



January 28, 2021

The Honorable Nancy Pelosi
Speaker
United States House of Representatives
Washington, D.C. 20515

The Honorable Charles E. Schumer
Majority Leader
United States Senate
Washington, D.C. 20515

The Honorable Kevin McCarthy
Republican Leader
United States House of Representatives
Washington, D.C. 20515

The Honorable Mitch McConnell
Republican Leader
United States Senate
Washington, D.C. 20515

Dear Speaker Pelosi, Majority Leader Schumer, Leader McConnell and Leader McCarthy:

The Aerospace Industries Association (AIA) represents over 300 U. S. businesses that comprise the nation's aerospace and defense industrial base. Our companies have seen the enormous effects of COVID-19 firsthand, with impacts on the health and well-being of our employees and their families, as well as delays and shortages across our supply chain. At the same time, our businesses are faced with extraordinary and unexpected emergency expenses needed to respond to the pandemic, keep our employees safe, and continue to deliver best-in-class products to our customers.

Like their fellow Americans, financial resources are stretched thin for many small and medium-sized businesses, and expenses are piling up. Along with large prime contractors, the thousands of small and mid-sized businesses that make up the bulk of the aerospace and defense supply chain have incurred significant unexpected expenses—some totaling in the hundreds of thousands of dollars. Our members continue to share stories like this one from a member in Texas, which, among other measures, hired a nurse to check employee temperatures, while also reorganizing its production space to spread workers apart to keep its assembly line going. The cost to this 147-person company alone is more than \$160,000 and counting.

Congress anticipated many of the challenges to businesses and responded with assistance. We appreciate your leadership and bipartisan stewardship of the COVID-19 related portions of the "Consolidated Appropriations Act, 2021" (Public Law 116-260), including a provision extending, through March 31, 2021, the authority to pay federal contractors that are unable to access their worksites due to COVID-19. This authority was originally provided in Section 3610 of the Coronavirus Aid, Relief and Economic Security (CARES) Act, and continues to serve as a lifeline for many contractors doing business with the Department of Defense, the National Aeronautics and Space Administration, and other agencies.

As the pandemic continues, we see more clearly that the impact to our industry extends far beyond what was envisioned when the CARES Act was enacted last March. While workforce compensation costs authorized under Sec. 3610 are an important element of our COVID-19 expenses, that definition unfortunately excludes a majority of the costs we continue to incur.

¹ Sec. 1002 ("Contractor Pay") of Title X, Division N, Public Law 116-260.



Section 3610 does not include other COVID-related costs, including enhanced cleaning measures, the purchase of personal protective and sterilization equipment, increased operating hours to allow for greater social distancing, additional IT expenses to accommodate 'virtual' operations, and schedule delays. In the context of these expenses and others, as much as 2/3 of the financial impact on the defense and aerospace industry are not reimbursable under current law and practice.

In addition to providing relief for these costs, it is imperative for Congress to appropriate funds to cover reimbursements already allowed by Section 3610. Defense and non-defense agencies alike lack the resources to keep important programs on schedule, while simultaneously absorbing the magnitude of contractor COVID-19 costs. Last year, for example, a senior Pentagon official testified before the House Armed Services Committee that absorbing Sec. 3610 costs is "well beyond the Department's resourced ability. . .without significantly jeopardizing modernization or readiness efforts."

During this period of massive and sustained unemployment, the employees and businesses that comprise our aerospace and defense industrial base have gone above and beyond to keep essential sites safe and open and federal programs on schedule. Our industry has continued to be an economic driver throughout the darkest days of the pandemic. We believe this situation is even more serious today and affects important science and technology programs at NASA as well as the Department of Defense.

For this reason, we request that, in the next COVID-19 response and relief bill Congress:

- 1. Extend the application of Section 3610 through September 30, 2021.***
- 2. Authorize federal agencies to reimburse federal contractors for all COVID-related costs for any extraordinary costs related to the COVID-19 pandemic.***
- 3. Provide supplemental FY21 appropriations of \$10.8 billion for the Department of Defense and \$2 billion for the National Aeronautics and Space Administration, to reimburse all COVID-related costs.***

We believe these three changes are critical to protecting and preserving our world-class workforce, our extensive shared supply chain, and a healthy aerospace and defense industrial base, while also minimizing the disruption to important federal programs. As you craft the next COVID-19 response and relief bill, thank you for considering this request.

Sincerely,

A handwritten signature in dark ink, appearing to read 'Tim McClees', is positioned above the printed name.

Tim McClees
Vice President Legislative Affairs