 25,600 claims per year or 2,100 new claims per month though calendar year 2005. In 2006, claims have fallen dramatically, with the number of claims during the first quarter of 2006 down by approximately 30% from the same time period a year ago to an average of approximately 1,800 claims per month. Checked baggage accounts for approximately 85% of claims volume. To date in Fiscal Year 2006, we have spent approximately $1.1 million to settle administrative claims. The average claim is settled for approximately $150.

Claims handling has also significantly improved. In March 2005, TSA initiated a push to eliminate a significant backlog of almost 20,000 claims filed with the agency. The backlog of claims was eliminated in July 2005, and claims are now generally resolved within 90 days.

Despite these improvements in claims handling, TSA remains concerned that the current system of separate airline and TSA claims can be confusing to passengers. While TSA and air carriers have cooperated to educate the public and by referring potential claimants to the proper process, TSA continues to encourage our air carrier partners to enter into a comprehensive agreement with us on checked baggage claims handling. Further simplification of the claims system would greatly improve the passenger experience.

Conclusion

Consistent with our mission to protect the Nation's transportation systems while facilitating the movement of people and commerce, TSA is working to ensure that our checked baggage screening measures leave as little footprint as possible. Reducing delay, damage, and losses remains a key goal in aviation security and customer service.

Thank you for the opportunity to testify today. I will be pleased to respond to questions.

OPENING STATEMENT OF
THE HONORABLE RUSS CARNAHAN (MO-03)
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
SUBCOMMITTEE ON AVIATION
U.S. HOUSE OF REPRESENTATIVES

Hearing on
Mishandled Baggage: Problems and Solutions

Wednesday, May 3, 2006, 10:00 AM
2167 Rayburn House Office Building

Mr. Chairman and Mr. Ranking Member, thank you for holding this subcommittee hearing today.

In recent years, the airline industry has faced strains from both increased conjestion in airports as more and more Americans opt to travel by flying and from increased security measures in our nation's airports as a result of September 11th. Consequently, our air traffic system has become subject to more delays, especially those caused from mishandled baggage. These delays are not only frustrating to passengers but also damaging to our economy at a cost estimated to be $2.5 billion per year worldwide to the airline industry.

By exploiting new processes and technology, hopefully we can relieve both the American public and economy of the inconvience and waste, while at the same time maintaining the high level of security necessary at our nation's airports.

I welcome the witnesses to our subcommittee today and look forward to hearing your testimony. Thank you.

STATEMENT OF THE
THE HONORABLE JERRY F. COSTELLO
MISHANDLED BAGGAGE: PROBLEMS AND SOLUTIONS
MAY 3, 2006

- I want to thank Chairman Mica for scheduling this hearing today regarding airline service issues, particularly the issue of lost, damaged or otherwise mishandled baggage.

- It has been widely reported that airlines, both foreign and domestic, collectively mishandled approximately 30 million bags out of 3 billion checked last year. In the U.S. alone, approximately 3.6 million bags were mishandled in 2005. Department of Transportation data indicate that mishandled baggage rates increased by 23 percent from 2004 to 2005.

- However, the current rate of mishandled baggage is only slightly higher than it was in 2000, the last peak travel year before September 11th, but far better than it was in 1988, the first full year that the mishandled baggage reporting was required.

- While these numbers are relatively low, mishandled baggage costs airlines and the federal government increasingly more money. It is my understanding that RFID technology is one possible way to improve baggage handling. In markets where mishandled baggage is a problem, adopting technologies such as RFID tagging and bag reconciliation systems to track baggage at various points throughout the bag's journey could mean fewer bags being handled manually and improved security. Further, upon full implementation, it has been estimated to save the aviation industry $760 million per year. I am pleased that Sam Podberesky from the DOT and John Meenan from the Air Transport Association are here today to discuss the trends in mishandled baggage, consumer complaints overall, and technology upgrades within the aviation industry.

- Since September 11th, the Transportation Security Administration (TSA) is the agency responsible for inspecting or otherwise handling checked baggage prior to the airlines boarding it on an aircraft. I welcome Charlotte Bryan from the TSA to discuss what that agency is doing to cut down on mishandled bags, as well as the process a passenger must go through if he or she discovers that a bag has been mishandled or pilfered.

- Mr. Chairman, thank you once again for holding this hearing and I look forward to the witness' testimony.

Opening Statement of Rep. Kenny Marchant
Committee on Transportation and Infrastructure
Aviation Subcommittee
Hearing on Mishandled Baggage: Problems and Solutions
May 3, 2006

Chairman Mica, thank you for calling this hearing today on a topic that hits very close to home for me. My District is centered around Dallas-Fort Worth International Airport and is also the home of the headquarters for American Airlines. The airport is the largest single employer in my District, directly accounting for over 16,000 jobs. That makes baggage handling problems a fairly big issue for my constituents.

I thought I would give the Committee a little insight into how things are done at the airport in my District. At DFW, most of the baggage handling systems are owned/leased and operated by the airlines. According to officials at the airport, recently, this trend has shifted somewhat. In Terminal D, American Airlines operates the majority of the baggage system, but the airport has kept control over the baggage system of the other airlines. In short, the model at DFW continues to evolve, but officials at the airport have made clear to me that the airport most likely will never want to get into the bag handling portion of the business. They believe, as I do, that the baggage handling business should remain the domain of the Airlines and TSA.

As has been mentioned before, the summer traveling season is upon us and along with a huge influx of baggage. I look forward to hearing the testimony of the witnesses and hope that they give some insight as to a solution.

STATEMENT OF THE
AIR TRANSPORT ASSOCIATION OF AMERICA, INC.
BEFORE THE
SUBCOMMITTEE ON AVIATION
OF THE COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE
OF THE U.S. HOUSE OF REPRESENTATIVES
CONCERNING CHECKED BAGGAGE HANDLING SERVICES
MAY 3, 2006

Mr. Chairman and members of the subcommittee: good morning. My name is John Meenan. I am the Executive Vice President of the Air Transport Association of America. I appreciate the opportunity to join you today to discuss checked baggage issues in the airline industry.

Airlines' first responsibility is to transport their passengers and crews safely. In doing so, they strive to respond effectively and efficiently to their customers' needs. This can be a challenge because of the complexity of airline operations and the industry's difficult financial environment. Nevertheless, airlines focus intensely on customer service issues.

The quality of baggage service is a very significant element of a passenger's air travel experience. Miscues in baggage handling frustrate customers and they remember those episodes; goodwill hangs in the balance and airlines understand that. The airline industry and individual airlines have worked for decades to simplify the acceptance of checked baggage, improve the reliability of handling baggage and speed its delivery to passengers at their destination airport.

Despite these ongoing efforts, mishaps occur:

- The inbound flight may arrive late at a connecting airport and not enough time may remain before the outbound flight departs to transfer the customer's baggage to that flight
- Required security measures may delay the transfer of baggage to the airline
- The airline may have inadvertently misrouted the baggage

Whatever the cause, each airline has well-established procedures to locate the mishandled luggage and, in the meantime, to handle any claim that the customer may have.

Handling baggage is above all a process. It involves both physical movement and data acquisition. Transportation of baggage is a series of sequential steps, from check-in at the origin airport to delivery at final destination, the interruption of any of which can delay delivery to the customer. There is complexity to this, which aviation security measures and flight delays exacerbate. Indeed, operational delays are the single most significant factor in mishandled baggage. Despite this, the Department of Transportation's most recent "Air Travel Consumer Report" – for April – indicates

that the 19 reporting airlines experienced a lower overall rate of mishandled baggage reports from consumers in February 2006 than they did in February 2005.

The airline industry has developed a wide range of procedures to facilitate the transportation of baggage. ATA, for example, annually publishes a manual that contains roughly 200 hundred pages of recommended baggage service procedures. They range from specifications about baggage messages that are transmitted between carriers to specifications that detail the design and content of bar-coded baggage tags. The International Air Transport Association has a similar publication that it also periodically revises and distributes.

These publications, along with the procedures that carriers individually have developed, reflect the industry's continuing attention to baggage handling. An important characteristic of handling checked baggage is that at critical points it relies on human intervention. The reliability issues that this interface creates have prompted airlines, over the years, to look for ways to introduce more automation into this environment.

A significant example of this has been the airline industry's early and heavy reliance on bar-code technology. Using this technology on baggage tags has made reading those tags and tracking baggage more reliable, which are important considerations in properly routing passengers' luggage. This has resulted in widespread reliance on bar-coding, which has required substantial carrier investments in hardware, software and procedures. Airlines continue to examine alternatives to bar-code technology but their economics, particularly RFID technology, do not at this time justify an industry-wide migration away from the substantial investment in bar-code technology.

Unfortunately, despite these efforts to improve baggage system reliability, baggage occasionally misses a connection or is misrouted. Because of this, airlines maintain baggage service offices in baggage claim areas at airports. When a passenger advises the staff at one of those offices that her or his checked baggage has not arrived, the airline begins its effort to locate the bag. Fairly frequently the delayed bag arrives on the next flight from the passenger's origin or connecting point. If it does not, however, on-line systems exist that trace and facilitate the recovery of delayed luggage. One system is WorldTracer, which is a joint venture of SITA and IATA.

Once the delayed baggage is located, the airline reunites it with the passenger. This often involves using a contractor to deliver the baggage to the passenger's home or hotel. If the recovery of the bag is not prompt, airlines typically provide some compensation to passengers so that they can buy essentials in the meantime.

If delayed baggage is not recovered – which does not happen often – or baggage is damaged or pilferage appears to have occurred, each airline has a claims processing system. Written claims, which include information about the particulars of the passenger's journey and the contents of the baggage, are required. An airline's claim

staff reviews the claim and, depending on its complexity, often resolves the claim within 30 to 60 days.

As with other common carriers, airlines are entitled to limit their liability for checked baggage. For domestic flights, Department of Transportation regulations (14 CFR Part 254) state that an airline cannot limit its liability for loss, delay or damage in the carriage of baggage to less than $2,800 per passenger. Every two years, DOT adjusts that amount, based on changes in the Consumer Price Index; it last revised the limitation in 2004. A passenger, however, has the ability at check-in to declare that her or his baggage has more value than the airline's liability limitation and to purchase insurance to cover that excess.

For international flights, baggage liability limitations are established in either the Montreal Convention or the Warsaw Convention. Both are multilateral aviation treaties that set forth passenger, baggage and cargo liability rules. To determine which treaty is applied in any given international journey, one looks to which treaty the countries involved in the journey have ratified. The Montreal Convention is the more modern of the two treaties. The United States has ratified it and the treaty came into effect in November of 2003. It provides for baggage liability of 1,000 special drawing rights or approximately $1,400 per passenger. Liability under the older Warsaw Convention is limited to $9.07 per pound.

To simplify passenger claims that arise from international flights, ATA passenger airlines have voluntarily drafted an inter-carrier agreement in which they have agreed to follow the rules of the more modern Montreal Convention. This means that they have pledged to adhere to Montreal's more generous baggage liability limits. The ATA inter-carrier agreement is awaiting DOT approval.

Uniform notices from airlines to passengers alert them to these liability limitations. Limitations are contained in each airline's contract of carriage, which are available on their Web sites. DOT regulations (14 CFR Part 253) describe the required contents of notices that inform passengers that contract terms have been incorporated into their tickets and their right to obtain access to them. Congress in 1982 enacted aviation legislation that specifically recognized such incorporation by reference.

We realize the importance and sensitivity of baggage handling issues. Airlines devote much time and effort to them, because of that recognition. Mishandled baggage situations can arise from a number of situations. One such circumstance is flight delays, which both government and industry must continue to work to ameliorate.

Thank you for your attention. I would be happy to answer any questions that you may have.

STATEMENT OF THE
THE HONORABLE JAMES L. OBERSTAR
MISHANDLED BAGGAGE: PROBLEMS AND SOLUTIONS
MAY 3, 2006

- I want to thank Chairman Mica and Ranking Member Costello for scheduling this hearing today regarding airline service issues, particularly the issue of lost, damaged or otherwise mishandled baggage. Prior to September 11th, this Committee held a series of hearings were held regarding passengers who had, in some way, been subject to mistreatment by the airlines.

- Those hearings and other passenger rights efforts ultimately resulted in Customer Service Commitments by Air Transport Association air carriers. Not surprisingly, now that air traffic is back to pre-September 11th levels, and expected to reach 1 billion by the year 2015, we are again hearing that consumer complaints are on the rise.

- It has been widely reported that airlines, both foreign and domestic, collectively mishandled approximately 30 million bags out of 3 billion checked last year. In the U.S. alone, approximately 3.6 million bags were mishandled in 2005. Department of Transportation data indicate that mishandled baggage rates increased by 23 percent from 2004 to 2005.

- However, the current rate of mishandled baggage is only slightly higher than it was in 2000, the last peak travel year before September 11th, but far better than it was in 1988, the first full year that the mishandled baggage reporting was required. I am pleased that Sam Podberesky from the DOT is here today to discuss the trends in mishandled baggage, and consumer complaints overall.

- Since September 11th, the Transportation Security Administration (TSA) is the agency responsible for inspecting or otherwise handling checked baggage prior to the airlines boarding it on the aircraft. According to SITA, a cooperative venture owned by the air transport industry that, along with the International Air Transport Association, developed a system for tracing lost baggage, security caused only a small percentage of baggage delays in 2005. Nonetheless, I welcome Charlotte Bryan from the TSA to discuss what that agency is doing to cut down on mishandled bags, as well as the process a passenger must go through if he or she discovers that a bag has been mishandled or pilfered.

- SITA also reports that approximately 61% of all baggage delays are caused by transfer bag mishandling; that is, when a bag takes longer to reach a connecting flight than its owner. The Air Transport Association, represented by John Meenan, is here today to discuss what the airlines are doing to ensure that connecting baggage reaches its destination in a timely manner.

- Mr. Chairman, thank you once again for holding this hearing and I look forward to the witness' testimony.

Statement of Samuel Podberesky
Assistant General Counsel for Aviation Enforcement and Proceedings
U.S. Department of Transportation
before the
Subcommittee on Aviation
House Committee on Transportation & Infrastructure

May 3, 2006

Mr. Chairman and members of the Subcommittee on Aviation, my name is Samuel Podberesky and I am the Assistant General Counsel for Aviation Enforcement and Proceedings of the U.S. Department of Transportation. I am pleased to be able to appear before you to comment on airline mishandled baggage.

Some background on the functions of my office may be useful to the subcommittee in understanding our involvement with baggage issues. Our first priority is to enforce DOT's aviation requirements with the exception of those dealing with safety and operational issues that are under the purview of the Federal Aviation Administration. Among the areas that my office monitors is airline compliance with civil rights, consumer protection, and economic licensing requirements. The office also includes the Department's Aviation Consumer Protection Division and the principal function of that division is to process complaints received from the public about airline service. It also publishes information to assist air passengers including a fact sheet on baggage containing tips, a brochure titled "Fly-Rights" with a chapter on baggage advice, and a monthly Air Travel Consumer Report that contains useful information for consumers on flight delays, complaints (including complaints to DOT about baggage service), mishandled-baggage reports filed with airlines by passengers, and oversales. Pursuant to 49 U.S.C. §329(e), the report also includes data provided by the Transportation Security Administration regarding

aviation-related complaints that agency receives concerning personal property and claims it receives regarding lost or damaged baggage.

With respect to baggage issues, there are two Department rules that specifically address airline mishandled baggage: 14 CFR Part 234, which requires reporting of mishandled baggage by each large carrier; and 14 CFR Part 254, which sets minimum liability limits for lost, stolen, damaged or delayed baggage in domestic service.

Under the first of these rules, Part 234, each U.S. air carrier that accounts for at least one percent of total domestic scheduled-service revenues is required to report to DOT monthly on the number of its domestic enplanements and the number of mishandled baggage reports that have been filed with the carrier by its passengers. The Department also receives complaints about baggage problems directly from consumers. These communications could complain about mishandled bags or about the way carriers are responding to baggage-related monetary claims. As mentioned earlier, both types of information — reports from carriers to DOT on the number of mishandled bags and complaints from consumers to DOT about baggage problems — are summarized in our office's monthly Air Travel Consumer Report. Consumers can use this information to help make their travel purchase decisions.

Under the other rule that I mentioned, Part 254, the Department sets a floor on the liability limit that carriers may assert for lost, stolen, damaged or delayed baggage, so that the airlines' limits will not be unreasonably low. The current "minimum limit" is $2,800 per passenger. Part 254 also requires that the Department review the amount of the domestic liability limit every two

years and make adjustments to the amount to reflect inflation, if necessary, according to a formula set out in the rule. The next possible increase is scheduled for September of this year and is likely to be in the amount of $100, which would bring the new minimum limit to $2,900 per passenger. Maintaining a reasonable liability limit in this fashion is an incentive for air carriers to minimize the incidence of baggage mishandling.

It should be noted that the minimum liability limit in Part 254 applies only to domestic travel. For international travel, passenger baggage liability limits are generally governed by Article 22.2 of the 1999 Montreal Convention. This treaty limits international baggage liability to 1000 Special Drawing Rights per passenger. The value of the Special Drawing Right, or SDR, floats; 1,000 SDR's currently equals about $1,460.

In the case of both domestic and international travel it is important to note that passengers can generally purchase excess valuation coverage from the airline, which will raise the carrier's liability limit. Some passengers also have supplemental baggage coverage through their homeowner's insurance, travel insurance, or the credit card that they used to purchase their airline ticket.

I would next like to briefly discuss the baggage data we have gleaned from our Air Travel Consumer Report which may show possible trends in how carriers are handling baggage. Table 1, which is attached, examines yearly data since 2000, which was the last full year before September 11, 2001. After the events of September 11, traffic levels declined and so did the number of mishandled-baggage reports filed by passengers with airlines. The calendar-year rate

of these reports by passengers declined from 5.29 reports per 1,000 passengers in 2000 to 4.55 such reports per 1,000 passengers in 2001. In 2002 — the first full year after September 11 — this rate declined again to 3.84 passenger reports per 1,000 passengers. Since 2002, with the recovery in air traffic, the number and rate of mishandled-baggage reports filed by passengers has risen. The rate of such reports per 1,000 passengers increased from 3.84 per 1,000 passengers in 2002 to 6.04 per 1,000 passengers in 2005. However, as is also shown in Table 1, even this recent rate of 6.04 reports per 1,000 passengers is 31% lower than the comparable figure for 1988, the first full year that these data were collected.

Table 2, which is also attached, is a tabulation of mishandled-baggage reports filed by passengers with carriers for the most recent quarter — the first quarter of 2006. Comparative data for the first quarter of 2005 and the first quarter of 2004 are also presented. This table shows that there were 42,000 fewer passenger reports of mishandled bags in the most recent quarter than a year earlier, and the rate of such reports per 1,000 passengers declined from 6.72 per 1,000 passengers in the first quarter of 2005 to 6.24 per 1,000 passengers in the first quarter of 2006. The data for the individual months in the first quarter of 2006 show that the rate of passenger reports per 1,000 passengers has declined steadily throughout the quarter — from 6.92 in January to 6.08 in February to 5.81 in the most recent available month, March 2006.

As noted in Table 1, the number of air carriers required to file mishandled-baggage data with the Department has varied over the period covered by that Table. For example, ten carriers reported these data in 2000, but by 2005 nineteen airlines did so. We compared the data for 2000 — the last full year before 9/11 — to the most recent year, 2005, for the nine carriers that appeared in

both reports. The results appear in Table 3. While the rate of mishandled-baggage reports per 1,000 passengers for all reporting carriers increased from 5.29 to 6.04 reports per 1,000 passengers between 2000 and 2005 as shown in Table 1, the corresponding increase for the nine airlines that appeared in both reports was only from 5.25 to 5.54 as shown in Table 3. And, as I will discuss later, the performance of one carrier alone could be viewed as having caused the latter increase.

Some of the same trends are also observable in the complaints received by the Department directly from consumers (letters, e-mails and phone calls). As shown in Table 1, the absolute number of consumer complaints to DOT about baggage problems and the rate of such complaints per 1 million passengers declined in every year from 2000 through 2003. Since 2004 the number and rate of these complaints has begun to increase, but even the most recent figures are lower than the number and rate of baggage complaints for 2000, and are much lower than for 1988, which, as I mentioned earlier, was the year that the Department began requiring carriers to file mishandled-baggage reports.

There may be a relationship between on-time performance and the rate of mishandled-baggage reports per 1,000 passengers. As shown in Table 4, systemwide on-time performance for the carriers that report this information improved nearly five percentage points from 2000 to 2001 and nearly another five points from 2001 to 2002. This may have been partially due to the falloff in traffic immediately following 9/11. During that same period, 2000 to 2002, the rate of mishandled-baggage reports per 1,000 passengers declined 27%, from 5.29 to 3.84. Between 2003 and 2005 passenger volume began to recover and 660,000 annual departures were added to

carrier schedules. During the 2003-2005 period, on-time performance declined from 82.0% to 77.4% and the rate of mishandled-baggage reports per 1,000 passengers rose from 4.19 to 6.04.

In addition to the increase in the number of passengers reflected in the enplanement figures in Table 1, recent increases in mishandled-baggage reports and consumer complaints about baggage may result in part from the particular difficulties experienced by US Airways and Comair during the December holiday period of 2004. Complaints stemming from events in this period would affect data from both late 2004 and early 2005. In December 2004, for example, 42 percent of all baggage-related consumer complaints received by the Department had to do with US Airways. The number of mishandled-baggage reports filed by passengers with US Airways increased from 18,580 in November 2004 to 53,017 in December 2004 and was still at 41,643 in January 2005. One-time anomalies are not likely to be repeated on a regular basis. However, US Airways' baggage handling problems continued well into 2005 and may have reflected labor issues. In this regard, it should be noted that if US Airways is removed from Table 3, the change in the rate of mishandled baggage between 2000 and 2005 for the group of carriers that reported in both those years goes from a slight increase to a slight decrease. Put more simply, as a group American, Delta, United, Southwest, Northwest, Continental, America West and Alaska Airlines had fewer domestic mishandled-baggage reports in 2005 than they did in 2000.

We would also observe that there is significant variation among carriers' baggage data based on the nature of their operations. Table 5 shows this clearly. For example, in 2005 the rate for Hawaiian Airlines, with the best record among the reporting carriers, was 2.9 passenger reports per 1,000 passengers, while the rate for Atlantic Southeast Airlines, with the worst record in the

group, was 17.4. Carriers like Hawaiian with limited interlining, few or no commuter-carrier affiliates, and smaller route systems generally have lower mishandled-baggage rates. Larger carriers with extensive hub-and-spoke networks and numerous connections — and the regional partners of such carriers — tend to have higher rates of baggage problems, since many baggage delays and losses appear to occur during connections.

In conclusion, although there can be variations over time and among carriers in baggage-handling performance, the data available to us do not appear to point to a systemic problem at this time.

I would be happy to take your questions.

Table 1

DOT Data on Mishandled Baggage
1988, and 2000 through 2005*

Mishandled-baggage reports filed by passengers with airlines[1] **(Large U.S. carriers)[2]**				**Consumer complaints to DOT about baggage[3]**			
Year	Number of reporting carriers	Reports by passengers	Reports per 1,000 passengers	Baggage complaints (All carriers)	Baggage complaints as % of all complaints (All carriers)	Enplanements (All U.S. carriers)	Baggage complaints per milllion enplanements (All carriers)[4]
1988	13	2,981,893	8.80	4,487	18.8%	463,124,000	9.7
2000	10	2,738,463	5.29	3,468	14.8%	674,251,000	5.1
2001	11	2,221,303	4.55	2,490	15.1%	629,278,000	4.0
2002	10	1,808,977	3.84	1,421	15.0%	621,729,000	2.3
2003	17	2,198,934	4.19	1,078	18.0%	656,901,000	1.6
2004	19	2,822,206	4.91	1,428	19.1%	714,134,000	2.0
2005	19	3,562,132	6.04	2,035	23.3%	747,337,000	2.7

* 1988 was the first full calendar year for which the mishandled-baggage reports were filed by carriers.

2000 was the last calendar year before September 11, 2001, after which traffic levels and mishandled-baggage rates declined.

2005 is the latest calendar year.

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[1] Authority: 14 CFR 234.6. Data source: DOT's monthly Air Travel Consumer Report.

[2] As used here, "Large U.S. carriers" are U.S. carriers that are required to report data for DOT's monthly Air Travel Consumer Report. These are U.S. carriers that account for at least 1% of total domestic scheduled-service passenger revenues. The number of such carriers for a given year in this table is shown in the second column.

[3] Data source: C-75 consumer complaint database, as published in DOT's monthly Air Travel Consumer Report

[4] The data in this column reflect a slighly high approximation of the actual figures since the enplanement data used to calculate the rates presented do not include enplanement data for foreign carriers and very small U.S. carriers whereas the complaint totals used are for all carriers.

Table 2

Mishandled-baggage reports filed by passengers with airlines[5]

(Large U.S. carriers)[6]: First quarter 2004/2005/2006

QUARTER	TOTAL BAGGAGE REPORTS	ENPLANED PASSENGERS	REPORTS PER 1,000 PASSENGERS
First quarter 2006	890,625	142,663,697	**6.24**
First quarter 2005	932,648	138,695,969	**6.72**
First quarter 2004	648,348	131,824,018	**4.92**

Mishandled-baggage reports filed by passengers with airlines

(Large U.S. carriers): Jan/Feb./March 2006

QUARTER	TOTAL BAGGAGE REPORTS	ENPLANED PASSENGERS	REPORTS PER 1,000 PASSENGERS
January 2006	313,992	45,399,554	**6.92**
February 2006	265,610	43,696,822	**6.08**
March 2006	311,023	53,567,321	**5.81**

[5] Authority: 14 CFR 234.6. Data source: DOT's monthly Air Travel Consumer Report.

[6] As used here, "Large U.S. carriers" are U.S. carriers that are required to report data for DOT's monthly Air Travel Consumer Report. These are U.S. carriers that account for at least 1% of total domestic scheduled-service passenger revenues. The number of such carriers for a given year in this table is shown in the second column.

Table 3

Mishandled-Baggage Reports Filed With Carriers By Passengers
"Same Carriers" Comparison, 2000 vs. 2005

JANUARY TO DECEMBER 2000

AIRLINE (Rank order)	TOTAL BAGGAGE REPORTS	ENPLANED PASSENGERS	REPORTS PER 1,000 PASSENGERS
ALASKA AIRLINES	41,331	11,875,197	**3.48**
DELTA AIR LINES	454,730	101,207,498	**4.49**
US AIRWAYS	273,327	57,477,496	**4.76**
SOUTHWEST AIRLINES	362,666	72,568,342	**5.00**
NORTHWEST AIRLINES	254,767	48,573,356	**5.24**
CONTINENTAL AIRLINES	196,332	36,695,355	**5.35**
AMERICAN AIRLINES	382,986	69,678,100	**5.50**
UNITED AIRLINES	489,138	74,450,897	**6.57**
AMERICA WEST AIRLINES	128,783	19,456,960	**6.62**
TOTALS	2,584,060	491,983,201	**5.25**

JANUARY - DECEMBER 2005

AIRLINE (Rank order)	TOTAL BAGGAGE REPORTS	ENPLANED PASSENGERS	REPORTS PER 1,000 PASSENGERS
CONTINENTAL AIRLINES	143,513	34,823,740	**4.12**
SOUTHWEST AIRLINES	383,240	90,241,630	**4.25**
UNITED AIRLINES	248,803	58,187,505	**4.28**
AMERICA WEST AIRLINES	93,499	21,586,600	**4.33**
NORTHWEST AIRLINES	232,929	47,957,408	**4.86**
ALASKA AIRLINES	76,705	15,237,761	**5.03**
AMERICAN AIRLINES	476,575	80,532,985	**5.92**
DELTA AIR LINES	573,419	80,907,360	**7.09**
US AIRWAYS	358,782	37,311,721	**9.62**
TOTALS	2,587,465	466,786,710	**5.54**

Source: DOT's monthly Air Travel Consumer Report

Table 4

On-Time Performace vs. Mishandled-Baggage rate

Year	On-Time Peformance	Mishandled-Baggage Reports per 1,000 Passengers
2000	72.6%	5.29
2001	77.4%	4.55
2002	82.1%	3.84
2003	82.0%	4.19
2004	78.1%	4.91
2005	77.4%	6.04

Source: DOT's monthly Air Travel Consumer Report

Table 5

JANUARY—DECEMBER 2005
MISHANDLED BAGGAGE REPORTS FILED BY PASSENGERS
U.S. AIRLINES

JANUARY - DECEMBER 2005

RANK	AIRLINE	TOTAL BAGGAGE REPORTS	ENPLANED PASSENGERS	REPORTS PER 1,000 PASSENGERS
1	HAWAIIAN AIRLINES	17,508	5,928,173	**2.95**
2	AIRTRAN AIRWAYS	58,706	17,012,455	**3.45**
3	INDEPENDENCE AIR	19,380	5,476,518	**3.54**
4	JETBLUE AIRWAYS	60,426	14,873,839	**4.06**
5	ATA AIRLINES	21,487	5,279,135	**4.07**
6	CONTINENTAL AIRLINES	143,513	34,823,740	**4.12**
7	SOUTHWEST AIRLINES	383,240	90,241,630	**4.25**
8	UNITED AIRLINES	248,803	58,187,505	**4.28**
9	AMERICA WEST AIRLINES	93,499	21,586,600	**4.33**
10	NORTHWEST AIRLINES	232,929	47,957,408	**4.86**
11	ALASKA AIRLINES	76,705	15,237,761	**5.03**
12	AMERICAN AIRLINES	476,575	80,532,985	**5.92**
13	EXPRESSJET AIRLINES	96,834	14,683,265	**6.59**
14	DELTA AIR LINES	573,419	80,907,360	**7.09**
15	US AIRWAYS	358,782	37,311,721	**9.62**
16	SKYWEST AIRLINES	169,974	16,889,452	**10.06**
17	AMERICAN EAGLE AIRLINES	180,065	17,568,517	**10.25**
18	COMAIR	141,919	13,206,051	**10.75**
19	ATLANTIC SOUTHEAST AIRLINES	208,368	11,970,537	**17.41**
	TOTALS	3,562,132	589,674,652	**6.04**

For simplicity, statistics are displayed to two decimal places. Actual ranking order is based on our computer carrying out the number of decimal places to nine.

TOTAL BAGGAGE REPORTS—For the domestic system only. These are passenger reports of mishandled baggage, including those that did not subsequently result in claims for compensation.
ENPLANED PASSENGERS—For the domestic system only.

Source: Air Travel Consumer Report, February 2006

STATEMENT of Rep. JON PORTER (R-NV)
House Transportation and Infrastructure Committee
Subcommittee on Aviation
May 3, 2006

Mr. Chairman, I thank you for holding this hearing today on mishandled baggage: problems and solutions.

Southern Nevada is home to McCarran International Airport, which is ranked, as the 11th busiest airport in the world and the 5th in the United States. About 50 million passengers pass through the airport each year, traveling to Las Vegas and other locations. McCarran is also ranked 7th in the world for aircraft movements with over 540,000 takeoffs and landings a year. With over 1.6 million pieces of luggage moving through the airport each month and much more expected in the years ahead, today's hearing will provide valuable information as we prepare for this increase and address areas of concern.

McCarran International Airport is also home to one the countries first Radio Frequency Identification (RFID) modules, in which the Transportation Security Administration (TSA) uses this impressive technology to scan, track, and process checked passenger baggage. McCarran is currently working with TSA to build six additional RFID modules to ensure efficient and effective baggage security screening for all of McCarran's major air carriers. A byproduct of the RFID modular system is the anticipated decrease in mishandled bags and the associated cost of lost and damaged baggage replacement.

According to TSA, the RFID system tracks luggage through the process and allows TSA personal to check where an item is as it moves through the system using a serial number attached to it. This technology will aid TSA in determining weather a particular bag was mishandled while moving through the RFID system.

According to the Department of Transportation (DOT), the agency responsible for maintaining statistics on mishandled baggage, 590 million pieces of baggage moved through the United States in 2005 with 3.5 million complaints filed for mishandled baggage. These statistics cover 19 carriers that report data to the DOT and reflect the need for greater emphases and exploration into the options available to address mishandled baggage in our nation's airports.

I am extremely interested in hearing the comments from my fellow subcommittee members as well as the testimony from the witnesses. I yield back.

DAVID G. REICHERT
8TH DISTRICT, WASHINGTON

COMMITTEE ON
TRANSPORTATION

COMMITTEE ON
HOMELAND SECURITY

COMMITTEE ON SCIENCE

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House of Representatives
Washington, DC 20515–4708

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May 5, 2006

The Honorable John L. Mica
Chairman
Subcommittee on Aviation
Committee on Transportation and Infrastructure
U.S. House of Representatives
2251 Rayburn House Office Building
Washington, DC 20515

The Honorable Jerry F. Costello
Ranking Member
Subcommittee on Aviation
Committee on Transportation and Infrastructure
U.S. House of Representatives
2251 Rayburn House Office Building
Washington, DC 20515

Re: Hearing – "Mishandled Baggage: Problems and Solutions"

Dear Chairman Mica and Ranking Member Costello:

I am writing following up on communications that Mark Forstrom of my office has had with Andrew Forbes. Enclosed is a letter and supporting materials submitted by Bennett and Debra Healy detailing their experiences with Alaska Airlines and it baggage handlers and with the Transportation Safety Administration. I would appreciate the Subcommittee considering this material in connection with the hearing entitled "Mishandled Baggage: Problems and Solutions."

Thank you in advance for your consideration. Please let me know if you need any additional information.

Very truly yours,

D. Reichert

DAVID G. REICHERT
Member of Congress

Enc.
Cc:

PRINTED ON RECYCLED PAPER

BENNETT AND DEBRA HEALY
P.O. Box 4156
Hailey, ID 83333

May 4, 2006

The Honorable John L. Mica
Chairman
Subcommittee on Aviation
Committee on Transportation and Infrastructure
U.S. House of Representatives
2251 Rayburn House Office Building
Washington, DC 20515

The Honorable Jerry F. Costello
Ranking Member
Subcommittee on Aviation
Committee on Transportation and Infrastructure
U.S. House of Representatives
2251 Rayburn House Office Building
Washington, DC 20515

Re: Hearing – "Mishandled Baggage: Problems and Solutions"

Dear Chairman Mica and Ranking Member Costello:

We are writing to protest the current transportation law that essentially gives the airlines, baggage handlers and the Transportation Safety Administration's "license to steal from the public."

Last month our family traveled on a non-stop flight (Alaska Airlines) from Seattle to Hailey, Idaho. Our 12 year-old son and his dad carefully packed his electronic games, controllers, and console and then checked his bag at the ticket counter with an Alaska employee. Upon our arrival in Hailey 1 1/2 hours later we immediately discovered that his XBOX, three remote controllers and sixteen games, valued at $769.00, were stolen from his luggage. We spoke with Alaska Airlines and TSA before we left the airport in hopes of apprehending the thief while that person was still on shift. There was no effort to contact SeaTac airport to look into it at that time. We followed up with paperwork and claims to both Alaska Airlines and TSA, only to have our claims for reimbursement denied. (See attached)

We are outraged, to say the least, and our son is extremely upset by the whole thing. Most of the electronics and games he paid for himself by doing extra chores and saving his allowance. Evidently, he is out $769.00, which is criminal in our opinion. We have been instructed to claim the loss on our homeowner's policy. That opens another can of beans. First of all, there's a deductible to pay. In addition, it takes very few claims before homeowners insurance companies are ready to raise your rates and/or cancel you altogether.

We understand the travel industry has forever changed since September 11, but does this change include a ***license to steal*** from helpless and trusting travelers? Statistics are indicating that theft has sky-rocketed. There has recently been a sting operation at Seattle-Tacoma airport that uncovered significant theft by the baggage handlers. In Hailey, Idaho last month a TSA employee was apprehended for child abduction. Since this incident has occurred, we have heard many horror stories from other people about their own theft problems. There are obvious flaws in a situation where the effort to increase security results in a loss of it. Air travel has become a crap shoot with regard to getting one's personal belongings delivered as "promised" by the airlines? Why do the airlines and/or TSA only cover clothing and toiletries, and not electronic items? Why is there a difference, especially when it is obvious that their employees want to steal the expensive items and not someone's T-shirts? At the very least, **why aren't they advertising that they have theft problems, making that clear upon check-in and letting the travelers know what items will not be covered?** Small print is hardly a responsible way to get that across. The situation is a no-win scenario since we can't lock our luggage and we are instructed to keep the carry-on items to a minimum.

Changes need to be made immediately. Alaska Airlines, TSA or the baggage handlers owes our son $769.00, and he needs to be reimbursed for that. Supervision of the baggage handling staff needs to be increased in an effort to apprehend, and prosecute the thieves. If it is that easy for baggage handlers to move that much bulk in and out of the airport, why aren't they going through security instead of us!! It would seem obvious that you are allowing the wrong people to be hired and not ensuring security on the inside.

The consumer has no choice but to rely on the airlines, and your legislation and obviously neither deserve to be trusted. We have written to all our state representatives, the Attorney General and this week we submitted the claim in small claims court. Presently you, the law makers have set up a scenario that protects the corporations and government contractors but not the public. Aren't you elected by the public to protect us?

We make an appeal for justice in our own case as well as for all travelers.

Sincerely,

/s/

Bennett and Debra Healy

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Horizon Air

February 14, 2006

Ms. Debra Healy
112 South Creek
Hailey, ID 83333

Re: File Locator SJANIV-P

Dear Ms. Healy:

Thank you for contacting us regarding the personal property missing from your baggage checked on a Horizon Air flight. Please accept my sincere apology for this incident and the resulting inconvenience. If you have not done so, we encourage you to file a police report with your local law enforcement office.

Regretfully, the air carrier's liability does not include personal electronic devices such as video games, game cartridges and related components contained within checked luggage, so we will be unable to reimburse you for your missing items. Enclosed for your review is a copy of our Domestic General Rules Tariff that is on file with the U. S. Department of transportation. Claims for the loss of such items should be sought through your private personal property insurance.

If you have other questions or concerns, please contact me. We look forward to serving you again, under more pleasant circumstances.

Sincerely,

Pat Brown

Pat Brown /ds
Central Baggage Service
(206) 392-6580

Enclosure

Horizon Air

April 20, 2006

Mr. Bennett Healy
8314 208th Ave NE
Redmond, WA 98053

RE: SJANIV
DOT Case#: CC2006-04-0001
AG Case#: SEA -249562

Dear Mr. Healy,

Please accept my apology for your experience on a recent Horizon Air flight. This is not an example of the service we strive to provide our customers. I realize this is more than a monetary loss and apologize for the inconvenience.

Horizon Air, along with all other domestic carriers, is governed by a set of rules called tariffs. These tariffs are on file with and approved by the Department of Transportation. When a ticket is purchased, you are agreeing to the conditions of these rules. One of the conditions you agreed to include exclusions of liability from loss, theft, damage or delay in the delivery of valuable items contained in your luggage, in this instance, a Xbox, games and components.

This tariff is available on our website (www.alaskaair.com), listed in ticket jackets at the airport, referenced during the ticketing process on-line and provided to all travel agencies. When traveling under the benefits on an employee, the same limitations apply and it is the responsibility of the employee to inform you of any applicable rules. Per your request I have reevaluated your claim for reimbursement on items missing from your bag. We must remain consistent with all internal claims and the airline industry standard by denying your claim of loss of high value items.

I know this is not the resolution you hoped to achieve. This is Alaska Airlines final investigation into your claim and we cannot offer any further consideration for settlement.

Thank you for your patience in researching your claim

Sincerely,

Josh Campbell
Supervisor, Central Baggage Service
Alaska Airlines/Horizon Air

Claims Management Office
Transportation Security Administration
Arlington, VA 22202

Transportation Security Administration

March 13, 2006

Mrs. Debra Healy
112 S. Creek

Hailey, ID 83333
US

Re: TSA Control Number: **2006030102333**

Dear Claimant:

We have reviewed your claim under the Federal Torts Claim Act (FTCA), and the Transportation Security Administration (TSA) regrets to inform you that your claim is denied. TSA is precluded from paying claims where the claimed loss was not the result of the negligence or wrongful act of its employees. This letter constitutes final administrative action on your claim against the United States.

If you are dissatisfied with the action taken on your FTCA claim, you may file suit in the appropriate U.S. District Court no later than six months after the date this letter was mailed. This information is not intended to imply that any such suit would be successful.

Should you have any questions, you may reach us by fax at (571) 227-1904, or by e-mail at TSAClaimsOffice@dhs.gov. We hope you have a better experience the next time you fly and we continually encourage passengers to communicate to TSA any challenges they encounter when traveling.

Yours sincerely,

Nicholas A. Panuzio
Director, Claims Management Office
Transportation Security Administration