

News Release

# U.S. Congress



**FOR IMMEDIATE RELEASE:**

**CONTACT:**

[Beth Schoenbach \(DeFazio\)](#): (202)591-6277

[Kate Stotesbery \(Doggett\)](#): 202-494-4620

[Ashley Woolheater \(Warren\)](#): 202-224-2292

## **Reps. Peter DeFazio, Lloyd Doggett, Senator Elizabeth Warren Urge the Federal Reserve & Treasury to Put Workers First, Ensure Accountability in Corporate Bailouts**

**WASHINGTON**—Representatives Peter DeFazio (OR-04) and Lloyd Doggett (TX-35) and Senator Elizabeth Warren (D-MA) today led a bicameral group of more than 80 lawmakers calling on Federal Reserve Chair Jerome Powell and Treasury Secretary Steven Mnuchin to put workers—not corporate profits—first and include strict corporate accountability measures in any coronavirus relief aid provided by Treasury and the Federal Reserve.

“The CARES Act included specific guardrails to ensure that any coronavirus relief aid that corporations receive does not go towards rewarding executives or shareholders,” said **Rep. DeFazio**. “By pushing policies that skirt those protections and ignore Congressional intent, the Federal Reserve is prioritizing CEOs and wealthy stakeholders over American workers. We must ensure that any coronavirus relief aid from the federal government is not exempt from these critical protections for America’s working families.”

“No more bailouts without taxpayer protection,” said **Rep. Doggett**. “Setting reasonable corporate boundaries also protects workers and denies bailouts for corporations that have abandoned America to dodge taxes. The Trump Administration is all too eager to heap public funds with no accountability on corporations that have put America last.”

“35 million Americans have filed for unemployment and many more could lose their jobs. Secretary Mnuchin and Chairman Powell need to use their authority to place strict guardrails on the half a trillion dollar bailout fund they are in charge of and require giant companies to put workers and taxpayers first,” said **Senator Warren**.

Earlier this year, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which mandated that Treasury and the Federal Reserve impose basic restrictions around issuing stock buybacks and dividends, and curb executive compensation for all programs offering direct loans to large corporations. However, the Federal Reserve announced last month that it will allow large corporations to skirt these requirements by buying billions in bonds—which are excluded from these restrictions—in lieu of offering direct loans. The letter also calls on the Fed to use its authority to corporate tax transparency and ensure that companies that have renounced their American citizenship through an “inversion” to avoid taxes cannot qualify for assistance.

The letter has been endorsed by Americans for Tax Fairness, Association of Flight Attendants-CWA, Communications Workers of America, International Association of Machinists and Aerospace Workers, International Brotherhood of Teamsters, NETWORK, Public Citizen, The FACT Coalition, and Transport Workers Union.

Prior to passage of the CARES Act, [DeFazio and Doggett also led 100 of their House colleagues](#) urging congressional leadership to include appropriate guardrails to protect workers and put their needs ahead of executives and shareholders.

A copy of the letter is below. For a PDF version of the letter, [click here](#).

May 20, 2020

The Honorable Jerome H. Powell  
Chairman  
Board of Governors of the Federal Reserve System  
20th Street & Constitution Avenue, NW  
Washington, DC 20551

The Honorable Steven T. Mnuchin  
U.S. Department of the Treasury  
1500 Pennsylvania Ave NW  
Washington, D.C. 20220

Dear Chairman Powell and Secretary Mnuchin:

We write to strongly urge you to reconsider use of the Primary Market Corporate Credit Facility (PMCCF) program to bail out large corporations without any guardrails. Taxpayer assistance should include essential corporate accountability provisions and put workers and taxpayers first.

In 2008, the federal response to the financial crisis provided hundreds of billions of dollars in a bailout with virtually no conditions. The results for Wall Street were tremendous – a quick return to profitability, large executive compensation packages, major stock buy-back programs, and more.

For working families, the results were unacceptable. For years after the crisis, American families struggled to return to financial stability, and many still have not. Workers lost jobs, hard-earned pensions, benefits, and homes, and never fully recovered.

Now, faced with an unprecedented economic crisis unleashed the Administration's failed response to COVID-19, millions are concerned that they will once again be left behind.

The taxpayer protections for corporate bailout funds included in the Coronavirus Aid, Relief, and Economic Security (CARES) Act do not go far enough, but the legislation does take steps to correct some of the mistakes made in 2008 by ensuring that relief to corporations comes with minimal guardrails.

The CARES Act was signed into law on March 27 and required recipients of direct loans from Federal Reserve programs or facilities to agree to suspend stock buybacks for the life of the loan, plus one year; stop dividends and other capital distributions for the life of the loan, plus one year; and restrict pay increases for corporate officers (and reduces overall pay for the highest-paid CEOs) until one year after the loan is repaid.

Before the CARES Act was passed into law, on March 23, 2020, the Federal Reserve unveiled the PMCCF program offering both direct loans and bond purchases to corporations. On April 9, two weeks after the new restrictions in CARES went into effect, the Fed modified the PMCCF to exclude direct lending, thereby ensuring that large corporations will be able to access taxpayer funding without any strings attached. The Fed did not provide any explanation for the removal of the direct lending from the facility – but the functional effect appears to create a loophole that allows corporations to accept Federal Reserve loans without requiring that they abide by the CARES Act requirements put in place by Congress and the President.

Without these guardrails, we are concerned that this aid will result in massive giveaways with no accountability or protections for workers or taxpayers. To the extent that the Federal Reserve considers assistance to particular corporations, we seek some accountability rather than a blank check. To that end, we urge you to ensure that Primary Market Corporate Credit Facility program terms include appropriate constraints for those corporations accepting taxpayer funding, including at the very least:

- **Tax dollars must not be used to reward wealthy shareholders and executives.** No stock buybacks, dividends, or executive bonuses until federal funds are repaid in full.
- **Tax dollars must not be used to fuel out of control CEO-to-worker pay ratios.** To ensure these funds should be used to support workers and not line the pockets of corporate executives and officers, there should be a cap on executive compensation for companies that accept bailout money.
- **Workers must come first.** Corporations must use federal assistance to maintain their payrolls without implementing concessions on wages, hours, or benefits. Workers and collective bargaining agreements must be protected in the case of bankruptcy, no funds should be used for anti-union campaigns or to undermine collective bargaining efforts, and all companies receiving aid should guarantee a \$15 minimum wage for all workers, contractors, and subcontractors no later than January 1, 2021.
- **Workers must have a seat at the table.** Corporate recipients of public assistance must reserve at least one seat on their board for a representative elected by workers.
- **Companies must be transparent.** All companies receiving aid should disclose how federal aid funds are being used to help its workers as well as country-by-country tax reporting information.
- **No bailouts for “inverted companies.”** The current rule in the most recent version of the Fed’s term sheet that corporations must be headquartered in the United States to be eligible for assistance must be strongly enforced.

Sincerely,

Peter A. DeFazio  
Member of Congress

Lloyd Doggett  
Member of Congress

Elizabeth Warren  
United States Senator

Grace F. Napolitano  
Member of Congress

Edward J. Markey  
United States Senator

Raúl M. Grijalva  
Member of Congress

Jeffrey A. Merkley  
United States Senator

Mark Takano  
Member of Congress

Sheldon Whitehouse  
United States Senator

Jan Schakowsky  
Member of Congress

Bernard Sanders  
United States Senator

Eleanor Holmes Norton  
Member of Congress

Richard Blumenthal  
United States Senator

Dwight Evans  
Member of Congress

Kirsten Gillibrand  
United States Senator

Steve Cohen  
Member of Congress

Sherrod Brown  
United States Senator

Rashida Tlaib  
Member of Congress

Mazie Hirono  
United States Senator

Bonnie Watson Coleman  
Member of Congress

Chris Van Hollen  
United States Senator

Alan Lowenthal  
Member of Congress

Darren Soto  
Member of Congress

Jerrold Nadler  
Member of Congress

Alexandria Ocasio-Cortez  
Member of Congress

Bennie G. Thompson  
Member of Congress

Jesús G. “Chuy” García  
Member of Congress

Danny K. Davis  
Member of Congress

Barbara Lee  
Member of Congress

Val B. Demings  
Member of Congress

Bobby L. Rush  
Member of Congress

Nydia M. Velázquez  
Member of Congress

Ayanna Pressley  
Member of Congress

James P. McGovern  
Member of Congress

Joyce Beatty  
Member of Congress

Lucille Roybal-Allard  
Member of Congress

Ilhan Omar  
Member of Congress

Tim Ryan  
Member of Congress

Mike Doyle  
Member of Congress

Henry C. "Hank" Johnson, Jr.  
Member of Congress

Joe Neguse  
Member of Congress

Jamie Raskin  
Member of Congress

Andre' Carson  
Member of Congress

Alcee L. Hastings  
Member of Congress

Frank Pallone, Jr.  
Member of Congress

Diana DeGette  
Member of Congress

Adriano Espaillat  
Member of Congress

Judy Chu  
Member of Congress

Rosa L. DeLauro  
Member of Congress

Marcy Kaptur  
Member of Congress

Ro Khanna  
Member of Congress

David N. Cicilline  
Member of Congress

Stephen F. Lynch  
Member of Congress

Mary Gay Scanlon  
Member of Congress

Joseph P. Kennedy, III  
Member of Congress

Andy Levin  
Member of Congress

Nanette Diaz Barragán  
Member of Congress

Albio Sires  
Member of Congress

Grace Meng  
Member of Congress

Yvette D. Clarke  
Member of Congress

Mark Pocan  
Member of Congress

Deb Haaland  
Member of Congress

Pramila Jayapal  
Member of Congress

Tony Cárdenas  
Member of Congress

Jimmy Gomez  
Member of Congress

Thomas R. Suozzi  
Member of Congress

Julia Brownley  
Member of Congress

Jahana Hayes  
Member of Congress

Lori Trahan  
Member of Congress

William R. Keating  
Member of Congress

Donald Norcross  
Member of Congress

Joseph D. Morelle  
Member of Congress

Katie Porter  
Member of Congress

Dina Titus  
Member of Congress

Daniel T. Kildee  
Member of Congress

Marcia L. Fudge  
Member of Congress

Susan Wild  
Member of Congress

Al Green  
Member of Congress

Norma J. Torres  
Member of Congress

Mike Levin  
Member of Congress

José E. Serrano  
Member of Congress

John Garamendi  
Member of Congress

Joe Courtney  
Member of Congress

Brendan F. Boyle  
Member of Congress

Gerald E. Connolly  
Member of Congress

Katherine M. Clark  
Member of Congress

###