



ASSISTANCE FOR AMERICAN INDUSTRY: A Summary of the Coronavirus Economic Relief for Transportation Program

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U.S. Department of the Treasury



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Coronavirus Economic Relief for Transportation Services (CERTS) Program



Program Overview

Transportation plays a vital role in the American economy; more specifically, for-hire passenger transportation systems and services make personal mobility possible. Every day people use for-hire transportation to get to and from work, school, for shopping and recreation, long distance travel, and other purposes. In 2020, the COVID-19 pandemic swiftly disrupted the transportation industry across the United States and its territories. The near-term impacts were immense, with overall unemployment in the U.S. transportation sector reaching a record high of 15.7% in July 2020.¹

The plight of these businesses, employees, and families motivated the United States Congress to enact significant legislation. Established by the Consolidated Appropriations Act, 2021, the Coronavirus Economic Relief for Transportation Services (CERTS) Program appropriated \$2 billion to make grants to eligible passenger transportation service providers that experienced annual revenue losses as a result of the pandemic.² Treasury provided grants to over 1,400 motorcoach, school bus, passenger vessel, and pilotage companies in all 50 U.S. states. These approved companies (CERTS grantees) employed over 250,000 workers. The CERTS grants helped to support small businesses, cover payroll expenses, incentivize rehiring, and stabilize an industry that experienced significant economic disruptions due to the COVID-19 pandemic.

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1. Bureau of Transportation Statistics. 2021. "Transportation Jobs Recover Slowly after July 2020 Record High 15.7% Unemployment." U.S. Department of Transportation. <https://www.bts.gov/data-spotlight/transportation-jobs-recover-slowly-after-covid-unemployment>
 2. The CERTS Act (Section 421 of Division N, Title IV, Subtitle B of the Consolidated Appropriations Act, 2021) appropriated \$2 billion, with \$50 million made available for the program's administrative expenses.

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Assistance Provided:

- The U.S. Department of the Treasury, in consultation with the U.S. Department of Transportation and the U.S. Coast Guard, made funding available to assist eligible transportation service companies (motorcoach, school bus, passenger vessel, and pilotage vessel companies) that experienced annual revenue losses of 25% or more as a result of COVID-19.
- After reviewing over 2,000 applications, Treasury made grants to 1,462 grantees beginning in August 2021.
- Applications for the CERTS program exceeded available funds. To ensure equitable allocation, funds were divided amongst the four eligible “industries,” or types of service providers (motorcoach, school bus, passenger vessel, pilotage vessel), based on the size of revenue loss reported by approved applicants, debt incurred for major equipment, and workforce size. Funds for each industry were based on the relative share of these three elements relative to the other eligible industries.

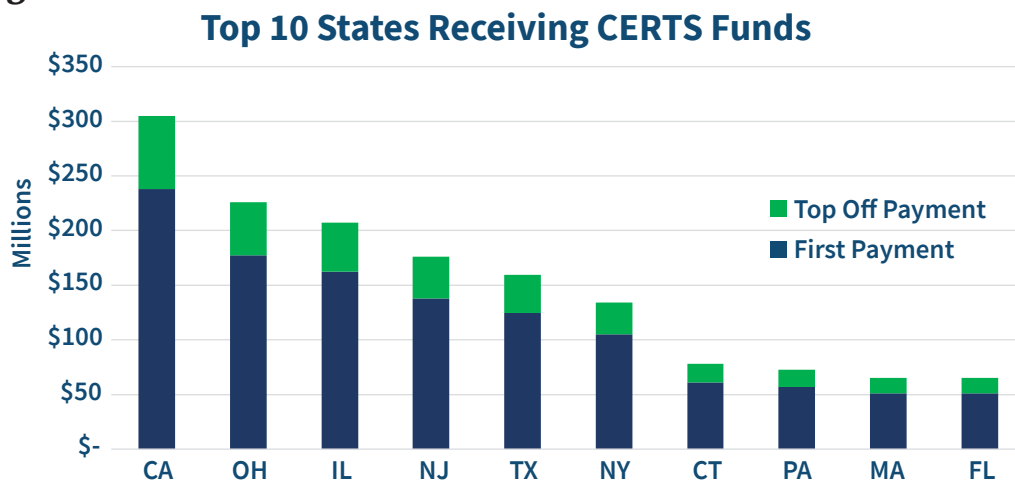
Key Takeaways:

- \$1.9 billion (98%) of CERTS funds have been expended by grantees.
- Most grantees chose to use substantially more than the required 60% of grant funds to support payroll costs. In total, approximately 81% of funds have been spent on payroll costs, with the remainder of funds expended on costs such as operations, maintenance, and COVID-19 protection.
- 93% of all grantees were small businesses.
- Of the 1,462 grantees, 23% were women-owned businesses, 33% were minority-owned businesses, and 7% were veteran-owned businesses.
- 93% of grantees rated the CERTS program as either “effective” or “very effective,” while 98% of grantees rated having a positive experience interacting with Treasury’s online portal.
- According to some CERTS grantees, these industries continue to face headwinds caused by the pandemic, including a changing perception of shared passenger transportation services and staff retention amid labor market fluctuations. However, grantees across the country report that CERTS grants were critical to keeping their businesses open while retaining staff and offering services to their communities.

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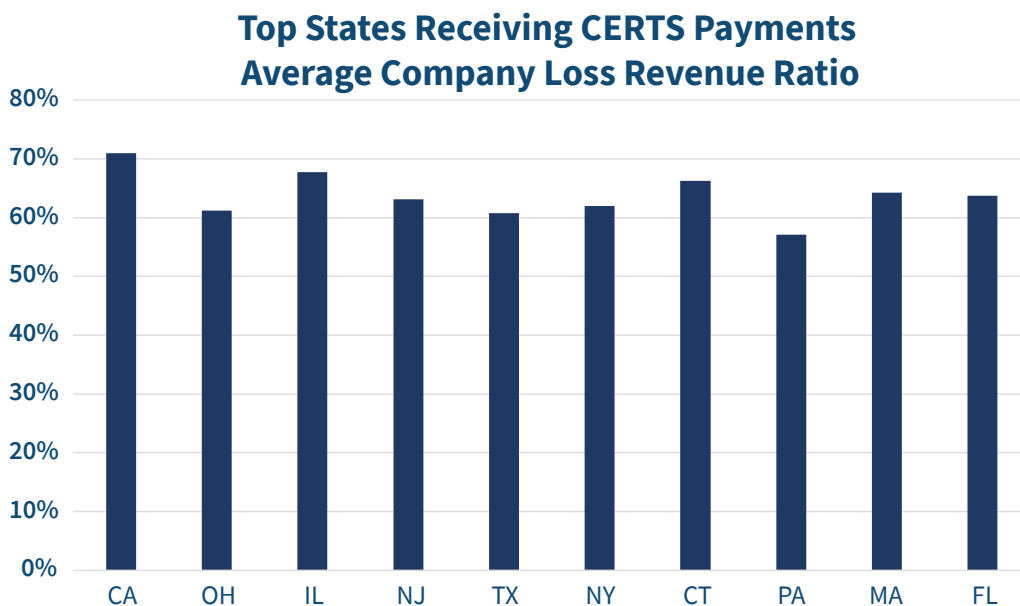
CERTS Program Performance

Figure 1:



CERTS funds supported business in every state, with most funds going to states with multiple population centers and areas with dense populations that use shared transportation services.

Figure 2:

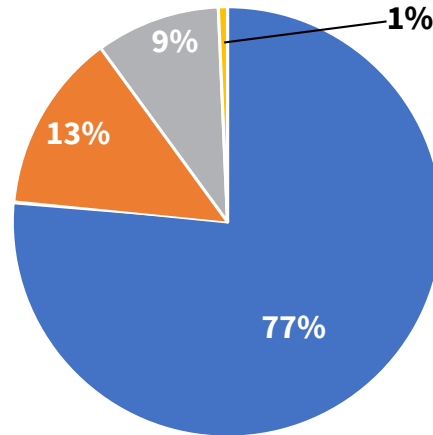


Most grantees had a revenue loss in 2020 that was much more than the 25% eligibility requirement. This revenue decline was seen across the U.S.

CERTS Program Performance

Figure 3:

CERTS Grantees By Type of Service Providers

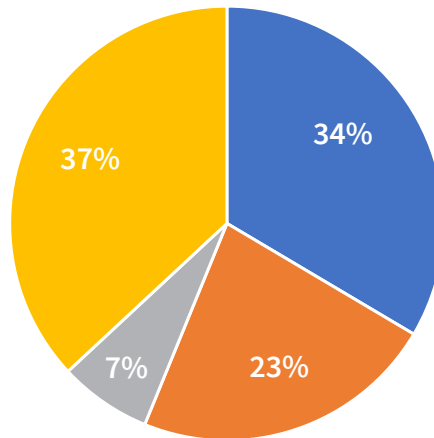


- Motorcoach Company
- School Bus Company
- Passenger Vessel Company
- Pilotage Company/Association

The largest share of recipients operated small-business motorcoach companies.

Figure 4:

CERTS Grantees Company Makeup



- Minority Owned Business
- Woman-Owned Business
- Veteran-Owned Business
- Remaining CERTS Participants

More than half of the recipients were either minority, women, or veteran-owned businesses.

CERTS Program Performance

Figure 5:

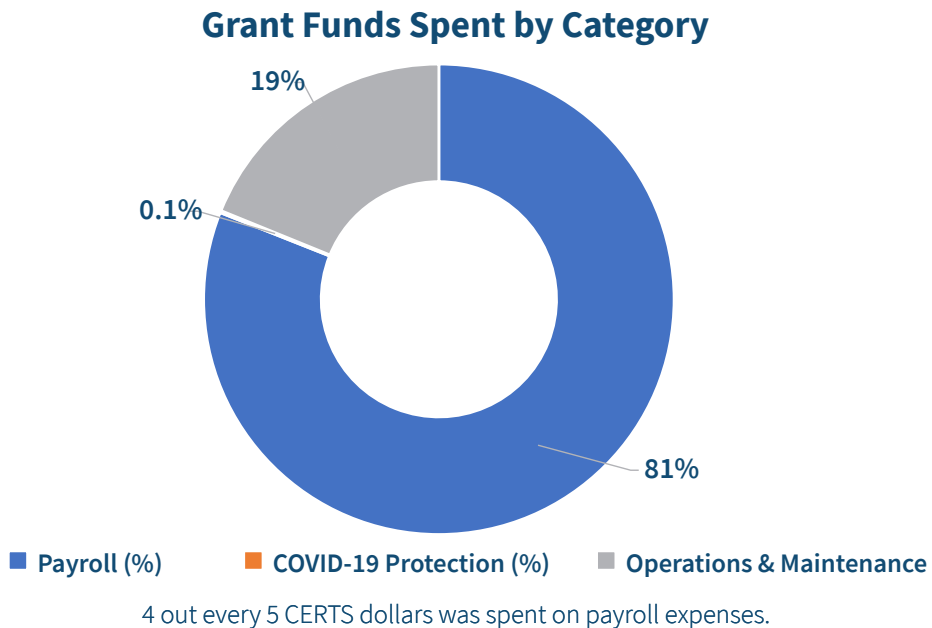
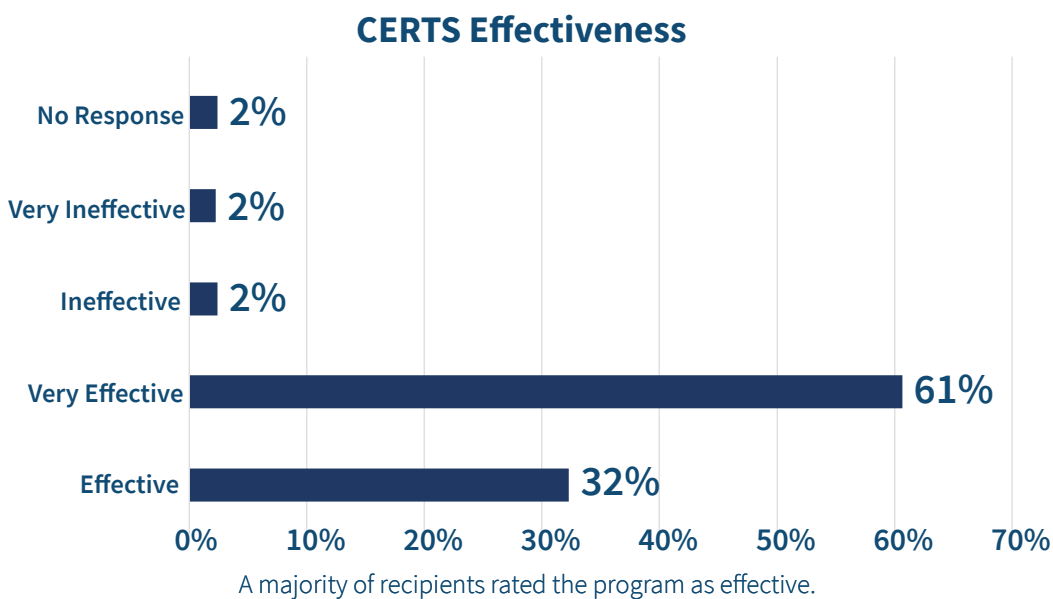
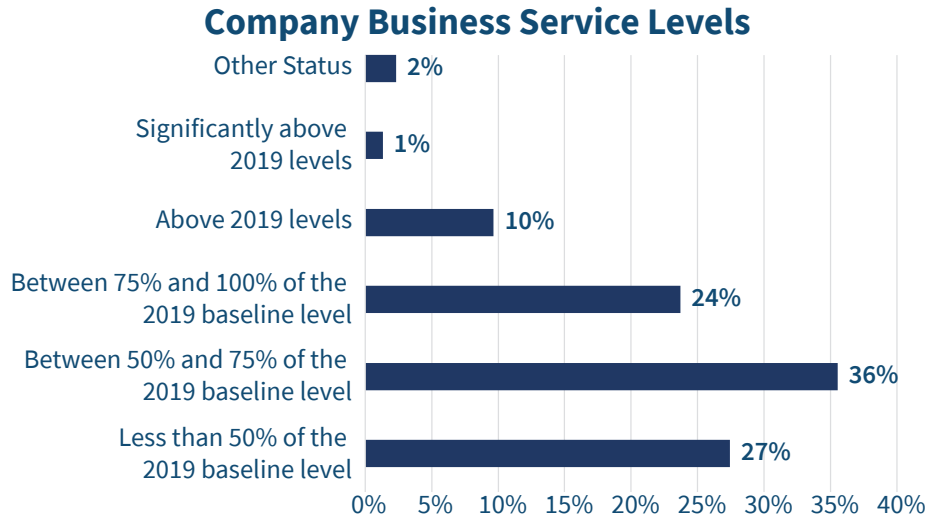


Figure 6:



CERTS Program Performance

Figure 7:



The industry continues to face issues due to muted demand relative to pre-pandemic levels, labor shortages, and changes in travel behavior.

City Wide Bus Company



Transporting a diverse array of students, the City Wide Bus Company primarily operates school buses in Baltimore, Maryland. The company serves the Baltimore School System, the Maryland School for the Blind, and the Maryland School for the Deaf. They are particularly proud of providing transportation for the medical staff and frontline workers at Johns Hopkins Medical Center amid the COVID-19 health crisis.

The company's owner, Biff Allender, has been in the transportation business for two decades and has led his company's evolution from a small operation into the largest minority owned contractor in the city's school district. When the pandemic hit Baltimore, it disrupted everyone's lives, but it especially impacted school children. School closures marked a very difficult time period in Baltimore. Demand for school buses declined significantly and business for City Wide Bus Company became incredibly unpredictable. The company faced two difficult choices, fully shutdown and close its doors or substantially cut back staff and continue to operate without profit.

Allender and his company persevered, doing their best to respond to school schedules that often changed on a weekly basis due to community outbreaks of COVID-19. City Wide faced multiple challenges, including retaining staff and obtaining needed

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parts and supplies to maintain the company’s fleet due to supply chain bottlenecks. According to company officials, “It was like figuring out a Rubik’s cube” to make all parties happy and keep the buses running.

When CERTS grant funding became available, it was like “a gift from the heavens.” The assistance came at a critical time, without which City Wide Bus Company was facing closure. The company used CERTS funds entirely for payroll costs, specifically for drivers who were able and willing to come back. The CERTS grant allowed the company to rehire employees at an industry competitive rate and slowly reopen based on the needs of the school district.

Capital and Colonial Trailways



Capital and Colonial Trailways are sister companies in Alabama. Both companies have provided bus services since the 1930s. The current CEO and President, Suzanne Thornburg, accepted her role in 2019 with this fifth-generation family-owned company.

From their locations in Montgomery, Mobile, and Madison, the two companies provide transportation services to just about everyone in the Southeast U.S. and carry charter customers to destinations across North America. Previous clients include the U.S. military, veterans, youth groups, bands, every form of athletics, Greek clubs, college and university groups, church groups, senior tours, and professional athletic teams. Capital Trailways also has been asked to charter first responders during natural disaster and national emergencies.

According to a company official, they were at “the top of their game” before the COVID-19 pandemic, with approximately 84 buses and an equal number of drivers in 4 locations.

In March 2020, business declined significantly. As the Governor of Alabama issued a stay-at-home order, revenue decreased by 65%. The companies’ short-term reserves could only last so long, forcing Thornburg to make difficult decisions, including issuing furloughs. However, management kept in contact with all employees throughout

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the shutdown period. After filing a first round of the Paycheck Protection Program (PPP), the companies were able to begin calling employees back in July 2020.

According to Thornburg, the first round of CERTS funds that arrived in August 2021 were a “godsend.” It helped both companies survive the shutdown and recall those remaining employees who wanted to return. Capital and Colonial Trailways used all of the CERTS funds for payroll costs.

The companies began to recover slowly in 2021 and by the end of 2022, they were running at approximately 62% of their pre-pandemic levels, on roughly half of their pre-COVID-19 staffing and coach capacity. Company leadership is realistic about the business environment. By their estimation, they are looking at a three- to-five-year period before a possible full recovery. Capital and Colonial Trailways are still facing issues with the loss and retention of drivers with commercial drivers’ licenses.

Industry-wide, there is demand for their transportation services but not enough drivers. As a result, they are currently having to turn away business. The company has now partnered with the Alabama Community College system to provide training for Class B CDL drivers. Additionally, they partner regularly with multiple federal and state agencies and supply training sites for many recruits.

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Georgia Coach Lines



Georgia Coach Lines, Inc. is a charter bus company that operates nine motorcoaches out of Fayetteville, Georgia. Founded in 1985, the company is currently run by 2nd generation owners. Their motorcoaches are readily recognized with their distinctive logo, a giant peach on the rear of the motorcoach.

The company transports primary and secondary schools, collegiates, bands, athletic teams, and corporate groups to destinations across the United States and Canada. Due to their fleet size, Georgia Coach Lines, Inc. is able to meet the demands of their clients. While the bulk of their business caters to students, they have expanded their business model to support film scouts and employee shuttling for the burgeoning film production studios in the Metro-Atlanta area, or as company management fondly refers to it, “the New Hollywood.”

Their business was on a growth path until the COVID-19 pandemic, during which they faced mounting financial hardship with charter cancellations and the expense of relocating to a new facility.

As their motorcoaches sat idle month after month, they worried not just about the business but also about their employees. They witnessed other companies go of business and drivers retire or leave the industry.

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Company leadership became involved with advocacy for the CERTS program through their Georgia Representatives. After the program was initiated, Wendy Hollingsworth-Cox, Chief Financial Officer, found that the application process was not difficult and the reporting instructions were easy to follow. The CERTS assistance helped Georgia Coach Lines, Inc. stay afloat. The company used the federal grant to pay operational expenses, including payroll costs for employees.

Today, company management is cautiously optimistic about the future. They regret that many other bus companies did not make it through COVID-19 and are on guard for a resurgence. The good news is that their business activity has now returned pre-pandemic levels. In fact, there is more demand than ever. According to the company's owner, "It went from 0% to 1000%." As things return to normal, these peachy motorcoaches are booked to capacity.

Bilbrey Tours



Rhonda Bilbrey is the 2nd generation owner of Bilbrey Tours, a motorcoach operator based in Abilene, Texas. The owner puts a real emphasis on family and small communities. Bilbrey's parents started the business in 1990 by converting a bedroom in their family home into an office with a telephone, fax machine, and a collection of printed maps. Bilbrey Tours now operates out of a very nice storefront location, but they have maintained the same office manager and the same two drivers over those many years. According to Bilbrey, these staff feel like they are part of the larger family even though they did not directly inherit the business. They take this type of longevity as a sign that something is going right with the business.

With their two motorcoaches and experienced staff, Bilbrey offers charter services and escorted group tours throughout the United States. Like many operators, their charter is a critical form of transportation for functions at the local military base as well as for students at the surrounding universities. While she is focused on providing high quality curated trips for her West Texas patrons, Bilbrey is also very aware that her travelers infuse other local economies with much needed tourism dollars. They are on the road approximately 200 days per year.

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Like many operators, their charter is a critical form of transportation for functions at the local military based as well as for students at the surrounding universities.

During the onset of the COVID-19 pandemic, the company resolved to “hunker-down” with their employees and take things one month at time. Thankfully, the company’s original founders had built a strong foundation with minimal debt.

However, eventually the harsh reality of the COVID-19 stay-at-home order started to take effect across the motorcoach industry. This disruption spurred tour cancellations, customer refunds, and decreased revenue. In the year 2021, Bilbrey Tours saw its service level drop by 50% and knew it would take time for travel to come back.

After an 18-month financial struggle, with countless letters and calls from Bilbrey to her local representatives, her CERTS grant application was approved in August 2021. In her words, “[CERTS] was like a life-line,” allowing her to sustain the employees, and “there was hope on the horizon” for the business and her parent’s legacy. Bilbrey Tours is optimistic about the future and anticipates a full recovery while viewing the pandemic as a teaching moment to make their business more resilient.

