

## Senator Cantwell Opening Statement

### Senate Commerce Committee Hearing: The State of the Aviation Industry: Examining the Impact of the COVID-19 Pandemic

**Witnesses: The Honorable Eric Fanning, President and Chief Executive Officer, Aerospace Industries Association; Mr. Nicholas Calio, President and Chief Executive Officer, Airlines for America; Dr. Hilary Godwin, Dean, School of Public Health, University of Washington; Mr. Todd Hauptli, President and Chief Executive Officer, American Association of Airport Executives**

**May 6, 2020**

CANTWELL: Thank you Mr. Chairman, and thank you for holding this important hearing. I want to note that, while my colleague Senator Blumenthal is here along with me, we have six or seven colleagues who are joining us remotely, and we thank them for being part of this hearing today. The impact of the COVID-19 pandemic is fundamentally a public health crisis, but impact on the economy is global, without parallel. The coronavirus has heightened the importance, and also the vulnerability, of our aviation ecosystem. We need to connect America, its communities, and we need to keep employing people around the globe.

We have learned, just as with the Spanish flu, that this virus travels through people, and transportation routes and sectors. So we know we're here today to talk about, what are the impacts of the virus on aviation, and what do we need to do for the future to better prepare.

On March 27<sup>th</sup>, the *CARES Act* was signed into law, and a historic part of the \$2 trillion—two trillion dollar rescue package was specifically dedicating \$32 billion in payroll assistance for workers, and \$46 billion in loans to stabilize America's aviation sector. We're going to hear today from some of the witnesses to talk about that, but particularly I want to emphasize the fact that we want to hear from the Treasury office about the payroll support program, and ensuring that the *CARES Act* was used specifically to support payroll protection.

I also want to hear from the aviation manufacturing sector, and what this legislation has done to help us keep essential aviation workers, that are so critical for America's competitiveness in a manufacturing economy. In particular, we want to see how the aviation sector is responding post-this COVID *CARES Act* legislation, but we are very concerned that when hours are being reduced of aviation airline workers, this is counter to what the legislation entailed. I will be sending a letter, along with Senators Brown and Schumer, to the Treasury secretary to clarify that mandatory or forced reductions in payroll hours is not what the *CARES Act* intended.

We recognize the challenges facing the industry, and we recognize the challenges in facing this disease. We know that demand has plummeted, and that airplanes are grounded and that airports have been empty. So we're going to hear today about those challenges and about how we can keep moving forward to protect the flying public as they return.

We're going to hear from a witness, Eric Fanning, who is going to talk about how this business was critical to national security of the aviation sector, and what we can do to continue to move forward with getting manufacturing in a safe environment.

We're also going to hear from Mr. Hauptli about the implementation to our airports and airport systems. Clearly, they have been hard hit and impacted by the lost revenue, and the *CARES Act* helped deliver some resources to sustain them through this crisis.

But I especially want to welcome and hear from Dr. Hilary Godwin, the Dean of the University of Washington's School of Public Health, and professor in the Department of Environmental & Occupational Health Sciences. While we're focusing on the impacts of industry, we need to think about this disease and what we need to do to prepare and make our workers safe in the aviation environment. We need to listen to our scientists, like Dr. Godwin. They will tell us how best to protect workers, they will tell us how to best protect the public, and particularly in the case of resurgence.

Dr. Godwin's expertise has played a strong and active role in Washington's response to the coronavirus. And right now, I believe, we need multiple federal agencies, like CDC, NIH, DHS, and DOT to better coordinate information to the traveling public about the phases of reopening. We have the states and public health authorities across the country looking for leadership, to tell our aviation-traveling public what are the most necessary procedures, and how to follow them. I do not want to see a Balkanization of safety issues, where everybody has somewhat of an opinion. Or, I should say, even of the industry, I want to see a uniform standard that this is what safety in aviation requires—on the manufacturing side, in our airports, and on our airplanes.

So I look forward to hearing from our witnesses today. We need to show the traveling public that we can make aviation safe for the future. We need to discuss what those solutions look like today, and make sure that we're enforcing public health standards and reaching those goals.

So thank you, Mr. Chairman, for having the hearing. I would—if I could—also enter into the record a letter from the Association of Flight Attendants on their testimony as it relates to the COVID package and the payroll support program, making sure that workers are not forcefully reduced in hours.

Thank you very much, Mr. Chairman.

## Senator Cantwell Q&A With Witnesses

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CANTWELL: Thank you, Mr. Chairman. I have many, many questions so hopefully we'll get a second round here and maybe I'll predicate with some things to think about.

Obviously, Mr. Fanning, I want to follow up on your comments about the workforce and who we're losing right now, because these are skilled workers that once they disappear and they go find a job, wherever they can find a job that has healthcare, I want to know what we're going to do about healthcare because they only have one month of a healthcare benefit. Then after, you're going to be in a pandemic still—you're going to go find a job with healthcare. You're not going to wait. So then when we restart in a more aggressive way, where are those workers going to be, and we've lost our competitiveness. So if you could think about that. But I'd like to go to Dr. Godwin if I could, thank you so much for your articulate assessment of what we have to do to return safety, public health safety, to aviation. And thanks so much to the University of Washington's leadership in our state as we've dealt with this. We just couldn't have dealt with a crisis in our state without the University of Washington, so thank you for everything that they've been doing on testing, and with the Institute of Health Metrics Evaluation, and with this innovative program on COVID Safe, so can't thank you enough.

What level of travel do you think that aviation, if we were following the guidelines and implementing a national guideline policy as you discussed, what level of air travel do you think that we could achieve safely?

DR. GODWIN: That's a great question, Senator. I guess I'm less worried about what level we can achieve at this point because we have...working in our favor, that right now we're starting from very low switch to flip and all of a sudden to go super high levels of travel. We expect people to reenter into travel gradually. And that gives us a period of time to implement these measures, in a way that is very protective of travelers and airport personnel and workers. As we see the level start to increase, hopefully we'll also start to see the pandemic continue to wane globally. And so, my hope would be that by the time we get up to higher levels of travelers, that some of the risks associated with COVID-19 may be diminishing.

I think the most important thing to convey in terms of how we manage this interim time, is this question of density, though. Normally we would try to fly as few planes as possible with as many people on each plane as possible, and what we know from public health is that it's that close proximity of individuals for an extended period of time that creates the greatest risk of transmission. So, we want to balance that driver to lower the costs with those public safety considerations.

CANTWELL: Thank you. And I think that's so important what you said, because you're saying what my father used to say all the time because he was a Navy man, "steady as she goes," right? You're trying to implement the healthcare policy. That's our best bet: implement the healthcare policies, and then we can move forward. Mr. Calio, what about that? What about getting a national guidance policy that is across the United States, hopefully—no, not more hopefully than hopefully—let's not say to the flying public, "We're going to charge you to keep the middle seat open." Let's just get the airlines to do the right distancing if that's what it takes. So, what about getting a national guideline policy implemented?

MR. CALIO: There's two questions there. On distancing, we are doing that now to the greatest degree possible. I'm going to be straightforward, as you know I always am, in the long term that's a business model that cannot be sustained. Because if it costs more to fly people from Point A to Point B, it's a total money losing proposition, which then means it's a job loss proposition. So hopefully by the time we reach the point later on where travel is picking up, other measures will be in place: vaccines, testing, etc. that will give the public the assurance they need and be able to protect both our employees and the customers.

In terms of national guidelines, there's an awful lot going on voluntarily. Our preference would be to go down that route—I mean mostly, I think it's great that Dr. Godwin is on the panel today because it provides the opportunity to talk about these things, and we have been talking with many other experts in the area and would be happy to talk to you about it as well.

CANTWELL: Thank you. And I know my time is expired, but Mr. Chairman, I want to say to Mr. Calio, if your partner associations—look I think it's—United [Airlines] backing off of what they were trying to do on forced hour reduction was the right move, and I hope that Jet Blue and Delta are going to do the same things. We're definitely going to get out of the Treasury the right guidance on this, and clearly we wanted to help protect the payroll of those individuals, so thank you.

## Senator Cantwell Q&A With Witnesses: Round 2

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CANTWELL: Thank you, Mr. Chairman. I did—other than not being able to get the video from Senator Sinema, I want to thank our colleagues Senator Klobuchar and Blunt for their hard work on getting this system set up so our committee and other committees in the Senate could participate this way. This has been a great experience and great work by the people who are working the audio and video, so thank them for all of that.

I wanted to go back to Mr. Fanning, I started at my opening round of questioning this issue about the supply chain and losing a workforce that is hard to replace. One of the things that has come up in the implementation of the CARES Act is that the definition of national security has limited the applications. I think for all of us who have been thinking about these issues for some time, we think of lots of things as part of national security. We didn't specifically mean you actually are producing X number of product for, you know, as a defense contract. I mean in general, we think that airlines and having an aero—airline sector is part of national security. So, what do we need to do to fix that element of the language? Or what do we have to do to clarify? Because we were clear. So we're definitely going to communicate to Treasury about this.

MR. FANNING: Well I think—thank you for that question. There were a number of issues that probably precluded companies from accessing that money. The rules came out rather late on that one, later than most and companies were only given a week to reply. That caused some problems. But I think the main problem is what you highlighted: it was a very narrow definition of national security. It was what they call, rather wonky, a DX designation, which really limited it very severely and left out a lot of companies that anybody would argue are doing national security work.

But, DOD and Treasury are working on that right now and refining that definition. So I think we'll make some progress on that and make those funds available to a larger pool of companies that are very clearly doing national security work.

CANTWELL: So if you're providing—if you're part of the supply chain for commercial aviation, should that be part of the national defense?

MR. FANNING: I think so, absolutely. The supply chain is shared, and a lot of companies want a foot in both sides as a risk mitigator, and that's important, it's great, but we are worried about the impact on the commercial side—what the commercial side might have on the national security side. And so, I don't think that you should require a company to be doing 100 percent national security to have them be critical as a part of the defense industrial base.

CANTWELL: Thank you. And what do we do about the healthcare? Do you support us doing something to help further the healthcare of laid off aerospace manufacturing workers in this time period?

MR. FANNING: I do, a number of companies—we're first and foremost focused on not losing the workforce for all the reasons you mentioned in your question. But when it comes to that, many of the companies are extending benefits, giving extended periods for the benefits. But we would look for some help to help those people who no longer have their jobs as a result of this pandemic. The market is contracting and we're looking for ways to ride through that, but it's going to be a difficult journey.

CANTWELL: And can you just explain that a little bit more? Because I think people think, "Well of course people would want to go back to aerospace." But the point is, if you lose your job in aerospace manufacturing now, and you have one year—I'm sorry you have one month of healthcare from your employer under their COBRA system, and then you yourself could purchase another year, or I think it's 12 months, of that. But do you have the 2,000 dollars or whatever the benefit is to purchase that? If you don't, you're going to not hang around and wait for the aerospace job to come back. Maybe I'm explaining it for you. But anyway, I wanted to emphasize how critical it is that if we want to retain these workers, and retain them being able to help us again in aerospace, which is a very competitive environment, that we need to do something about healthcare.

MR. FANNING: Absolutely, I think you got most of it. These are highly sought-after workers. If we can't keep them employed in the aerospace industry, others will want to come after them, obviously. They're highly skilled, they're highly trained, and other industries that might be able to ramp up faster than we would, would be attractive and have jobs available, perhaps. On the defense side of our industry, for example, some of the companies are hiring through this. So there are places out there that are hiring, and we want to make sure we retain that workforce, because this is an industry that is an important economic driver for the country in many ways. It's leveraged in terms of the economic activity that it engenders, but it also is an important part of our global competitiveness.

CANTWELL: Thank you. If I could, Mr. Chairman, just quickly—Dr. Godwin, would you give us your response about the temperature issue? I went to China I think maybe 10 years ago, after H1N1, and was tested before I could be let into the country. Where do you think temperature checks play into the equation of aviation, even if it's on the international arrival side?

DR. GODWIN: I think that temperature checks, again coming back to this concept of a net, we want to have a bunch of different reinforcements. It's not like one thing is going to be key to protecting people. And the temperature checks are a way to identify those people who are really active cases of either COVID-19 or some other infectious disease. So it's a great way to identify probably some really high risk people. What we've seen with this disease, though, is that not everyone runs a temperature, and there are people who are asymptomatic who are still transmitting. So it's one piece of the puzzle, but perhaps not—it should only be one part of what we're doing, it's not a quick fix. I would also like to say, really basic things like handwashing are super effective. So we want to make sure we're providing people with opportunities to keep themselves safe as well.

CANTWELL: Thank you, and thank you, Mr. Chairman. And to this last point about what is it going to take to get the public going again, somebody mentioned it, one of our witnesses: I would say it's listening to Dr. Godwin and the healthcare officials. That's what's going to convince the public: when they say if

these standards are here and this is what will make us safe, that's where we need to start. Thank you, Mr. Chairman.