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When bargain airfare is no bargain: airline fees hit all-time high

By Christopher Muther

This article is based upon a report issued by IdeaWorksCompany.

You may feel you've snagged a deal when you find a $79 ticket to Florida, a $144 fare to California, or perhaps that $59 fare to Detroit. But look carefully, and you'll see that in many cases the basic fare is really no bargain. In some cases, you'll pay more in fees than for the ticket itself.

In 2024, airlines collected a record $148 billion in fees. Commonly referred to as ancillary fees, these revenue-generating extra charges come from fees for seat selection, priority boarding, food and drink, luggage, or dedicated overhead space, and even money airlines make from selling frequent flyer miles. The previous record for ancillary fees was $109.5 billion in 2019.

"You get what you pay for, is an ancient pearl of wisdom for both consumers and airline managers," said report author Jay Sorensen, president of IdeaWorksCompany. "The a la carte choices presented by the ancillary revenue movement have encouraged travelers to upgrade to more comfort and convenience."

The IdeaWorks report found that in 2024, five airlines — Frontier, Spirit, Volaris, Allegiant, and Breeze — earned more in ancillary fees than they did from ticket sales. Frontier made 62 percent of its revenue from ancillary fees, the first airline to break the 60 percent ceiling.

In 2024, the Biden-Harris administration announced new regulations that would have required airlines to disclose these fees upfront. The regulations wouldn't have eliminated the fees, but they would have meant more up-front transparency on pricing and given consumers the flight's full cost prior to booking.

The regulation was blocked by a federal appeals court in February after it was challenged by the trade organization Airlines for America, a lobbyist group for the airline industry. The Department of Transportation is unlikely to pursue the matter. Under the Trump administration, the DoT is currently dismantling passenger protections put in place under Biden, such as refunds for extreme passenger delays.

The IdeaWorks report analyzed ancillary revenue from 61 airlines in 2024. It found that traditional airlines, such as American airlines, United airlines, and Delta Air Lines, were “under pressure with more traffic but lower fares” in 2024. These airlines saw a 5.3 percent passenger ancillary revenue increase that offset losses from discounted fares.

Credit co-branded airline credit cards are also big income drivers. The five largest US airlines (Alaska, American, Delta, Southwest, and United) earned a collective $28 billion in loyalty revenue from such cards.