
MEMORANDUM

TO: CORNERSTONE CLIENTS
FROM: CORNERSTONE GOVERNMENT AFFAIRS
SUBJECT: CARES Act – How does the law impact our nation’s airports?
DATE: April 3, 2020

The following is a summary of how the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) addresses record decline of passenger enplanements at our nation’s airports due to the ongoing COVID-19 pandemic. Division B of the CARES Act provides additional appropriations for our nation’s airports during this period of unexpected decline in passenger travel.

Background. Preliminary forecasts show the COVID-19 pandemic will cost our nation’s airports at least \$13.9 billion.ⁱ Prior to COVID-19, the Federal Aviation Administration and airports across the country estimated an increase in the volume of travelers through airports year-over-year. However, the drop-in travelers from this time last year has ranged, day-to-day from between, eighty to ninety percent. Additionally, the Transportation Security Administration (TSA) continues to experience record lows in traveler throughput.ⁱⁱ For instance, on Wednesday, April 8, 2020, 94,931 travelers were screened by TSA, compared to 2,229,276 travelers from the same weekday last year, nationwide.

CARES Act and Airports. The effects of COVID-19 on travelers, especially at airports, cannot be overstated. The complete lack of demand for travel, both business and leisure, has far reaching effects on the economy, but, for our purposes, the airports that rely on a range of financing tools to maintain our nation’s commerce, and to another degree our nation’s aviation security. The CARES Act provides funding to our nation’s airports through the following:

- \$10 billion available through the Federal Aviation Administration’s (FAA) Airport Improvement Program (AIP) for airports to maintain operations during a phase of time when airports are experiencing a record decline in travelers. AIP grant funds are distributed through formula and recipients contribute a matching percentage of eligible project costs. In order for an airport to be eligible to receive AIP grants it must meet a set criteria.ⁱⁱⁱ
- Provides \$500 million to pay for a 100 percent federal share for AIP grants issued under FY 2020 appropriations;
- \$100 million available for general aviation airports;
- All airports receiving funds under the CARES Act shall continue to employ, through the end of the calendar year, at least 90 percent of the number of individuals employed. The Secretary of Transportation may waive this requirement for certain airports, and it does not apply to nonhub or nonprimary airports.

Other Benefits. The CARES Act provides a range of support to air carriers, cargo carriers and their contractors, but what other benefits does it provide to the people working in and around airport property? The CARES Act implicitly addresses people and companies working in or near airports by virtue of location. Meaning, if a business interest is working within the airport property and not partnered with the airport or an airline, they may then be eligible for relief through the Small Business Administration (SBA) or Treasury, depending on the makeup of said business. The bottom line is, whether a business is considered a part of an airline or the airport itself is going to determine its avenues for potential relief. For instance, a number of ground transportation companies (near airport parking, limousines, taxicab companies, etc.) providing landside services, are not eligible for the same form of relief as an air carrier or the airport itself.

Additionally, and by way of background, and prior to final passage of the CARES Act, the House was prepared to consider its version of Supp III. As introduced, the House was prepared to go further with second and third order relief for groups providing goods or services within the airports, with conditions, and particularly with the airport concessionaire industry. The House proposed relief for airport concessions through compelling airport sponsors to provide at least 2 percent of any funds received to concessionaires experiencing economic hardship (in terms of rent, minimum annual guarantees, lease obligations, or other fees). Airport concession, within the House bill, meant a business, other than an air carrier, located on an airport that engaged in the sale of consumer goods or services to the public under an agreement with an airport, another concessionaire, or the owner or lessee of a terminal. This language was not carried in the final CARES Act.

In addition, the TSA received \$100 million in Operations and Support to prevent, prepare for, and respond to coronavirus and for cleaning and sterilization of checkpoints and other commons areas. The additional funding is also available for overtime and explosive detection materials.

As always, please let us know if you have any questions. We are available to help you navigate this information.

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ⁱ https://airportsCouncil.org/press_release/american-airports-applaud-president-congress-for-swift-passage-of-cares-act/

ⁱⁱ <https://www.tsa.gov/coronavirus/passenger-throughput>

ⁱⁱⁱ https://www.faa.gov/airports/aip/overview/#eligible_airports