

April 5, 2016

The Honorable Mitch McConnell
Majority Leader
United States Senate
317 Russell Senate Office Building
Washington, DC 20510

The Honorable Harry Reid
Minority Leader
United States Senate
522 Hart Senate Office Building
Washington, DC 20510

Dear Senators McConnell and Reid,

The undersigned consumer and traveler advocacy organizations call on you and members of the U.S. Senate to adopt measures that strengthen consumer protections in the U.S. air travel industry. Specifically, as the Senate prepares to take up the Federal Aviation Administration Reauthorization Act of 2016 (S. 2658) we ask that you support the inclusion of the FAIR Fees Act (S. 2656), sponsored by Senators Markey and Blumenthal, as an amendment to the full bill.

Ancillary fees are out of control and the lack of effective competition means that market forces alone are unlikely to stop their growth. In 2015, U.S. airlines collected \$10.8 billion in ancillary fees, an increase of 24% since 2014.ⁱ These fees, combined with historically low fuel prices and increasingly cramped seats drove record profits for the industry in 2015,ⁱⁱ a trend that is expected to continue in 2016.ⁱⁱⁱ

Ancillary fees bear little to no relation to the cost to actually provide the services these fees allegedly support. These add-on fees also generate significant consumer outrage. For example:

- From 2009-2014, cancellation/change fees increased by 2-5 times the rate of inflation.^{iv}
- In April 2013, the three largest domestic airlines all raised their cancellation/change fees from \$150 to \$200 within two weeks of each other;^v
- Consumer complaints to the Department of Transportation (DOT) increased by 30 percent from 2014 to 2015.^{vi}

- Complaints about airline fares are the fastest-growing category of complaint to the DOT (97.93% year-over-year increase).^{vii}

The Justice Department (DOJ) pointed to exactly these kinds of anticompetitive fees in its complaint against the American Airlines-U.S. Airways merger when it stated:

- “Increasing consolidation among large airlines has hurt passengers. The major airlines have copied each other in raising fares, imposing new fees on travelers, reducing or eliminating service on a number of city pairs, and downgrading amenities[;]”^{viii} and
- “In recent years, however, the major airlines have, in tandem, raised fares, imposed new and higher fees, and reduced service. Competition has diminished and consumers have paid a heavy price.”^{ix}

The FAIR Fees Act, which enjoyed bipartisan support in the Senate Commerce Committee, would prohibit airlines from charging cancellation, baggage or other ancillary fees that are “unreasonable or disproportional to the costs incurred by the air carrier,” under standards to be set by the DOT. The bill does not seek to re-regulate the airlines, but it serves to remedy a systemic violation of the free market system that has been pointed out repeatedly by both DOT and DOJ.

The FAA Reauthorization Act is an important opportunity for you and your Senate colleagues to protect the millions of consumers who depend on the airline industry to provide an affordable, dependable and safe travel experience. The FAIR Fees Act would do much to help reign in the industry’s increasing reliance on ancillary fees, which are unfairly squeezing the pocketbooks of the flying public. We urge you to support this common sense, pro-consumer bill.

Sincerely,

National Consumers League
Business Travel Coalition
Consumer Action
Consumer Federation of America
Consumers Union
Consumer Watchdog
FlyersRights.org
National Association of Airline Passengers
Public Citizen
Travelers United

U.S. PIRG

ⁱ Elliott, Christopher. "Airlines Made Close to \$11 Billion Off of Fees This Year," Fortune.com. November 18,

ⁱⁱ Mouawad, Jad. "Airlines Reap Record Profits, and Passengers Get Peanuts," *New York Times*. February 6, 2016. Online: <http://www.nytimes.com/2016/02/07/business/energy-environment/airlines-reap-record-profits-and-passengers-get-peanuts.html>

ⁱⁱⁱ International Air Transport Association. "Airlines Continue to Improve Profitability 5.1% Net Profit Margin for 2016," Press Release. December 10, 2015. Online: <http://www.iata.org/pressroom/pr/Pages/2015-12-10-01.aspx>

^{iv} United States Senate Committee on Commerce, Science and Transportation. *The Unfriendly Skies: Consumer Confusion Over Airline Fees: Staff Report for Ranking Member Nelson*. August 6, 2015. Pg. 6. Online: http://www.commerce.senate.gov/public/_cache/files/79d9b832-3d92-48a4-af4f-9a4cce28f5ae/8CB39475B79345233CAE7F94EB0129E1.8-6-15-final-airline-report.pdf

^v Mayerowitz, Scott. "Analysis: Airline mergers have already led to higher fares," Associated Press. August 14, 2013. Online: http://www.mercurynews.com/travel/ci_23861826/analysis-airline-mergers-have-already-led-higher-fares

^{vi} U.S. Department of Transportation. "2015 Airline Consumer Complaints Up From Previous Year," Press release. February 18, 2016. Online: <https://www.transportation.gov/briefing-room/2015-airline-consumer-complaints-previous-year>

^{vii} U.S. Department of Transportation. *Air Travel Consumer Report: February 2016*. Pg. 43. Online: https://www.transportation.gov/sites/dot.gov/files/docs/2016FebruaryATCR_1.pdf

^{viii} United States of American *et al v. US Airways Group, Inc. and AMR Corporation*. *Complaint*. Pg. 14, Para. 35. August 13, 1013. Online: <https://www.justice.gov/atr/case-document/file/514531/download>

^{ix} *ibid.* Pg. 3, Para. 1.