

United States Senate

WASHINGTON, DC 20510

May 7, 2020

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

Dear Secretary Mnuchin:

We write to express our concern following the decisions by certain air carriers to involuntarily reduce the hours of their employees, despite the fact that these air carriers have received payroll support under Subtitle B of Title IV of the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136). As you are aware, Congress' intent of the Air Carrier Worker Support provisions was to maintain air carriers' payroll through September 30, 2020, and to prevent layoffs in the airline industry. We believe air carriers' unilateral reduction of workers' hours is inconsistent with that objective, and we urge you to issue guidance that makes that clear and to require carriers to comply.

Congress recognized the COVID-19 pandemic's unique impact on the airline sector and provided targeted relief to help the industry survive the economic downturn caused by the public health emergency. Specifically, Section 4112 of the CARES Act required you to provide \$25 billion to passenger air carriers for the exclusive purpose of continuing payment of employee wages, salaries, and benefits. Congress applied several conditions to this payroll support, in addition to its limited application to wages, salaries, and benefits. First and foremost, the law prohibits recipients of the assistance from conducting involuntary furloughs or reducing pay rates and benefits until September 30, 2020. In addition, the statute precludes the assistance from being conditioned on the renegotiation of any collective bargaining agreement. Combined with limitations on stock buybacks, dividends, and executive compensation, it is clear that Congress intended these provisions to yield maximum benefits to air carriers' workers.

In light of Congress' clear intent, we are troubled by several air carriers' recent announcements that tens of thousands of employees will have their hours reduced. We believe these decisions, when made without workers' input and over workers' objections, could be in violation of the CARES Act. That is particularly true when the reduction of hours results in a loss of benefits. Treasury's Payroll Support Program Agreement also mandates that recipients cannot take these actions without an employee's consent. We understand that many air carriers have entered into voluntary agreements with workers to take leave or reduce their hours, and we support these joint decisions. In fact, these voluntary agreements between companies and workers emphasize the possibility for companies to work with their employees or their union representatives to make schedule adjustments.

We urge you to issue guidance clarifying that unilateral decisions to reduce workers' hours, and as a result their pay or benefits, are prohibited activities under the CARES Act. In addition, each recipient signed a Payroll Support Program Agreement that requires them to comply with the law and the agreement and provides the Treasury with remedies for non-compliance. We urge you to conduct vigorous oversight of recipients' adherence to these agreements. Congress will continue to exercise its oversight authority to ensure the objectives of the CARES Act are met.

We recognize that the airline industry is facing significant challenges at this time, and we are pleased the CARES Act provided payroll support and loans targeted to the sector. It is important that air carriers use this funding to support their workers, not to reduce their payrolls.

Thank you for your consideration of this letter. We look forward to working with you to support the airline industry and its workers.

Sincerely,



Sherrod Brown
United States Senator



Charles E. Schumer
United States Senator



Maria Cantwell
United States Senator