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SELECT SUBCOMMITTEE ON THE CORONAVIRUS CRISIS

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<https://coronavirus.house.gov>

October 9, 2020

Mr. John Rutjes
President
Sky Chefs, Inc.
6191 N State Highway 161
Irving, TX 75038

Dear Mr. Rutjes:

I am writing to request that Sky Chefs commit to forgo any layoffs or furloughs until all Payroll Support Program (“PSP” or “the Program”) funds awarded to your company have been expended, consistent with congressional intent. As you know, Congress created this program to “preserve aviation jobs” by providing wage assistance to companies in exchange for keeping workers on the payroll.¹ In a report released today, Select Subcommittee staff found that some aviation contractors receiving Program funds did not expend all of their PSP funds by September 30, 2020, the last day the companies were prohibited from conducting layoffs.² Sky Chefs received \$214 million on July 30, 2020, to cover six months of payroll support. However, because of the date the company’s PSP agreement was executed, you only committed to pause layoffs for two months.³ Since the purpose of the Program is to preserve jobs, I ask that you honor Congress’s intent and commit to forgo any layoffs or furloughs until all of the PSP funds awarded to you have been exhausted.

The Coronavirus Aid, Relief, and Emergency Security (“CARES”) Act authorized Treasury to provide up to \$32 billion to “preserve aviation jobs and compensate air carrier industry workers,” including workers at companies providing services to the aviation industry. Under the Act, Payroll Support Program funds must be used exclusively to pay employee wages, salaries, and benefits. To receive these funds, recipients must “refrain from conducting involuntary furloughs or reducing pay rates and benefits until September 30, 2020.”⁴ The

¹ Coronavirus Aid, Relief, and Emergency Security Act, Pub. L. No. 116-136, § 4112(a) (2020).

² Select Subcommittee on the Coronavirus Crisis, “*Unnecessary Costs*”: *How the Trump Administration Allowed Thousands of Aviation Workers to Lose Their Jobs* (2020).

³ Department of the Treasury, *Payroll Support Program Payments* (online at <https://home.treasury.gov/policy-issues/cares/preserving-jobs-for-american-industry/payroll-support-program-payments>) (last accessed Sept. 30, 2020).

⁴ Coronavirus Aid, Relief, and Emergency Security Act § 4114(a)(1).

maximum assistance available under the Program is calculated based on the compensation that was paid to employees during the six months from April through September 2019.⁵

Today's staff report shows that Treasury's implementation of the PSP undermined the Program's effectiveness by permitting aviation contractors to lay off thousands of workers and still receive full payroll support funds calculated on pre-pandemic workforce figures. The report demonstrates that Treasury delayed execution of PSP agreements for months and permitted layoffs while the agreements were pending. Treasury also allowed companies to spend PSP funds indefinitely, even after the prohibition on layoffs ended on September 30, removing any incentive to maintain payroll levels above business demands. As a result, some contractors will have PSP funds to spend on a reduced workforce well into 2021. Since Sky Chefs finalized its agreement with Treasury for \$214 million on July 30, 2020, Sky Chefs likely has significant remaining PSP funds even though the company is no longer prohibited from firing workers.

Because the purpose of the Program is to keep employees attached to their jobs, I ask that you commit to forgo any layoffs or furloughs until all the PSP funds awarded to you have been expended. Please respond by October 16, 2020, to inform the Select Subcommittee whether you will agree to this commitment.

If you will not make this commitment, please provide the following information by October 16, 2020:

1. An explanation of why you will not commit to forgo layoffs or furloughs until all the PSP funds awarded to you have been expended;
2. The number of layoffs and furloughs the company conducted between April 2, 2020, and the execution of your PSP agreement;
3. The number of layoffs and furloughs the company plans to conduct in each of the next six months; and
4. The amount of PSP funds the company expended prior to September 30, 2020, the amount remaining after that date, and the date on which you expect to all remaining PSP funds to be exhausted.

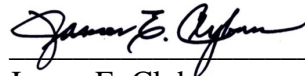
These requests are consistent with House Resolution 935, which established the Select Subcommittee on the Coronavirus Crisis "to conduct a full and complete investigation" of "the efficiency, effectiveness, equity, and transparency of the use of taxpayer funds and relief programs to address the coronavirus crisis," including "reports of waste, fraud, abuse, price gouging, profiteering, or other abusive practices related to the coronavirus crisis."

⁵ *Id.* § 4113(a)(3).

Mr. John Rutjes
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An attachment to this letter provides additional instructions for responding to these requests. If you have any questions, please contact Select Subcommittee staff at (202) 225-4400.

Sincerely,



James E. Clyburn
Chairman

Enclosure

cc: The Honorable Steve Scalise, Ranking Member