

Congress of the United States
House of Representatives
Washington, DC 20515

April 07, 2021

Janet Yellen
Secretary, U.S. Department of the Treasury
1500 Pennsylvania Ave NW Ste 2000,
Washington, DC 20220

Secretary Yellen,

The recently passed American Rescue Plan Act of 2021 includes another \$15 billion in payroll support grants to the airline industry.¹ We write to bring to your urgent attention that while we expect United Airlines to seek additional Payroll Support Program Extension Payments (PSP3), the carrier is simultaneously putting the jobs of thousands of current U.S. workers in Newark, Houston, Denver, Honolulu, and Cleveland at risk.² United has also announced millions of dollars worth of stock grants and cash retention bonuses for top executives.³ This is not what Congress intended when it approved unprecedented support for the airline industry.

At a time when the workers need job security, the airline has announced that it plans to contract out inflight catering work, without giving workers any assurances that their jobs, pay and benefits will be protected. United Airlines directly employs approximately 2,500 airline catering workers, who are currently covered by the Payroll Support Program. However, the airline is putting all 2,500 of those jobs in jeopardy with a request for proposals out now soliciting bids to outsource the catering functions.

Congress created this program to “preserve aviation jobs” by providing wage assistance to companies in exchange for keeping workers on the payroll. Program funds must be used exclusively to pay employee wages, salaries, and benefits.⁴ To receive these funds, recipients must “refrain from conducting involuntary furloughs or reducing pay rates and benefits.”⁵

¹ American Rescue Plan Act of 2021, Pub. L. No. 117-2, § 7301(b)(1).

² See, e.g., *United Airlines Won't Negotiate Over Catering Workers' Future, Union Charges*, Forbes (Feb. 26, 2021) (online <https://www.forbes.com/sites/tedreed/2021/02/26/united-airlines-wont-negotiate-over-catering-workers-future-union-charges/?sh=1fc61a9b74f8>).

³ See, e.g., *United offers top execs millions in bonuses*, Crain's Chicago Business (March 2, 2021) (online: <https://www.chicagobusiness.com/transportation/united-offers-top-execs-millions-bonuses>).

⁴ Coronavirus Aid, Relief, and Emergency Security Act, Pub. L. No. 116-136, § 4112(a)(2020).

⁵ *Id.* § 4114(a)(1).

In the CARES Act, Congress gave the Treasury Secretary discretion to determine the “appropriate” “terms and conditions” of the payroll assistance.⁶ This authority includes the ability to “clawback” funds when a company does not “honor [its] assurances’ to refrain from conducting layoffs or furloughs.”⁷ Consistent with these provisions, Treasury’s program application procedures explain that Treasury has “discretion” to determine the awardable “amount.”⁸

To implement this program as Congress intended, we urge you to exercise your discretion under the CARES Act (PSP1), Consolidated Appropriations Act, 2021 (PSP2), and the American Rescue Plan Act of 2021 (PSP3). United has already received \$7.7 billion in federal stimulus grants to stabilize employment in the airline industry.⁹ **Treasury must include a commitment from United Airlines both to cancel its request for proposals soliciting bids to outsource 2,500 airline catering jobs, and to rescind these executive bonuses, in any new Payroll Support Program Extension agreement.**

Despite billions in grants, thousands of hard-working Americans – most of them people of color – are going to lose their jobs without action.

Thank you for your attention to this matter.

Sincerely,



Sylvia R. Garcia
Member of Congress



Eleanor Holmes Norton
Member of Congress

⁶ *Id.* § 4113(b)(1)(A).

⁷ *Id.*

⁸ Department of the Treasury, *Guidelines and Application Procedures for Payroll Support to Air Carriers and Contractors under Division A, Title IV, Subtitle B of the Coronavirus Aid, Relief, and Economic Security Act* (Mar. 30, 2020) (online at <https://home.treasury.gov/system/files/136/Guidelines%20and%20Procedures%20for%20Payroll%20Support%20to%20Air%20Carriers%20and%20Contractors.pdf>) (emphasis added).

Department of the Treasury, *Guidelines for Payroll Support to Passenger Air Carriers and Contractors* (Mar. 16, 2021) (online at <https://home.treasury.gov/system/files/136/PSP3-Guidelines.pdf>) (emphasis added).

⁹ \$5.1 billion from PSP1: <https://home.treasury.gov/policy-issues/cares/preserving-jobs-for-american-industry/payroll-support-program-payments>

\$2.6 billion from PSP2: <https://home.treasury.gov/policy-issues/cares/preserving-jobs-for-american-industry/payroll-support-program-extension-payments>