



Committee on Transportation and Infrastructure  
U.S. House of Representatives  
Washington DC 20515

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July 26, 2021

**SUMMARY OF SUBJECT MATTER**

**TO:** Members, Committee on Transportation and Infrastructure  
**FROM:** Staff, Committee on Transportation and Infrastructure  
**RE:** Full Committee Hearing on “Assessing the Federal Government’s COVID-19 Relief and Response Efforts and Its Impact”

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**PURPOSE**

The Committee on Transportation and Infrastructure (T&I) will meet on Thursday, July 29, 2021, at 11:00 a.m. EDT in 2167 Rayburn House Office Building and via Zoom to hold a hearing titled “Assessing the Federal Government’s COVID-19 Relief and Response Efforts and Its Impact.” The hearing will examine the federal response to the COVID-19 pandemic, efforts to provide oversight of that response, areas for improvement, and the impact of pandemic relief efforts on the transportation and infrastructure sectors and their workers.

The Committee will hear testimony from two panels. The first panel will include federal government witnesses from the Government Accountability Office (GAO), the Department of Transportation Office of Inspector General (DOT OIG), the Department of Homeland Security Office of Inspector General (DHS OIG), and the Pandemic Response Accountability Committee (PRAC).<sup>1</sup> The second panel will include witnesses from the American Public Transportation Association (APTA), the International Association of Emergency Managers (IAEM), the Hoover Institution at Stanford University, the Hamilton Project at the Brookings Institution, and the Transport Workers Union of America (TWU).

**BACKGROUND**

In response to the COVID-19 pandemic, Congress and the Executive Branch have taken a series of actions to protect the health and economic security of American individuals and businesses. Congress included \$5.9 trillion dollars of relief and job protection measures in the *CARES Act*, the

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<sup>1</sup> The *CARES Act* established the Pandemic Response Accountability Committee (PRAC) as a committee of the Council of the Inspectors General on Integrity and Efficiency (CIGIE), which is composed of inspectors general from across the government. See <https://www.pandemicoversight.gov/our-mission/about-the-prac>; *CARES Act*, Pub. L. No. 116-136 (2020), Sec. 15010.

*Consolidated Appropriations Act of 2021*, the *American Rescue Plan*, and other legislation.<sup>2</sup> Federal agencies, including the Federal Emergency Management Agency (FEMA), the operating administrations within the Department of Transportation (DOT), and the U.S. Department of the Treasury (Treasury) are responsible for administering and overseeing more than \$200 billion in federal assistance provided for transportation and emergency management.<sup>3</sup> These agencies also conduct other pandemic response and recovery functions. For example, FEMA helped supply states and localities with personal protective equipment (PPE) and distributing vaccine and testing supplies, as well as reimbursing for many activities tied to response to the COVID-19 pandemic.<sup>4</sup> Within DOT, the Federal Aviation Administration (FAA), the Federal Transit Administration (FTA) and other department components provided pandemic-related guidance and support to their respective modes to help keep employees and passengers on our nation's transportation systems safe.<sup>5</sup>

## Oversight of the Federal Response - Summary

The federal oversight community, such as GAO, PRAC, and federal Offices of Inspectors General (OIGs), have been monitoring agencies' use of COVID-19 relief and response funds. These organizations also have assessed the federal government's actions, policies, and programs to respond to COVID-19 to identify problems, including cases of waste, fraud, abuse, and mismanagement, as well as lessons learned and areas for improvement.

Historically, federal oversight organizations have found that large-scale federal relief programs can be vulnerable to significant risk of erroneous payments, waste, and fraud.<sup>6</sup> For

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<sup>2</sup> *CARES Act*, Pub. L. No. 116-136 (2020); *Consolidated Appropriations Act, 2021*, Pub. L. No. 116-260 (2020); *American Rescue Plan Act of 2021*, Pub. L. No. 117-2 (2021).

<sup>3</sup> U.S. Department of the Treasury, "Coronavirus Economic Relief for Transportation Services (CERTS) Program," accessed on July 26, 2021, available at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-american-industry/coronavirus-economic-relief-for-transportation-services>, and "Airline and National Security Relief Programs," accessed on July 26, 2021, available at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-american-industry/airline-and-national-security-relief-programs>; Federal Transit Administration, "Novel Coronavirus (COVID-19)," accessed on July 26, 2021, available at <https://www.transit.dot.gov/coronavirus>; National Railroad Passenger Corporation (AMTRAK) Office of Inspector General, *GOVERNANCE: Amtrak Continues to Demonstrate Good Stewardship of Pandemic Relief Funds*, OIG-MAR-2021-009, (May 12, 2021), available at: <https://amtrakoig.gov/sites/default/files/reports/OIG-MAR-2021-009%20Relief%20Act.pdf>; GAO, *COVID-19: Continued Attention Needed to Enhance Federal Preparedness, Response, Service Delivery, and Program Integrity*, GAO-21-551, (July 2021), available at <https://www.gao.gov/assets/gao-21-551-highlights.pdf>; Federal Aviation Administration, "Information for Airports about COVID-19," accessed on July 26, 2021, available at [https://www.faa.gov/airports/special\\_programs/covid-19-airports](https://www.faa.gov/airports/special_programs/covid-19-airports); House Committee on Transportation and Infrastructure, "Chair DeFazio Applauds New Round of Aid for the Hard-Hit Transportation Sector in Omnibus and COVID Relief Legislation," December 22, 2020, available at <https://transportation.house.gov/news/press-releases/chair-defazio-applauds-new-round-of-aid-for-the-hard-hit-transportation-sector-in-omnibus-and-covid-relief-legislation->; FEMA, *100 Days of FEMA and Our Partners in Action* (April 30, 2021) available at <https://www.fema.gov/blog/100-days-fema-and-our-partners-action>.

<sup>4</sup> FEMA, *Pandemic Response to Coronavirus Disease 2019 (COVID-19): Initial Assessment Report*, (January 2021), available at [https://www.fema.gov/sites/default/files/documents/fema\\_covid-19-initial-assessment-report\\_2021.pdf](https://www.fema.gov/sites/default/files/documents/fema_covid-19-initial-assessment-report_2021.pdf).

<sup>5</sup> FTA, "FTA COVID-19 Resource Tool" (May 7, 2021), available at <https://www.transit.dot.gov/regulations-and-programs/safety/fta-covid-19-resource-tool>; and FAA, Coronavirus Guidance and Resources from FAA (April 19, 2021), available at [https://www.faa.gov/coronavirus/guidance\\_resources/](https://www.faa.gov/coronavirus/guidance_resources/).

<sup>6</sup> GAO, *COVID-19: Critical Vaccine Distribution, Supply Chain, Program Integrity, and Other Challenges Require Focused Federal Attention*, GAO-21-265, (January 28, 2021), available at <https://www.gao.gov/products/gao-21-265>; PRAC, *UPDATE:*

example, GAO reported that the *American Reinvestment and Recovery Act of 2009* posed these types of risks because of the need to spend funds quickly and because it increased funding for existing programs to a degree that might have exceeded the capacity of existing controls and oversight mechanisms.<sup>7</sup> Similarly, the DOT OIG reported that significant infusions of federal funding—such as the disaster relief funding provided to FTA for transit agencies in the wake of Hurricane Sandy—can create the risk of improper payments without appropriate agency oversight plans and procedures in place.<sup>8</sup> In light of these and other risks, an effective federal response to COVID-19 fraud risks, according to GAO, should help ensure that federal programs fulfill their intended purpose, funds are spent effectively, and assets are safeguarded.<sup>9</sup>

Other challenges that the oversight community identified include problems with FEMA’s disaster-management capabilities, interagency coordination, and incomplete reporting on the use of pandemic relief funds. In its work on FEMA, GAO found a lack of coordination with the Department of Health and Human Services (HHS) and other federal partners on the procurement and delivery of essential PPE, shortages in staff available to be deployed to disaster areas, and inconsistencies in how FEMA communicates with states and localities on the use of advance contracting.<sup>10</sup>

In addition, GAO criticized the Office of Management and Budget’s (OMB) issuance of a Compliance Supplement, as part of the *Single Audit Act*, that is used to help auditors understand a federal program’s objectives, procedures, and compliance requirements during audits of non-federal recipients of federal funds, such as local and state governments and nonprofit organizations.<sup>11</sup> The 2020 Compliance Supplement was not released by OMB until August 2020, after initial COVID-19 relief funds had already been dispersed to recipients. However, GAO found the supplement to be incomplete and said the delay in issuing it “may lead to inconsistent reporting and affect award recipients’ development of corrective actions.”<sup>12</sup> GAO warned that preparing and providing this guidance to auditors in a timely manner was “essential to help ensure that single audits can be performed timely and enhance the federal government’s ability to help safeguard billions of dollars in federal funds, including those provided under COVID-19 relief laws.”<sup>13</sup> OMB issued an addendum to the Compliance Supplement in December 2020, but it did not address all concerns raised by auditors to conduct these single audits.<sup>14</sup> In March 2021, OMB issued a memorandum to executive branch agencies that outlines steps agencies must take to implement sound financial

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*Top Challenges in Pandemic Relief and Response*, (February 3, 2021), available at

<https://www.pandemicoversight.gov/media/file/update-top-challenges-pandemic-relief-and-response>.

<sup>7</sup> GAO, *Recovery Act: Opportunities to Improve Management and Strengthen Accountability over States’ and Localities’ Uses of Funds*, GAO-10-999, (September 20, 2010), available at <https://www.gao.gov/assets/gao-10-999.pdf>.

<sup>8</sup> DOT OIG, *Initial Assessment of FTA’s Oversight of the Emergency Relief Program and Hurricane Sandy Relief Funds*, MH-2014-008, (December 3, 2013), available at [https://www.oig.dot.gov/sites/default/files/FTA%E2%80%99s%20Oversight%20of%20the%20Emergency%20Relief%20Program%20and%20Hurricane%20Sandy%20Relief%20Funds%5E12-3-13\\_1.pdf](https://www.oig.dot.gov/sites/default/files/FTA%E2%80%99s%20Oversight%20of%20the%20Emergency%20Relief%20Program%20and%20Hurricane%20Sandy%20Relief%20Funds%5E12-3-13_1.pdf).

<sup>9</sup> *Supra* n. 4, GAO-21-265.

<sup>10</sup> GAO, *COVID-19: FEMA’s Role in the Response and Related Challenges*, GAO-20-685T (July 14, 2020), available at <https://www.gao.gov/products/gao-20-685t> and *COVID-19: Federal Efforts Could Be Strengthened by Timely and Concerted Actions*, GAO-20-701, (September 21, 2020), available at <https://www.gao.gov/products/gao-20-701>.

<sup>11</sup> GAO, *COVID-19: Sustained Federal Action Is Crucial as Pandemic Enters Its Second Year*, GAO-21-387, March 2021, available at <https://www.gao.gov/assets/gao-21-387.pdf>.

<sup>12</sup> *Id.*

<sup>13</sup> *Id.*

<sup>14</sup> *Id.*

management of the pandemic relief funding resources, including complying with the requirements of the *Single Audit Act*.<sup>15</sup> The memorandum states that when OMB issues its annual compliance supplement later this year, it will include the topic of subaward reporting as a requirement for all financial assistance programs that are reviewed under the *Single Audit Act*.<sup>16</sup>

Regarding the use of relief funds, PRAC found that agencies' initial reporting on the use of pandemic funds left out important information required by the *CARES Act*, such as identifying all subrecipients of the funding.<sup>17</sup> PRAC recommended that OMB issue guidance to agencies to direct them to collect and report the missing information.<sup>18</sup>

Another critical component of the oversight efforts of the OIGs and PRAC is supporting federal agency personnel through training and other assistance. For example, the DHS OIG has provided training to program staff on how to identify cases of waste, fraud, or abuse related to COVID-19 relief funding, and PRAC has hosted a training session on identifying and preventing loan fraud.<sup>19</sup> PRAC also supports federal OIGs' data analysis capabilities by providing them with non-public data sets on selected pandemic relief programs and helping them get easier access to data analytics contractors.<sup>20</sup>

## **Government Accountability Office**

The *CARES Act* directed GAO to monitor and oversee the use of funds made available to prepare for, respond to, and recover from the COVID-19 pandemic.<sup>21</sup> To date, GAO has issued eight reports that assess efforts across the government and has made 87 recommendations to improve the COVID-19 response.<sup>22</sup> However, federal agencies have only fully implemented 16 of these 87 recommendations so far, but have generally agreed with 57, or 66 percent, of these recommendations and are in the process of implementing those.<sup>23</sup> GAO has examined, among other things, the federal government's management of the medical supply chain and its assistance to state and local emergency management efforts; support provided to airports, airlines, and other aviation companies through loans and grants; and FTA's assistance to the nation's transit agencies.<sup>24</sup>

### **FEMA Lacked an Adequate Plan and National Strategy for the Supply Chain of Critical Equipment**

GAO reported in September 2020 that FEMA, along with HHS and the Department of Defense, had taken steps to mitigate supply chain issues that were leading to shortages in the

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<sup>15</sup> Office of Management and Budget, *Memorandum for the Heads of Executive Departments and Agencies: Promoting Public Trust in the Federal Government through Effective Implementation of the American Rescue Plan Act and Stewardship of the Taxpayer Resources*, (March 19, 2021) available at [https://www.whitehouse.gov/wp-content/uploads/2021/03/M\\_21\\_20.pdf](https://www.whitehouse.gov/wp-content/uploads/2021/03/M_21_20.pdf).

<sup>16</sup> *Id.*

<sup>17</sup> PRAC, *MITRE Report: Transparency in Pandemic-Related Federal Spending: Report of Alignment and Gaps*, (November 2020), available at <https://www.pandemicoversight.gov/media/file/transparency-pandemic-related-federal-spending-full-report>.

<sup>18</sup> *Id.*

<sup>19</sup> Committee staff briefings with DHS OIG on February 11, 2021, and with PRAC on April 21, 2021.

<sup>20</sup> Committee staff briefing with PRAC on April 21, 2021.

<sup>21</sup> Pub. L. No. 116-136, § 19010, 134 at 579-81.

<sup>22</sup> GAO, "COVID-19: Continued Attention Needed to Enhance Federal Preparedness, Response, Service Delivery, and Program Integrity," GAO-21-551, (July 2021), available at <https://www.gao.gov/assets/gao-21-551-highlights.pdf>

<sup>23</sup> *Id.*

<sup>24</sup> See <https://www.gao.gov/coronavirus> and discussion on following pages.

availability of PPE and testing supplies.<sup>25</sup> Nonetheless, there continued to be constraints around certain types of PPE and testing supplies. For example, in the summer of 2020, some states, nursing homes, and an association of nurses reported PPE shortages, including N95 masks, nitrile gloves, and gowns.<sup>26</sup> Thousands of nurses reported that as a result they were required or encouraged to re-use single-use N95 masks.<sup>27</sup> GAO also found that states and public health laboratories experienced ongoing shortages of testing supplies, including swabs, reagents, and tubes, in the summer of 2020.<sup>28</sup>

In the midst of these supply constraints, GAO revealed that FEMA, along with HHS, had not developed plans outlining specific actions the federal government would take to help mitigate remaining medical supply gaps needed to respond to the pandemic, including through the use of existing *Defense Production Act* authorities.<sup>29</sup> Further, FEMA and HHS had not worked with their federal partners to define roles and responsibilities for managing the supply chain.<sup>30</sup>

GAO recommended that HHS, in coordination with FEMA, (1) create such a plan and (2) document roles and responsibilities for supply chain management.<sup>31</sup> Creating a plan for continued support of the COVID-19 pandemic, according to GAO, can help inform a longer-term, comprehensive national supply chain strategy, which in turn could help better position all stakeholders for future public health events.<sup>32</sup> GAO indicated that “transition planning efforts are underway” by HHS, but that they “have not yet culminated in a written plan,” which GAO has suggested HHS should prepare “immediately.”<sup>33</sup>

#### States, Territories, and Tribes Faced Challenges Managing Supplies and Navigating FEMA Reimbursement Programs

Officials from FEMA regional offices and states also identified problems related to federal support programs for pandemic supplies and other emergency expenses. According to GAO, these challenges continue to hamper their efforts to plan for and carry out their pandemic response plans.

- Some state officials described confusion about the various federal programs available to pay for PPE and testing supplies, including about reimbursement and cost share responsibility, and concerns about potential duplication of benefits.<sup>34</sup> States had trouble confirming that the right entities received correct and usable supplies when FEMA-provided supplies were shipped directly to local points of care, such as hospitals, laboratories, or nursing homes.<sup>35</sup>

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<sup>25</sup> GAO, *COVID-19: Federal Efforts Could Be Strengthened by Timely and Concerted Actions*, GAO-20-701, (September 21, 2020), available at <https://www.gao.gov/products/gao-20-701>.

<sup>26</sup> *Id.*

<sup>27</sup> *Id.*

<sup>28</sup> *Id.*

<sup>29</sup> *Id.*

<sup>30</sup> *Id.*

<sup>31</sup> *Id.*

<sup>32</sup> *Id.*

<sup>33</sup> GAO, “COVID-19: Federal Efforts Could Be Strengthened by Timely and Concerted Actions,” GAO-20-701, (September 2020), available at: <https://www.gao.gov/assets/gao-20-701.pdf>

<sup>34</sup> *Supra*, n.8, GAO-20-701

<sup>35</sup> *Id.*

- Some tribal leaders who had trouble completing administrative requirements for Public Assistance grants said that no FEMA staff were available to assist them. Further, FEMA failed to conduct sufficient outreach to tribes when determining items eligible for reimbursement under the Public Assistance program, even though such outreach is required by FEMA's own policy.<sup>36</sup>

In September 2020, GAO recommended that FEMA and HHS work with federal, state, territorial, and tribal stakeholders to devise interim solutions 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.<sup>37</sup> More recently, in March 2021, GAO recommended that FEMA provide timely and consistent technical assistance to support tribal governments and that it adhere to its policy on tribal consultation when developing new policies and procedures related to COVID-19 assistance.<sup>38</sup>

### DOT Needs a National Aviation Preparedness Plan

Since 2015, just after the 2014 Ebola outbreak in West Africa, GAO has reported on the importance of DOT developing a national aviation preparedness plan so safeguards are in place to limit the spread of communicable disease threats and to minimize unnecessary interference with travel and trade.<sup>39</sup> Although DOT issued guidance to airports and airlines on measures to mitigate the public health risks associated with COVID-19, it has *still* not developed a preparedness plan for future communicable disease threats.<sup>40</sup> DOT has said that HHS and DHS should lead such planning efforts since they are responsible for, respectively, communicable disease response and preparedness planning.<sup>41</sup> However, both DHS and HHS have said that they are not well positioned to develop a pandemic preparedness plan for aviation.<sup>42</sup> In February 2021, H.R. 884, the *National Aviation Preparedness Plan Act*, was reintroduced by Aviation Subcommittee Chair Rick Larsen.<sup>43</sup> This bill would require DOT, in coordination with HHS and DHS, to develop a national aviation preparedness plan for communicable disease outbreaks.<sup>44</sup>

### Payroll Support Program (PSP) Needs Better Compliance Monitoring

As GAO reported in September 2020, standing up a new financial assistance program in a condensed time frame posed challenges both to Treasury and program recipients.<sup>45</sup> Aviation industry associations told GAO that their members experienced confusion about PSP eligibility and other requirements, lack of direct contact at Treasury for answers to time-sensitive issues and means

<sup>36</sup> *Supra*, n.9, GAO-21-387.

<sup>37</sup> *Supra*, n.8 GAO-20-701.

<sup>38</sup> *Supra*, n.8 and 9 GAO-20-701, GAO-21-387.

<sup>39</sup> GAO, *Air Travel and Communicable Diseases: Comprehensive Federal Plan Needed for U.S. Aviation System's Preparedness*, GAO-16-127 (December 16, 2015), available at <https://www.gao.gov/products/gao-16-127>; *Air Travel and Communicable Diseases: Status of Research Efforts and Action Still Needed to Develop Federal Preparedness Plan*, GAO-20-655T (June 23, 2020), available at <https://www.gao.gov/products/gao-20-655t>; and *COVID-19: Brief Update on Initial Federal Response to the Pandemic*, GAO-20-708, (August 31, 2020), available at <https://www.gao.gov/products/gao-20-708>.

<sup>40</sup> *Id.*

<sup>41</sup> *Id.*

<sup>42</sup> *Supra*, n. 8, GAO-20-708.

<sup>43</sup> H.R.884, *National Aviation Preparedness Plan Act of 2021*.

<sup>44</sup> *Id.*

<sup>45</sup> *Supra*, n. 8, GAO-20-701.

to check on the status of an application, and delays in PSP awards.<sup>46</sup> Regarding these identified challenges, Treasury officials said that they published email addresses where applicants could direct questions and communicated with more applicants, and redesigned the application portal to be more user-friendly.<sup>47</sup>

Further, while PSP funds have benefited recipients, as discussed in the following paragraph, certain factors added to the risk of funds being used for purposes other than payroll support.<sup>48</sup> Some PSP recipients accessed other assistance under the *CARES Act* that may overlap with PSP funds, such as the Small Business Administration's (SBA) Paycheck Protection Program (PPP), while others received PSP funds in excess of their number of employees. GAO notes that while these actions might be consistent with program requirements, they make it more difficult to ensure PSP funds are used to only pay employees.<sup>49</sup> To help mitigate these risks, Treasury started to monitor PSP recipients' compliance with program terms; but, it has not finalized its monitoring plans, determined which automated tests will be used, or identified factors or thresholds from testing that trigger additional reviews.<sup>50</sup>

Separately, the Treasury OIG found that some air carriers applying for PSP loans incorrectly calculated payroll amounts, affecting the accuracy of the amounts awarded to these recipients.<sup>51</sup> Upon learning of the OIG's findings, Treasury implemented measures to identify and correct PSP award amounts.<sup>52</sup>

### Action Is Needed to Ensure Assistance to Aviation Industry Is Equitable

Treasury's assistance to the aviation industry may have disproportionately gone to large airlines.<sup>53</sup> In its report on the *CARES Act* loan program for aviation, GAO found that small businesses were less likely to receive loans under this program and that Treasury prioritized applications from large passenger carriers.<sup>54</sup> The Regional Airline Association expressed concerns that Treasury delayed action on smaller airlines' PSP loan applications, while approving applications for large air carriers.<sup>55</sup> Industry associations reported to GAO that for applicants such as smaller air carriers and ticket agents, the amount of time Treasury took to evaluate loan applications, as well as

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<sup>46</sup> *Id.*

<sup>47</sup> *Supra*, n. 8 and 9, GAO-21-387, GAO-20-701.

<sup>48</sup> General Aviation Manufacturers Association, *Protecting Aviation Manufacturing and Maintenance Jobs*, (March 10, 2021) available at <https://gama.aero/news-and-events/press-releases/protecting-aviation-manufacturing-and-maintenance-jobs/>; Airlines for America, *Statement from A4A CEO and President Nicholas E. Calio on the Passage of the American Rescue Plan* (March 10, 2021) available at <https://www.airlines.org/news/statement-from-a4a-ceo-and-president-nicholas-e-calio-on-the-passage-of-the-american-rescue-plan/>.

<sup>49</sup> GAO, *COVID-19: Urgent Actions Needed to Better Ensure an Effective Federal Response*, GAO-21-191, (November 30, 2020), available at <https://www.gao.gov/products/gao-21-191>.

<sup>50</sup> *Supra*, n. 9, GAO-21-387.

<sup>51</sup> Department of the Treasury Office of Inspector General, *Interim Audit Update – Air Carrier and Contractor Certifications for Payroll Support Program* (March 31, 2021), available at <https://oig.treasury.gov/sites/oig/files/2021-04/OIG-21-025.pdf>.

<sup>52</sup> *Id.*

<sup>53</sup> GAO, *Financial Assistance: Lessons Learned from CARES Act Loan Program for Aviation and Other Eligible Businesses*, GAO-21-198 (December 10, 2020), available at <https://www.gao.gov/products/gao-21-198>.

<sup>54</sup> *Id.*

<sup>55</sup> Regional Airline Association President Faye Malarkey Black letter to Treasury Secretary Janet Yellen (March 11, 2021) available at [https://www.raa.org/wp-content/uploads/2021/03/20210311-RAA-Treasury-Letter-PSP2-delays-PSP3-request\\_FINAL.pdf](https://www.raa.org/wp-content/uploads/2021/03/20210311-RAA-Treasury-Letter-PSP2-delays-PSP3-request_FINAL.pdf).

other challenges, affected the number of loans executed.<sup>56</sup> To better engage the aviation community, GAO reported that Treasury could have made greater use of DOT to design the program, communicate with businesses, and help in the application evaluation process or loan program, as many eligible businesses have established relationships with DOT.<sup>57</sup> Looking forward, GAO made suggestions for better ensuring equity among businesses of different sizes and types:<sup>58</sup>

- Establish multiple programs, or multiple paths within a program, to better accommodate businesses of varied types and sizes.<sup>59</sup>
- Communicate clear timelines and expectations for borrowers to avoid frustration among applicants regarding the loan application process and the time needed to make loans.<sup>60</sup>

### Airport Grants

The *CARES Act* provided substantial additional funding for airports through a program similar to the Airport Improvement Program (AIP), and though FAA already had processes for administering grants of this type, it nonetheless faced challenges administering and monitoring the funding.<sup>61</sup> To address the increased workload of processing and monitoring more grants under expedited timeframes, FAA hired staff, streamlined the invoicing process to reduce workload, and provided consolidated information to airports about eligibility.<sup>62</sup> According to FAA officials, FAA staff review all reimbursement requests from airports to help ensure that only eligible costs are reimbursed with *CARES Act* funding.<sup>63</sup>

FAA officials have also taken actions to oversee and monitor compliance with workforce retention requirements. The *CARES Act* required that most airports accepting grants must continue to employ at least 90 percent of the number of individuals employed prior to the pandemic.<sup>64</sup> FAA's actions include reviewing quarterly reports from airports, sending letters to the airports that had not submitted the required reports, and comparing airports' current workforce numbers to those from March 2020 to ensure they meet the 90 percent threshold.<sup>65</sup> FAA told GAO that, as of January 2021, no airports had requested a waiver from the workforce retention requirements.<sup>66</sup>

### Grants to Transit Agencies

In all, FTA received nearly \$70 billion in COVID-relief aid for transit agencies.<sup>67</sup> According to GAO, FTA has not experienced any notable challenges with administering the \$25 billion in grants from the *CARES Act* or overseeing recipients' use of the funds, due to the funds being

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<sup>56</sup> GAO-21-198.

<sup>57</sup> *Id.*

<sup>58</sup> *Id.*

<sup>59</sup> *Id.*

<sup>60</sup> *Id.*

<sup>61</sup> *CARES Act*, Pub. L. No. 116-136 (2020), Federal Aviation Administration, Grants-in-Aid for Airports; *see also supra*, n. 8, GAO-20-701.

<sup>62</sup> *Supra* n.42 and 9, GAO-21-191, GAO-21-387

<sup>63</sup> *Supra*, n. 8, GAO-20-701.

<sup>64</sup> *CARES Act*, Pub. L. No. 116-136 (2020), Federal Aviation Administration, Grants-in-Aid for Airports.

<sup>65</sup> *Supra*, n. 42, GAO-21-191; *supra* n. 9, GAO 21-387.

<sup>66</sup> *Supra*, n. 9, GAO-21-387.

<sup>67</sup> Federal Transit Administration, *Novel Coronavirus*, (last accessed July 21, 2021) <https://www.transit.dot.gov/coronavirus>.

provided through existing programs that have well established procedures for administration and oversight.<sup>68</sup> FTA officials told GAO that FTA continues regular outreach to recipients through industry calls, and regional staff are in regular contact with recipients.<sup>69</sup> These officials also told GAO that they updated the oversight guidance for the grant programs with information on *CARES Act* requirements, and that FTA plans to oversee the funding through its existing review programs.<sup>70</sup> In addition, daily reports on *CARES Act* obligations and disbursements to transit agencies are sent to the FTA Office of the Administrator, ensuring that the agency's leadership is both engaged and well informed on these issues.<sup>71</sup>

Similarly, transit agencies appear to have had little difficulty with the *CARES Act*-funded grants. Officials from 22 transit agencies GAO interviewed for its November 2020 report said they had not experienced challenges related to the distribution of *CARES Act* grants from FTA, and officials from all but one of these transit agencies said they had not faced challenges getting help from FTA during the awards process.<sup>72</sup> Early on, some transit agencies had trouble understanding the expanded list of activities eligible for *CARES Act* funding. In response, FTA provided technical assistance through webinars, guidance on its website, and support from regional staff.<sup>73</sup>

### **Department of Transportation Office of Inspector General (DOT OIG)**

The DOT OIG identified several key risk areas in DOT's oversight of *CARES Act* funding. These areas, some of which are described below, are based on previous OIG work on DOT's implementation of funds for economic stimulus or emergency relief, such as the *American Recovery and Reinvestment Act of 2009*.<sup>74</sup>

#### **Improved Monitoring and Increased Outreach Can Help Prevent Waste, Fraud, and Abuse**

The DOT OIG observed that the volume of *CARES Act* funds and the speed with which they are disbursed puts these funds at a higher risk for improper payments, fraud, waste, and abuse.<sup>75</sup> For example, the *CARES Act* provided \$10 billion for airports, much more than the approximately \$3 billion in annual funding for airports that FAA normally oversees.<sup>76</sup> Further, the OIG has found weaknesses in DOT's financial management systems, resulting in incomplete and inaccurate expenditure data.<sup>77</sup> Implementing procedures for tracking funds and detecting improper payments

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<sup>68</sup> *Supra* n. 11, GAO-21-387; *supra*, n. 42, GAO-21-191; *supra* n.8, GAO-20-701.

<sup>69</sup> *Supra*, n. 42, GAO-21-191.

<sup>70</sup> GAO-21-191.

<sup>71</sup> *Supra*, n. 8, GAO-20-701.

<sup>72</sup> *Supra*, n. 42, GAO-21-191.

<sup>73</sup> *Supra*, n. 8, GAO-20-701.

<sup>74</sup> DOT OIG, *Memorandum from the Office of Inspector General of the U.S. Department of Transportation to the Secretary of Transportation: Information: Key Potential Risk Areas for the Department of Transportation in Overseeing CARES Act Requirements* (June 17, 2020) available at <https://www.oig.dot.gov/library-item/37926>.

<sup>75</sup> *Id.*

<sup>76</sup> *Supra*, n. 42, GAO-21-191; *CARES Act*, Pub. L. No. 116-136 (2020), Federal Aviation Administration, Grants-in-Aid for Airports.

<sup>77</sup> DOT OIG, *Quality Control Review of the Independent Auditor's Review of DOT's DATA Act Implementation* (October 29, 2019), available at <https://www.oig.dot.gov/sites/default/files/DOT%20DATA%20Act%20QCR%20Final%20Report%5E10-29-19.pdf>.

could help DOT better ensure effective stewardship of its funds.<sup>78</sup> The DOT OIG also suggested that DOT mitigate these risks by increasing its outreach and education efforts to enhance understanding among DOT staff, grantees such as airports and transit agencies, and their contractors on how to recognize and prevent potential fraud to the appropriate authorities.<sup>79</sup>

### Airport Grants Require Effective Risk-Based Oversight

The DOT OIG identified some aspects of *CARES Act* funding for airports that FAA should focus its management and oversight activities on, including the following:<sup>80</sup>

- FAA will need to ensure that recipient airports comply with the workforce retention requirements of the *CARES Act*.
- The *CARES Act* authorized the federal share of approved project costs to be increased to 100 percent, eliminating the local share of the costs. As a result, FAA could face risks related to controlling project costs, since localities are less incentivized to do so.
- Because FAA is overseeing a vast number of grants with its limited resources, it should follow a risk-based oversight approach and ensure that its existing risk assessments are sufficient given new program requirements and restrictions.

In February 2021, the DOT OIG initiated an audit of FAA's award and oversight of *CARES Act* airport grants. The audit's purpose is to assess whether FAA's policies and procedures for awarding and overseeing *CARES Act* grants are sufficient to protect taxpayer interests.<sup>81</sup>

### Prudent Oversight of Pandemic Waivers Is Needed

To account for conditions caused by COVID-19, the *CARES Act* allows DOT to temporarily waive certain existing federal requirements, such as some for the state highway safety programs that the National Highway Traffic Safety Administration (NHTSA) administers.<sup>82</sup> The DOT OIG noted that it will be vital for DOT to monitor the use and impact of these waivers.<sup>83</sup>

The DOT OIG has other audits under way that it expects will identify ways that the operating administrations can improve their COVID-19 responses. These include reports on FTA's financial management system that support *CARES Act* funding and its management of Hurricane Sandy emergency funding.<sup>84</sup>

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<sup>78</sup> DOT OIG, June 2020 memorandum, *available at* <https://www.oig.dot.gov/sites/default/files/OIG%20Memorandum%20to%20the%20Secretary%20-%20Key%20Risk%20Areas%20for%20DOT%20in%20Overseeing%20CARES%20Act%20Requirements.pdf>.

<sup>79</sup> *Id.*

<sup>80</sup> *Id.*

<sup>81</sup> DOT OIG, *New Audit Announcement: Audit Initiated of FAA's Award and Oversight of CARES Act Funds* (February 19, 2021), *available at* <https://www.oig.dot.gov/library-item/38296>.

<sup>82</sup> DOT OIG, June 2020 memorandum, *available at* <https://www.oig.dot.gov/sites/default/files/OIG%20Memorandum%20to%20the%20Secretary%20-%20Key%20Risk%20Areas%20for%20DOT%20in%20Overseeing%20CARES%20Act%20Requirements.pdf>.

<sup>83</sup> *Id.*

<sup>84</sup> DOT OIG, *Audit Initiated of FTA's Hurricane Sandy Funding Progress* (January 15, 2020) *available at* <https://www.oig.dot.gov/library-item/37684>; *Audit Initiated of Security Controls for FTA's Financial Management Systems That Support CARES Act Funding* (November 12, 2020), *available at* <https://www.oig.dot.gov/library-item/38114>. Although

## Amtrak's Use and Accounting of Funds

Amtrak received more than \$3 billion, a total of \$1.7 billion in Covid-19 relief funds, including \$1.7 billion in March 2021.<sup>85</sup> In April 2020, the Amtrak OIG began an audit of the use of pandemic relief funds appropriated to support Amtrak services and its state and commuter rail partners.<sup>86</sup> The Amtrak OIG issued reports in August 2020<sup>87</sup> and December 2020.<sup>88</sup> In May 2021 it issued another report stating that Amtrak “continues to be a good steward of the funds Congress has provided” but also that Amtrak could be more transparent in its communications and reporting, and made recommendations for improvement.<sup>89</sup>

## **Department of Homeland Security Office of Inspector General (DHS OIG)**

### Investigating and Preventing Fraud against the Government

The DHS OIG has opened at least 120 potential fraud investigations<sup>90</sup> since the start of the pandemic and has uncovered numerous fraud schemes.<sup>91</sup> According to DHS OIG officials, ongoing investigations include those related to theft of public funds, hoarding of scarce materials, and fictitious or fraudulent claims against the government.<sup>92</sup> For programs within FEMA’s purview, the two focus areas for these investigations, according to DHS OIG officials, have been unemployment insurance fraud and misrepresentations regarding PPE.<sup>93</sup> For example, the DHS OIG investigated a Virginia businessman who fraudulently attempted to obtain a multi-million-dollar PPE contract from FEMA.<sup>94</sup> As part of his scheme, the individual falsely stated to procurement officials from FEMA that he was in possession of large quantities of PPE, including N95 masks. Based on the false statements, FEMA awarded the individual’s company a contract valued at \$3,510,000, though according to FEMA, the funds were not provided to this individual.<sup>95</sup> The individual pleaded guilty

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the Hurricane Sandy report is not expected to explicitly address pandemic relief funding, DOT OIG officials told Committee staff in an April 2020 briefing that they expect the report’s findings to be relevant to pandemic relief funding because FTA uses the same systems and procedures to manage both funding sources.

<sup>85</sup> See: Department of Transportation, “U.S. Transportation Secretary Elaine L. Chao Announces \$1 Billion for Amtrak in Response to COVID-19,” DOT Press Release, (April 10, 2020), available at: <https://railroads.dot.gov/newsroom/press-releases/us-transportation-secretary-elaine-l-chao-announces-1-billion-amtrak> and National Railroad Passenger Corporation (AMTRAK) Office of Inspector General, “GOVERNANCE: Amtrak Continues to Demonstrate Good Stewardship of Pandemic Relief Funds,” OIG-MAR-2021-009, (May 12, 2021), available at: <https://amtrakoig.gov/sites/default/files/reports/OIG-MAR-2021-009%20Relief%20Act.pdf>

<sup>86</sup> Amtrak Office of Inspector General, *Governance: Observations on Amtrak’s Use of CARES Act Funds* (August 5, 2020) available at <https://amtrakoig.gov/sites/default/files/reports/OIG-MAR-2020-013%20CARES%20Act%20Review.pdf>.

<sup>87</sup> *Id.*

<sup>88</sup> Amtrak Office of Inspector General, *Governance: Final Observations on Amtrak’s Use of CARES Act Funds* (December 15, 2020) available at <https://amtrakoig.gov/sites/default/files/reports/OIG-MAR-2020-013%20CARES%20Act%20Review.pdf>.

<sup>89</sup> Amtrak Office of Inspector General, *Governance: Amtrak Continues to Demonstrate Good Stewardship of Pandemic Relief Funds* (May 12, 2021) available at <https://amtrakoig.gov/sites/default/files/reports/OIG-MAR-2021-009%20Relief%20Act.pdf>.

<sup>90</sup> E-mail from DHS OIG staff to T&I staff, July 23, 2021.

<sup>91</sup> Committee staff briefing with DHS OIG, February 11, 2021.

<sup>92</sup> *Id.*

<sup>93</sup> Committee staff briefing with DHS OIG, February 11, 2021.

<sup>94</sup> United States Attorney’s Office, Eastern District of Virginia, *CEO Pleads Guilty to Defrauding Multiple Federal Agencies* (accessed on March 9, 2021) <https://www.justice.gov/usao-edva/pr/ceo-pleads-guilty-defrauding-multiple-federal-agencies>.

<sup>95</sup> *Id.*

in February 2021 of making false statements to federal agencies and faces up to 35 years in prison for these and other related charges.<sup>96</sup>

The DHS OIG is working with FEMA and other DHS components, as well as with its federal partners such as SBA, the Department of Veterans Affairs, the Federal Bureau of Investigation (FBI), and the U.S. Secret Service, to identify and prevent fraud. Further, the DHS OIG provides training to FEMA employees on tools they can use to prevent and detect fraud. DHS OIG officials said that this training is updated regularly to reflect new types of fraud schemes investigators are finding.<sup>97</sup> However, the DHS OIG's previous work indicates that training for FEMA employees is not always effectively implemented. In 2019, the OIG assessed FEMA's compliance with a statutory requirement that it provide training on the prevention of waste, fraud, and abuse in federal disaster relief assistance programs.<sup>98</sup> The OIG found that most of FEMA's employees had not completed this required annual training and recommended that FEMA establish monitoring and enforcement mechanisms to ensure training requirements are met.<sup>99</sup>

### DHS OIG Is Reviewing FEMA's Role in Pandemic Response and Preparedness

The DHS OIG has previously found FEMA's management of disaster relief grants and funds to be inadequate and reported last year that improving FEMA's grant management would be one of DHS's top challenges in responding to the COVID-19 pandemic.<sup>100</sup> The DHS OIG has identified a pattern of FEMA management failures in overseeing procurements and reimbursing procurement costs, and it continues to see systemic problems and operational difficulties.<sup>101</sup> At times, according to the DHS OIG, FEMA has not followed procurement laws, regulations, and procedures, nor has it ensured disaster grant recipients and subrecipients understand and comply with these authorities.<sup>102</sup>

The DHS OIG has several ongoing audits related to how well FEMA is carrying out its responsibilities related to the COVID-19 pandemic. These audits are examining the following issues:<sup>103</sup>

- How FEMA managed and distributed medical supplies and equipment in response to COVID-19;

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<sup>96</sup> *Id.*

<sup>97</sup> *Id.*

<sup>98</sup> DHS OIG, *FEMA Must Take Additional Steps to Demonstrate the Importance of Fraud Prevention and Awareness in FEMA Disaster Assistance Programs* (July 24, 2019), available at <https://www.oig.dhs.gov/reports/2019/fema-must-take-additional-steps-demonstrate-importance-fraud-prevention-and-awareness-fema-disaster-assistance-programs/oig-19-55-jul19>.

<sup>99</sup> *Id.*

<sup>100</sup> PRAC, *TOP CHALLENGES FACING FEDERAL AGENCIES: COVID-19 Emergency Relief and Response Efforts*, (June 17, 2020), available at [https://www.oversight.gov/sites/default/files/oig-reports/Top%20Challenges%20Facing%20Federal%20Agencies%20-%20COVID-19%20Emergency%20Relief%20and%20Response%20Efforts\\_1.pdf](https://www.oversight.gov/sites/default/files/oig-reports/Top%20Challenges%20Facing%20Federal%20Agencies%20-%20COVID-19%20Emergency%20Relief%20and%20Response%20Efforts_1.pdf).

<sup>101</sup> DHS OIG, *FEMA Contracting: Reviewing Lessons Learned from Past Disasters to Improve Preparedness*, Testimony before U.S. House of Representatives Committee on Homeland Security (May 9, 2019), available at <https://www.oig.dhs.gov/sites/default/files/assets/TM/2019/oigtm-daig-aud-katherine-trimble-050919.pdf>.

<sup>102</sup> *Id.*

<sup>103</sup> DHS OIG, *Ongoing Projects* (accessed on May 12, 2021) <https://www.oig.dhs.gov/reports/ongoing-projects>.

- To what extent FEMA followed federal and departmental procedures and guidelines for awarding COVID-19 contracts to prospective vendors under unusual and compelling circumstances; and
- How effectively FEMA has supported and coordinated federal efforts to distribute PPE and ventilators in response to the COVID-19 outbreak.

### **Pandemic Response Accountability Committee (PRAC)**

Congress established the PRAC in the *CARES Act* “to promote transparency,” “ensure coordinated, efficient, and effective comprehensive oversight by the Committee and Inspectors General over all aspects of covered funds and the Coronavirus response,” and “prevent and detect fraud, waste, abuse, and mismanagement.”<sup>104</sup> The PRAC is comprised of 22 federal inspectors general, has its own dedicated staff, and works closely with inspectors general across the government to identify the most pressing challenges in managing and overseeing pandemic relief funds in several areas.<sup>105</sup>

### Preventing and Detecting Fraud against Government Programs

With the unprecedented amount of disaster response funds appropriated to support the country’s pandemic response, the opportunities for defrauding government programs have significantly increased, according to the PRAC.<sup>106</sup> The work conducted by OIGs to date indicates that one of the primary fraud risks associated with the administration of pandemic response funds stems from the failure to ensure that information from applicants is accurate.<sup>107</sup> This can result in payments to individuals who are not in fact eligible for program benefits; it can also result in outright fraud, such as in the case of the N95 mask fraud scheme that the DHS OIG uncovered.<sup>108</sup>

### Data Transparency and Completeness

Another key challenge that PRAC identified was a lack of detailed data on pandemic relief funds, which is needed to inform funding and oversight decisions as well as to provide full transparency on the use of these funds.<sup>109</sup> Even before the pandemic, inspectors general reported that the ability of agencies to track and report financial data was insufficient to meet agency needs and was a top management and performance challenge.<sup>110</sup> According to the non-profit Project on Government Oversight, “[r]obust oversight and reporting are especially important given the ongoing public health and economic emergencies that these relief funds were intended to help mitigate.”<sup>111</sup>

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<sup>104</sup> *CARES Act*, Pub. L. No. 116-136 (2020), Sec. 15010

<sup>105</sup> PRAC, *UPDATE: Top Challenges in Pandemic Relief and Response* (February 3, 2021) available at <https://www.pandemicoversight.gov/media/file/update-top-challenges-pandemic-relief-and-response>.

<sup>106</sup> *Id.*

<sup>107</sup> *Id.*

<sup>108</sup> *Id.*

<sup>109</sup> *Id.*

<sup>110</sup> PRAC, *TOP CHALLENGES FACING FEDERAL AGENCIES*.

<sup>111</sup> Project on Government Oversight, *Administration Seeks to Minimize Transparency of Coronavirus Relief Funds* (May 13, 2020) available at <https://www.pogo.org/analysis/2020/05/administration-seeks-to-minimize-transparency-of-coronavirus-relief-funds/>.

The *CARES Act* and related legislation included detailed reporting requirements for agencies to help ensure transparency and accountability in their use of pandemic relief funds.<sup>112</sup> In April 2020, OMB issued guidance directing agencies to use existing reporting processes to meet the *CARES Act* requirements, with only minor modifications.<sup>113</sup> These existing processes, established pursuant to the *Federal Funding and Transparency Act* of 2006 as amended by the *Digital Accountability and Transparency Act (DATA Act)*, include making information on all financial awards of more than \$25,000 publicly available on USASpending.gov.<sup>114</sup> OMB's guidance stated that no additional reporting by agencies or recipients should be necessary to meet the requirements of these sections of the *CARES Act*.<sup>115</sup>

However, PRAC found that the data federal agencies had been reporting, as initially directed by OMB, did not satisfy all of the requirements in the *CARES Act*, in part because the act required more extensive reporting for certain awards.<sup>116</sup> For example, the *CARES Act* explicitly directed agencies to collect new data on funding awards of \$150,000 or more, including the name and description of the project or activity that received funding, the estimated number of jobs created or retained, and detailed information on subcontracts and subgrants.<sup>117</sup> The information agencies report to USASpending.gov leaves out some of this required information, including job creation numbers, detailed project descriptions, and sub-award loan information, making it difficult to track the recipients of funds and the impact of the federal government's efforts.<sup>118</sup> PRAC also found problems with the accuracy of the agency-reported data, including potentially incorrect award amounts and mismatched location information.<sup>119</sup> GAO, likewise, has reported on challenges related to the accuracy, completeness, and timeliness of the data contained on USASpending.gov, which limit users' ability to appropriately interpret the data.<sup>120</sup>

Some federal OIGs have also found problems related to the reporting of *CARES Act* data.<sup>121</sup> The General Services Administration (GSA) OIG cited control weaknesses as a potential impediment to accurately reporting *CARES Act* spending, referencing a November 2019 audit that found errors in how GSA reports certain data to USASpending.gov.<sup>122</sup> According to the GSA OIG, GSA will need to address these errors to ensure that its *CARES Act* reporting is accurate.<sup>123</sup> Similarly, the DHS OIG reported that key DHS financial systems do not comply with federal requirements, and that this potentially will impact financial planning, payments, and internal controls related to *CARES Act* funding.<sup>124</sup>

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<sup>112</sup> PRAC, *TOP CHALLENGES FACING FEDERAL AGENCIES*.

<sup>113</sup> OMB, *Implementation Guidance for Supplemental Funding Provided in Response to the Coronavirus Disease 2019 (COVID-19)* (April 10, 2020) available at <https://www.whitehouse.gov/wp-content/uploads/2020/04/Implementation-Guidance-for-Supplemental-Funding-Provided-in-Response.pdf>.

<sup>114</sup> <https://www.usaspending.gov/about>, accessed on June 3, 2021.

<sup>115</sup> *Supra*, n. 95, OMB, *Implementation Guidance*.

<sup>116</sup> PRAC, *MITRE Report*.

<sup>117</sup> *CARES Act*, Pub. L. No. 116-136 (2020).

<sup>118</sup> PRAC, *MITRE Report*.

<sup>119</sup> *Id.*

<sup>120</sup> *Supra*, n. 34, GAO-20-708. See also GAO, *Data Act: Quality of Data Submissions Has Improved but Further Action is Needed to Disclose Known Data Limitations*, (November 8, 2019) available at <https://www.gao.gov/products/gao-20-75>.

<sup>121</sup> PRAC, *TOP CHALLENGES FACING FEDERAL AGENCIES*.

<sup>122</sup> GSA OIG, *Audit of the Completeness, Accuracy, Timeliness, and Quality of GSA's 2019 DATA Act Submission*, (November 1, 2019), available at [https://www.gsaig.gov/sites/default/files/audit-reports/A190040\\_1.pdf](https://www.gsaig.gov/sites/default/files/audit-reports/A190040_1.pdf).

<sup>123</sup> GSA OIG, *TOP CHALLENGES FACING THE GENERAL SERVICES ADMINISTRATION: COVID-19 Emergency Response and Relief Efforts* (June 23, 2020) available at <https://www.gsaig.gov/sites/default/files/management-challenges/GSA%20Top%20Challenges.pdf>.

<sup>124</sup> PRAC, *TOP CHALLENGES FACING FEDERAL AGENCIES*.

OMB has taken steps to ensure that agencies submit data that better meets the requirements of the *CARES Act*.<sup>125</sup> In June 2020, OMB issued a set of frequently asked questions to expand upon and clarify its April guidance memorandum.<sup>126</sup> And, in August 2020, it issued a Controller Alert directing agencies to improve the quality of award description information in USASpending.gov.<sup>127</sup>

### “Multi-Dipping”

PRAC and others have identified the risk of recipients receiving funding from multiple federal programs for the same purpose (i.e., “multi-dipping”).<sup>128</sup> The Special Inspector General for Pandemic Recovery (SIGPR) reported that several airlines received payments from both the Paycheck Protection Program and the Payroll Support Program, a potential case of multi-dipping.<sup>129</sup> SIGPR cautioned that the existence of programs resulting in multiple forms of financial support to a single individual or entity creates an increased risk of fraud and abuse.<sup>130</sup> In January 2021, PRAC initiated work on pandemic relief funds received by tribal governments, and it expects to be able to identify *CARES Act* programs where multi-dipping has occurred.<sup>131</sup>

### **Impact of Federal COVID-19 Response and Relief Efforts**

The policies and programs the federal government has implemented over the course of the pandemic have had multiple challenges, as discussed on the previous pages, but also many benefits, as is described below. States and localities received assistance to help vaccinate their residents.<sup>132</sup> Businesses and public sector agencies retained workers that they otherwise would have laid off.<sup>133</sup> The nation’s transportation systems continued to operate safely, providing transportation for essential workers and others.<sup>134</sup> Moreover, the economy as a whole is beginning to recover as the economy opens back up with gross domestic product expected to show a substantial increase this year after plunging at an annual rate of 31.4 percent in Q2 2020.<sup>135</sup> However, there are concerns about the effect of inflation on this recovery.<sup>136</sup>

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<sup>125</sup> PRAC, *MITRE Report*.

<sup>126</sup> OMB, *CARES Act and M-20-21 Recipient Frequently Asked Questions* (June 24, 2020), available at [https://www.cfo.gov/wp-content/uploads/2020/07/M-20-21\\_FAQ\\_07312020\\_UPDATED.pdf](https://www.cfo.gov/wp-content/uploads/2020/07/M-20-21_FAQ_07312020_UPDATED.pdf).

<sup>127</sup> OMB, *Controller Alert: Award Description Data Quality for Financial Assistance Awards* (August 2020) available at [https://www.cfo.gov/wp-content/uploads/2020/08/CONTROLLER\\_ALERT\\_AUGUST\\_2020\\_FA\\_Award\\_Des.pdf](https://www.cfo.gov/wp-content/uploads/2020/08/CONTROLLER_ALERT_AUGUST_2020_FA_Award_Des.pdf).

<sup>128</sup> *Id.*

<sup>129</sup> SIGPR, *Initial Report to Congress* (August 3, 2020) available at [https://www.sigpr.gov/sites/sigpr/files/2020-09/SIGPR-Initial-Report-to-Congress-August-3-2020\\_0.pdf](https://www.sigpr.gov/sites/sigpr/files/2020-09/SIGPR-Initial-Report-to-Congress-August-3-2020_0.pdf).

<sup>130</sup> *Id.*

<sup>131</sup> PRAC, *Multi-Dipping of Pandemic Response Funds Provided to Tribal Government* (January 29, 2021) available at [https://www.pandemicoversight.gov/oversight/reports?%5B0%5D=submitting\\_organization%3APandemic%20Response%20Accountability%20Committee](https://www.pandemicoversight.gov/oversight/reports?%5B0%5D=submitting_organization%3APandemic%20Response%20Accountability%20Committee).

<sup>132</sup> FEMA, *100 Days of FEMA and Our Partners in Action* (April 30, 2021) available at <https://www.fema.gov/blog/100-days-fema-and-our-partners-action>.

<sup>133</sup> General Aviation Manufacturers Association, *Protecting Aviation Manufacturing and Maintenance Jobs*, (March 10, 2021) available at <https://gama.aero/news-and-events/press-releases/protecting-aviation-manufacturing-and-maintenance-jobs/>; Amalgamated Transit Union, *Relief on the way for transit and working families with American Rescue Plan* (March 10, 2021) available at <https://www.atu.org/media/releases/atu-relief-on-the-way-for-transit-and-working-families-with-american-rescue-plan>.

<sup>134</sup> *Id.*

<sup>135</sup> Congressional Research Service, *COVID-19 and the U.S. Economy* (May 11, 2021) available at <https://crsreports.congress.gov/product/pdf/R/R46606>.

<sup>136</sup> Rachel Siegel, *Biden Says Fed ‘should take whatever steps it deems necessary’ to respond to inflation*, *WASH. POST*, (July 19, 2021), available <https://www.washingtonpost.com/us-policy/2021/07/19/biden-powell-inflation-economy/>.

## FEMA's Assistance to States, Localities, Tribes, Territories, and Individuals

The COVID-19 pandemic posed an unprecedented challenge to the disaster response capabilities of states, localities, tribes, and territories. As the lead federal agency for the COVID-19 response, FEMA has undertaken expansive efforts to help them, as well as to assist individuals suffering from the economic hardships of the pandemic.<sup>137</sup> Since January 2020, FEMA has taken the following actions, among others:

- Provided more than \$4.75 billion in support of vaccination efforts in communities across the country.<sup>138</sup>
- Worked with its federal, state, and local partners to establish 1,732 new community vaccination centers.<sup>139</sup>
- Coordinated with HHS to deliver, as of September 2020, 249 million N95 masks, 1.1 billion surgical masks, 46.7 million eye and face shields, 432 million surgical gowns or coveralls, and more than 28.6 billion gloves.<sup>140</sup>
- Provided funding to nonprofits, faith-based organizations, and government entities that provide shelter, food, transportation, COVID-19 testing and medical care to their communities.<sup>141</sup>
- Obligated, as of the end of September 2020, \$42.6 billion as a supplemental benefit for unemployment insurance benefits.<sup>142</sup>
- In January 2021, the federal cost share for a majority of eligible FEMA assistance for all COVID-19 related Emergency and Major Disasters was expanded to 100 percent and made applicable to costs of eligible activities from the beginning of the pandemic incident period on January 20, 2020, to September 30, 2021.<sup>143</sup>

## Aviation Industry

As a result of the pandemic, air passenger demand fell far below prior years and, according to some industry analysts, a return to pre-pandemic traffic levels might not occur until 2023.<sup>144</sup> The number of passengers going through Transportation Security Administration (TSA) checkpoints increased throughout the spring of 2021 but was still far below pre-pandemic levels. In June 2021, for example, TSA traveler throughput was 26 percent lower than in June 2019.<sup>145</sup> As a result of this decline in passenger demand and other factors, U.S. passenger airlines are projecting pre-tax losses

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<sup>137</sup> FEMA, *100 Days*.

<sup>138</sup> *Id.*

<sup>139</sup> *Id.*

<sup>140</sup> *Id.*

<sup>141</sup> *Id.*

<sup>142</sup> FEMA, *Pandemic Response to Coronavirus Disease 2019 (COVID-19): Initial Assessment Report*. FEMA's Lost Wages Assistance (LWA) program was unprecedented because it was instituted as a new program despite another discrete Stafford Act section on disaster unemployment assistance (Sec. 410). FEMA failed to provide the Committee with a legal justification memo explaining why or how LWA was administered as it was despite section 410.

<sup>143</sup> FEMA, *FEMA Statement on 100% Cost Share* (February 3, 2021) available at <https://www.fema.gov/press-release/20210203/fema-statement-100-cost-share>.

<sup>144</sup> GAO, *COVID-19 Pandemic: Preliminary Observations on Efforts toward and Factors Affecting the Aviation Industry's Recovery*, GAO-21-412T (March 2, 2021) available at <https://www.gao.gov/assets/gao-21-412t.pdf>.

<sup>145</sup> See, e.g., TSA, *TSA Checkpoint Travel Numbers*, (last accessed July 19, 2021) . <https://www.tsa.gov/coronavirus/passenger-throughput>.

of \$18 billion this year, according to Airlines for America.<sup>146</sup> Similarly, Airports Council International-North America (ACI-NA) expects that U.S. airports will lose at least \$40 billion by March 2022 because of the prolonged decline in commercial aviation traffic.<sup>147</sup>

The PSP was created to prevent layoffs in this hard-hit sector. Congress has appropriated \$63 billion to this program, which provides financial assistance to airlines, manufacturers, and other related businesses for employee wages, salaries, and benefits.<sup>148</sup> According to the General Aviation Manufacturers Association, PSP has allowed companies to keep highly skilled workers in the industry and supported some of the smaller companies that needed assistance to maintain operations.<sup>149</sup> Airlines were able to preserve the jobs of flight attendants, pilots, mechanics, gate agents and others, according to Airlines for America.<sup>150</sup>

Congress also appropriated about \$20 billion in grant assistance to help airports respond to the COVID-19 pandemic, including funds for operating expenses, debt service, and other expenses.<sup>151</sup> The additional grants are helping airports offset some of the financial damage from the abrupt, unexpected drop in air travel that resulted from precautions to limit the spread of COVID-19, according to ACI-NA.<sup>152</sup>

### Transit Agencies

COVID-19 and the resulting shelter-in-place orders, business closures, suspension of tourism, and increasing unemployment and increasing numbers of employees working from home significantly decreased public transit and commuter rail ridership.<sup>153</sup> Nationally, transit ridership in

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<sup>146</sup> Statement of Mr. Nicholas E. Calio, President and Chief Executive Officer, Airlines For America, “COVID-19’s Effects on U.S. Aviation and The Flight Path to Recovery” before the United States House Committee on Transportation and Infrastructure Subcommittee on Aviation, (March 2, 2021) *available at* <https://transportation.house.gov/imo/media/doc/Calio%20Testimony.pdf>.

<sup>147</sup> Airports Council International, *Airports Council Applauds Passage of \$8 Billion in COVID-19 Relief for Airports* (last accessed July 19, 2021), *available at* [https://airportscouncil.org/press\\_release/airports-council-applauds-passage-of-8-billion-in-covid-19-relief-for-airports/](https://airportscouncil.org/press_release/airports-council-applauds-passage-of-8-billion-in-covid-19-relief-for-airports/).

<sup>148</sup> House Committee on Transportation and Infrastructure, *Chair DeFazio Applauds Inclusion of T&I Provisions, Including Payroll Support Program Extension, in House Democrats’ Latest COVID-19 Relief Package*, (September 29, 2020), *available at* <https://transportation.house.gov/news/press-releases/chair-defazio-applauds-inclusion-of-tandi-provisions-including-payroll-support-program-extension-in-house-democrats-latest-covid-19-relief-package>; U.S. Department of the Treasury, *Airline and National Security Relief Programs* (accessed on May 7, 2021) <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-american-industry/airline-and-national-security-relief-programs>.

<sup>149</sup> General Aviation Manufacturers Association, *Protecting Aviation Manufacturing and Maintenance Jobs*, (March 10, 2021) *available at* <https://gama.aero/news-and-events/press-releases/protecting-aviation-manufacturing-and-maintenance-jobs/>.

<sup>150</sup> Airlines for America, *Statement from A4A CEO and President Nicholas E. Calio on the Passage of the American Rescue Plan* (March 10, 2021) *available at* <https://www.airlines.org/news/statement-from-a4a-ceo-and-president-nicholas-e-calio-on-the-passage-of-the-american-rescue-plan/>.

<sup>151</sup> GAO, *COVID-19: Sustained Federal Action Is Crucial as Pandemic Enters Its Second Year*, GAO-21-387 (March 31, 2021) *available at* <https://files.gao.gov/reports/GAO-21-387/index.html>.

<sup>152</sup> Airports Council International, *Airports Council Statement on CARES Act Grants* (last accessed July 19, 2021) *available at* [https://airportscouncil.org/press\\_release/airports-council-international-north-america-statement-on-cares-act-grants/](https://airportscouncil.org/press_release/airports-council-international-north-america-statement-on-cares-act-grants/).

<sup>153</sup> Abby Vesoulis, *The Future of American Public Transit Depends on Congress*, *Time* (December 17, 2020) *available at* <https://time.com/5921917/mass-transit-covid-congress/>.

2020 was down a historic 79 percent at the start of the pandemic compared to 2019 levels.<sup>154</sup> Transit agencies anticipate long-term consequences from the COVID-19 pandemic, including reduced demand for service, increased operating costs, and limited state and local funding.<sup>155</sup> According to the American Public Transportation Association (APTA), when the economy does begin to recover, transit agencies will still be challenged with severe fiscal constraints as a result of physical distancing requirements that reduce vehicle capacity, increased costs of facility and vehicle cleaning and disinfection, and decreased ridership due to the dramatic increase in telework.<sup>156</sup>

The *CARES Act* and subsequent pandemic relief funding have provided about \$69.5 billion in grant assistance to help transit agencies manage these fiscal constraints.<sup>157</sup> Federal relief funds also allowed transit agencies to keep critical service running, avoid layoffs, and provide workers and riders with COVID-19 protections.<sup>158</sup> As a result, some transit agencies across the country have restored previously reduced service or have cancelled plans to further cut service.<sup>159</sup> Transit agencies have also used the funds to mitigate the spread of COVID-19, including through enhanced cleaning and sanitation and social distancing.<sup>160</sup> Further, restoring transit service is expected to help the nation's economic recovery, such as in New York City, where the economy depends on trains and buses to carry riders to businesses, including theaters, retail stores, and restaurants, that have been crippled by the pandemic.<sup>161</sup>

### Other Transportation Sectors

Operators of motorcoaches, school buses, and passenger vessels have also suffered the financial effects of lower demand for their services due to the pandemic. For example, though passenger ships operating exclusively inside the United States have begun to resume operations, virtually the entire U.S. domestic commercial passenger fleet, including overnight excursions, day charters, and tours, was forced to shut down for a year.<sup>162</sup> Companies operating commuter shuttle

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<sup>154</sup> American Public Transportation Association, *The Impact of the COVID-19 Pandemic on Public Transit Funding Needs in the U.S.* (January 27, 2021) available at <https://www.apta.com/wp-content/uploads/APTA-COVID-19-Funding-Impact-2021-01-27.pdf>.

<sup>155</sup> *Supra*, n. 9, GAO-21-387.

<sup>156</sup> American Public Transportation Association, *The Impact of the COVID-19 Pandemic on Public Transit Funding Needs in the U.S.* (January 27, 2021) available at <https://www.apta.com/wp-content/uploads/APTA-COVID-19-Funding-Impact-2021-01-27.pdf>.

<sup>157</sup> This includes \$25 billion from the *CARES Act*, \$14 billion from the *Consolidated Appropriations Act, 2021*, and \$30 billion from the *American Rescue Plan*. See <https://www.transit.dot.gov/coronavirus>.

<sup>158</sup> Amalgamated Transit Union, *Relief on the way for transit and working families with American Rescue Plan* (March 10, 2021) available at <https://www.atu.org/media/releases/atu-relief-on-the-way-for-transit-and-working-families-with-american-rescue-plan>.

<sup>159</sup> NEW YORK TIMES, *Transit Got \$30 Billion in Stimulus Aid. What Does That Mean for Riders?* (March 15, 2021) available at <https://www.nytimes.com/2021/03/15/nyregion/biden-stimulus-public-transportation.html>.

<sup>160</sup> *Supra*, n. 9, GAO-21-387.

<sup>161</sup> New York Times, *Transit Got \$30 Billion in Stimulus Aid. What Does That Mean for Riders?* (March 15, 2021) available at <https://www.nytimes.com/2021/03/15/nyregion/biden-stimulus-public-transportation.html>.

<sup>162</sup> Letter from Passenger Vessel Association to Speaker Nancy Pelosi (April 8, 2020) available at <http://www.passengervessel.com/downloads/letters/2020-CARES-ACT-2-Speaker-Pelosi.pdf>; The Maritime Executive, *American Coastal and River Cruising is Resuming* (March 16, 2021) available at <https://www.maritime-executive.com/article/american-coastal-and-river-cruising-is-resuming>.

buses and private bus charters also were forced to suspend service due to lack of passengers, and some went out of business entirely, according to the American Bus Association.<sup>163</sup>

The Coronavirus Economic Relief for Transportation Services (CERTS) Program was created to support companies such as motorcoach, school bus, passenger vessel, and pilot vessel companies that were affected by the COVID-19 pandemic.<sup>164</sup> Under the program, up to \$2 billion in grants is made available to eligible companies that certify they have experienced an annual revenue loss of 25 percent or more as a direct or indirect result of COVID-19.<sup>165</sup> Grant funds administered through the CERTS program are primarily used to cover payroll costs but may also be used to cover the acquisition of services, supplies, and the cost of operating and maintaining equipment, among other things.<sup>166</sup>

These federal relief efforts have been critical to the nation's economic and public health recovery from COVID-19. They helped to get needed supplies to states and local governments and financial relief to transportation workers and U.S. businesses impacted by the pandemic. However, the federal oversight community has identified various instances of abuse by individual recipients of these funds and areas where federal agencies can improve their oversight of the government's pandemic relief and response efforts. The hearing will provide an opportunity for Members to discuss both the oversight of the government's COVID-19 relief efforts and the impact of those actions on the transportation industry and its workers.

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<sup>163</sup> American Bus Association, *New Report Details Motorcoach Industry's Dire Situation* (August 10, 2020), available at <https://www.buses.org/news/article/new-report-details-motorcoach-industrys-dire-situation>.

<sup>164</sup> U.S. Department of the Treasury, *Coronavirus Economic Relief for Transportation Services (CERTS) Program*, available at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-american-industry/coronavirus-economic-relief-for-transportation-services>.

<sup>165</sup> *Id.* and *Guidelines for the Coronavirus Economic Relief for Transportation Services (CERTS) Grant Program* (May 6, 2021), available at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-american-industry/coronavirus-economic-relief-for-transportation-services>.

<sup>166</sup> U.S. Department of the Treasury, *Coronavirus Economic Relief for Transportation Services (CERTS) Program and Guidelines for the Coronavirus Economic Relief for Transportation Services (CERTS) Grant Program* (May 6, 2021), available at <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-american-industry/coronavirus-economic-relief-for-transportation-services>. According to the CERTS guidelines Treasury published on May 6, 2021, to be eligible for payments under this program, companies must be established or organized in the United States or pursuant to federal law and must have a majority of employees in the United States, among other things. Further, passenger vessel companies must carry out their principal business using one or more passenger vessels of the United States (as each is defined in 46 USC § 2101) that (a) are for hire with a capacity of 6 to 2,400 passengers and (b) have U.S. Coast Guard (USCG) issued Certificates of Inspection (COI).

**WITNESS LIST – Panel I**

**The Honorable Michael E. Horowitz**  
Chair  
Pandemic Response Accountability Committee

**Ms. Heather Krause**  
Director, Physical Infrastructure Issues  
Government Accountability Office

**Mr. Chris Currie**  
Director, Homeland Security and Justice Issues  
Government Accountability Office

**The Honorable Eric J. Soskin**  
Inspector General  
Department of Transportation

**Mr. James Izzard**  
Assistant Inspector General for Investigations  
Department of Homeland Security

**WITNESS LIST – Panel II**

**Mr. Paul Skoutelas**  
President & CEO  
American Public Transportation Association (APTA)

**Mr. Juan Ortiz**  
Director of Homeland Security and Emergency Management, City of Austin, Texas -- on behalf of  
the International Association of Emergency Managers (IAEM)

**Dr. Michael J. Boskin**  
T.M. Friedman Professor of Economics and Senior Fellow, Hoover Institution, Stanford University

**Dr. Wendy Edelberg, PhD**  
Director, The Hamilton Project, The Brookings Institution

**Mr. John Samuelson**  
Transport Workers Union of America (TWU)