



Testimony

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COVID-19 PANDEMIC

Actions Needed to Improve Federal Oversight of Assistance to Individuals, Communities, and the Transportation Industry

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Accessible Version



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Why GAO Did This Study

In response to the public health and economic crises created by the COVID-19 pandemic, Congress provided billions of dollars across a range of agencies to mitigate the effects of COVID-19. This included billions to:

- FEMA's Disaster Relief Fund to provide assistance to individuals as well as state, local, tribal, and territorial governments, and
- DOT and Treasury to provide financial assistance to the transportation sector.

This statement describes: (1) the federal response and selected relief programs administered by FEMA, DOT, and Treasury and (2) lessons learned based on GAO's reviews of selected COVID-19 relief programs, including related recommendations and their implementation status. This statement is based on GAO's body of work on the CARES Act issued from June 2020 through July 2021. To update this information, GAO reviewed agency documentation; and interviewed agency officials, industry associations, and selected businesses that applied to these programs on the latest implementation efforts.

What GAO Recommends

GAO has made numerous recommendations to help improve the government's ongoing response and recovery efforts and prepare for future public health emergencies, including the six identified in this statement. While Treasury took action to develop a compliance monitoring program, the other five recommendations to FEMA and DOT still need to be implemented.

View [GAO-21-105202](#). For more information, contact Heather Krause at (202) 512-2834 or krauseh@gao.gov or Chris P. Currie at (404) 679-1875 or curriec@gao.gov

COVID-19 PANDEMIC

Actions Needed to Improve Federal Oversight of Assistance to Individuals, Communities, and the Transportation Industry

What GAO Found

The Federal Emergency Management Agency (FEMA), Department of Transportation (DOT), and Department of the Treasury (Treasury), among others, continue to provide financial assistance to mitigate the effects of the COVID-19 pandemic.

- FEMA reported obligating over \$79 billion from its Disaster Relief Fund to respond to COVID-19. Through several programs, FEMA is providing help to individuals with funeral costs; reimbursing communities for vaccine distribution; and funding federal agencies' efforts to support communities, including National Guard deployments.
- DOT and Treasury continue to make available the over \$200 billion appropriated by COVID-19 relief laws for financial assistance to the transportation sector, including to air carriers, airports and airport tenants, Amtrak, and transit agencies. Through several financial assistance programs, GAO's work has found DOT and Treasury have provided critical support to the transportation sector during a period of sharp declines in travel demand and uncertainty about the pace and nature of the recovery. Depending on the program, financial assistance has reportedly enabled recipients to avoid layoffs, maintain service, and ramp up operations as demand for their services improves.

Based on GAO's prior work examining responses to public health and fiscal emergencies, including the COVID-19 pandemic, GAO has (1) identified key lessons learned that could improve the federal response to emergencies, and (2) made several related recommendations, including ones that highlight the importance of applying these lessons learned.

Lessons Learned:

- Coordinate, establish and define roles and responsibilities among those responding to the crisis and address key capability gaps.
- Provide clear, consistent communication.
- Collect and analyze data to inform decision-making and future preparedness.
- Establish mechanisms for accountability and transparency to help ensure program integrity and address fraud risks.
- Consider challenges posed by setting up new programs quickly.

Source: GAO. | [GAO-21-105202](#)

For example, DOT has not developed a national aviation preparedness plan to **coordinate, establish, and define roles and responsibilities** for communicable diseases across the federal government. GAO recommended in 2015 that DOT work with federal partners to develop such a plan, but it has not taken any action. Without such a plan, the U.S. is less prepared to respond to future communicable disease events. In addition, FEMA has faced challenges **collecting and analyzing data** on requests for supplies, such as personal protective equipment, made through the federal government. In 2020, GAO

recommended that FEMA work with relevant stakeholders to develop an interim solution to help states track the status of their supply requests and plan for supply needs. FEMA has not taken action on this recommendation, and until the agency develops a solution, states, tribes, and territories will likely continue to face challenges that hamper the effectiveness of their COVID-19 response.

Chairman DeFazio, Ranking Member Graves, and Members of the Committee:

We are pleased to be here today to discuss our work assessing the federal response to the Coronavirus Disease 2019 (COVID-19) pandemic, particularly as it relates to supporting state, local, and tribal governments and the transportation sector. As of mid-July 2021, the U.S. had nearly 34 million reported cases of COVID-19 with more than 600,000 reported deaths. In addition, serious economic repercussions from the pandemic continue to affect the transportation sector, as travel has not fully returned to prepandemic levels across many modes.

In March 2020, Congress took action in response to this unprecedented global crisis to protect the health and well-being of Americans. Notably, Congress passed, and the President signed into law, the CARES Act, which provided over \$2 trillion in emergency assistance and health care response for individuals, families, and businesses affected by COVID-19.¹ The CARES Act and other COVID-19 relief laws appropriated \$95 billion to the Federal Emergency Management Agency's (FEMA) Disaster Relief Fund to provide disaster assistance to state, local, tribal, and territorial governments, among other things.² These laws also appropriated approximately \$200 billion in financial relief to programs supporting the transportation industry. The Department of Transportation (DOT) and Department of the Treasury (Treasury) undertook new responsibilities and, in some cases, set up new programs to distribute these funds.

Recognizing the need for robust monitoring and oversight of new authorities and funding, the CARES Act includes a provision for us to report regularly on the federal response to the pandemic.³ In the course of

¹Pub. L. No. 116-136, 134 Stat. 281 (2020). As of March 11, 2021, five other relief laws were also enacted in response to the COVID-19 pandemic: the American Rescue Plan Act of 2021, Pub. L. No. 117-2, 135 Stat. 4; the Consolidated Appropriations Act, 2021, Pub. L. No. 116-260, 134 Stat. 1182 (2020); Paycheck Protection Program and Health Care Enhancement Act, Pub. L. No. 116-139, 134 Stat. 620 (2020); Families First Coronavirus Response Act, Pub. L. No. 116-127, 134 Stat. 178 (2020); and the Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020, Pub. L. No. 116-123, 134 Stat. 146. We refer to these six laws, each of which was enacted as of March 11, 2021, and provides appropriations for the COVID-19 response, as "COVID-19 relief laws," and the funding appropriated by these laws as "COVID-19 relief funds."

²In March 2020, the CARES Act was enacted, appropriating \$45 billion for the Disaster Relief Fund. Pub. L. No. 116-136, div. B, tit. VI, 134 Stat. at 543. In March 2021, the American Rescue Plan Act of 2021 appropriated \$50 billion to the Disaster Relief Fund. Pub. L. No. 117-2, § 4005, 135 Stat. 4, 79.

³Pub. L. No. 116-136, § 19010, 134 Stat. at 579-81.

these reviews, we have identified key lessons learned that support an effective federal response to crisis.

Our statement today is based on our work examining federal actions in response to the public health emergency and economic effects on the transportation sector caused by COVID-19. Specifically, this statement describes (1) the federal response and selected relief programs administered by FEMA, DOT, and Treasury and (2) lessons learned based on our reviews of these and other COVID-19 relief programs, including related GAO recommendations and their implementation status.

In preparing this statement, we relied primarily on our body of work issued from June 2020 through July 2021 that reviewed, among other things, FEMA's efforts to coordinate the federal government's response to the COVID-19 public health emergency and provide assistance to states, localities, and tribes in obtaining supplies to prepare for and cope with COVID-19. This body of work also reviewed DOT and Treasury's efforts to support air carriers, aviation contractors and repair station operators, ticket agents, airports and airport tenants, transit agencies, and Amtrak, among others.⁴

For those reports, we reviewed FEMA, DOT, and Treasury documentation, analyzed program data, and interviewed agency officials. We also interviewed industry associations representing businesses eligible to apply to these federal assistance programs and selected applicants. More detailed information on the scope and methodology can be found in our June 2020, August 2020, September 2020, November 2020, January 2021, March 2021, and July 2021 reports. For this statement, we also included information from interviews with agency officials, industry associations, and selected businesses that applied to these programs on the latest implementation efforts as part of our ongoing work on the COVID-19 relief programs. In addition, we obtained

⁴See COVID-19: Opportunities to Improve Federal Response and Recovery Efforts, [GAO-20-625](#) (Washington, D.C.: June 25, 2020); COVID-19: Brief Update on Initial Federal Response to the Pandemic, [GAO-20-708](#) (Washington, D.C.: Aug. 31, 2020); COVID-19: Federal Efforts Could Be Strengthened by Timely and Concerted Actions, [GAO-20-701](#) (Washington, D.C.: Sept. 21, 2020); COVID-19: Urgent Actions Needed to Better Ensure an Effective Federal Response, [GAO-21-191](#) (Washington, D.C.: Nov. 30, 2020); COVID-19: Critical Vaccine Distribution, Supply Chain, Program Integrity, and Other Challenges Require Focused Federal Attention, [GAO-21-265](#) (Washington, D.C.: Jan. 28, 2021); COVID-19: Sustained Federal Action is Crucial as Pandemic Enters Its Second Year, [GAO-21-387](#) (Washington, D.C.: Mar. 31, 2021); and COVID-19: Continued Attention Needed to Enhance Federal Preparedness, Response, Service Delivery, and Program Integrity, [GAO-21-551](#) (Washington, D.C.: July 19, 2021).

updated data on the status of financial assistance provided by FEMA, DOT, and Treasury.

We conducted the work on which this statement is based in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

FEMA, DOT, and Treasury Continue to Play Critical Roles Coordinating Federal Response to COVID-19 and Providing Financial Assistance to Hard-Hit Entities

FEMA continues to play a key role in the ongoing COVID-19 pandemic response effort, and its workforce has taken on additional responsibilities, including supporting COVID-19 vaccine distribution. FEMA's Disaster Relief Fund is a major source of federal disaster recovery assistance for state, local, and territorial governments when a disaster occurs. As we reported in July 2021, this fund—generally used to provide assistance following a natural disaster—had never been used to provide assistance for a nationwide public health emergency on the scale required by the COVID-19 pandemic.⁵ However, as of July 20, 2021, according to agency officials, FEMA had obligated over \$79 billion from the Disaster Relief Fund for the following three types of disaster assistance to respond to COVID-19:

- **Individual Assistance.** These grants provide disaster survivors assistance to cover necessary expenses and serious needs—such as housing, counseling, or funeral costs—which cannot be met through insurance or low-interest loans. For the COVID-19 response, as we reported in March 2021 and July 2021, FEMA has used this program to provide lost wages assistance, crisis counseling, and funeral assistance. For example, FEMA provided funeral assistance in all 50 states, D.C., Puerto Rico, Guam, Commonwealth of the Northern Marianas Islands, American Samoa, and the U.S. Virgin Islands.

⁵[GAO-21-551](#).

According to FEMA officials, the agency had obligated about \$40 billion from the Disaster Relief Fund for Individual Assistance grants as of July 20, 2021. This includes \$38.8 billion for Lost Wages Assistance and \$1 billion for Funeral Assistance.⁶

- Public Assistance. These grants provide assistance to state, local, tribal, and territorial governments, and certain types of private nonprofit organizations so that communities can quickly respond to and recover from major disasters or emergencies. On February 2, 2021, the President issued a memorandum that directed FEMA to fully reimburse states, territories, and tribes for all work eligible for emergency protective measures, which includes costs associated with vaccine distribution and the purchase of testing supplies and personnel protective equipment.⁷ FEMA officials stated that as of July 20, 2021, FEMA had received 25,798 project applications for Public Assistance and awarded \$29.7 billion. If all of the remaining approximately 16,000 applicants submit projects, FEMA anticipates it will receive a minimum of approximately 32,000 additional public assistance projects for an estimated additional \$27.8 billion as of the end of fiscal year 2021.
- Mission assignments. FEMA also issues mission assignments—work orders directing other federal agencies to provide direct assistance to state, local, tribal, and territorial governments—to support disaster response and recovery. For the COVID-19 response, for example, FEMA issued a mission assignment to the Department of Defense to

⁶Pursuant to an August 2020 presidential memorandum, upon receiving a FEMA grant, states and territories may provide eligible claimants \$300 or \$400 per week—which includes a \$300 federal contribution—in addition to their Unemployment Insurance benefits. The presidential memorandum directed that the program would end when \$44 billion had been obligated; the balance of the Disaster Relief Fund reached \$25 billion; on December 27, 2020; or upon the enactment of legislation providing supplemental federal unemployment compensation, whichever comes first. The White House, *Memorandum on Authorizing the Other Needs Assistance Program for Major Disaster Declarations Related to Coronavirus Disease 2019* (Aug. 8, 2020).

⁷For all 59 major disaster declarations for COVID-19, FEMA has authorized Public Assistance grants for emergency protective measures only. This may include eligible medical care, purchase and distribution of food, non-congregate medical sheltering, operation of Emergency Operations Centers, and the purchase and distribution of personal protective equipment (PPE). . White House, *Memorandum on Maximizing Assistance from the Federal Emergency Management Agency*, February 2, 2021. For natural disasters, Public Assistance grants can be used for emergency cleanup and for permanent reconstruction projects to, for example, rebuild damaged public infrastructure. White House, *Memorandum on Maximizing Assistance from the Federal Emergency Management Agency*, February 2, 2021.

fund National Guard deployments to assist in recovery efforts. As of July 21, 2021, according to agency officials, FEMA had obligated about \$7.5 billion from the Disaster Relief Fund for mission assignments.

FEMA's workforce has also been tasked with taking on additional responsibilities to establish mass vaccination sites and provide funeral assistance to families impacted by the COVID-19 pandemic.

- Mass vaccination sites. In January 2021, the President tasked FEMA with establishing mass vaccination sites as part of a national effort to speed the pace of COVID-19 vaccination campaigns and to ensure equitable access to vaccinations. In response, FEMA established Pilot Community Vaccination Centers (CVC). As of June 20, 2021, FEMA reported that the Pilot CVCs had given more than 5.6 million doses of vaccines across 39 locations, including sites that have extended their participation in the pilot program.⁸ As of June 20, 2021, according to agency officials, FEMA stood down its pilot CVCs while continuing to support state-run vaccination efforts. Specifically, FEMA is coordinating with other federal agencies to support the distribution of COVID-19 vaccines by deploying additional personnel to vaccination sites and providing funding to states, tribes, and territories for vaccine distribution. As of July 20, 2021, according to agency officials, FEMA had obligated almost \$5.7 billion through the Public Assistance program for vaccine distribution.
- Funeral assistance. The COVID-19 Funeral Assistance Program provides funeral assistance for COVID-19 related deaths that occurred after January 20, 2020. In December 2020, the Consolidated Appropriations Act, 2021, appropriated \$2 billion to the Disaster Relief Fund for eligible funeral expenses for individuals or households with COVID-19-related funeral expenses.⁹ As we reported in July 2021, the scope of FEMA's funeral assistance program for COVID-19 related deaths is unprecedented.¹⁰ On April 12, 2021, FEMA began accepting and processing applications for Funeral Assistance via a dedicated call center number. According to agency officials, as of July 20, 2021, the call center had received and is processing 241,664

⁸The initial pilot period for each location was eight weeks; however, jurisdictions were able to request an extension of an additional four weeks, during which period of time the site would receive federal staffing and support, but not an additional vaccine allocation.

⁹Pub. L. No. 116-260, div. M, tit. II, 134 Stat. at 1910.

¹⁰[GAO-21-551](#).

applications, and FEMA had approved 109,319 applications and awarded approximately \$723.7 million in funeral assistance.

COVID-19 relief laws appropriated over \$95 billion for DOT to provide financial assistance to airports and airport tenants, Amtrak, aviation manufacturers and repair station operators, and transit agencies.¹¹ Based on the most recent data we have, DOT has expended close to \$27 billion with the level of expenditure varying by program.¹² DOT's Federal Aviation Administration (FAA), Federal Railroad Administration (FRA), and Federal Transit Administration (FTA) continue to provide financial assistance through these programs, as described below.

- Airport grants. Administered by FAA, these grants provide funds for eligible airports to prevent, prepare for, and respond to the effects of the COVID-19 pandemic. The allocation of funds and certain allowable uses of funds differ by COVID-19 relief law.¹³ By accepting these funds, certain recipients must meet workforce retention requirements.¹⁴ Airport association representatives told us that the federal funding provided has been critical. According to FAA officials, federal aid has allowed airports to maintain operations, pay their employees, and meet their debt obligations while airports experienced historic decreases in revenue and passenger demand for air travel

¹¹In addition to the over \$95 billion appropriated for COVID-19 relief, the Airport and Airways Trust Fund received a \$14 billion appropriation from the general fund. Continuing Appropriations Act, 2021 and Other Extensions Act, Pub. L. No. 116-159, § 1205, 134 Stat. 709, 728.

¹²Some of these programs received funds in March 2021 and are still being rolled-out.

¹³Under the CARES Act, funds were available for any purpose for which airport revenues may lawfully be used. Under the Consolidated Appropriations Act, 2021 and the American Rescue Plan Act of 2021 funds were generally available for costs related to operations, personnel, cleaning, sanitization, janitorial services, combating the spread of pathogens at the airport, and debt service payments. Additionally, under the Consolidated Appropriations Act, 2021 and the American Rescue Plan Act of 2021, certain amounts were made available to provide relief from rent and minimum annual guarantees to airport concessions.

¹⁴Specifically, airport sponsors of small, medium, and large-hub airports accepting CARES Act grant funds were required to continue to employ, through December 31, 2020, at least 90 percent of the number of individuals employed as of March 27, 2020. The Consolidated Appropriations Act, 2021 extended this requirement through February 15, 2021, and the American Rescue Plan Act of 2021 extended this requirement through September 30, 2021. Nonhub and nonprimary airports, as defined under 49 U.S.C. § 47102, were excluded from the workforce retention requirement under each of the three COVID-19 relief laws. Additionally, DOT could waive the workforce retention requirement if DOT determined that the airport was experiencing economic hardship as a direct result of the requirement, or the requirement would reduce aviation safety or security.

due to the COVID-19 pandemic. As of May 14, 2021, according to FAA data sources, the agency had processed a total of 5,397 grant applications for the CARES Act and the Consolidated Appropriations Act, 2021 funds. Specifically, officials stated that in February 2021, FAA began allowing airports to amend their initial CARES Act airport grant agreements to use grant funds for near-term airport development, such as construction projects for the airfield, terminal, or parking. Airports were required to submit additional information about proposed construction projects. As we reported in July 2021, FAA also continues to process Consolidated Appropriations Act, 2021 grant applications.¹⁵ FAA has also begun processing grant applications for the American Rescue Plan Act of 2021. According to FAA officials, as of July 2021, FAA had expended approximately \$6.9 billion of the \$20 billion appropriated to provide grants to airports, including grants for the benefit of eligible airport concessions.¹⁶

- Amtrak grants. Amtrak, which receives federal funding through grants from FRA, is to use these funds to prevent, prepare for, and respond to COVID-19 and has used these funds to address shortfalls in ticket revenue, pay employee salaries, and cover other operating, debt, and capital expenses. As we reported in March 2021, COVID-19 relief laws directed that funding is to be used to support Amtrak's state and commuter partners, avoid additional employee furloughs, and restore daily long-distance service.¹⁷ As of May 31, 2021, according to agency officials, Amtrak had expended \$1.95 billion of the \$3.7 billion appropriated to provide financial assistance.
- Aviation Manufacturing Jobs Protection program. DOT, in setting up this new program, is to use these funds to provide financial assistance payments to businesses engaged in aviation manufacturing activities and services, or maintenance, repair, and overhaul activities and

¹⁵[GAO-21-551](#).

¹⁶FAA grants to airports are made on a reimbursable basis, meaning that airports submit requests for costs already incurred. According to FAA officials, many airports have already incurred reimbursable costs for their grant amounts, even though FAA's expenditures appear low.

¹⁷[GAO-21-387](#).

services.¹⁸ These funds are to be used for wages, salaries, and benefits. Recipients must agree to refrain from conducting involuntary layoffs or furloughs or reducing pay rates and benefits for the eligible employee group for the duration of the agreement. Based on DOT's estimated timeframes, DOT will start allocating funds out of the \$3 billion appropriated by the end of September 2021.

- Transit grants. Transit agencies are to use these funds to prevent, prepare for, and respond to COVID-19. These funds were initially available to transit agencies for any expenses incurred related to COVID-19 on or after January 20, 2020, although now these funds must be directed, to the maximum extent possible, to payroll and operations expenses.¹⁹ Officials from 22 agencies we interviewed said they had used CARES Act grants for operating expenses such as covering employee salaries, providing PPE to employees, and implementing enhanced cleaning and sanitation procedures on their vehicles. One transit agency we spoke with said the federal funding they received allowed the agency to meet its local match responsibilities, which had been disrupted during the pandemic. Furthermore, transit association representatives told us that federal funding used to cover payroll, and for cleaning and disinfecting equipment and stations, has been critical to instilling the confidence of transportation workers and passengers in transit systems. As of May 1, 2021, according to officials, FTA had awarded \$26.2 billion of the \$69 billion appropriated to provide grants to transit agencies and transit agencies had expended \$18.4 billion. FTA is to allocate these funds primarily through existing formula grant programs with some limitations.

COVID-19 relief laws appropriated over \$110 billion for Treasury to provide financial assistance through programs directed at air carriers, aviation contractors, repair station operators, ticket agents, motor coach operators, school bus operators, and the passenger and pilot vessel industries. Based on the most recent data we have, Treasury has made

¹⁸To be eligible, a business must show it involuntarily furloughed or laid off at least 10 percent of its workforce in 2020 as compared to 2019 or has experienced at least a 15 percent decline in 2020 revenues as compared to 2019. These businesses also may not have received federal financial assistance under specified COVID relief programs, such as the Paycheck Protection Program.

¹⁹As of December 27, 2020, recipients were required to direct funds, to the maximum extent possible, to payroll and operations of public transit (including payroll and expenses of private providers of public transportation), unless the recipient certifies to the Secretary of Transportation that the recipient has not furloughed any employees. Consolidated Appropriations Act, 2021, div. M, tit. IV, 134 Stat. 1182, 1947.

available over \$80 billion in financial assistance as loans and payments, as described below. With continued uncertainty over when and how travel demand will return to pre-pandemic levels, industry associations representing aviation and other businesses that applied to these programs and selected companies that applied for funding from these programs said that although there were challenges, these programs provided critical financial assistance that, for example, allowed companies to remain operational, maintain their workforce levels, and prevent bankruptcies.

- Aviation Worker Payroll Support Programs (PSP1, PSP2, PSP3). These funds are to be used by air carriers and aviation contractors for employee wages, salaries, and benefits.²⁰ As of July 2021, based on our analysis of Treasury data, 613 PSP1 agreements were signed, 479 PSP2 agreements were signed, and 453 PSP3 agreements were signed.²¹ In total, Treasury has signed agreements to provide \$59 billion of the \$63 billion appropriated and continues to sign PSP3 agreements. Industry associations and selected companies we interviewed reported that these funds provided critical support and helped keep employees on payroll. By taking these funds, businesses agreed to refrain from conducting involuntary terminations or furloughs for specified periods, among other requirements.²²
- Loans for Aviation and National Security Businesses. Treasury provided loans to aviation and national security businesses, which were intended to provide liquidity to these sectors. As we reported in December 2020, Treasury executed 35 loans valued at \$21.9 billion

²⁰Passenger air carriers were eligible for the initial payroll support program (PSP1) and the two extensions of the program (PSP2 and PSP3). Cargo air carriers were only eligible for PSP1.

²¹Many businesses received funding from multiple iterations of the program, and only PSP2 recipients are eligible for PSP3 payments.

²²Treasury developed taxpayer protections for certain payments made under PSP1, PSP2, and PSP3. Passenger air carriers receiving over \$100 million of payroll support are required to provide notes equal to 30 percent of the payroll support provided over \$100 million with a 10-year term. Contractors receiving over \$37.5 million of payroll support must provide notes equal to 44 percent of the payroll support provided over \$37.5 million with a 10-year term. In addition, certain recipients issued warrants to Treasury providing the right to purchase shares of common stock.

from the \$46 billion in funds available through this program.²³ As we reported in July 2021, this loan program provided critical assistance to large passenger air carriers, but fewer benefits to smaller businesses.²⁴ As of July 1, 2021, according to a Treasury report, 7 loans with a total anticipated value of \$18.3 billion have been fully repaid. Of the \$3.6 billion anticipated value of outstanding loans, 36 percent (\$1.3 billion) was disbursed by Treasury to loan recipients.

- Coronavirus Economic Relief for Transportation Services (CERTS) program. Treasury will provide these funds to businesses that operate motor coaches, school buses, and passenger or pilot vessels—to be used by recipients primarily to cover payroll. Treasury’s application portal was open to applicants for four weeks, opening in late June and closing on July 19, 2021. After the application period closed, Treasury reported it would use information from the complete applicant pool to determine the amount of each grant award. As of July 19, 2021, based on Treasury’s estimated timeline, the agency has not started awarding funds out of the \$2 billion appropriated. Among other eligibility requirements, businesses must have experienced revenue losses of 25 percent or more from 2019 to 2020 as a direct or indirect result of COVID-19 pandemic. Additionally, Treasury may adjust the size of individual grants based on other sources of federal assistance provided to the applicant.²⁵ Finally, these recipients must agree to certain conditions, including refraining from conducting involuntary furloughs or reducing pay rates or benefits for nonexecutive employees.

²³GAO, *Financial Assistance: Lessons Learned from CARES Act Loan Program for Aviation and Other Eligible Businesses*, [GAO-21-198](#), (Washington D.C: Dec.10, 2020). Under the CARES Act, Treasury may not issue loans or loan guarantees to recipients unless the recipient is a publically traded company and Treasury receives a warrant or equity instrument in the company, or in the case of a private company, if Treasury receives a warrant, equity instrument, or senior debt instrument in the company.

²⁴[GAO-21-551](#).

²⁵Under the Consolidated Appropriations Act, 2021, Treasury may reduce the amount of assistance it provides to these businesses to ensure that the total federal assistance from all relevant relief programs does not exceed a business’s 2019 revenues. In determining the amount of assistance to be provided, Treasury must consider, among other requirements, other sources of federal assistance provided to the provider of transportation services.

Lessons Learned from Selected Federal Response Efforts to the COVID-19 Pandemic

Based on our prior body of work examining responses to public health and fiscal emergencies, including the COVID-19 pandemic, we have identified key lessons learned that could improve the federal response to emergencies.²⁶ We have also made numerous recommendations related to improving the federal response, which agencies have taken some steps to address. Below we highlight selected findings and six recommendations from our prior work on FEMA, DOT, and Treasury that demonstrate the importance of applying these lessons learned.

Coordinate, establish, and define roles and responsibilities among those responding to the crisis and address key capability gaps. As part of our review of the government-wide COVID-19 response over the last year and a half, we have found that without clearly established and defined roles and responsibilities among federal agencies, the federal response is not as effective.²⁷ With multiple agencies working to address and mitigate the public health and economic effects of the COVID-19 crisis across the U.S., coordination is essential. For example:

- The COVID-19 pandemic has highlighted—once again—the need for a national aviation-preparedness plan for communicable diseases that clearly establishes roles and responsibilities. In 2015, we found that such a plan could establish a mechanism of coordination between aviation and public health sectors to more effectively prevent and control a communicable disease threat while minimizing unnecessary disruptions to the national aviation system. We recommended that DOT work with federal partners to develop such a plan in light of the effect of communicable diseases, such as Ebola, on air travel and public health; however, DOT maintains that the Departments of Health and Human Services and Homeland Security should lead the effort.²⁸ With no action taken, in June 2020, we urged Congress to take legislative action to require the Secretary of Transportation to work with relevant agencies and stakeholders, such as the Departments of Health and Human Services and Homeland Security, and members of

²⁶[GAO-21-387](#).

²⁷[GAO-21-387](#).

²⁸GAO, *Air Travel and Communicable Diseases: Comprehensive Federal Plan Needed for U.S. Aviation System's Preparedness*, [GAO-16-127](#), (Washington D.C: Dec.16, 2015).

the aviation and public health sectors, to develop a national aviation-preparedness plan.²⁹ As we reported in July 2021, Congress has considered but not passed legislation to require a national aviation preparedness plan.³⁰ Without such a plan, the U.S. will be less prepared to minimize and quickly respond to future communicable disease events.

- Our prior work on National Preparedness found that FEMA uses several scenarios—including a pandemic influenza similar to COVID-19—to allow states, territories and other jurisdictions to assess their own emergency response and recovery capabilities (e.g., how quickly they can restore electricity, or how much emergency housing they can provide).³¹ While this information has provided useful information about capability gaps at the state and local level, FEMA has not used the information to determine the nation’s capability gaps across all levels of government. Moreover, FEMA has yet to determine what steps are needed to address the capability gaps once they are identified, including capability gaps that have been known since 2012. If FEMA had determined what steps are needed to address capability gaps, the nation may have been more prepared to respond to COVID-19. In May 2020, we reported that FEMA had yet to: (1) determine what steps are needed to address the nation’s capability gaps across all levels of government; and (2) informed key stakeholders, such as Congress, about what resources will be needed across all levels of government.³² To address this, we recommended that FEMA should, following the completion of the 2021 National Preparedness Report, determine what steps are needed to address the nation’s emergency management capability gaps across all levels of government and inform key stakeholders, such as the Office of Management and Budget and Congress, about what level of resources will be necessary to address the known gaps.

In June 2021, FEMA officials stated that they are planning to complete the National Preparedness Report by December 31, 2021. In addition, FEMA is planning to complete the National Stakeholder Preparedness

²⁹[GAO-20-625](#).

³⁰[GAO-21-551](#).

³¹See for example, GAO, *National Preparedness: Additional Actions Needed to Address Gaps in the Nation’s Emergency Management Capabilities*, [GAO-20-297](#) (Washington, D.C.: May 4, 2020).

³²[GAO-20-297](#).

Review and National Preparedness Investment Strategy to identify capability gaps and establish priorities that align with those gaps. FEMA anticipates it will identify resources and capabilities needed to address the national gaps by December 31, 2022.

Provide clear, consistent communication. In a crisis, federal agencies should provide clear and consistent communication, specifically to those they are trying to assist.³³ We previously reported that Treasury and FEMA did not always communicate effectively with applicants and recipients of programs they administered or managed, which left these entities unable to fully benefit from the programs:

- In prior reviews, we found that Treasury did not communicate in a clear, consistent way with applicants and recipients—particularly smaller businesses—of the Payroll Support Programs and Loans for Aviation and National Security Businesses program.³⁴ For example, we reported in December 2020 that when designing and implementing the loan program, Treasury viewed itself as a lender of last resort but did not state this view in published documents.³⁵ This omission led to some applicants being surprised by parts of the process, such as when Treasury encouraged over a third of all applicants to apply to another loan program before continuing to pursue a loan from Treasury. Since Treasury’s authority to make new loans under this program was set to expire in December 2020, we highlighted lessons for Congress and Treasury for designing and implementing program like this type in the future, including setting and communicating clear program goals and communicating clear timelines for actions. As Treasury implements new federal assistance programs, such as CERTS, it has opportunities to engage in clearer, more consistent communication with eligible businesses and their representatives. According to Treasury officials, they are working to ensure CERTS program eligibility is easily understood, and they have reached out to industry associations representing potential applicants to share information about the programs and to inform program design.
- FEMA did not always communicate effectively with Public Assistance applicants, specifically tribal governments. As we reported in March 2021, several tribal governments reported challenges related to completing administrative requirements—such as activating an

³³For example, see [GAO-21-387](#) and [GAO-20-701](#).

³⁴[GAO-21-551](#); [GAO-21-198](#); [GAO-20-701](#).

³⁵[GAO-21-198](#).

emergency operations plan and submitting a tribal Public Assistance Administrative Plan—to request and receive Public Assistance program funding directly from FEMA.³⁶ Although FEMA’s Tribal Pilot Guidance states that tribes may request technical assistance, tribal representatives we interviewed reported that many tribal governments were given little or no technical assistance when they requested support. Without the availability of consistent and timely technical assistance across regions, some tribal entities may be unable to request and receive Public Assistance directly from FEMA to help respond to the COVID-19 pandemic. Further, we reported that FEMA did not consult with tribal entities in advance of issuing its policy on eligible Public Assistance costs early in the COVID-19 pandemic. In March 2021, we recommended that the FEMA Administrator provide timely and consistent technical assistance to support tribal governments’ efforts to request and receive Public Assistance directly from FEMA, including providing additional personnel, if necessary, to ensure that tribal nations are able to effectively respond to COVID-19.³⁷ The Department of Homeland Security (DHS) concurred with our recommendation. DHS stated that FEMA’s Recovery Directorate will publish a memorandum that will contain direction to FEMA regions regarding the assignment of Public Assistance program delivery managers to promote equitable delivery of Public Assistance to tribal governments. As we reported in July 2021, FEMA stated that it plans to send the draft memorandum to tribal governments in July 2021.³⁸

We also recommended that the FEMA Administrator adhere to the agency’s protocols listed in its updated 2019 Tribal Consultation Policy by obtaining tribal input via the four phases of the tribal consultation process when developing new policies and procedures related to COVID-19 assistance. DHS concurred with our recommendation. As we reported in July 2021, DHS stated that FEMA’s National Tribal Affairs Adviser, based in the Office of External Affairs, will coordinate with other FEMA offices and directorates, as appropriate, to review the agency’s adherence to protocols listed in the Tribal Consultation policy.³⁹

³⁶[GAO-21-387](#).

³⁷[GAO-21-387](#).

³⁸[GAO-21-551](#).

³⁹[GAO-21-551](#).

Collect and analyze data to inform decision-making and future preparedness. Without data, federal agencies face difficulties making critical decisions to inform efforts and program operations. In our review of FEMA's COVID-19 activities, we found it faced challenges at the national and regional levels collecting the data needed to make decisions and allow for the prioritization of resources.⁴⁰ In September 2020, we reported that these challenges included tracking supply requests, including those for personal protective equipment, made through the federal government and budgeting for ongoing needs. As a result, we recommended that the FEMA Administrator work with relevant federal, state, territorial, and tribal stakeholders to devise interim solutions, such as systems and guidance and dissemination of best practices, to help states enhance their ability to track the status of supply requests and plan for supply needs for the remainder of the COVID-19 pandemic response.

As we reported in July 2021, FEMA has not taken action to devise interim solutions that would systematically help states, tribes, and territories effectively track, manage, and plan for supplies to carry out the COVID-19 pandemic response in the absence of state-level end-to-end logistics capabilities that would track critical supplies required for a response of this scale.⁴¹ Without action across the board to help states ensure they have the support they need to track, manage, and plan for supplies, states, tribes, and territories on the front lines of the whole-of-nation COVID-19 response will likely continue to face challenges that hamper their effectiveness.

Establish mechanisms for accountability and transparency to help ensure program integrity and address fraud risks. With over \$200 billion in financial assistance appropriated to support the transportation sector, ensuring the funds are spent as intended is critical to reduce fraud and ensure the programs support recovery. Our work on COVID relief to

⁴⁰[GAO-21-387](#); [GAO-20-701](#).

⁴¹[GAO-21-551](#). DHS disagreed with this recommendation, noting, among other things, work that FEMA had already done to manage the medical supply chain and increase supply availability. Although FEMA disagreed with our recommendation, it began taking some action in March 2021. We note that we made this recommendation to both DHS and the Department of Health and Human Services (HHS) with the intent that they would work together under the Unified Coordination Group to address challenges reported by state officials with both public health and emergency management responsibilities. Although both DHS and HHS have reported separate actions, taken as part of other efforts within each separate purview, neither has articulated how they worked with the other nor how they assessed whether the actions changed the experiences of state officials who reported issues during our prior work.

the transportation sector underscores the importance of establishing, documenting, and implementing processes and procedures to ensure accountability and guard against fraud.⁴²

We found that DOT and Treasury initially experienced challenges related to the oversight of COVID relief monies and programs, although early difficulties are diminishing.⁴³ These challenges underscore the tension between getting the funds out as quickly as possible and setting up robust, risk-based oversight and monitoring processes:

- FAA reported difficulties administering the COVID relief programs while simultaneously setting up monitoring and compliance systems to oversee funds. More specifically, FAA officials said it was challenging and resource-intensive to establish and oversee a grant program with more eligible uses than allowed under existing airport grant programs. FAA has since taken steps to manage this increased workload, including establishing a dedicated team—two full-time employees and three annuitants with prior airport grant management experience—to review and process airport payment requests. Additionally, in late 2020, FAA hired a contractor to develop a monitoring dashboard and develop auditing policies and procedures. In July 2021, we reported that FAA continues to track recipient compliance with statutory workforce requirements. We continue to review FAA’s oversight efforts.
- Treasury officials also told us that developing a compliance monitoring system for hundreds of PSP recipients from scratch was time-consuming and initially involved trial-and-error. In November 2020, we reported while PSP recipients had begun submitting required compliance reports, Treasury had not yet finalized a monitoring system to identify and respond to the risk of noncompliance with PSP agreement terms, potentially hindering its ability to detect program misuse in a timely manner.⁴⁴ We recommended that Treasury finish developing and implement a compliance monitoring plan that identified and responds to risks of noncompliance. In April 2021, we confirmed that Treasury had developed, documented, and implemented a risk-based approach to monitor PSP recipients’ compliance with the terms of their financial assistance. We continue to review Treasury’s compliance monitoring of PSP recipients.

⁴²[GAO-21-191](#).

⁴³[GAO-21-551](#); [GAO-21-191](#); [GAO-20-701](#).

⁴⁴[GAO-21-191](#).

In our reviews, we have found that DOT and Treasury are tracking recipient compliance with statutory requirements. For example, the Payroll Support Programs (PSP1, PSP2, and PSP3) agreements require recipients to 1) limit executive compensation and 2) not engage in involuntary furloughs or terminations for specific periods of time. Concerns continue to be raised by other oversight bodies and members of Congress about certain actions taken by recipients that may not be serving the interests of taxpayers and aviation workers.⁴⁵ With regard to federal assistance to the transportation sector, specific concerns have been raised, including the following:

- Businesses “double-dipping” or obtaining funds from more than one federal financial assistance program, and
- Businesses furloughing employees prior to signing PSP agreements with workforce retention requirements and outsourcing jobs after workforce retention requirements for federal financial assistance have expired.

However, the laws that authorized these programs did not prohibit businesses from accessing other federal financial assistance, and the requirement for businesses to retain employees expires for PSP3 recipients in either September of this year or the date on which assistance provided is exhausted, whichever is later.

New programs authorized in December 2020 and March 2021, CERTS and Aviation Manufacturing Jobs Protection program, do take into account other COVID-19 relief funding provided to eligible recipients. According to DOT and Treasury officials, these and other relevant requirements regarding eligibility will be clearly laid out and built into the application and review process.

Consider challenges posed by setting up new programs quickly. In a crisis, federal agencies may be called upon to set up new programs to address urgent needs. In our reviews, DOT and Treasury acknowledged challenges in standing up new COVID relief programs and getting funds out quickly through these programs. For example:

- DOT was tasked with setting up the Aviation Manufacturing Jobs Protection program under the American Rescue Plan Act of 2021 in March 2021. Setting up this program included establishing program rules and guidelines, creating a public website, conducting public outreach, selecting an application portal, and moving personnel within

⁴⁵Some have suggested that these concerns could be addressed by federal agencies imposing additional requirements on recipients of federal assistance.

the department to lead this effort and provide assistance. DOT officials said setting up a new program for a sector that has not historically received federal financial assistance, requires a balance between distributing the funds quickly while ensuring necessary oversight is in place.

- With regard to PSP, the loan program, and CERTS, Treasury also noted the challenges of setting up emergency financial programs with intense industry expectations for the quick distribution of funds.⁴⁶ Also, Treasury officials noted the challenge of providing assistance to industry sectors for which the agency had no prior experience and that included a wide-range of applicants, from those with only a few employees to those with tens of thousands.

In our reviews, we found that distributing funds through existing programs was relatively straightforward.⁴⁷ Unlike the Aviation Manufacturing Jobs Protection program and the programs implemented by Treasury; FRA and FTA allocated funds primarily through existing programs, as directed by law. For example, FTA was able to distribute grants to transit agencies quickly using its existing program formulas. In addition, many of the transit grant recipients were well-known by FTA.

As part of our ongoing work, we will continue to assess how FEMA, DOT, and Treasury are implementing the federal response as the country recovers from the public health and economic crises brought on by COVID-19 pandemic. This work includes examining how DOT and FAA are supporting research and development related to protecting the health of air travelers during pandemics while also maintaining aviation safety, security, and efficiency. In addition, we will continue to monitor issues related to FEMA's Disaster Relief Fund, workforce, and funeral assistance for COVID-19 related deaths.

Chairman DeFazio, Ranking Member Graves, and Members of the Committee, this completes our prepared remarks. It is critical for agencies to implement our recommendations to help improve the government's ongoing response and recovery efforts as well as prepare for future public health emergencies. We will continue to assess these issues as part of our ongoing work, including making recommendations as appropriate,

⁴⁶The CARES Act required Treasury to publish procedures for PSP1 not later than 5 days after the date of enactment of the act, and for the loan program within 10 days after enactment of the act. Additionally, the CARES Act directed Treasury to make initial payments to air carriers and contractors that submitted requests for financial assistance approved by the Secretary no later than 10 days after enactment of the act.

⁴⁷[GAO-21-387](#); [GAO-21-191](#).

and will be happy to assist the Committee as you work to support the federal efforts to recover from the pandemic. We would be pleased to respond to any questions that you may have at this time.

GAO Contact and Staff Acknowledgments

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