

July 14, 2020

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

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

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

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

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

The Aerospace Industries Association (AIA) represents over 300 businesses large and small that comprise the defense industrial base. Our companies have seen the effects of COVID-19 firsthand, including the human toll, the workforce productivity losses and the extraordinary emergency expenses needed to respond to the pandemic and keep our employees safe.

We are very appreciative of your leadership and bipartisan stewardship of the Coronavirus Aid, Relief, and Economic Security Act (Public Law 116-136) and the inclusion of Section 3610, which authorized the reimbursement of extraordinary and unanticipated costs arising from COVID-19. As you know, the bill did not appropriate funds for those reimbursements. This situation creates a problematic burden on our defense industrial base and a difficult choice for the Department of Defense.

Absorbing the magnitude of the Department's estimated costs without appropriations would threaten recent improvements to readiness, jeopardize critical defense sector jobs which have helped stabilize communities across the country during the pandemic, and further erode the domestic supply base. During a period of massive unemployment, the defense industrial base has risen to the challenge and gone above and beyond to keep essential manufacturing sites safe and open, and to ensure critical national security programs are not delayed indefinitely. The defense industrial base continues to be an economic driver during a period when many elements of commercial industry have been shaken by the pandemic.



Thankfully, the Department of Defense has been a strong partner in helping industry respond to this crisis. On June 10, 2020, Under Secretary of Defense for Acquisition and Sustainment, Ellen M. Lord offered testimony before the House Armed Services Committee on the COVID-19 pandemic's effect on the defense industrial base. Undersecretary Lord acknowledged that the cost for 3610 is likely "well beyond the Department's resourced ability to do so without significantly jeopardizing modernization or readiness efforts."

However, Section 3610 workforce costs are just one category of COVID-19 impacts on industry. Other COVID-19 costs include travel restrictions, facility closures, social distancing within facilities, enhanced cleaning measures, the purchase of personal protective and sterilization equipment, and costs associated with supply chain disruptions. As with the previously discussed 3610 funding, the Department does not have the funds to cover these costs.

As these expenses and claims become clearer, we believe that supplemental emergency defense appropriations for COVID-19-related claims should be addressed.

As the Senate begins to consider the next COVID-19 response bill, and later in conference with the House, we urge you to include an appropriate level of funding for these reimbursements and respectfully request your support of the Department of Defense's request for emergency funding. Further, to ensure that the Department's Section 3610 authorities aren't disrupted due to the impending expiration of the CARES Act on <u>September 30, 2020</u>, we urge you to consider an extension of those authorities to <u>December 31, 2020</u>.

Thank you for your continued support of the United States defense industrial base and for considering this request.

Identical letters are being sent to the Chair and Ranking Member of the Congressional Defense Committees.

Sincerely,

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