

United States Senate

WASHINGTON, DC 20510

May 4, 2021

VIA ELECTRONIC DELIVERY

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

Dear Secretary Yellen,

As you are aware, the American Rescue Plan Act extends the Payroll Support Program (PSP) for the airline industry. United Airlines may seek additional payments under the extension of the program. We are writing to bring to your attention that United Airlines is putting the jobs of thousands of its workers in Cleveland, Denver, Honolulu, Houston, and Newark at risk through a plan to outsource jobs in inflight catering services.¹ United has also announced future stock grants and cash retention bonuses for top executives worth \$7.5 million.² We respectfully request that any new PSP payments to United Airlines and other carriers make clear that any outsourcing of jobs while receiving PSP payments would violate the terms of the program. Additionally, we request that you exercise your discretionary authority to encourage airlines to end any ongoing efforts that could result in the outsourcing of jobs, rescind executive bonuses, and call on United Airlines to refrain from engaging in these activities for the duration of the PSP.

Congress passed the PSP to preserve aviation jobs at risk due to the pandemic by providing wage assistance in exchange for airlines keeping workers on the payroll. Workers need job security as the airline industry suffers through the decline in travel caused by the COVID-19 pandemic. United has already received \$7.7 billion in federal grants to stabilize employment in the airline industry.³ Instead of keeping its workers employed, we understand United Airlines has issued a request for proposals 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, whose jobs previously have been covered by the PSP but that United Airlines is now placing at risk.

¹ 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>).

² 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>); and United Airlines Annual Report on Form 10-K for the Year Ended December 31, 2020, Item 9B (online: <https://ir.united.com/static-files/a30cf7ec-7b4a-4fd9-9ae3-2656e9d53f24>).

³ \$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>

In the CARES Act, Congress gave the Treasury Secretary discretion to determine the appropriate terms and conditions of the payroll assistance.⁴ Congress maintained the Treasury Secretary’s discretion when it extended the PSP program in the Consolidated Appropriations Act, 2021 (PSP2), and the American Rescue Plan Act of 2021 (PSP3). The authority includes the ability to clawback funds when a company does not “honor [its] assurances” to refrain from conducting layoffs or furloughs.⁵ If United proceeds with its plan despite receiving billions of dollars to retain its workforce, then thousands of hard-working Americans – many of them people of color – are going to lose their jobs.

We believe it is inconsistent with Congress’ intent in creating the PSP program for airlines to outsource jobs while committing to bonuses for top executives once the PSP program restrictions on executive compensation have expired. We respectfully ask you to require any new PSP agreement with United Airlines or any applicant require the airline to refrain from outsourcing jobs and to rescind or refrain from making any commitments to provide executive bonuses while airlines are receiving payments under the PSP.

Thank you for your attention to this matter.

Sincerely,



Mazie K. Hirono
United States Senator



Brian Schatz
United States Senator



Sherrod Brown
United States Senator



Richard Blumenthal
United States Senator



Chris Van Hollen
United States Senator



Robert Menendez
United States Senator

⁴ Coronavirus Aid, Relief, and Emergency Security Act, Public Law No. 116-136, § 4113(b)(1)(A).

⁵ *Id.*



Cory A. Booker
United States Senator