Airlines for America®

We Connect the World

December 8, 2020

Mr. Dan Pippenger, Chief Operating Officer
Port of Portland
7200 N.E. Airport Way
Portland, OR 97218

Re: Minimum wage proposal for Airline Service Providers

Dear Mr. Pippenger:

Airlines for America (A4A) is the trade association of the leading U.S. passenger and cargo airlines, many of which serve Portland International Airport (PDX), providing safe, affordable services to Oregon residents and businesses. Airlines are proud economic drivers in Oregon, and we greatly value the relationship we have with the state and the passengers and shippers that we serve every day.

We respectfully write in opposition to the proposal to apply a separate minimum wage mandate to airline service providers (ASPs). Doing so would make PDX less competitive. Additionally, we would raise the following policy concerns for your consideration:

The minimum wage should benefit all employees in the state, not just some. A4A members fully comply with all state and local wage laws, and our members do not take a position on what the statewide minimum wage should be. However, it should apply fairly to all employees and employers in the state. Creating a patchwork of minimum wages that favor some employees over others is bad public policy that hurts airlines, our partners and the passengers and shippers who rely on us.

The airline industry is – and will for the foreseeable future be – in the most fragile and vulnerable financial position in the history of aviation. Prior to this global health crisis, U.S. airlines were transporting a record 2.5 million passengers and 58,000 tons of cargo each day. As travel restrictions and stay-at-home orders were implemented, demand declined sharply. At its lowest point, passenger volumes were down 96% to a level not seen since the 1950s. This crisis hit a robust airline industry at lightning speed, but recovery will not be as swift. Air transport demand has never experienced a V-shaped recovery from a downturn. Air travel remains highly discretionary and when passengers start to return, they will fly less frequently and less in premium cabins.

For context, air travel took 3 years to recover from 9/11 and more than 7 years to recover from the 2008 Global Financial Crisis. Post-9/11, demand reductions were largely confined to domestic and transatlantic markets. The effects of COVID-19 are clearly global. Rising unemployment, diminished incomes and household net worth and strained government coffers will likely result in businesses, households and governments curtailing travel budgets.

Given data from past crises, the trajectory of the virus, the timeline for widespread vaccination and the global economic outlook, we expect recovery will take at least three years. Once demand for air travel has recovered, it will take years for airlines to retire the billions of dollars of debt and to address the sizable associated interest expense, limiting their wherewithal to rehire and to reinvest. Most analysts do not see a return to pre-COVID traffic levels until at least 2023 and a return to pre-COVID financial health until at least 2025.

Proposals such as this, which specifically target the airline industry for substantial cost increases, will only further exacerbate the already devastating financial impacts of COVID-19 and could lead to even fewer jobs. Significantly increasing the cost of doing business at the airport will put upward pressure on passenger fares, which will likely decrease the demand for service and result in unnecessary job losses.

Thank you for considering our position on this matter. Please do not hesitate to contact me directly with any questions.

Sincerely,

Sean Williams
Vice President, State and Local Government Affairs
swilliams@airlines.org