

United States Senate

WASHINGTON, DC 20510-3203

July 17, 2020

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

Dear Secretary Mnuchin:

The Coronavirus Aid, Relief, and Economic Security Act (CARES Act)(Pub. L. 116-136) Payroll Support Program (PSP) has helped hundreds of thousands of aviation workers maintain their paychecks and health care despite the downturn caused by the COVID-19 public health emergency. We are disappointed, however, that the Department of the Treasury has not used its discretion in administering the program to create maximum incentives for eligible companies to maintain pre-COVID payrolls. As a result, workers at certain companies saw a reduction in their hours, and others were laid off, despite Congress' intent to prevent both outcomes. We look forward to addressing these issues as we discuss extending the program and supporting aviation workers during the negotiations of a fourth major COVID-19 legislative package.

The CARES Act was signed into law on March 27, 2020 and required the Treasury to make initial payments to air carriers and contractors within 10 days. In reality, the process of disbursing payroll assistance was much more protracted. Although major air carriers entered into agreements with Treasury and began receiving PSP funds within a month, in most cases it took far longer for air carriers to receive payroll support. In the case of aviation contractors, the first agreement was not signed until seven weeks later on May 15, and others took even longer. Failure to swiftly implement PSP has deprived some aviation workers of the timely payroll protections included in the CARES Act.

The CARES Act required that assurances, such as refraining from furloughs and protecting collective bargaining agreements, apply through September 30, 2020, under the assumption that the Department would meet the strict deadlines in the Act for disbursement of funds. Because those deadlines were not met, we are concerned that the Department has created a loophole in those assurances, the net result being that the intent of the program has been seriously undermined leaving many workers unemployed even though their employers have received funding for payroll support. Based on data from one of the largest airport service worker unions, the largest aviation contractors have received collectively \$250 million from the program, yet many of their workers have been laid off. Even after Treasury issued its guidance extending the funding's use, the companies recalled only around 5% of furloughed workers. We believe the Department has the authority to extend those worker protections through the expenditure of the funds, and should do so considering the delays in making grant awards.

We strongly urge you to issue guidance that requires contractors to immediately rehire employees that were laid off during the lag period when the Department worked to implement

the PSP. Workers should not bear the brunt of the government's implementation pace because it undermines the purpose of the program. Further, the Department should require grantees to expend their grant funds by November 30, 2020, to ensure that funds get to the intended recipients—workers—expeditiously.

We believe the PSP has been an overall success, but we know it did not work as intended for all workers at companies who received funding from the program. This is in part because Treasury chose not to ensure the program created maximum incentives for companies to maintain their payrolls and avoid layoffs. Given the ongoing economic fallout from the COVID-19 public health emergency, we believe the PSP remains an important tool that Congress and the Administration can use to prevent massive job loss in a sector that accounts for five percent of the gross domestic product (GDP). As we enter into negotiations on the fourth legislative response to the pandemic, we look forward to working with you to extend the program and to ensure that it is implemented in a way that puts aviation workers first.

Sincerely,



Charles E. Schumer
United States Senator



Sherrod Brown
United States Senator



Maria Cantwell
United States Senator