

January 1, 2021
M21-001

TO: SPEEA Council
FROM: SPEEA Council's Legislative & Public Affairs Committee

SUBJECT: **PRESUBMITTED NEW BUSINESS:** Aerospace Supply Chain Relief

Background

[Supply Chain Bill text](#)

The Covid-19 crisis places hundreds-of-thousands of aviation manufacturing jobs at risk, creating a strain on our companies and workers today that may only get worse.

The pandemic's impact on air travel is reverberating across the aviation ecosystem. Domestic air travel in the United States has slowed to a crawl, with more than a 95 percent year-over-year decrease in revenue passenger miles at its lowest point in mid-April. While the percentage has improved, several major airlines have said they will still be forced to cut tens-of-thousands of jobs.

When airlines are grounded, aviation manufacturing and repairing is grounded. Aircraft orders dry up, spare parts are not needed, and operations and maintenance are deferred for planes sitting idle. Overall, global civil aircraft production will drop by nearly 50 percent in 2020. The impact on the specialized civil aviation workforce is expected to be equally severe, with 220,000 U.S. jobs at risk under current projections.

Commercial aviation companies and suppliers of all sizes are struggling. As end-use aviation manufacturers face decreasing passenger demand, the industry's shared supply chain, made up of primarily small- and medium-sized companies, is also experiencing substantial impacts placing workers — the lifeblood of our industry — at greatest risk.

Losses in civil aviation will also impact the defense industry. Many of these highly skilled workers also support projects for our military. Losing these jobs in our supply chain undercuts our ability to provide our armed forces with the world-class capabilities they need, undermining America's national security.

Bipartisan leaders from both chambers of Congress have taken an important step to help save these jobs. Sens. Jerry Moran (R-Kan.), Mark Warner (D-Va.), Reps. Rick Larsen (D-Wash.) and Ron Estes (R-Kan.) have introduced two bills that would help U.S. aviation manufacturers retain their workforce and bring laid-off workers back to work sooner. And over 20 members of Congress have already signed onto the legislation.

These bills would be a temporary, targeted, and transparent emergency program to help companies retain the employees most at risk of losing their jobs from COVID-19. To help save these most vulnerable workers, the legislation creates a cost sharing program in which the employer continues to pay 50 percent of compensation, with the government supplementing the remainder. At the same time, the program requires the employer to continue to pay the vast majority of the company's total payroll costs, including benefits, creating a true cost share for industry.

Prior to council action (voting) to determine a position on a legislative or public affairs issue, the SPEEA Council's Legislative & Public Affairs Committee shall investigate and produce both pro and con statements and a majority committee recommendation.

Passage or adoption of any legislative or public issues proposal shall be by published ballot and require: A majority vote of all votes cast by Council Members present.

Under this program, the Department of Treasury would enter into six-month renewable agreements with manufacturers that would ensure full salaries are maintained for the at-risk employees. Manufacturers must demonstrate that the workers were at risk and must use the federal assistance solely for their compensation. Compensation assistance is limited to 25 percent of the workforce. The program would be available until April 30, 2022.

Pro: Protects employees of the Aerospace sector

Con: Increases US Debt

Motion

It is moved that: **The SPEEA Council supports federal economic relief for U.S. aerospace workers and families who have been disproportionately impacted by the economic fallout of COVID-19. This includes federal stimulus assistance for aviation manufacturing companies to expedite the retention, recall or rehire of U.S. aerospace employees.**

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