

Congress of the United States
Washington, DC 20515

September 8, 2022

Mr. Richard K. Delmar
Deputy Inspector General
Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Mr. Delmar:

We are concerned that some airlines have used federal funds obtained during the pandemic to provide buyouts and early retirement packages for pilots, which may be exacerbating a shortage of commercial pilots. As a result of pilot shortages, thousands of flights have been delayed or canceled, wreaking havoc on travel plans for millions of American taxpayers.

The Treasury Department allocated more than \$60 billion of taxpayer funds to commercial airlines through the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) of 2020 and the American Rescue Plan Act of 2021.¹ Under the CARES Act Payroll Support Program, Congress intended the funding allocated to airlines to “preserve aviation jobs and compensate air carrier industry workers.”² As a condition of accepting federal funding, air carriers were prohibited from conducting involuntary furloughs or reducing pay rates and employee benefits.³

After receiving significant federal funding through these relief efforts, three of the leading U.S. airlines each cut a substantial share of their workforce and urged employees to take early retirement, contrary to the intent of the CARES Act and American Rescue Plan Act.⁴

¹ H.R. 748, 116th Cong. (2020); H.R. 1319.

² H.R. 748, 116th Cong. (2020).

³ *Id.*; H.R. 1319.

⁴ Memorandum from Assistant Inspector General for Audit Deborah L. Harker to General Counsel Brian Callanan, *Engagement Memorandum – Audit of the Department of the Treasury’s Implementation of “Air Carrier Worker Support” Under Title IV, Subtitle B, of the CARES Act (A-FA-20-040)* (Mar. 30, 2020) (online at www.pandemicoversight.gov/sites/default/files/2020-04/OIG%20Engagement%20Memorandum%20-%20Audit%20of%20Financial%20Assistance%20to%20Air%20Carriers%20Under%20Title%20IV%20of%20CARES%20Act.pdf) (the CARES Act requires Treasury to provide financial assistance “that must exclusively be used for the continuation of payments of employees’ wages, salaries, and benefits”); Department of Transportation, *Federal Aviation Administration U.S. Civil Airmen Statistics* (online at www.faa.gov/data_research/aviation_data_statistics/civil_airmen_statistics) (accessed Sept. 6, 2022); *Delta Offers Employees Buyouts, Retirement as Coronavirus Hurts Travel Demand, While United Readies Similar Plans*, CNBC (May 28, 2020) (online at www.cnbc.com/2020/05/28/delta-offers-employees-buyouts-early-retirement-amid-weak-travel-demand.html); Select Subcommittee on the Coronavirus Crisis, *“Unnecessary Costs”: How the Trump Administration Allowed Thousands of Aviation Workers to Lose Their Jobs*, 116th Cong. (Oct. 9, 2020) (online at

These early retirement programs exacerbated an existing pilot shortage within the airline industry, since by law pilots must retire at age 65.⁵ Approximately one third of airline pilots are between 51 and 59 years old, and 13% of pilots will turn 65 in the next five years.⁶ One industry research firm estimated that by 2026 about 42% of current airline pilots will retire.⁷ The Bureau of Labor Statistics projects about 14,500 openings for airline and commercial pilots each year over the next decade.⁸ The shortage of pilots cannot be easily addressed. Pilots are required to complete extensive training—which can cost between \$80,000 and \$100,000 or more, and is often not covered by financial aid. Pilots are also required to log 1,500 hours of flight time before receiving their pilot’s license.⁹

Millions of travelers have been impacted by widespread flight delays and cancellations, with the pilot shortage being a major contributing factor. According to FlightAware, on September 5, 2022, there were 4,075 delays and 108 cancellations of flights within, into, or out of the United States.¹⁰ Some airlines have even dropped certain cities from their travel routes due to the pilot shortage.¹¹ Delays and cancellations have forced travelers to miss weddings, funerals, family gatherings, and other events. While travelers are suffering the consequences of the pilot shortage, airline companies have benefitted from record high revenues. Airline stocks rose to nearly 200% above pandemic levels this spring and have maintained an upward trajectory.¹² In 2021, airline companies enjoyed revenue growth of 8% to 12%, while passengers were forced to pay record-high prices for flights.¹³

<https://coronavirus.house.gov/sites/democrats.coronavirus.house.gov/files/PSP%20Report%20Final.pdf> (noting that air carriers and contractors were required to maintain pre-pandemic employment levels as a condition of accepting funding through the CARES Act).

⁵ *A Pilot Shortage that’s Been Brewing for Years Adds to the Summer Travel Chaos*, National Public Radio (July 1, 2022) (online at www.npr.org/2022/07/01/1108995925/pilot-shortage-chaos-travel-years).

⁶ *A Severe Pilot Shortage in the U.S. Leaves Airlines Scrambling for Solutions*, CNBC (May 15, 2022) (online at www.cnn.com/2022/05/15/us-pilot-shortage-forces-airlines-to-cut-flights-scramble-for-solutions.html).

⁷ Cowen and Company, *Pilot Retirements Accelerate Beginning in 2021 & Peak in 2025* (July 5, 2017) (online at https://static01.nyt.com/files/2018/business/Pilot_Retirements_Accelerate_Beginning_In_2021_Peak_In_2025_Cowen_and_Company.pdf).

⁸ Bureau of Labor Statistics, *Airline and Commercial Pilots* (online at www.bls.gov/ooh/transportation-and-material-moving/airline-and-commercial-pilots.htm#tab-6) (accessed Sept. 6, 2022).

⁹ *A Pilot Shortage that’s Been Brewing for Years Adds to the Summer Travel Chaos*, National Public Radio (July 1, 2022) (online at www.npr.org/2022/07/01/1108995925/pilot-shortage-chaos-travel-years).

¹⁰ FlightAware, *Live Flight Delay and Cancellation Statistics for Yesterday* (online at <https://flightaware.com/live/cancelled/yesterday>) (accessed Sept. 6, 2022).

¹¹ *American Airlines Dropping Three Cities Due to Pilot Shortage*, NBC 5 Dallas Fort Worth (June 20, 2022) (online at www.nbcdfw.com/news/business/american-airlines-will-stop-flying-to-three-cities-due-to-pilot-shortage/2996384); *Airlines Forced to Drop Service at These US Airports Due to the Pilot Shortage*, CNN Business (July 12, 2022) (online at www.cnn.com/2022/07/12/business/pilot-shortage-cities-lose-air-service/index.html).

¹² *The High Costs of the Airline Bailouts*, New York Times (Mar. 17, 2021) (online at www.nytimes.com/2021/03/17/business/dealbook/airline-bailouts-pandemic.html); *Travel Stocks: United, American Airlines Rise as Flight Restrictions Remain in Focus*, Yahoo Finance (Aug. 24, 2022) (online at <https://finance.yahoo.com/video/travel-stocks-united-american-airlines-143823890.html>).

¹³ *Southwest Airlines Keeps 2022 Profit Forecast as Bookings and Fares Outpace Higher Costs*, CNBC

American taxpayers supported the airline industry during its darkest days at the start of the coronavirus pandemic, when nearly 75% of commercial flights were grounded.¹⁴ Americans deserve transparency into how airlines have used the federal funds they have received.

Treasury's Office of Inspector General (OIG) has a responsibility to monitor and oversee the disbursement and use of federal funds, including funding from the CARES Act and the American Rescue Plan Act.¹⁵ In March 2021, an audit conducted by your office found that multiple airlines had "pervasive issues" with payroll calculations submitted to Treasury, which "impacted the accuracy of recipient award amounts" they received under the CARES Act.¹⁶ Since 2020, OIG has required all funding recipients to submit documentation and self-reports, which are used for audits and to establish each recipient's compliance with federal funding stipulations.¹⁷

The Select Subcommittee on the Coronavirus Crisis issued a staff report in October 2020 finding that under the Trump Administration, Treasury allowed aviation contractors to layoff thousands of workers while still receiving full payroll support based on pre-pandemic workforce numbers.¹⁸ This, coupled with the glaring issues in airlines' payroll calculations that Treasury OIG discovered, warrants an evaluation of the Treasury's disbursement of funding to airlines. The Committees request that you complete a thorough review of the federal funding Treasury has disbursed to airlines to sustain their operations during the coronavirus pandemic, including an accounting for how the funds were disbursed and used by each airline recipient, and whether any funds were used for buyouts or staff reductions. We request that you provide a staff briefing of the preliminary findings by September 22, 2022.

The Committee on Oversight and Reform is the principal oversight committee of the House of Representatives and has broad authority to investigate "any matter" at "any time" under House Rule X. The Select Subcommittee is authorized by the House of Representatives "to

(Apr. 28, 2022) (online at www.cnbc.com/2022/04/28/southwest-airlines-2022-profit-forecast-sees-bookings-fares-outpacing-costs.html); MacroTrends, *Delta Air Lines Revenue 2010-2022* (online at www.macrotrends.net/stocks/charts/DAL/delta-air-lines/revenue) (accessed Sept. 6, 2022).

¹⁴ *Two-Thirds of the World's Passengers Jets Are Grounded Amid COVID-19 Pandemic. Here's What that Means*, Time (Apr. 17, 2020) (online at <https://time.com/5823395/grounded-planes-coronavirus-storage/>).

¹⁵ Department of the Treasury, Office of Inspector General, *CARES Act* (online at <https://oig.treasury.gov/cares-act>) (accessed Sept. 6, 2022).

¹⁶ Memorandum from Assistant Inspector General for Audit Deborah L. Harker to Acting Assistant Secretary for Management John Trevor Norris, *Interim Audit Update – Air Carrier and Contractor Certifications for Payroll Support Program* (Mar. 31, 2021) (online at <https://oig.treasury.gov/sites/oig/files/2021-04/OIG-21-025.pdf>).

¹⁷ Memorandum from Deputy Inspector General Richard K. Delmar to Coronavirus Relief Fund Recipients, *Coronavirus Relief Fund Reporting and Record Retention Requirements* (July 2, 2020) (online at <https://oig.treasury.gov/sites/oig/files/2021-01/OIG-CA-20-021.pdf>); Department of the Treasury, Office of Inspector General, *Coronavirus Relief Fund Frequently Asked Questions Related to Reporting and Recordkeeping (Revised)* (Mar. 2, 2021) (online at <https://oig.treasury.gov/sites/oig/files/2021-03/OIG-CA-20-028R.pdf>).

¹⁸ Select Subcommittee on the Coronavirus Crisis, *"Unnecessary Costs": How the Trump Administration Allowed Thousands of Aviation Workers to Lose Their Jobs*, 116th Cong. (Oct. 9, 2020) (online at <https://coronavirus.house.gov/sites/democrats.coronavirus.house.gov/files/PSP%20Report%20Final.pdf>).

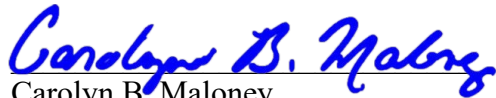
Mr. Richard K. Delmar

Page 4

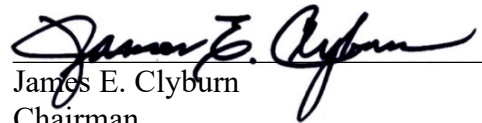
conduct a full and complete investigation” of “issues related to the coronavirus crisis,” including the “efficiency, effectiveness, equity, and transparency of the use of taxpayer funds and relief programs to address the coronavirus crisis” and “reports of waste, fraud, abuse, price gouging, profiteering, or other abusive practices related to the coronavirus crisis.”¹⁹

If you have any questions regarding this request, please contact Oversight Committee staff at (202) 225-5051 or Select Subcommittee staff at (202) 225-4400.

Sincerely,



Carolyn B. Maloney
Chairwoman
Committee on Oversight and Reform



James E. Clyburn
Chairman
Select Subcommittee on the
Coronavirus Crisis

cc: The Honorable James Comer, Ranking Member
Committee on Oversight and Reform

The Honorable Steve Scalise, Ranking Member
Select Subcommittee on the Coronavirus Crisis

¹⁹ H.Res. 8, sec. 4(f); H.Res. 935, 116th Cong. (2020).