



Leveraging SIMERP to Stabilize the U.S. Airline Industry During Government Shutdowns

Positioning **SIMERP** as a **strategic, private-sector financial mechanism** that can stabilize and sustain the **U.S. commercial airline industry** during a government shutdown — when FAA operations, TSA staffing, and regulatory disruptions cause nationwide flight delays and cancellations.

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1. Executive Summary

The ongoing **government shutdown** has disrupted vital federal aviation services, grounding flights, delaying travelers, and threatening billions in airline revenue. With FAA, TSA, and regulatory staff furloughed or unpaid, the U.S. aviation system faces cascading economic and logistical consequences.

To mitigate this crisis and safeguard continuity, **Kingdom Finance Group (KFG)** along with **EHP – The Employers Choice**, proposes implementing the **Self-Insured Medical Expense Reimbursement Program (SIMERP)** as a **strategic workforce and financial stabilization tool** for the entire commercial airline sector.

By uniting major and regional airlines under a shared **SIMERP-driven workforce protection model**, the industry can redirect existing benefit funds into a **self-funded emergency liquidity pool** — maintaining employee welfare, minimizing operational risk, and ensuring service continuity during federal interruptions.

2. The Current Problem

A. Federal Dependence

The U.S. aviation system relies heavily on federal employees and agencies for:

- Air traffic control and safety certification
- TSA security screening
- FAA licensing, inspections, and oversight

When government operations halt, airlines are forced to delay, cancel, or reduce flights — costing the industry **hundreds of millions daily**.

B. Airline Vulnerabilities

- Shrinking liquidity from cancellations and refunds
- Rising labor strain as employees face overtime without regulatory clearance
- Declining consumer confidence due to unpredictable travel disruptions
- Increased costs to maintain workforce readiness amid uncertainty

3. SIMERP as a Financial Stabilization Strategy

SIMERP (Self-Insured Medical Expense Reimbursement Program) is an IRS-compliant structure (Sections 105 and 125) that enables employers to reimburse medical expenses through a **tax-advantaged, self-funded pool** — reducing payroll taxes and freeing capital.

Applied to the Airline Crisis:

Airlines can redirect **FICA and payroll tax savings** from SIMERP participation into an **Emergency Aviation Continuity Fund (EACF)** managed by a consortium of participating carriers.

This fund can be used to:

1. Support furloughed or affected workers during shutdowns
2. Offset revenue losses from grounded flights
3. Maintain minimal essential operations and public confidence
4. Demonstrate private-sector leadership in national infrastructure resilience

4. Implementation Model: The National Aviation Continuity Consortium (NACC)

Membership

All U.S.-based commercial carriers — major, regional, and low-cost — including:

American • Delta • United • Southwest • Alaska • JetBlue • Spirit • Frontier • Allegiant • Sun Country • Breeze • Avelo • Republic • SkyWest • Envoy • Mesa • PSA • Piedmont • Horizon

Administrative Framework

- **Managed by:** Kingdom Finance Group (KFG) and EHP – The Employers Choice
- **Financial Oversight:** Independent actuarial and accounting partners
- **Compliance:** ERISA and IRS alignment for Section 125 reimbursement integrity
- **Governance:** Board composed of participating airline CFOs and HR leaders

Funding Mechanism

- Each airline implements SIMERP for its employees, creating 7–9% net payroll savings.
- A portion of these savings (1–2%) is pooled into the **Emergency Aviation Continuity Fund**.
- Funds are held in escrow for use during federal disruptions or industry emergencies.

5. Benefits of the SIMERP Strategy

For Airlines

- Immediate **cash-flow improvement** through reduced payroll tax exposure
- Creation of an **independent safety net** not reliant on Congress or appropriations
- Strengthened employee trust and reduced turnover during crises

For Employees

- Continued access to **health reimbursements and financial stability** even during federal stoppages
- Demonstrated corporate commitment to workforce welfare

For Government & Public

- Reduction in emergency bailout pressure
- Continuation of essential commercial travel and supply chain logistics
- Stabilized economic activity in aviation-dependent sectors

6. Economic Impact Summary

Metric	Estimated Annual Impact
Payroll/Tax Savings per Airline (via SIMERP)	\$20–\$60 Million
Collective Emergency Fund (21 airlines)	\$400–\$600 Million
Reduction in Lost Revenue During Shutdowns	Up to 35% mitigation
Employee Retention Improvement	+15–20% under stress conditions
Latest Estimate of Full-Time Employees	580,000+ (21 Airlines)
KFG Community Development Fund	\$30 – \$50 Million
Full-Time Employees – Airport systems	462,000+ (20 Airports)
Largest Airport Systems (20)	\$200-\$400 Million
KFG Community Development Fund	\$30 – \$50 Million

7. Implementation Roadmap

Phase	Action	Duration
I. Coalition Formation	Engage major U.S. airlines and establish consortium charter.	60 days

Phase	Action	Duration
II. Financial Modeling	Calculate projected tax savings and fund contributions.	90 days
III. Pilot Deployment	Launch with 3–5 participating carriers.	6 months
IV. National Expansion	Scale across all carriers with FAA/DoT partnership.	12 months
V. Federal Coordination	Present model to Congress and the Department of Transportation as a private-sector stabilization success.	Ongoing

8. Strategic Partnership Proposal

Kingdom Finance Group (KFG)/EHP – The Employers Choice will:

- Provide **program design, compliance, and administration** for SIMERP integration
- Develop **financial tracking and reporting systems** for consortium transparency
- Coordinate communication with regulatory and industry stakeholders
- Educate airline employees on new benefit enhancements

9. Conclusion

The U.S. commercial airline industry cannot remain at the mercy of political gridlock. By adopting **SIMERP as a financial stabilization framework**, airlines can reclaim control over their fiscal destiny, protect their employees, and preserve the nation’s air transport infrastructure even during federal shutdowns.

Through collaboration, innovation, and disciplined financial stewardship, **SIMERP can become the private-sector solution to a public-sector problem** — ensuring America keeps flying, regardless of Washington’s dysfunction.

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