Press Release

Evaluating CARES Assistance to the Airlines

ALLISON EDWARDS | MARCH 27, 2020

In its current form, the Coronavirus Aid, Relief, and Economic Security (CARES) Act — which the Senate passed late Wednesday — provides $32 billion in grants and $29 billion in loans and loan guarantees to the passenger and cargo airline industry. AAF's Director of Fiscal Policy Gordon Gray reviews the bill's provisions and notes similarities and differences with the last time that Congress provided aid to the airline industry after 9/11.

His central points:

- The Coronavirus Aid, Relief, and Economic Security (CARES) Act provides $32 billion in grants and $29 billion in credit assistance to the airline industry, as well as relief from excise taxation related to commercial air travel;
- Among other restrictions, recipients of aid must refrain from issuing dividends, stock buy-backs, furloughs, or salary reductions, and executives are subject to compensation limits; and
- The Act allows the federal government to take equity positions in recipient firms to compensate for taxpayer risk.

Read the analysis.