



May 12, 2020

**The Honorable Roger F. Wicker, Chairman**

Committee on Commerce, Science, and Transportation  
United States Senate  
512 Dirksen Senate Office Building  
Washington, D.C. 20510

Dear Chairman Wicker:

Thank you for seeking the Aerospace Industry Association's input on the current state of the U.S. aerospace and defense industry, particularly in relation to U.S. civil space programs, and our efforts and recommendations on recovering from the COVID-19 pandemic. As AIA stated in recent testimony to the Committee, this pandemic is a global threat we must not only all endure, but all do our part to overcome. With that in mind, the aerospace and defense industry has been focused on three critical lines of effort since the beginning of the pandemic:

**PROTECTING OUR WORKFORCE:** First and foremost, industry is focused on protecting the health and economic well-being of our workforce of 2.5 million, whose work is vital to our industry and nation. Our companies are taking extraordinary steps to ensure the health and safety of every employee in determining whether facilities remain open or return to operations. At open facilities, our companies have implemented a range of best practices, including ramping up the frequency of cleaning, sanitizing, and decontamination efforts; implementing physical distancing procedures; providing personal protective equipment (PPE); and conducting temperature testing. Our companies are also supporting the economic wellbeing of our employees and their families in several ways, from taking steps to protect jobs to enhancing employee benefits and support programs.

**PROTECTING OUR INDUSTRY:** Our second major focus is the continued health of our industry and the shared aerospace and defense supply chain. Programs in the Coronavirus Aid, Relief and Economic Security (CARES) Act, coupled with positive steps by government space agency leadership, are helping our companies sustain daily operations and keep employees on the payroll wherever possible. Our larger companies are advancing millions of dollars to their supply chain partners, helping these smaller companies survive with the liquidity they need during the pandemic. In a recent survey, 71% of our members said accelerated payment from customers is one of the most helpful tools to mitigate the negative impacts of the crisis. This is true whether the customer is a commercial business or a government agency.

**PROTECTING OUR COMMUNITIES AND COUNTRY:** Our next focus is helping our communities and our country. Using our industry's skills and expertise, our member companies are producing face shields and masks, designing and building portable ventilators, and involving our supply chains and transportation resources to help impacted communities across the country.

### **Roadmap for Recovery**

Next I'd like to outline some growing concerns impacting the civil space industry and lay out steps that Congress, the administration, and industry can take to ensure a robust recovery.

**WORKFORCE SAFETY:** The safety of our employees remains our top priority. While National Aeronautics and Space Administration (NASA) facilities closed or shifted to limited operations, many of our companies that support civil space programs remained open because they support national security missions. This has put AIA in a unique position to identify best practices based on our industry's continued operation. These include use of personal protective equipment (PPE), testing, monitoring, enhanced sanitization, and other safety measures.

- **Continuing effort** – AIA's effort to collect best practices continues and AIA is sharing elements of these practices widely, with both industrial and government partners, to ensure others return to the workplace safely.



- **Needed action** – We are concerned that, as state and local jurisdictions implement plans to return to the workplace, we could see a patchwork of workplace safety requirements that conflict with established industry best practices. We urge Congress and the Administration to allow companies to continue using established best practices that are consistent with guidance from the Centers for Disease Control (CDC) and the Occupational Safety and Health Administration (OSHA), even where there may be conflicting local guidance.

**SUPPLEMENTAL AND TIMELY FY21 APPROPRIATIONS:** The positive steps taken by NASA and other agencies to protect both agency and contractor workforces create significant, previously unanticipated costs (e.g., facility modifications; sanitization; IT, and associated labor). Without supplemental funding, this could impact the schedules of important civil space programs. We urge Congress to help encourage a faster recovery by providing additional funds to cover these extraordinary costs. Additionally, Congress should consider cases where supplemental appropriations could provide a “shot in the arm” to industry and the economy.

- **Needed action** – AIA has recommendations in four areas:
  - Congress could provide additional FY20 appropriations to cover unanticipated agency and contractor costs for returning to the workplace and resuming program activity at pre-pandemic levels;
  - Congress could authorize cost recovery for non-labor costs experienced by contractors related to the pandemic;
  - Congress could provide additional funding to existing programs as a “shot in the arm,” or in other words, an economic stimulus to accelerate recovery and advance important civil programs. One example involves existing National Oceanic and Atmospheric Administration (NOAA) contracts for next generation weather programs. Acceleration of these programs would benefit the future U.S. weather infrastructure and support further invest in the highly-skilled workforce behind these programs; and
  - Congress can assist the recovery by enacting FY21 appropriations bills this fiscal year. As you know, most contracts cannot be awarded during continuing resolutions, thus dampening the effects of recovery investments Congress is making. With the certainty of full-year appropriations, companies can confidently make their own investments in workforce and infrastructure.

**CONTRACT FLEXIBILITY:** We commend Congress for including civil space activity and work at contractor facilities in the equitable adjustment authorities addressed in Section 3610 of the CARES Act. We further commend NASA for its implementation of this authority and its communication with industry members seeking equitable adjustment. These steps allowed workers to remain on the payroll and in a ready state to return to work. As the pandemic’s impact continues, contract flexibility remains a high priority for ensuring recovery of the civil space industrial base.

- **Continuing action** – NASA has developed agency-wide guidance and maintains positive, open lines of communication with industry. AIA and industry continue to work with NASA to ensure this guidance is implemented and contracts are adjusted in a timely and consistent manner agency-wide at the contracting officer level. NASA has been a strong partner, but this will need continued vigilance from both NASA and industry.
- **Continuing action** – Many programmatic impacts will not be fully known until work is able to fully resume on-site. As these impacts are refined, NASA and other agencies will need to continue employing the authorities being used today to protect the workforce, cover unanticipated costs, and adjust schedules. NASA and other agencies will also need to establish a transparent process for determining and reporting schedule impacts to Congress and Executive Branch oversight bodies. NASA has acknowledged these challenges, but it will require continued collaboration between NASA and industry.

**CARES ACT PROGRAM ADJUSTMENTS:** The CARES Act provided important tools and resources to help our industry navigate the crisis. With some adjustments, these programs could provide further benefits to impacted space industry business – including mid-sized companies that face challenges accessing CARES Act resources.

- **Needed action** – Our recommendations for potential adjustments to CARES Act programs are shown below.



- To help mid-sized businesses in aerospace and related manufacturing sectors, Congress could extend loan forgiveness opportunities in the loan and loan guarantee program to mid-sized businesses. Expanding this relief could also help protect companies important to the overall aerospace and defense supply chain that are facing extreme pressure from the collapse of commercial activity;
- While the Mainstreet Lending Program has potential for some of our mid-sized companies, the slow rollout and lack of clear underwriting guidance makes the overall effectiveness of the program unclear at this time;
- For small businesses, the Paycheck Protection Program is off-limits to some companies in our industry because of Treasury’s narrow definition of “affiliated” companies. We urge Congress to review and consider broadening this definition to encompass more U.S.-based workers; and,
- Finally, Congress could review the CARES Act set-aside of \$17 billion for “national security businesses” and evaluate whether the eligibility criteria is too narrow. For example, the requirement that recipients have a current “DX-rated” contract and a top-secret facility clearance renders ineligible companies that perform national security work on an unclassified basis. Expanding eligibility for this program could also help protect companies important to the overall aerospace and defense supply chain that are facing extreme pressure from the collapse of commercial activity.

**SUPPORTING THE OVERALL SUPPLY CHAIN:** The continued health and resiliency of our global supply chain remains a concern. The aerospace and defense (A&D) industry is unique in that many of our companies share workforce, products and services across multiple sectors, including commercial aviation, civil space, and defense. The unprecedented disruption in commercial aviation introduces a high risk to the entire supply chain and is an area of growing concern and continued effort.

• **Needed action** – We ask the Committee to consider the following initiatives:

- Congress should consider temporary, targeted assistance for the aviation manufacturing sector. There is strong support in our industry for a private-public partnership to preserve jobs and keep at-risk employees on the payroll through the pandemic. This proposal would require eligible companies to provide significant investment to sustain payroll – with government supplementing a portion of the cost. AIA has provided a legislative recommendation to implement this concept.
- Aerospace and defense companies have played a vital role during the pandemic, operating in good faith and in compliance with OSHA and CDC guidance. However, because of the prevalence and asymptomatic spread of the virus in our communities, and the unprecedented nature of this pandemic, it is possible that a company’s diligent and compliant actions still may not prevent transmission of the virus in all instances. Similar to other industries and service providers, as the nation more fully returns to work, businesses are concerned about obstacles that can hinder recovery. This includes the threat of future litigation, which undermines our industry’s ability to provide critical goods and services. This is a special challenge for the small businesses that make up the majority of our supply chain. Our industry looks forward to a national dialogue that seeks to find the right balance as the nation returns to work. In particular, we believe considerations should be given to companies acting in good faith and taking appropriate steps to protect employees in line with guidance from CDC, OSHA or other appropriate federal authorities.

Thank you for the opportunity to share our industry’s concerns as we work to keep our workforce safe while responding to national imperatives. As always, we look forward to continuing to work with the Committee to ensure America remains the global leader in space exploration, aerospace, and defense.

Sincerely,

A handwritten signature in black ink that reads 'Eric Fanning'. The signature is fluid and cursive, with the first name 'Eric' and last name 'Fanning' clearly distinguishable.

Eric Fanning  
President & CEO  
AIA