



COMMITTEE ON

# TRANSPORTATION & INFRASTRUCTURE

SAM GRAVES, REPUBLICAN LEADER

## Highlights of the *Coronavirus Aid, Relief, and Economic Security Act (CARES Act)* T&I Committee Related Provisions

Aviation supports 5% of our Nation's GDP and generates \$1.6 trillion in annual economic activity. Millions of Americans work throughout the aviation industry across the country, and the CARES Act includes programs to help ensure these jobs continue to exist once the COVID-19 crisis is over. The legislation also includes additional provisions under the T&I Committee's jurisdiction to help our Nation respond to this unprecedented public health emergency and to maintain businesses critical to the Nation's supply chain.

### Aviation Loans

- \$25 billion for passenger air carriers, repair stations, and ticket agents.
- \$4 billion for cargo carriers.
- \$17 billion for businesses critical to national security.
- \$454 billion for generally "distressed businesses," for which other transportation-related businesses could apply.
- Loan repayments will be paid to the Treasury.
- Loans come with certain conditions, including:
  - Restrictions on executive compensation, golden parachutes, length of the loan, stock buybacks and dividends.
  - Ensures that eligible businesses maintain existing employment levels through September 30, 2020, to the extent practicable, and in no case reduce it more than 10%.
- Ensures the Treasury Secretary will protect the taxpayer, and the government can participate in any gains.
- Allows air carriers to maintain medical supply chains and continue providing services to certain routes, including small and rural communities.
- Provides for a Congressional Oversight Committee to ensure oversight and accountability.

### Airline Grants

- \$32 billion in grants to airlines and airline contractors to prevent furloughs – these funds will exclusively cover salaries and compensation of non-executive employees:
  - \$25 billion in grants to passenger air carriers.
  - \$4 billion in grants to cargo air carriers.

- \$3 billion in grants to airline contractors, including caterers, baggage handlers, and wheelchair pushers.
- Companies receiving grants may not furlough employees through September 30, 2020, or buy back stocks or issue dividends through September 30, 2021.
- The same air service and executive compensation provisions attached to loans apply.
- Grants cannot be conditioned on an airline entering into collective bargaining negotiations with unions.

### **Airport Improvement Program (AIP) in Supplemental Appropriations**

- \$10 billion in AIP supplemental appropriations at 100% federal match, including:
  - For commercial service airports, \$7.4 billion distributed by special formula and \$2 billion distributed by modified AIP formula.
  - \$100 million in General Aviation (GA) airport funding.
- Includes a passenger ticket tax, cargo waybill tax, and commercial aviation fuel tax holiday.

### **Federal Emergency Management Agency (FEMA)**

- \$45 billion for the Disaster Relief Fund (DRF) with at least \$25 billion specifically for major disaster declarations (states continue to request major disaster declarations, and this funding will assist those states that are approved).
- \$400 million for federal assistance.
- \$100 million for assistance to firefighter grants for protective equipment.
- \$100 million for Emergency Management Performance Grants.
- \$200 million for the Emergency Food and Shelter Program.

### **Harbor Maintenance Trust Fund (HMTF)**

- Enables full use of the HMTF user fees, collected to improve the Nation's ports and harbors and enhance the competitiveness of U.S. farmers and businesses, which has broad bipartisan support.

### **General Service Administration (GSA)**

- \$275 million in expedited funds to help GSA meet space acquisitions necessary to prevent, prepare for, or respond to COVID-19.

### **United States Coast Guard**

- \$140.8 million to mobilize Coast Guard reservists and acquire IT equipment to improve emergency response communication capabilities; also includes funds to acquire personal protective equipment for Coast Guardsmen and other DHS personnel.

### **Transit and Rail Transportation**

- \$25 billion to the Federal Transit Administration (FTA) for rural and urban transit, distributed by existing formula.
- \$1.257 billion to Amtrak divided among the Northeast Corridor, state-supported routes, and long-distance routes.



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## ***Coronavirus Aid, Relief, and Economic Security (CARES) Act*** **Frequently Asked Questions – T&I Related Provisions**

### **Question: Why does the bill include assistance specifically for the airlines?**

Answer: This bill aids in saving American jobs throughout the aviation industry – not just one segment of it. As a Nation, our federal government initiated a comprehensive response to reduce the spread of the COVID-19 pandemic, and the CARES Act is in response to steps taken by the federal government. Our aviation industry supports 5% of our Nation's GDP and generates \$1.6 trillion in annual economic activity. Millions of Americans work in aviation across the country, and the CARES Act includes programs to help ensure these jobs continue to exist once the COVID-19 crisis is over.

### **Question: What are the restrictions on airlines that accept grants/loans?**

Answer: The loan conditions include restrictions on executive compensation, golden parachutes, and prohibitions on stock buybacks and dividend payouts. The airline or distressed industry business must also maintain its existing employment levels through September 30, 2020, to the extent practicable, and in no case reduce levels by more than 10%. The grants come with the same executive compensation restrictions. In addition, companies receiving grants may not furlough employees through September 30, 2020, buy back stocks, or issue dividends through September 30, 2021. The federal government may receive warrants or equity stakes in the companies receiving grants, and an oversight committee will help ensure accountability.

### **Question: How does the bill support airports and affiliated contractors?**

Answer: The *CARES Act* provides \$10 billion in grants to airports to help them maintain employment, continue operations, clean and sanitize to prevent the spread of coronavirus, and service airport construction debt. The bill also provides \$3 billion in payroll support grants to airline contractors, including baggage handlers, wheelchair pushers, and caterers. These grants can only be used to pay employees. Further, contractors that receive grants must maintain current employment levels through September 30, 2020.

### **Question: What funding is provided to the Federal Emergency Management Agency (FEMA) to support state and local response efforts?**

Answer: The *CARES Act* infuses \$45 billion into FEMA's Disaster Relief Fund (DRF), which will be added to the existing amounts in the DRF (approximately \$40 billion). This funding will help response efforts in states with approved major disaster declarations. The bill also includes \$100 million for FEMA's Emergency Management Performance Grants (EMPG), which support state and local emergency

management capacity; \$100 million for Assistance to Firefighter Grants to support the acquisition of personal protective equipment; and \$200 million for FEMA's emergency food and shelter program.

**Question: Does the bill provide Disaster Unemployment Assistance?**

Answer: States are able to request Disaster Unemployment Assistance (DUA) through a request for a major disaster declaration; however, expanded unemployment assistance in other parts of the bill will likely provide more benefits and coverage than FEMA's DUA.

**Question: Does the bill impact the Harbor Maintenance Trust Fund (HMTF)?**

Answer: The *CARES Act* allows for the full utilization of the HMTF. The Harbor Maintenance Tax is collected on goods and cargo coming into U.S. ports for the sole purpose of maintaining our Nation's ports so that they remain efficient and globally competitive. However, the total amount collected in the HMTF has not been dedicated to those intended purposes. The bill provides this long-sought bipartisan fix and a similar bill (H.R. 2440) passed the House earlier this Congress.

**Question: Does the bill provide assistance to cruise lines, the owners and operators of small passenger vessels, or port facilities?**

Answer: In general, the *CARES Act* provides \$454 billion to provide loans, loan guarantees, and other investments to assist eligible businesses. Eligible businesses are U.S. businesses whose losses result from the coronavirus, and U.S.-owned cruise lines, owners and operators of small passenger vessels, and port facilities are expected to qualify.

**Question: Does the bill provide any regulatory relief to the trucking industry?**

Answer: The *CARES Act* includes language requested by the Department of Transportation (DOT) to clarify state authority to issue special permits for increased truck weight. Under either a "major disaster" or "emergency," states can issue special permits for heavier trucks to deliver relief supplies. This ensures the validity of state-issued special permits.

**Question: Does the bill include Amtrak funding?**

Answer: In the legislation, Amtrak receives just over \$1 billion for operations and maintenance. Amtrak's ridership levels have greatly decreased during the pandemic, and service in certain areas has been reduced or temporarily suspended. \$492 million will go to the Northeast Corridor, and \$526 million is designated for the National Network, which includes long-distance and state-supported routes.

**Question: What does the bill include for transit?**

Answer: Transit agencies have incurred a significant increase in operating expenses due to the coronavirus and, at the same time, ridership has decreased significantly. \$25 billion is included to prevent, prepare for, and respond to coronavirus. The funding for operations and maintenance will help transit agencies provide essential service while ridership and revenues are greatly reduced. This funding will be distributed by current formula. The bill requires the Federal Transit Administration (FTA) to apportion funds within seven days after enactment, and the federal match can be up to 100 percent, at the discretion of the grant recipient.



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## Jobs & Economic Importance of U.S. Infrastructure Network

The Nation's transportation and infrastructure network not only connects our communities and citizens to doctors, hospitals, and medical services during emergencies, it supports millions of American jobs. Congressional actions to stabilize the economy and critical segments of the transportation sector will help ensure that these jobs that are vital to moving the American economy still exist once the COVID-19 crisis is over.

### Aviation

- Aviation supports 5% of our Nation's GDP and generates \$1.6 trillion in annual economic activity.
- Mainline air carriers directly employ about 750,000 people and induce another 10 million jobs.
- Regional airlines employ about 70,000 people and operate 41% of all U.S. departures.
- Ultra low-cost carriers employ over 29,000 people.
- Airports are preparing for possible drop-offs at individual airports of 80-100% of passengers.
- More than 1.2 million people work at airports, including airport employees, federal employees, contract workers, and concessionaires.
- U.S. commercial airports economic output exceeded \$1.4 trillion in 2017.
- Small airports, served exclusively or primarily by regional airlines, supported \$134 billion in U.S. economic activity last year and created 1 million jobs.
- Two million jobs are associated with the U.S. aviation manufacturing industry.

### Trucking & Motor Carriers

- 7.8 million people were employed in trucking-related jobs in 2018, excluding the self-employed.
- There were 892,078 for-hire carriers; 772,011 private carriers; and 84,930 other interstate motor carriers on file with USDOT in May 2019. 91.3% operate 6 or fewer trucks.
- In 2017, there were 36 million trucks registered and used for business purposes (excluding government and farm).
- Trucks move more than 70% of the Nation's freight by weight.
- Commercial trucks make up 13.4% of all registered vehicles and in 2017 paid \$17.7 billion in federal highway-user taxes and \$25.8 billion in state highway-user taxes.
- The motor coach industry – largely made up of 3,000 operators, most of which are small businesses – provides almost 89,000 full-time equivalent jobs. If the pandemic lasts the year, nearly 75% of those jobs could be lost.

## Ports & Waterways

- The total economic contributions of the U.S. waterways systems resulted in nearly 256,000 jobs and \$27.2 billion in GDP in 2016.
- About 2.3 billion tons of cargo, including grain, coal, agricultural inputs, steel, petroleum products, chemicals, and aggregate materials, is shipped via the Nation's inland, coastal, and Great Lakes navigation systems.
- Cargo activity at U.S. ports supported nearly 31 million jobs in 2018, providing for \$1.4 trillion in personal income and local consumption.
- Cargo activities at U.S. ports account for 26% of the U.S. economy and generated nearly \$5.4 trillion in total economic activity in 2018.
- Cargo volume at U.S. ports is expected to drop 20% in the first quarter of 2020.
- All major cruise lines have suspended ports of call in the United States for 30 days.

## Water Infrastructure

- 1.7 million workers are directly involved in designing, constructing, operating, and governing water infrastructure, including clean water and drinking water. Of those, about 300,000 are employed at water utilities specifically, and another 200,000 plus people are employed by public utilities as operations contractors and construction project contractors.

## Pipelines

- There are over 2.6 million miles of gas and hazardous liquid pipelines overseen by USDOT.
- The oil and gas industry supports 10.3 million U.S. jobs and makes up nearly 8% of GDP.
- The industry provides above average wages to American workers (85% higher than average private sector salaries).

## Rail

- In 2017, Class I freight railroads supported over 1.1 million jobs and \$219.5 billion in economic output. This industry produces some of the Nation's best-paid jobs and actively recruits military veterans.
- Railroads haul approximately 35% of all U.S. exports.
- Amtrak employs over 20,000 people.
- More than 32 million Amtrak trips were taken in Fiscal Year 2019. Amtrak estimates a 95% drop in demand for its Acela service and 85% drop on its Northeast route – its most densely populated corridor.

## Public Transportation

- Public transit agencies employ 435,000 people and support millions of private sector jobs.
- Public bus and rail transportation provided 55.8 billion passenger miles traveled in both rural and urban communities. Of public transit trips, 48% are by rail and 47% by bus.
- Approximately 87% of bus and rail trips directly benefit the local economy, 50% get people to work and 37% connect them to local businesses.
- Transit is experiencing significant reductions in ridership due to state and local workplace restrictions and is facing billions of dollars in fare revenue losses.