



August 5, 2020

The Honorable Roger Wicker
Chair
U.S. Senate Committee on Commerce,
Science and Transportation
512 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Maria Cantwell
Ranking Member
U.S. Senate Committee on Commerce,
Science and Transportation
511 Hart Senate Office Building
Washington, DC 20510

The Honorable Peter A. DeFazio
Chair
U.S. House Committee on Transportation
and Infrastructure
2251 Rayburn House Office Building
Washington, DC 20515

The Honorable Sam Graves
Ranking Member
U.S. House Committee on Transportation
and Infrastructure
2164 Rayburn House Office Building
Washington, DC 20515

Dear Chairs Wicker and DeFazio and Ranking Members Cantwell and Graves:

On behalf of the American Society of Travel Advisors (ASTA) and the 140,000 Americans who work at travel agencies across the country, I write to express our grave concerns about the handling by the U.S. Department of the Treasury (“the Department”) of the provision of the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) authorizing a \$25 billion loan program for airlines and related businesses.

Travel advisors – online, “brick and mortar” and many hybrid business models in between – play a critical role in the broader travel and tourism industry. Travel agencies are responsible for the sale of the majority of airline tickets in the U.S., selling close to 830,000 air tickets *per day* in 2019¹ and are the primary distributors of cruises (66 percent of the market) and tour packages (68 percent).² At last count, there were close to 15,000 retail locations in the U.S., employing over 108,000 people, plus an additional 40,000 self-employed travel advisors working mostly as independent contractors. We are proud to note that included among ASTA’s 6,500-plus domestic member companies are substantial numbers in Mississippi (26), Washington (161), Oregon (99) and Missouri (103).

Due to the coronavirus (COVID-19) crisis and its impact on travel, business came to a halt and has remained there since early March, prompting a wave of layoffs and agency closures. A member survey conducted this week shows that more than 9 in 10 (93.4 percent) travel agencies’ business income is down at least 75

¹ Airlines Reporting Corporation (ARC): [2020 Sales Statistics](#).

² Phocuswright: [U.S. Travel Agency Distribution Landscape: 2016-2021](#).

percent compared to 2019, with more than three-quarters (77.8 percent) being down 90 percent or more. 75 percent of travel agencies across the country have laid off or furloughed at least one W-2 employee, with close to 60 percent (59.5 percent) laying off at least half their staff – even accounting for the CARES Act’s relief programs.

We sincerely appreciate your work to include our members in Section 4003(b)(1) of the CARES Act, under which the Department is authorized to make up to \$25 billion in loans and loan guarantees for passenger air carriers; eligible businesses performing inspection, repair, replace, or overhaul services; and ticket agents as defined in section 40102 of Title 49, United States Code. This statute defines a ticket agent is: “[a] person that as a principal or agent sells, offers for sale, negotiates for, or holds itself out as selling, providing, or arranging for air transportation,” which clearly encompasses the brick-and-mortar, online and hybrid travel agencies that comprise up our membership. To be eligible for assistance under Section 4003(b)(1), a business must have “not otherwise received adequate economic relief in the form of loans or loan guarantees provided under [the] Act.” While that criterion has yet to be precisely defined by the Department, it nonetheless must surely cover companies that are too large to be eligible for the either the Paycheck Protection Program (PPP) or Economic Injury Disaster Loan (EIDL) program, and arguably many businesses with fewer than 500 employees as well.

While the majority of our membership availed themselves of other relief options in the CARES Act, given the scale of the disruption to our sector of the travel industry and the fact that a number of travel agencies found themselves above the PPP’s 500-employee cutoff, we expected intense travel agency interest in the Section 4003(b)(1) loans and loan guarantees. That has indeed come to pass, with 48 travel agencies requesting a total of \$5.8 billion under the program as of June 1, 2020 according to the Government Accountability Office (GAO), as compared to \$27.4 billion requested by passenger and cargo airlines and \$1.5 billion in requests by repair stations.³

However, without exception every member company that has applied to this program has reported months-long delays, redundant requests for information from the Department and a complete lack of responsiveness with regard to their application’s status. As the delays mounted, agency business revenue remained close to zero and no end to the pandemic or any improvement in business conditions appeared in sight.⁴ This hugely complicates applicants’ ability to meet the requirements of Section 4003(c)(2)(G) of the Act, under which loan recipients are required maintain at least 90 percent of their March 24, 2020 employment levels through September 30, 2020.

More recently, in mid-July applicants began to be told by the Department that they “will likely be better served by the Main Street Lending Program (MSLP)” and that they had to produce proof of denial for such a loan to be further considered for a Treasury loan.⁵ As you know, the MSLP is barely functioning to date and with participating lenders reportedly applying traditional underwriting standards, it is far from clear that any travel-reliant businesses will be able to secure assistance under this program.⁶ This coupled with the fact that the Department not disclosing what the ticket agent loan terms would be (thus making a comparison of the two programs impossible) means further delay and frustration for travel agency applicants.

³ U.S. Government Accountability Office. (2020, June). COVID-19: Opportunities to Improve Federal Response and Recovery Efforts. (Publication No. GAO-20-635). Retrieved from GAO Reports Main Page via GPO Access database: <https://www.gao.gov/assets/710/707839.pdf>.

⁴ Most ASTA members above the PPP’s 500-employee cutoff are focused on business travel, which will face an especially steep climb over the next few years. See Habtemariam, Dawit. “[Lack of Confidence in Business Travel Will Stymie Total Travel Recovery Until 2024.](#)” *Business Travel News*. 28 July 2020.

⁵ U.S. Department of the Treasury. “[Q&A: Loans to Air Carriers and Eligible Businesses.](#)” Updated 15 July 2020.

⁶ Guida, Victoria. “[Landmark Fed Business Rescue Struggles Amid Economy's Woes.](#)” *POLITICO*. 1 August 2020.

All the while, the Department has announced multiple letters of intent with airlines regarding this program, but to date no such announcements have been made with regard to travel agencies (nor repair stations, for that matter).⁷ And so, more than four months after the CARES Act's enactment, as far as we can tell not a dime of the loan assistance Congress contemplated for ticket agents under Section 4003(b)(1) has made its way to the intended recipients.

It is therefore hard to escape the conclusion that the Section 4003(b)(1) program is not working as Congress intended it to. In fact, the Department's actions on their face appear contrary to Congressional intent. Instead of loans and loan guarantees of up to \$25 billion for airlines, repair stations and ticket agents, we have every applicant from at least one of those three categories being shunted off to the flawed MSLP along with every other business in the country.

We would welcome the opportunity to brief your staff on this issue, as well as to discuss legislative enhancements that in our view need to be made, including longer loan terms and incorporation into the program of some of the PPP's forgiveness elements targeted at the hardest-hit industries.

We appreciate your attention to both this issue and to the clear need for additional relief for our sector, which will help speed travel's recovery and put travel agencies in a position to serve their clients once the economy rebounds. If you have any questions on this or any issue related to the travel industry, please don't hesitate to contact me or Eben Peck, ASTA's Executive Vice President for Advocacy, at (703) 739-6842 or epeck@asta.org.

Yours Sincerely,



Zane Kerby
President & CEO
American Society of Travel Advisors (ASTA)

⁷ See U.S. Department of the Treasury. "[Treasury and Five Major Airlines Agree on Loan Terms.](#)" 2 July 2020.