



ALERTS

Battered Airline Industry Lifted By The American Rescue Plan

March 9, 2021

Highlights

The airline industry continues to face pandemic-related decreases in air travel and passenger loads

The American Rescue Plan contains additional funding to support the airline industry and aerospace supply chain

Despite vaccinations, social distancing, masks and other countermeasures, passenger loads remain at approximately 60 percent of pre-pandemic air travel

The American Rescue Plan, which passed the U.S. House and the Senate, is expected to move through to President Biden's desk before March 14. The plan has a number of [proposed benefits for the aviation sector and aerospace supply chain](#).

In connection with this relief package, the U.S. House Subcommittee on Aviation held a hearing, "COVID-19 Effects on U.S. Aviation and the Flight Path to Recovery," on the current state of the airline industry, which is still reeling from sharp reductions in travel during the pandemic. The hearing featured experts in the industry discussing the long-term prospects for U.S. aviation.

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The final version of the relief package contains a \$15 billion extension of the Payroll Support Program to assist with payroll and benefits for aviation sector employees, \$8 billion to help keep airports and concessionaires open and fully operational, and \$3 billion for aerospace supply chain workers (which was originally in the Aerospace Manufacturing Jobs Protection Act).

Throughout 2020, in the midst of the pandemic, the number of airline travelers decreased by as much as 95 percent according to the U.S. Government Accountability Office (GAO). Current estimates are that airlines are flying approximately half of their pre-pandemic routes with passenger levels only approaching 60 percent of normal. The GAO and the airline industry estimate that the break-even threshold is at least 80 percent of pre-pandemic passenger levels.

Even as aggressive U.S. vaccination programs continue to roll out three FDA-approved vaccines and most communities continue to encourage social distancing, masks and other cleaning protocols, consumer confidence in air travel has not yet returned to levels that will prevent additional upheaval in this critical, economic sector. The combination of these efforts and the benefits in the proposed Congressional plan should help begin to ease this turbulence.

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