

U.S. Airlines, Aviation Contractors to Receive Additional \$15 Billion Under American Rescue Plan Act

On March 11, 2021, the American Rescue Plan Act of 2021 (the Rescue Plan Act) was signed into law, providing much-needed relief to keep employees on airline payrolls. The Act provides “eligible air carriers” with \$14 billion and “eligible contractors” with \$1 billion in financial assistance exclusively for the continuation of employee wages, salaries, and benefits.

Unlike previous payroll support legislation, the Rescue Plan Act payroll support funding is not available to all U.S. carriers and contractors. Instead, to be eligible for relief, air carriers and contractors must have received financial assistance under the Consolidated Appropriations Act for 2021 (CAA), which was passed in December 2020. Additionally, “eligible air carriers” are those that provide air transportation as of March 31, 2021, and have certified to the U.S. Treasury Department that they will refrain from furloughs or pay cuts until September 30, 2021, or until funds are exhausted; refrain from purchasing certain equity securities, paying dividends or making capital distributions until September 30, 2022; and agree to certain restrictions on executive compensation during the two-year period beginning April 1, 2021. To be eligible, an air carrier must have not implemented furloughs or pay rate or benefits decreases between March 31, 2021, and the date when it makes the required certification to Treasury. Similar restrictions apply to aviation contractors seeking relief under the Act.

The amount that individual air carriers receive will be in proportion to the amounts they received under the CAA. Aviation contractors will receive the same amount they received under the CAA. The bill requires that the Treasury Department issue streamlined procedures by March 16, 2021, to allow eligible air carriers and contractors to request financial assistance. Initial disbursements are expected to follow by March 21, 2021.



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