Aid for workers, not executives and shareholders

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As coronavirus and social distancing measures have reduced economic activity, the Administration and Congress are considering aid to the hardest-hit industries. A draft Administration plan proposes $50 billion for the airline industry and $150 for unspecified industries to provide loans and loan guarantees. For the airline industry, the proposal only specifies continuation of service requirements and prohibits increases in executive compensation until loans are repaid. It specifies no conditions for other industries. It leaves administration and oversight entirely to the Treasury Department.¹

Industry-specific aid is insufficient stimulus by itself. A sufficient economic stimulus package to meet this crisis would include immediate cash assistance to households, aid to states and local governments, enhancements to unemployment insurance, and other policy measures that cover the entire spectrum of households impacted by coronavirus.

If industry aid is included in a broader economic stimulus, it should be structured to ensure it benefits workers in those industries, not wealthy executives and shareholders.

Forms of industry aid

Regardless of form, assistance should be structured to ensure all workers, including franchise workers and contractors, benefit from the assistance and are protected by the conditions put on that aid. It should supplement existing collective bargaining agreements. The aid should come in the form of payroll subsidies, loans, and/or cash for equity, not corporate tax breaks.

Payroll subsidies. The key element of worker-centered industry aid is ensuring that workers keep their jobs and keep getting paid. Rebounding after layoffs is especially hard in industries like aviation where certifications may lapse during unemployment. Payroll subsidies would be monthly payments to businesses exclusively for the purpose of payroll and benefits.

Direct government loans. Industries may need assistance to cover over financial obligations while cashflow is low. That assistance could come in the form of low-interest or no-interest direct loans from the federal government that a business repays once the industry recovers. The eligibility and uses of these government loans must be subject to strict conditions.

Cash for equity. Just as the government took ownership of General Motors stock when it bailed out the auto industry, it can provide cash for equity in corporations looking for aid. Taxpayers would then receive the benefit when the economy recovers and stock prices rebound.²

Conditions for industry aid

- **Worker health and safety.** Any company receiving aid must follow CDC and public health guidelines for protecting their workers and contractors, including providing any necessary personal protective equipment and ensuring sanitary conditions in the workplace. Companies must also provide health care to their employees.

- **Paid leave.** Aid recipients should provide paid leave to nonessential workers who are unable to telework, those who need to isolate/quarantine to prevent spread, and those who need time off to care for the needs of family members. At a minimum, companies receiving aid should be required to follow the paid leave and sick days requirements set out in both the Families First Coronavirus Response Act (H.R. 6201) and the PAID Leave Act (S. 3513).

- **Limit layoffs.** Companies should be required to maintain their payroll at a specific threshold until aid is repaid.

- **$15 minimum wage.** Companies receiving government assistance to make payroll should be paying all workers and contractors at least $15 per hour for at least 5 years from the receipt of the aid.

- **Neutrality in organizing campaigns.** Companies should not engage in anti-union activity if they are receiving government aid.

- **Worker representation in decisionmaking.** If a corporation is receiving significant government assistance to prevent layoffs, workers at that corporation should receive representation on its board.

- **No stock buybacks, executive bonuses, or dividends.** Airlines have spent tens of billions of dollars on stock buybacks over the past decade. Government funds should not help artificially inflate stock prices or boost executive compensation. Executives and shareholders must stand in line behind workers. Any stock buybacks, executive bonuses, or dividend payments should be put on hold until government aid is repaid.

- **CEO pay cap.** The CEOs of the largest airlines make 80 to 195 times more than the median worker at those airlines. Until a business is able to repay government assistance, its CEO pay should be capped at 50 times the median worker pay.

- **Bankruptcy protection.** Workers at companies that filed Chapter 11 bankruptcy within 2 years of receiving aid should receive the protections specified in the Protecting Employees and Retirees in Business Bankruptcies Act of 2018 (S. 2518/H.R. 138, 115th Congress). These would reduce potential losses to workers and retirees and restrict executive compensation.

- **Oversight.** A temporary oversight body should be established with a mandate to maintain employment and income as well as ensure that all conditions on aid are met. This body should include representatives from unions in the affected industries and have necessary oversight authorities, including subpoena power.

- **Enforceability.** Conditions must be enforceable. Any aid misdirected to executives or shareholders should be clawed back. If a company violates other conditions, its leadership must be subject to appropriate penalties that minimize additional harm to workers.

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