The Impact of COVID-19 Orders on the Aerospace Industry

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COVID-19
Actions, Reactions
and Impact

Governments across the globe have sought
to react to the global pandemic. Shelter at
Home Orders and Social Distancing have
become the new normal.
The Majority of States now have Shelter in Place orders in effect.

The Federal Government has issued guidelines for slowing the spread of the virus.

The Stimulus Package is a $2 trillion package that provides assistance for a range of companies and industries as well as for individuals.
YOUR GRANDPARENTS WERE CALLED TO WAR. YOU’RE BEING CALLED TO SIT ON YOUR COUCH. YOU CAN DO THIS.
California Orders

State Order issued March 19, 2020

- Shelter in Place
- Scope of Order
- Essential Businesses
- Essential Activities

*As of March 31, all but 6 states had Shelter in Place Orders
Los Angeles County Order

State Order issued March 19, 2020

- Shelter in Place
- Scope of Order
- Essential Businesses
- Essential Activities
Essential Businesses

What if they close the grocery stores?
We’ll have to hunt for our food.
I don’t even know where doritos live
Non-Essential Businesses

Day 2 without sports. Found a lady sitting on my couch. Apparently she’s my wife. She seems nice.

Mike Leach
Federal Actions

- Families First Coronavirus Response Act
- Presidential Guidelines
- Pentagon Directive
Families First

- The bill responds to the COVID-19 outbreak by providing paid sick leave, tax credits, and free COVID-19 testing; expanding food assistance and unemployment benefits; and increasing Medicaid Funding.
Presidential Guidelines

- On March 16, 2020, President issued Guidelines for Sheltering In Place and Social Distancing
- The President has extended the recommendations through April 30, 2020.
- The guidelines outline sheltering in place and social distancing to prevent the spread of Coronavirus.
On March 18, 2020, the Pentagon issued a Directive declaring that defense contractors are essential to National Security and they must continue operations and National Security workers should maintain their normal schedules.
General Impacts

The Impacts of the Coronavirus will affect all businesses and industries. There are several key issues that businesses are currently facing:

- Health of Employees
- Remote Work
- Business Continuity
- Keeping up with the constant changes
Aerospace Industry Impact

- Cybersecurity
- Essential Critical Infrastructure
- Essential work under local orders - Essential Employee letters
- Practical abilities to work remotely
- Costs of working remotely - tracking costs.
- Products liability
- Indemnification rights
- Loss of government contracts
- Defense Production Act of 1950
Airline Industry Impact

- IATA estimates a potential loss of $113 billion to the airline industry
- Airlines are currently only able to operate less than half of their normal routes.
- Furloughs/lay-offs
Stimulus Package

$2.2 trillion stimulus package
  o $1200 to individuals ($290 billion)
  o Increase in unemployment insurance benefits ($260 billion)
  o Aid to large businesses ($504 billion)
    o $25 billion in grants to passenger airlines
    o $17 billion for companies deemed necessary to national security
    o $425 billion to other businesses
    o Includes restrictions on salary increases to executives and restrictions as to stock buy-backs
Stimulus Package

- Emergency aid for small business (less than 500 employees)
  - Zero interest loans - loans may be forgiven if businesses follow certain conditions, including not firing workers
  - Maximum loan $10,000,000
  - The loans convert to rants if used for covering employees' salaries, rent, paid leave, utility payments, health insurance premiums or other necessities or worker protections.
  - Also includes tax cuts and deferrals.
Stimulus Package

- Hospitals/Expanded Health Care spending
- Emergency aid for state and local governments
- FEMA
- Local schools and colleges
- National transit system
- Food stamp funding
How big is the coronavirus relief bill?

How the proposed coronavirus bill compares to government spending and revenue in 2019

- Total federal spending: $4.45 trillion
- Total tax revenue: $3.46 trillion
- Coronavirus bill: $2.2 trillion
- Defense spending: $676 billion

Source: Congressional Budget Office
## What's in the $2.2T coronavirus relief bill

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount</th>
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<td>Small business assistance</td>
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<td>One-time checks</td>
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<td>Business tax cuts</td>
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<td>Aid to state and local gov'ts</td>
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<td>Education spending*</td>
<td>32</td>
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<td>Personal tax cuts</td>
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* Minimum figure

Source: Committee for a Responsible Federal Budget

THE WASHINGTON POST
Where funds go in the Senate's coronavirus relief bill

The Senate passed an approximately $2 trillion bill to confront the mounting crisis, including direct payments to Americans and loans to keep businesses afloat.

- Loans for large businesses and governments $510B
- Loans and grants for small businesses $377B
- Stimulus checks $290B
- Passenger airlines $25B
- Business tax cuts $280B
- Health-related spending $180B*
  - Hospital and public health funds $100B
- Funding for state and local governments $150B
- Expanded unemployment benefits $250B
- Transportation $72B
- Welfare programs $42B
- Educ. $32B*
- Disaster aid $45B
- Other $25B*

* Minimum figure

Source: Committee for a Responsible Federal Budget  KEVIN LUMMACHER/THE WASHINGTON POST
Please stay healthy and safe!
THANK YOU!

Any questions?

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