



Airlines for America®
We Connect the World

Nicholas E. Calio
President and CEO

May 28, 2021

The Honorable Edward J. Markey
United States Senate
255 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Richard Blumenthal
United States Senate
706 Hart Senate Office Building
Washington, D.C. 20510

Dear Senators Markey and Blumenthal,

I am responding on behalf of the member airlines of Airlines for America (A4A) that received your recent letters regarding customer service policies during the COVID-19 pandemic. We appreciate your interest in these important issues and the opportunity to respond to you as an industry.

First, on behalf of our nation's airlines and their over 700,000 professionals – pilots, flight attendants, gate agents, mechanics and others – including approximately 6,000 employees who reside in Massachusetts and 1,500 who reside in Connecticut – thank you for your support of the Payroll Support Program (PSP). PSP directly and effectively allowed our industry to make payroll and exclusively protect the jobs of our professional front-line workforce. Without the PSP, the economic impacts of the pandemic would have been even more devastating to our workforce. Thank you for protecting our workers.

A little over a year ago, I testified before the Senate Commerce Committee on the impacts of the COVID-19 pandemic on the aviation industry. Now, with the benefit of hindsight, I can clearly attest that April and May 2020 were two of the worst months our industry has ever experienced. At that time, I directly addressed the issue of cash refunds. Our message a year ago is still relevant today. In our most recent month of operations, our passenger airline members generated revenues that were 52 percent below what they were in April 2019. Clearly, the financial toll of the pandemic is far from over. Nonetheless, we want you and the traveling public to know that we are all human and we understand and appreciate the havoc the pandemic has wrought on American individuals and families.

Airlines have and will continue to be committed to working with each and every customer to address their circumstances and situation. We strictly comply with all federal laws and regulations on these matters and when a refund is due under those regulations, carriers promptly provide them. It is also true, while policies varied from carrier to carrier based on their respective business models, many carriers encouraged customers to accept vouchers for future travel. That practice was not done with ill intent, but instead underscored the reality that if air carriers had refunded all tickets in the form of cash, many would have been forced to declare bankruptcy. A4A member airlines offered vouchers and travel credits with terms that were above and beyond government requirements, including for non-refundable tickets or those cancelled by a passenger instead of the carrier. Vouchers had generous initial expiration dates that were later extended, and our member airlines offered other incentives to acknowledge the impact of the global pandemic on its customers, all while also protecting our employees' livelihoods. In an April 2020 letter to A4A, the bipartisan House Transportation and Infrastructure Committee leadership may have captured it best when they stated, "[w]e acknowledge the indisputable fact that a requirement for refunds of all tickets would effectively bankrupt the industry, putting hundreds of thousands of workers' jobs in jeopardy."

A4A certainly acknowledges the economic environment has improved and the industry is in a much better financial position today than it was in the early months of the pandemic. However, we also believe, despite tenuous economic times, the facts clearly show that U.S. airlines have maintained a steadfast commitment to the traveling public over the course of the pandemic and routinely issued refunds in accordance with all federal laws and regulations. Specifically, on the issuance of refunds, eleven U.S. passenger airlines issued \$12.84 billion in cash refunds in 2020, which constituted a 72 percent increase

May 28, 2021

Page 2

from \$7.46 billion in 2019 and amounted to nearly 20 percent of airline revenues. It is important to note that these refunds are on top of billions of dollars of travel credits issued to customers' e-wallets.

The airline commitment has also steadily reverberated with consumers, as noted in the most recent DOT Air Travel Consumer Report (ATCR) which clearly shows that refund-related complaints have continued to come down since the May 2020 peak. Further, the vast majority of refund-related complaints filed with DOT are not directed at A4A member airlines. In the first quarter of 2021, U.S. airlines accounted for 17.2 percent of refund-related complaints. While we continually strive to do more for our customers, and are committed to continual improvement, we also believe policy makers should not unfairly characterize the U.S. industry when the data simply does not merit it.

Your letters also inquire about specific proprietary business decisions and imply the industry should adopt uniform customer service policies. While individual air carrier business decisions are subject to strict antitrust laws, which are taken very seriously, I can assure you that all A4A member airlines offer very generous expiration dates for unused travel credits issued during the pandemic. Current policies give customers significant time to use credits well into the future. A cursory review of A4A member policies shows that customers will be able to redeem credits for travel between now and a range of dates into 2022.

Airlines are also working to make the redemption process simple by investing substantial sums of money and human capital to enhance their systems, mobile apps and websites to make it easier for customers to use any outstanding credits. We believe these policies are working, as approximately half of all credits issued since summer 2019 for travel slated to occur during the pandemic have been redeemed for new tickets or cash refunds (when applicable). The data does not indicate that there are signs of difficulty or reluctance to use the credits. Customers are using these credits at a rapid clip, with carriers reporting that redemptions account for 10-15 percent of monthly ticket sales. Redemption is expected to increase in the coming months as the pandemic winds down and markets and venues re-open. We hope these trends continue and we are excited to welcome our customers back and reunite them with friends and family.

A4A member airlines continue to offer travel credit policies in excess of government requirements and strive to make the redemption process clear and transparent for all customers and are truly committed to working with each and every customer to address their circumstances. For more detail on individual air carrier policies I would also encourage you and your staff to visit <https://www.airlines.org/content/covid-19-u-s-carrier-travel-policies/> which provides easy access to our member policies.

Best regards,

A handwritten signature in black ink that reads "Nicholas E. Calio". The signature is written in a cursive, flowing style.

Nicholas E. Calio