



A bold voice for transportation workers

April 4, 2020

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

Dear Secretary Mnuchin:

The public health and economic challenges facing our country due to COVID-19 are unprecedented in modern history. The Transportation Trades Department, AFL-CIO (TTD) and our 33 affiliated unions have been clear from the beginning that any federal response to COVID-19 must protect the health and safety of frontline workers, provide immediate economic relief to those whose livelihoods are threatened, and provide long-term economic stability for transportation workers and the systems they support. Most importantly, any federal funds must be focused on providing aid to the working people who keep our economy running and who are directly in harm's way during this crisis.

The Coronavirus Aid, Relief, and Economic Security (CARES) Act, which you helped negotiate, is a vital step in providing economic relief for transportation workers. For the airline sector alone, this bill provided \$32 billion in immediate payroll grants for passenger airlines, cargo airlines and airline contractors, as well as \$29 billion in loans and loan guarantees to passenger and cargo carriers. The grant and loan provisions included unprecedented worker protections that are designed to ensure that grant money pays for salary and benefits, and that collective bargaining agreements are protected in this process. How effective this aid will be in helping sustain the industry through this crisis will depend greatly on how the financial assistance authorized by Congress is distributed and implemented by your agency.

Payroll Grant Distribution

The language in Section 4112 awarding grants to airlines and contractors was clear. Recipients of this money must use it to continue to pay the wages, salaries and benefits of their employees. Quick delivery of these funds is critical to ensuring that the aviation workforce remains intact and prepared for when the pandemic is over. The language also prevents recipients from engaging in involuntary furloughs, or wage or benefit reductions through the end of September 2020.

Transportation Trades Department, AFL-CIO

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Larry I. Willis, President / Greg Regan, Secretary-Treasurer

However, the bill and the initial guidance is unclear on a couple of circumstances surrounding the payroll grants, and we hope that you will seek to further enhance the value of this program and its benefit to frontline workers. First, we know that many grant recipients have implemented furloughs, hour reductions, or layoffs prior to receiving any grant funding. In these cases, we believe that the Department should clarify that employees who were laid off by grant recipients between the start of the pandemic and the deliverance of funds should have the opportunity to pursue their old jobs and receive payroll and benefit assistance. These workers who were early economic victims of the pandemic should not be allowed to fall through the cracks.

Second, there is currently no clarity on what would happen to any funds that may be leftover on October 1. Some airlines or contractors may have additional funds remaining because of voluntary furloughs, negotiated concessions, organic changes to personnel costs, or other reasons. We ask that the Department use its discretionary powers to require that any unused funds after September 30 be required to be used to preserve jobs and compensate workers for as long as the grant money remains available.

Finally, we would discourage you from imposing any onerous conditions on the grants that would make an airline or contractor prefer the bankruptcy process to direct government assistance, specifically in regard to section 4117. We believe that the focus on all direct grant assistance needs to be keeping people on payroll and with their benefits, and this must be the focus of the Department as it negotiates with carriers and contractors.

Protecting Collective Bargaining Agreements

Sections 4115 and 4025 prevent any government agency from conditioning grants or loans and loan guarantees respectively on negotiating concessions from employee collective bargaining agreements regarding pay or any other terms of employment. While employee unions will continue to negotiate with their employers throughout this crisis, as they normally would, the issuance of government aid must never be used to undermine collective bargaining. While the Department's initial guidance on grants references 4115, the guidance regarding loans and loan guarantees is currently missing any reference to section 4025. We urge the Department to clarify that 4025 is a critical part of its application process for the loan and loan guarantee assistance.

We also urge the Department to use its broad authority to protect workers and collective bargaining if carriers that accept financial assistance nonetheless enter the bankruptcy process. We know from past periods of economic distress in this sector that air carriers have used the bankruptcy process, and specifically Section 1113, to abrogate union contracts, depress wages and benefits and outsource work. In this economic environment and given the broad goals of the CARES Act, it makes little sense to allow carriers to repeat these harmful abuses of the bankruptcy process.

Aviation workers are ready and eager to do our part to steer our country through this crisis. Every day, workers are continuing to go to work, perform their duties, and do their best to ensure that our passenger and freight aviation systems continue to operate in a safe and efficient manner. The CARES Act has given you incredible resources to help the aviation industry

through the pandemic and set it up to be a valuable economic driver once the pandemic is over. But the greatest results will only be achieved if the interests of working men and women are put first as financial assistance is issued. We are eager to work with you as the CARES Act is implemented and look forward to the day that our industry and country are back up and running.

Sincerely,

A handwritten signature in black ink that reads "Larry I. Willis". The signature is written in a cursive, flowing style.

Larry I. Willis
President