United States Senate

COMMITTEE ON BANKING, HOUSING, AND URBAN AFFAIRS

WASHINGTON, DC 20510–6075

April 20, 2020

The Honorable Steven T. Mnuchin
Secretary of the Treasury
Department of the Treasury
1500 Pennsylvania Ave. NW
Washington, DC 20220

Dear Secretary Mnuchin:

The COVID-19 (coronavirus) pandemic has resulted in the deaths of more than 40,000 Americans and threatens to overwhelm our healthcare system. In addition to the impact on the health of our families and communities, the virus, and our efforts to combat its spreading further, have had an enormous economic impact. In the last month, 20 million Americans have filed for unemployment[1] insurance. As you know, vast swaths of the economy, especially in the service industry, shut down.

Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act to address the public health emergency and its economic impact. The bill includes critical funding for hospitals, communities, and unemployment benefits for workers who have lost work as a result of the coronavirus, among other policies. It also includes $454 billion in funding, which could create $4.5 trillion in lending to businesses, as well as non-profits and state and local governments. Programs developed by the Department of Treasury to help businesses must require that businesses support their workers who have been affected by the pandemic.

Congress passed the CARES Act and provided funding and authority for the purpose of providing relief to companies so they could invest in their workers. We know from experience that workers must be explicitly considered. The last time the government rescued the economy, big banks and big corporations got sweetheart deals, while workers in most industries had their pay, healthcare, and pensions cut, or lost their jobs entirely. Twelve years after the crisis, big banks were more profitable than ever, while hardworking families struggled to break even. If trillions in lending is not implemented in a way that helps workers long-term, these investments will fail and further exacerbate economic inequality, just as they did after the 2008 bank bailouts.

The CARES Act's new lending programs are an unprecedented amount of power to the Treasury Secretary under section 13(3) of the Federal Reserve Act, and it comes with enormous responsibility. Based on the initial announcement last week by the Federal Reserve on the creation of facilities for medium-sized businesses and other entities, we are concerned with how you are carrying out the law. We urge you to use this authority to impose strict requirements on

[1] https://www.dol.gov/ui/data.pdf

any funds provided to businesses under this rescue package so that workers, not just businesses, benefit from the government's investment.

As these facilities are finalized over the next several weeks and you take additional actions under the CARES Act, we urge you to use your authority and require loan recipients to enter into binding agreements with the Department of the Treasury that they will commit to meaningful worker protections that support hardworking families during this crisis.

Any business seeking assistance under the programs authorized by the CARES Act should pay a living wage and should be required to maintain their entire workforce, including all contractors, at full pay and benefits, for at least as long as they are receiving assistance from taxpayers. Healthcare benefits must include affordable insurance, paid sick leave, and paid family medical leave.

Furthermore, none of the funds provided by this Act should be used to assist companies that undermine the American workforce by outsourcing jobs to countries with less stringent worker protections. Any company that receives assistance under this legislation should not only commit to remaining neutral with regard to any worker organizing efforts, but should also be barred from using any of these funds to undermine workers through anti-union campaigns, or to take advantage of this crisis to weaken hard-earned collective bargaining agreements.

In the case where a business that receives assistance must furlough or terminate some of their workforce, they should be required to provide continuing pay and benefits, or severance, commensurate with the length of service of the employee. Finally, if a company that receives assistance under this Act does need to be restructured in bankruptcy, they should not be allowed to use that as an opportunity to reduce worker pay or benefits, or renegotiate collective bargaining agreements. The Department of the Treasury should keep specific records of companies' compliance with requirements under any of these programs, and regularly report to Congress on how these benefits are being used to support working families.

Congress passed the CARES Act for the purpose of providing relief to companies so they could invest in their workers. In order to ensure these funds are responsibly administered, please provide to us, before any funds are disbursed, the Department of the Treasury's specific requirements for firms' participation in any program established under this new authority, and an explanation of how the Department expects those requirements to support employees and contractors. We look forward to your response by April 23, 2020.

Sincerely,

/s/ Sherrod Brown_____
Sherrod Brown
United States Senator

/s/ Jack Reed__________
Jack Reed
United States Senator

/s/ Elizabeth Warren____
Elizabeth Warren
United States Senator

/s/ Brian Schatz_______
Brian Schatz
United States Senator

/s/ Tina Smith_________
Tina Smith
United States Senator