

United States Senate

April 13, 2020

The Honorable Steven T. Mnuchin
Secretary of the Treasury
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, DC 20220

The Honorable Elaine L. Chao
Secretary of Transportation
U.S. Department of Transportation
1200 New Jersey Avenue, S.E.
Washington, DC 20590

Dear Secretary Mnuchin and Secretary Chao:

We write to express our concerns regarding the U.S. Treasury Department's implementation of the "Air Carrier Worker Support" section of the Coronavirus Aid, Relief, and Economic Security (CARES) Act.¹ According to recent reports, the Treasury Department is planning to require that airlines repay 30 percent of any grants they receive under this section, effectively converting into a loan a portion of that direct assistance for workers.² We believe this proposal could result in significant job losses and new burdens on airline employees, undermining the intent of Congress in enacting a relief package specifically dedicated to air carrier worker support. As you finalize the parameters for assistance to the airline industry, we urge you to refrain from imposing conditions that would negatively harm the aviation workforce.

In total, the CARES Act provides \$50 billion in emergency relief to our nation's passenger air carriers. Congress carefully divided this aid package into two sections, with \$25 billion allocated to direct payroll assistance and another \$25 billion offered in loans and loan guarantees. This structure was designed to ensure that airlines could receive \$25 billion in direct grants that did not have to be repaid, on the condition that the airlines would use this funding to continue paying salaries and benefits for the duration of the coronavirus pandemic. Congress's goal was to keep our aviation workforce on the payroll while preserving the airline industry's ability to resume full operations when this crisis subsides.

By requiring airlines to repay 30 percent of any direct payroll assistance they receive, the Treasury Department is conflating the grants and loans that Congress intended to serve as

¹ Coronavirus Aid, Relief, and Economic Security (CARES) Act, §§ 4111 - 4120 (Subtitle B – Air Carrier Worker Support), Pub. L. No. 116-136, <https://www.congress.gov/bill/116th-congress/house-bill/748/text>.

² David Shepardson & Tracy Rucinski, *Exclusive: Treasury wants warrants, repayment from major U.S. airlines on 30% of grant money – source*, Reuters (Apr. 10, 2020), <https://www.reuters.com/article/us-health-coronavirus-usa-airlines-progr/treasury-briefing-u-s-airlines-on-32-billion-grant-program-sources-idUSKCN21S1Y7>.

The Honorable Steven T. Mnuchin
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April 13, 2020
Page 2

separate forms of relief. We are concerned that this proposal will negatively harm the workforce that the CARES Act was designed to protect. Imposing a repayment requirement on worker assistance grants could discourage airlines from accepting the aid,³ forcing them to cut rather than preserve jobs. Furthermore, even if airlines accept relief funding with these conditions, each company's ability to preserve its workforce will be imperiled when the Treasury Department later demands repayment, leaving employees to ultimately pay the price.

Although we support both protecting taxpayers and requiring conditions on airline industry relief, we believe that the Treasury Department's current proposal is the wrong approach for achieving these goals. Congress already placed conditions on the \$25 billion allocated to payroll grants by requiring this money to be spent on airline employees. We urge you to refrain from undermining that intent as you implement the CARES Act.

Thank you for your attention to this crucial matter. Due to the telework policies of many congressional offices during the coronavirus outbreak, physical signatures are unavailable. The listed Members have asked to be signatories to this letter.

Sincerely,

Edward J. Markey
United States Senator

Richard Blumenthal
United States Senator

³ Alison Sider & Kate Davidson, *Airlines Hesitate Over Coronavirus Stimulus Package's Aid Terms*, Wall Street Journal (Apr. 13, 2020), <https://www.wsj.com/articles/airlines-hesitate-over-stimulus-packages-aid-terms-11586728272>.