

A. SUPPORTING STATEMENT

14 CFR Part 241 Origin and Destination (O&D) Survey

14 CFR Part 241 Section 19.8 will be added to read as follows:

A. Justification

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

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

The current Passenger Origin and Destination (O&D) Survey data collection, as outlined in 14 CFR Part 241 § 19-7, with an effective date of 01/01/1998¹, collects 10% of revenue airline carrier passenger tickets moving in whole or in part on domestic and/or international scheduled air carrier services each quarter. The O&D data are reported by Large Certificated airline carriers that operate scheduled passenger service with aircraft of greater than or equal to 61 seats and/or operate an international route from the United States to a foreign country.

Carriers that report O&D data are known as reporting carriers. There are currently 21 reporting carriers. Data reported are single flight revenue passenger tickets with a ticket sequence number ending in “0” (zero). Revenue passenger ticket sequence numbers are unique numbers generated by the reservation system when sold to the passenger for travel. For air carriers without a ticketing numbering system, an alternative internal management control system has been set up and is being used per approval of the Office of Airline Information and Statistics (OAI) Director. Essentially, 1 out of every 10 passenger tickets collected by the reporting carriers are reported in the O&D data. Throughout the years of collecting and analyzing the data, there has been an underlying business need and desire to make the O&D data product better – better for the Department, better for the Government, better for the air carriers and better for the traveling passengers.

As defined in the Notice of Proposed Rule Making and Section 19-8 (89 FR24851 of January 19, 2019 Ex.) of the Department’s Economic Regulations (14 CFR §241), the data collection procedures will become a 40% sampling of revenue passenger tickets. The reporting period will be monthly. The reporting carriers will include *all* Certificated Air carriers, including Small Certificate and Commuter Air Carriers, that conduct scheduled passenger services (*please see Appendix D for definitions*). Single flight revenue passenger tickets ending with a serial number ending of 0(zero), 2(two), 7(seven), 9(nine) will be reported in the data collection. For air carriers without a ticket numbering system, an alternative internal

¹ Please see *Appendix A* for Collection History

management control system can be used based on sampling data being provided to the OAI and then, approval from the OAI Director. Essentially, 4 out of every 10 passenger tickets will be collected by the reporting carriers and reported in the O&D data (*please see Appendix B for further details on the reporting requirements*). The new collection procedures will make the O&D data product better, as further discussed below.

Justifying the Change

When the rules for the O&D data were established under Section 19.7, the data collection provided the best and reasonably obtainable measure of passenger aviation activity. In the intervening years, changes in airline business models and accounting practices were not reflected in the DOT's measurement methodology, causing it to become outdated. The misalignment between the rules for reporting the information and current accounting practices generally requires human intervention to reconcile such differences and prevents reporting carriers from fully automating the system of data collection. Previous DOT efforts to make this data useful and accurate by repairing data inaccuracies proved burdensome and cost prohibitive.

The way the airline industry markets and delivers air transportation services to the public changed notably following the Airline Deregulation Act of 1978¹. This Act enabled airlines to set their own fares, flight frequencies, and route structure. The current rules for collection of information were specifically designed to measure the rather static air travel industry of the 1960s, when fares and flight frequencies were set by the government and tended to be from a single point to a single point. The O&D data rules do not reflect the increasingly dynamic and complex business practices that have emerged since deregulation, including the development of hub-and-spoke systems, frequent flier programs, revenue management systems, Internet distribution of tickets, and other industry-transforming innovations.

Due to changes in technology and the airline industry since 1968, there is a compelling need to improve the quality of the data generated in the O&D data to reflect the best, reasonably obtainable scientific and economic information available. In 19.8, new data elements will be added. Several existing data elements from the current collection will appear in the new collection (*please see Appendix C*).

Before the new proposed rule was written, the Department identified the need to change and increase the number of passenger tickets collected. Other measures identified were the removal of the obstacles that prevented full automation of the reporting of the O&D data by aligning it with current airline passenger accounting practices and the enhanced accuracy and usefulness of the DOT's collection of aviation traffic data.

The proposed 19.8 rule enables the DOT to increase the frequency of data dissemination, the sample size from which the data are pulled, and the number of data elements reported, without imposing additional costs on reporting carriers. Through reduced human

¹ Public Law 95-504

intervention in submitting the O&D data, significant cost reductions can be experienced by the reporting carriers, including the elimination of reporting for several carriers that currently submit data because of current and outdated collection requirements. Automation improvements and development in the processing of O&D data since the beginning of the collection of 19.7 will allow for monthly publication of the data, tripling the rate that the current system publishes the data.

Further benefits of the new collection are (1) Easier to determine monthly trends, (2) The reporting of time in hours, known as dwell time, that a passenger waits between the arrival on one flight at an airport and their departure on another flight from the same airport (with the knowing of where the passenger is changing planes and where the passenger is ending each one-way trip, which is consistent with industry practice), (3) The sample size is increasing to more reliably measure travel to small and rural airport markets. The reporting of a larger sample size to capture small and rural markets with the statistically significant equivalence of larger markets reduces the cost of making manual statistical adjustments to the data available for the analysis of small markets, (4) This new collection provides separate reporting of fees and tax amounts collected by non-air carrier entities from the fare reported, clarifying the fare amount collected by the Issuing Carrier and (5) While the new rule does require carriers who previously did not submit data to begin to submit data, advances in revenue accounting practices used by most carriers who provide scheduled passenger service will find that the collation and submission of the O&D data provides a minimal burden in addition to current data submissions, such as the Schedule T-100 traffic and Form 41 financial datasets.

Every passenger ticket contains at least one flight coupon, known as a flight coupon stage. If there are multiple stops in an itinerary, a passenger will have multiple flight coupon stages. Each coupon will have a year and month of travel. In the new collection, the year and month of each coupon will be reported. This will provide great benefit as it reduces the cost and complexity of determining market trends that are not discernable inside the quarterly data reports. It will also allow better cross-validation to other data sets such as the T-100 Traffic, which is a monthly collection.

The current 19.7 collection requires the reporting carrier to identify both the operating and marketing air carriers on each flight coupon stage because of widespread code-sharing operations. Code sharing is where one carrier operates a service under the name and marketing code of another air carrier. Congress continues to urge the DOT to analyze more thoroughly the effects of international code sharing on air transportation and on U.S. air carriers. In the United States, regional carrier service has become a significant component to the carriers' business model. Service to small communities can also be affected by code sharing, creating a need for DOT to monitor the impact on the communities from code-share services. In 19.8, this same requirement will apply.

The providers of the data, the air carriers, have agreed to this new percentage and state that it is reasonable and statistically significant to capture and send what the DOT is not receiving under the current program. These improvements will provide air carriers real and

measurable increases in data utility with substantial reductions in the cost of using this data. Additionally, industry-related entities such as airports, manufacturers, researchers and investors cite the O&D data as one of the most critical datasets used to formulate short and long-term plans and forecast aviation industry trends. These entities will enjoy the same benefits as the air carriers, which will reduce the cost of providing their goods and services to the marketplace.

The new requirements regarding the 40% data collection will be applicable to tickets collected starting March 1, 2021. The expanded information collection by this new rule will allow the Department to collect, analyze and release more data. The Department will publish this additional data to allow the public to have a more complete view of the passenger's travels by all carriers.

External Organizations

DOT worked with representatives of the aviation industry trade association Airlines for America (A4A) to determine the best way to improve the methodology, collection, and utility of the O&D data. It was determined that the principal problem is, under the current requirement, air carriers must report tickets issued by other air carriers in certain circumstances, a vestige of the antiquated "sample based" passenger accounting system that is no longer used by any airline. The DOT is proposing this rule to reform and simplify the O&D data, principally by designing the reporting requirements around air carriers reporting only information for tickets that they issue. This change will reduce the burden of collecting and reporting the data. The burden of collection by smaller entities, now required to report under the new regulations, is not new. The data required is already collected as part of regular business operations. Ultimately, the DOT received approval of the new collection procedures from A4A (*please see Appendix E*).

Dr. Michael Wittman from the Massachusetts Institute of Technology performed a study on the current O&D data procedures against the proposed collection procedures. The results of his analysis justifying why it will be beneficial to the aviation industry, the user community and the DOT to make the change to a 40% monthly collection can be found in *Appendix F*. The analysis of Dr. Wittman's work was also reviewed by Ms. Chou-Lin, Director of Survey Programs in the Bureau of Transportation Statistics. A review of her results can be found in *Appendix G*.

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

The DOT is obligated by statute to collect and disseminate this information. There are many private and public stakeholders that depend on these data to make decisions on aviation business and policy. For example, these data are used by the aviation industry to plan air

services, develop commercial aviation infrastructure, measure the economic impact of passenger flows, and create business plans for start-up airlines. The O&D data is also a primary source of information used to quantify and evaluate the effectiveness of Federal Aviation policy and programs as well as develop and implement new policies and infrastructure initiatives.

Data from the O&D data set are used by the Department to fulfill its aviation mission as described below. This ICR will run in conjunction with OMB 2139-0013, which is the Department's current 19-7 collection of passenger revenue tickets. Once the Department determines that the 19-7 collection can cease, all carriers will be notified of such action to cease reporting of 19-7.

The following departments/agencies/programs benefit greatly from the O&D data:

Department of Transportation

International Air Service Program

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

Carrier and Airport Selection

After a bilateral agreement is signed, the Department selects carrier and airport for all newly authorized services. The data are the primary tool for traffic forecasting and carrier or airport selections, because it displays the true origin and destination of passengers between the United States and the pertinent foreign country. This information is critical in assessing the potential for a carrier to initiate service at a gateway point where domestic feed traffic is needed to make the international route a success. In reviewing an operating plan, the Department examines the carrier's revenue generation estimates by analyzing historic fare levels and projecting traffic patterns. O&D data are universally accepted as reliable; and are used as evidence in court and administrative proceedings with minimum of legal debate. The

Department's regulations (14 CFR 302.24(g)(iv) identifies the data as "officially noticed" data in proceedings before the Department.

Airport Programs

The airport planning program has a continuous need for O&D data to determine the impact of true origin-destination traffic flows on airports and to identify trends for growth and development in specific markets. The data are used for airport planning analysis by enabling the Department to keep current with market developments, such as the impact on airports that are "hub and spokes" for air carriers and the impact of new or de-emphasized hubs and related operational realignments. Some hub airports might not be able to sustain service if they relied only on passengers originating at those facilities – as opposed to the much larger number of passengers flowing through such airports. The data are needed to ascertain where these flow passengers originated, where they are going, and the amount of revenue generated. Reliable historic flow data are needed to accurately forecast passenger flows between city pairs for each hub airport.

Aviation Policy and Plans Program

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

Department of Federal Aviation Administration

The Federal Aviation Administration uses the data to qualify, plan, allocate and monitor the Airport Improvement Program's (AIP) funds. Data are also used to justify the need for Passenger Facility Charges (PFC's).

Department of Justice

The Department of Justice uses the O&D data to assist in the prevention of anti-competitive conduct that is subject to criminal and civil action under the Sherman and Clayton Acts.

Department of Homeland Security

The Transportation Security Administration uses the data to assess the level of security personnel and equipment needed at the various airports. While the department's passenger enplanement data from Schedule T-100 has the number of passengers that departed from an airport, it does not give you the number of passengers originating their journey at that airport. Originating passengers must pass through security screening while the vast majority of connecting passengers have already passed through the screening area at their origin airport.

Department of Labor's Bureau of Labor Statistics

O&D data are used in the Consumer Price Index (CPI) calculations. Data are used to establish the sample trips that are priced for airline fare components of the CPI.

Department of Commerce's Bureau of Economic Analysis and Census

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

International Trade Administration's Office of Service Industries

O&D data are used to help improve access to foreign markets for U.S. industries.

Government Accountability Office

Congress often requests GAO to conduct special studies on air transportations. The O&D data is one of three DOT Bureau of Transportation Statistics (BTS) data bases used by GAO.

Other Parties That Use O&D Data

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

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

BTS has attempted to ensure that the form and format of the data collection are designed to minimize the burden of the reporting carriers. Carriers are enabled to electronically submit files to BTS, thus reducing their burden. The Airline Tariff Publishing Company (ATPCO), the leading distributor of airline fares and airline fare information, notified the DOT that it can create software to assemble the O&D data to report for any air carrier that exchanges ticket information using their services.

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

BTS has studied the possible use of data from the air carrier reporting clearing house (ACRCH) as an alternative data source. The use of this data has the potential to reduce carriers' reporting burden. However, while ACRCH's record format includes all the information needed by DOT, most carriers do not fill in all the ACRCH data fields. Moreover, not all carriers participate in the clearing house. BTS looked at other data sources namely, but found none that satisfied DOT needs. Other sources reviewed were the:

- The International Passenger Data (IPD) collected by Homeland Security, which provides information on international traffic demand. However, this collection lacks pure domestic traffic data. Also, the IPD does not include the price or total value of

the ticket (fare plus taxes and user fees), and also does not have the complete passenger itinerary with all reporting carriers.

- The Official Airline Guide (OAG). The OAG contains flight schedules which are extremely useful data, but the flight schedules are different from actual passenger flow data. Flight schedules track the movements of aircraft. The O&D data tracks the movements of passengers.
- The voluntary surveys performed by the United States Travel and Tourism Administration. These surveys studied travel to Mexico and other international countries. These surveys were not beneficial as they suffered from poor participation response rates and coverage. Further, domestic operations and service to Canada were omitted from these surveys.
- Various airport authorities and commissions have conducted surveys on operations at their respective airports. Though useful, these surveys lacked universal coverage and were considered a poor replacement for the DOT O&D data.

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

The Department can work with outside vendors, such as the ATPCO to make these data collection and reporting services available. The ATPCO is a non-profit industry consortium that provides tariff services and other ticket-related services to air carriers and foreign air carriers “at-cost.” ATPCO’s shared software will release the air carriers from the cost of each maintaining separate systems, each of which carries attendant secondary expenses of training and technical maintenance. This option will not only simplify the information technology operations, but it also amortizes the cost of creating and maintaining the software into the future. Therefore, these upfront costs resulting from this proposed action include the expenses related to developing, installing, and maintaining an automated reporting system.

The ATPCO is not required to perform this, but because of the nature of their business and unique position as an airline ticketing clearing house, they have the infrastructure, knowledge and the most data available. If airlines prefer, they can still perform the compiling and reporting. ATPCO will work with any reporting carrier and they can report for that carrier if need be. In most cases, ATPCO already has the data of the carrier.

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

Less frequent O&D data collection, or no data collection at all, would seriously erode DOT’s ability to monitor the condition of the U.S. air transport industry. The timeliness and frequency of data collection are critical in evaluating trends as well as monitoring individual

carrier operations. The filing frequencies were chosen after careful analysis that balanced the degree of reporting burden against DOT's need for current data to oversee the air transportation industry.

The change to monthly reporting will provide greater benefit to the current required critical program requirements of timely data on passenger itineraries and dollar amount of fares. One area that will experience great benefits is the international program area. This program area is concerned with the tracking of changes in traffic flows due to seasonality changes, carrier route changes, and carrier preferences. In assessing the U.S. position in international negotiations, the latest data is critical. Less frequent data collections could compromise the U.S. position in sensitive negotiations. The dynamic nature of the air transportation industry requires that U.S. negotiators have the latest available information to protect U.S. interests.

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

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

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

to protect the information's confidentiality to the extent permitted by law.

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

8. If applicable, provide a copy and identify the date and page number of publication in the Federal Register of the Agency's notice, required by 5 CFR 1320.8(d) soliciting comments on the information collection prior to submission to OMB. Summarize public comments received in response to the notice and describe actions taken by the agency in response to these comments.

The NPRM was published on TBD in 81 FR XXXXX (number to be filled in once Federal Register publishes the NPRM obtained from OST-X).

The Final Rule was published on TBD in 81 FR XXXXX (number to be filled in once Federal Register publishes the NPRM obtained from OST-X).

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

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

10. Describe any assurances of confidentiality provided to respondents.

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

11. Are there any questions of a sensitive nature?

There are no questions of a sensitive nature.

12. Provide estimates of reporting burden.

Below are the estimates of reporting burden on the reporting carriers:

[Estimates of Reporting Burden for O&D Carriers](#)

Current 10% Collection	
Number of Respondents	21
Frequency of Responses (per year)	4
Annual Responses	84
Burden per Response (Hours)	60
Annual Burden Hours	5,040

Estimates of Reporting Burden for O&D Carriers	
New 40% Collection	
Number of Respondents	27
Frequency of Responses (per year)	12
Annual Responses	324
Burden per Response (Hours)	30
Annual Burden Hours	9,720

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

Most of the cost of this data collection is imbedded in the normal administrative costs normally incurred by the carriers, including personnel expenses and computer time. The following categories of hourly costs were taken from the Bureau of Labor Statistics (BLS) site: "Accounting and Auditing Clerks", wage scale for 43-031 (bookkeeping personnel), \$20.65; median pay per hour for "Computer Systems Analyst" of \$43.71, according to 15-1211 Computer Systems Analyst; median pay per hour for "Computer Programming Analyst, \$40.52, according to 15-1131 Computer Programmers.

Estimates of Cost to Carriers			
Investment Costs			
Current 10% Collection			
Category	Hourly Cost	Hours	Total
Accounting and Auditing Clerks	\$20.65	60	\$1,239
Computer Systems Analyst	\$43.71	40	\$1,748
Computer Programming Analyst	\$40.52	405	\$16,410
Total			\$19,398

Estimates of Cost to Carriers			
Investment Costs			
New 40% Collection			
Category	Hourly Cost	Hours	Total
Accounting and Auditing Clerks	\$20.65	30	\$620
Computer Systems Analyst	\$43.71	20	\$874
Computer Programming Analyst	\$40.52	200	\$8,104
Total			\$9,598

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

The estimated cost to the Federal Government is:

Estimates of Annualized Cost to Federal Government	
Investment Costs	
Current 10% Collection	
Category	Total
Overhead N Miscellaneous Expenses	\$125,000

Manpower	\$125,000
ADP Resources	\$75,000
Total	\$325,000

Estimates of Annualized Cost to Federal Government	
Investment Costs	
New 40% Collection	
Category	Total
Overhead N Miscellaneous Expenses	\$63,000
Manpower	\$125,000
ADP Resources	\$60,000
Total	\$248,000

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

In Section 12, the Burden of response hours decreased from 60 to 30, however, as stated in the comments under the data in the table, the number of Respondents increased by 16 after initially decreasing by 10.

16. Is the information received published?

Under 19.7, abbreviated summaries of the data are published and available online three months after submission. In 19.8, abbreviated summaries of the data will be published approximately 5-6 weeks after submission. The O&D data are available on BTS' searchable web site at www.transtats.bts.gov and <https://www.bts.dot.gov/topics/airlines-and-airports/origin-and-destination-survey-data>.

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

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

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

There are no exceptions.

MISSION STATEMENT

The Department of Transportation (DOT) depends on the financial data reported on Form 41 to fulfill its strategic plan to monitor and study the movement of aircraft and passengers. Further, the DOT has adopted an agency-wide, coordinated effort together with the Office of

the Secretary, the Federal Aviation Administration, the Bureau of Transportation Statistics (BTS), and Office of the Inspector General to advance consumer satisfaction.

BTS continually strives to improve the quality, reliability and accessibility of transportation-related information. BTS is also mindful to mitigate the paperwork burden imposed on the air transportation industry and the public: in part by advancing the precepts of the Clinger-Cohen Act and the Paperwork Reduction Act by re-engineering its data processing system.