

Department of the Treasury  
Information Collection Request – Supporting Statement

Air Carrier Loan and Payroll Support Programs  
OMB No. 1505-0263

**A. Justification**

1. Circumstances necessitating the collection of information

On March 27, 2020, the President signed the “Coronavirus Aid, Relief, and Economic Security Act” or the “CARES Act” (P.L. 116-136), which provides emergency assistance and health care response for individuals, families and businesses affected by the COVID-19 pandemic, and provides emergency appropriations to support executive branch agency operations during the COVID-19 pandemic. The CARES Act authorized the Secretary of the Treasury to make loans, loan guarantees, and other investments that do not exceed \$500 billion in the aggregate to provide liquidity to eligible businesses, States, and municipalities related to losses incurred as a result of coronavirus. Section 4003(b)(1)-(3) authorized the Secretary to make loans and loan guarantees available to passenger air carriers and cargo air carriers, as well as certain related businesses, and businesses critical to maintaining national security. Section 4112 authorized the Secretary to provide payroll support totaling \$32 billion to air carriers and certain contractors (PSP1). While Treasury is no longer accepting loan program or PSP1 applications, both programs include ongoing compliance reporting and recordkeeping requirements.

On December 27, 2020, the President signed the Consolidated Appropriations Act, 2021 or the “Appropriations Act,” which provides additional emergency assistance and health care response for individuals, families and businesses affected by the COVID-19 pandemic. Subtitle A of Title IV of Division N of the Appropriations Act (the PSP Extension Law) authorizes the Secretary to provide financial assistance totaling \$16 billion to passenger air carriers and certain contractors (PSP2).

As part of the loan, PSP1, and PSP2 agreements, applicants will need to maintain records for a period of five years or more, depending on the agreement type and period of performance, as well as submit compliance reports quarterly to ensure funding is used in accordance with the agreements and aid statutory reporting requirements.

**Applications for PSP2 under Sections 402 and 403 of the PSP Extension Law**

Under PSP2, Treasury will provide payroll support to passenger air carriers and contractors (as defined in Section 401 of the PSP Extension Law) exclusively for the continuation of payment of employee wages, salaries, and benefits. Section 403(b)(1)(B) requires the Secretary, to the maximum extent practicable, to publish streamlined and expedited procedures not later than 5 days after the date of enactment of the PSP Extension Law. Such procedures were issued on December 29, 2020.

PSP2 applicants will be required to provide information to Treasury to enable Treasury to determine their eligibility for the program the amount they are entitled to receive in the program, and adherence to assurances of continued compliance and employee recall requirements. Certain applicants must provide sworn financial statements or other appropriate data, such as information necessary to determine what the applicant would have been required to report to the Department of Transportation (DOT) if the applicant had a Form 41 filing requirement. Certain applicants that participated in PSP1 will be required to validate or provide further information on their PSP1 awardable amount.

### **PSP1 and PSP2 Compliance Requirements**

Air carriers and contractors that receive payroll support pursuant to PSP1 or PSP2 agree to comply in a timely fashion with information requests by Treasury or DOT to verify compliance with statutory, regulatory, contractual or other requirements of applicants that receive assistance under this act, including (but not limited to) those specified in the applicable statute. Such requests may include any details related to compensation received by the Secretary.

Pursuant to PSP1 and PSP2 Agreements, recipients will be required to report to Treasury and keep records.

PSP1 and PSP2 recipients will submit quarterly certifications and reports, including, among other things, copies of the recipient's IRS Form 941; summaries of any changes in employee headcount; changes in the aggregate amount spent by the recipient on wages, salaries, and other compensation; changes in total compensation for, and any severance pay and benefits upon termination of, corporate officers and employees of the recipient and any affiliate; and the reasons for any such changes.

Certain PSP1 contractor recipients and PSP2 recipients with involuntary furloughs after March 27, 2020 or after October 1, 2020, as applicable, may be required to submit documentation related to employee recall actions.

Recipients may have to provide documents substantiating that awardable amounts under PSP1 and PSP2 are being used exclusively for the continuation of payment of employee wages, salaries, and benefits. This may include obtaining information related to salaries, benefits, payroll taxes, and amounts paid to independent contractors on IRS Form 1099 and to corporate officers. Where not already collected as part of the application, recipients may be required to provide additional supporting documentation.

Recipients will also report on other matters that may materially affect the recipient's compliance with the program and also provide to Treasury other program compliance information that Treasury may request. The recipient and affiliates will also provide Treasury, the Treasury Inspector General, and other entities as authorized by Treasury access to documents, papers, or other records, including electronic records, in connection with audits. In addition, recipients will report any action to commence a bankruptcy or insolvency proceeding in any jurisdiction.

Recipients and affiliates will retain records pertinent to the receipt of payroll support and compliance with PSP1 and PSP2, including, but not limited to, information necessary to substantiate factual representations made in the recipient's application for payroll support, including ledgers and sub-ledgers. While electronic storage of records (backed up as

appropriate) is preferable, the recipient and affiliates may store records in hardcopy (paper) format.

A recipient and Treasury may enter into a withdrawal agreement to memorialize the binding terms and conditions applicable to the recipient after the termination of the agreement.

### **Compliance Requirements for Loans under Section 4003(b) of the CARES Act**

Borrowers must submit all information required by the section 4003(b) loan agreements, including, as applicable, any borrowing requests, documentation related to quarterly conference calls, quarterly financial statements and other operating data, certificates of compliance, certificates of default, and collateral appraisals and material assumptions related to pledged collateral. Borrowers may also be required to provide information on domestic employee levels, dividends, and other data points as necessary to confirm borrowers are in compliance with the loan agreement and the CARES Act and to respond to inquiries from authorized entities such as the Congressional Oversight Commission.

#### **2. Use of the data**

The information reported to Treasury has allowed and will continue to allow Treasury to make decisions in connection with applications for loans, loan guarantees, and payroll support, as well as to comply with any reporting or transparency requirements under the CARES Act, the PSP Extension Law, or other applicable Federal statutes, regulations, agreements, or in response to inquiries by the Pandemic Response Accountability Committee established by the CARES Act, by Treasury's Inspector General for payroll support under PSP1 and PSP2, and by the Special Inspector General for Pandemic Recovery for loans and loan guarantees under section 4003 of the CARES Act. The information reported will also enable Treasury to audit recipients' compliance with the statutory, regulatory, and contractual obligations under the programs.

#### **3. Use of information technology**

Treasury will manage the application submission process with the use of existing and widely available technology such as e-mail and web-based forms.

#### **4. Efforts to identify duplication**

The information collections are under new statutory mandates. The information is not known to overlap with any other data collected under any other information collections at Treasury. Furthermore, the information collection is tailored to leverage data that already exists at DOT and collect only the additional data that is necessary.

#### **5. Impact on small businesses and entities**

This collection of information may affect small entities. However, Treasury will attempt to minimize burden on small businesses and entities to the greatest extent practicable.

#### **6. Consequences of less frequent collection and obstacles to burden reduction**

Collection is at a minimum. Applicants will submit a limited amount of information that should be readily available to the applicant in the ordinary course of business. If Treasury did not collect these applications and other information, it would be unable to provide vital benefits to businesses impacted by the COVID-19 pandemic and audit recipients' compliance with the statutory, regulatory, and contractual obligations under the program.

7. Circumstances requiring special information collection

There are no special circumstances that require the collection to be conducted in a manner inconsistent with OMB guidelines.

8. Solicitation of comments on information collection and justification for expedited processing pursuant to 5 CFR 1320.13

The information collections pursuant to the PSP Extension Law included in this ICR are being submitted under emergency clearance in order to comply with statutory deadlines. With respect to the information collections pursuant to the CARES Act, Treasury published a notice in the Federal Register at 85 FR 43300 on July 16, 2020, soliciting public review and comment for a 60-day period and a notice in the Federal Register at 85 FR 59373 on September 21, 2020, soliciting public review and comment for a 30-day period. Treasury received no comments on either notice.

9. Provision of payments to record keepers

No payments or gifts are provided to respondents.

10. Assurance of confidentiality

Information collected will be confidential to the extent appropriate and consistent with the Freedom of Information Act and other applicable law.

11. Justification of sensitive questions

No sensitive questions are asked of respondents.

12. Estimate of the hour burden of information collection.

The application and reporting burden estimates are as follows:

| <b>Reporting</b>                 | # Respondents | # Responses Per Respondent | Total annual Responses | Hours per response | Total Burden in Hours | Cost to Respondent (\$49.54 per hour*) |
|----------------------------------|---------------|----------------------------|------------------------|--------------------|-----------------------|--|
| PSP2 Applications and Agreements | 570           | 1                          | 570                    | 2                  | 1,140                 | \$56,476                               |

|   |              |   |              |   |               |                  |
|---|--------------|---|--------------|---|---------------|------------------|
| PSP2 Applications for Certain PSP1 Participants                     | 30           | 1 | 30           | 1 | 30            | \$1486           |
| Loan Program, PSP1, and PSP2 Compliance Reporting and Recordkeeping | 1,100        | 4 | 4,400        | 4 | 17,600        | \$871,904        |
| <b>TOTAL</b>  | <b>1,700</b> |   | <b>5,000</b> |   | <b>18,770</b> | <b>\$929,866</b> |

\* Bureau of Labor Statistics, U.S. Department of Labor, Occupational Outlook Handbook, Accountants and Auditors, on the Internet at <https://www.bls.gov/ooh/business-and-financial/accountants-and-auditors.htm> (visited December 28, 2020). Base wage of \$34.40/hour increased by 44% to account for fully-loaded employer cost of employee compensation (benefits, etc.)

13. Estimated total annual cost burden to respondents

There are no annualized capital/startup costs for the eligible recipients to provide the information in the application.

14. Estimated cost to the federal government.

There will be no annualized capital/start-up costs for the government to receive this information. The below table reflects the estimated time for a GS-13, Step 1 to review the information collected.

| Collection Instrument   | Number of Responses | Average Review Time per Response (in hours) | Total Time to Review (in hours) | Average Hourly Wage Rate <sup>1</sup> | Total Annual Government Cost |
|---|---------------------|---|---------------------------------|---------------------------------------|------------------------------|
| PSP2 Applications and Agreements                                    | 570                 | 40  | 22,800                          | \$49.19                               | \$1,121,532                  |
| PSP2 Applications for Certain PSP1 Participants                     | 30                  | .5  | 15                              | \$49.19                               | \$738                        |
| Loan Program, PSP1, and PSP2 Compliance Reporting and Recordkeeping | 4,400               | 40  | 176,000                         | \$49.19                               | \$8,657,440                  |
| <b>Total</b>  | <b>5,000</b>        |   | <b>198,815</b>                  |                                       | <b>\$9,779,710</b>           |

<sup>1</sup> Wage rate from the 2020 GS-pay scale table for Washington-Baltimore-Arlington, DC-MD-VA-WV-PA, [https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2020/DCB\\_h.pdf](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2020/DCB_h.pdf),

15. Reasons for change in burden

The changes to the collection since the previous OMB approval are to include the application and agreement requirements for PSP2 and remove application and agreement requirements for the loan program and PSP1. This adds an estimated 600 new respondents for PSP2 applications and agreements. However, the total burden will decline because Treasury is no longer accepting and processing loan and PSP1 applications and agreements. Treasury previously estimated that it would receive 1,000 responses under those programs. Treasury also updated the cost to respondents to reflect the latest data from the Bureau of Labor Statistics.

Treasury estimates that the hours per response and average review time for PSP2 applications and agreements will be the same as the loan program and PSP1. Because PSP2 recipients will submit a single quarterly compliance report for PSP1 and PSP2, compliance reporting and recordkeeping responses and burden will remain unchanged.

16. Plans for tabulation, statistical analysis and publication

The 4003 programs are subject to review by the Special Inspector General for Pandemic Recovery, GAO, a Congressional Oversight Commission and mandated public reporting by Treasury. See sections 4018, 4020, and 4026 of the CARES Act. The PSP1 and PSP2 programs are also subject to reporting requirements including, but not limited to, those specified under Section 4118 of the CARES Act and under Section 409 of the PSP Extension Law.

17. Display of the expiration date for OMB approval

Treasury requests that it omit the expiration date in order to avoid confusion among stakeholders.

18. Exceptions to certification requirement

There are no exceptions to the certification statement.

Part B. Describe the use of statistical methods such as sampling or imputation.

This collection does not employ statistical methods.