

Congress of the United States
Washington, DC 20515

May 26, 2020

The Honorable Steven T. Mnuchin
U.S. Department of the Treasury
1500 Pennsylvania Ave NW
Washington, D.C. 20220

Dear Secretary Mnuchin,

We write you today with grave concern and broad opposition to your recent statements regarding carriers' compliance with the terms set out in 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 when it included Air Carrier Worker Support provisions was to prevent airline workers from suffering the immediate negative economic effects of a virus they had no ability to prevent. Reducing hours while "maintaining rate of pay" goes directly against this goal and places these airlines out of compliance with the CARES Act.

United, Delta, and JetBlue airlines have all unilaterally cut workers hours – in some cases significantly decreasing these employees' pay and benefits. The creative position held by these airlines is that an hours cut is somehow unrelated to compensation, which is protected under the CARES Act. The hour cuts imposed by these carriers have made some workers eligible for unemployment assistance – a circumstance the legislation was explicitly designed to prevent. These carriers are very clearly out of compliance with the letter and spirit of the law.

A faithful execution of the CARES Act requires the Treasury to cite these cuts as violating federal law. Anything less than direct and immediate enforcement action from your department is a failure for the American people. Permitting this type of interpretive acrobatics will erode public trust in our federal relief efforts and further subject taxpayer dollars to suspicion that relief funds were used to pad the pockets of shareholders at workers' and taxpayers' expense. While the law may allow for negotiated hours reductions, made in concert with the workforce and presumably in exchange for some other benefit of equal value to the workers, it very clearly reserves the decision of accepting such a cut to the workers and not the companies.

We are also deeply concerned that the Treasury has failed to act in accordance with its statutory mandate under the CARES Act to deliver payroll assistance to the most vulnerable aviation workers. Earlier this month, 350 workers at Miami Air lost their jobs because the Treasury chose not to provide program assistance to the carrier as it worked through a bankruptcy proceeding caused by the pandemic. Company executives were directly in touch with the Treasury to secure

payroll assistance, to no avail. Treasury has thus far failed to explain why it denied their workers their paychecks when it was within their authority to do.

The financial outlook is dire for the airline industry, which is why Congress supported U.S. commercial aviation in recent relief packages. However, our intent has always been to protect airline workers (as the title of this section of the CARES Act makes clear), not corporate salaries or shareholders. The need for protections like these has been made clear over the past several years as the commercial aviation industry spent record profits on stock buybacks, which overwhelmingly benefit institutional investors and individuals with stock options. Meaningful efforts to build financial reserves or return workers' pay and benefits to pre-recession levels were not made, and airlines are now telling their workforce, with complicity from the Treasury, "draw down your rainy-day fund."


Many carriers have entered into voluntary agreements with workers to take leave or reduce their hours. In your role overseeing commercial aviation assistance as part of CARES Act, you should be doing everything you can to promote this sort of outcome, while discouraging actions like those taken by United Airlines and others.

Moving forward we respectfully request the following actions:


1. Release guidance clarifying that top-down, unilateral decisions to reduce hours, and as a result reducing pay and benefits, are prohibited under CARES Act.
2. Comply with all Congressional oversight requests, particularly those related to Treasury's Payroll Support Program Agreements.
3. Provide Congress with a detailed plan with respect to your own vigorous oversight of Payroll Support Program Agreement, in particular your plan for remedies in the cases of non-compliance.
4. Please disclose whether you or any other Treasury officials provided carriers with guidance that cutting worker hours would be allowable under the terms of the CARES Act. If so, which carriers did you and your team consult with and what guidance did you provide?

Please respond, electronically, no later than June 5th. Thank you for your time and consideration during these difficult times.

Sincerely,



JAN SCHAKOWSKY
Member of Congress



JESUS "CHUY" GARCIA
Member of Congress



KATIE PORTER
Member of Congress

Additional Signatories

Nanette Diaz Barragán	Brian Higgins	Frank Pallone, Jr.
Joyce Beatty	Jared Huffman	Bill Pascrell, Jr.
Brendan F. Boyle	Pramila Jayapal	Donald M. Payne, Jr.
Salud Carbajal	Marcy Kaptur	Mark Pocan
Judy Chu	Joseph P. Kennedy, III	Mike Quigley
David N. Cicilline	Ro Khanna	Ayanna Pressley
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Al Green	Eleanor Holmes Norton	Juan Vargas
Raúl M. Grijalva	Alexandria Ocasio-Cortez	Bonnie Watson Coleman
Alcee L. Hastings	Ilhan Omar	Susan Wild

CC: Donald J. Trump

President of the United States