

**U.S. Senate Committee on Commerce, Science, and Transportation's
Tourism, Trade, and Export Promotion Subcommittee**

**Hearing: The State of Travel and Tourism During COVID – April 13, 2021,
3:00 pm.**

**Written Testimony of Carol B. Dover, President and CEO of the Florida
Restaurant and Lodging Association**

Good afternoon. I want to thank Chair Cantwell and Ranking Member Wicker, Subcommittee Chair Rosen, and Ranking Member Scott, as well as the many distinguished members of this subcommittee for the opportunity to be here today to represent Florida's hospitality industry and discuss COVID-19 impacts to travel and tourism. Across the nation, our leaders have been challenged with balancing public and economic health throughout the pandemic, and the hospitality, travel, and tourism industries have been disproportionately affected.

I have had the honor of leading the Florida Restaurant and Lodging Association (FRLA) for 26 years and have spent most of my life in the hospitality industry. I am also active on the Board of Directors for both the National Restaurant Association and the American Hotel and Lodging Association and am eager to discuss the status of our industry and what we have been doing in Florida.

FRLA represents everyone from the biggest brands in theme parks, hotels, restaurants, and suppliers, all the way down to small, independent restaurants and hotels. We have been working with all of them to adapt to new business practices and help their employees since the beginning of the COVID-19 pandemic.

Throughout my tenure at FRLA, I have watched the growth of the hospitality and tourism industry to become the largest one in Florida, a top employer, and the economic engine for our state. Travel and tourism directly affect the success of our hospitality industry, so it is important to share some data from our partners at VISIT FLORIDA on the power of tourism in Florida.

Tourism is Florida's top economic driver. In 2019, a record-setting 131.4 million visitors added nearly \$97 **billion** to Florida's economy. That is more than the entire GDP of 13 other states. Pre-COVID, Florida tourism was growing faster than the U.S. economy, consumer spending, health care spending, and spending on recreation. Every 81 visitors equal one Florida job, and tourism keeps Florida's taxes low. Latest data shows that tourism accounted for 13.4% or more than \$3.22

billion of total state sales tax collections. Our visitors save every Florida household more than \$1,500 a year on state and local taxes.

In the five years prior to COVID, nearly 300 new hotels and more than 9,500 new restaurants opened. We were on track to continue to set records. Pre-COVID, we were a nearly \$112 **billion** industry with more than 1.5 million employees. Florida has so much to offer with our beautiful beaches, unparalleled attractions, and the finest hotels and restaurants across that nation. Our hotels enjoyed fully booked capacities, and our restaurants were full.

When 2020 began, our industry was projected to have a banner year with continued growth, increased tourism, and records sales. Florida is one of the top tourism destinations in the world and our visitors have a significant impact on hospitality revenues. Pre-COVID, we were a top location for convention business, and our travelers and visitors accounted for a huge percentage of restaurants sales. Nationally, they accounted for about 30% of overall restaurant sales: 35% for full service and 25% for limited service.

As we entered 2020, things were looking good. We had no idea what was about to hit us. Our industry experienced a severe and sudden shock as we were shutdown. More than 934,000 of our 1.5 million employees were almost immediately furloughed or laid off. Businesses including restaurants and bars were shut down, air travel stopped, and business conferences and large events were cancelled.

The Florida Restaurant and Lodging Association went into overdrive, working around the clock to interpret executive orders for our members, advocate for the best possible outcomes for our businesses and workers, and get accurate information out as quickly as possible. We engaged with our state and federal leaders. We are grateful to our wonderful Senators Scott and Rubio for their support and promotion for the CARES Act, PPP, and federal relief, and we have been blessed to work closely with our great Governor, Ron DeSantis, to get our industry re-opened and on the road to recovery.

We fought hard to keep carryout and curbside pick-up and expand allowances for outdoor dining. We had restaurants putting up tables down sidewalks and in their parking lots. Many opened grocer-aunts to sell goods like toilet paper and other supplies, along with pre-packaged, cook-at-home meals to their guests. Many hotels and restaurants had to make very difficult staffing decisions, sometimes laying off people who had worked with them for decades – people they considered family. And they kept those who they could and employed them in any way they could. Managers were cleaning restaurant bathrooms and hotel suites, hostesses

were making necessary restaurant repairs, and everyone pitched in to do whatever was needed.

Alcohol-to-go became a lifeline for restaurants as Governor DeSantis issued an executive order allowing for alcohol sales for consumption off-premises – something that we are working to codify permanently through the Florida Legislature right now.

We worked hard to keep our association members informed and connected to important COVID supplies and resources like PPE, and we even secured more than one million masks for our hospitality workers from the U.S. Department of Health and Human Services when masks were hard to find. We conducted giveaway events for the workers and made sure they were connected to other important resources for support.

FRLA and our members were heavily engaged on Governor DeSantis' Re-opening Task Force, creating re-opening guidance and safety procedures for hotels and restaurants along with our great partners at the National Restaurant Association, the American Hotel and Lodging Association (AHLA), and the Asian American Hotel Owners Association (AAHOA). We strongly advocated for federal relief like the CARES Act and the Paycheck Protection Program, which was truly the difference between survival of our businesses and them being forced to close their doors and leave their teams without work.

As our Governor implemented his re-opening plan and counties began opening gradually, building consumer confidence was critical. FRLA launched our Seal of Commitment program to provide enhanced sanitation and COVID safety training for the industry which would result in a Seal they could display as a promise to build confidence for both employees and guests and to demonstrate that the staff are well-trained, and that the establishment exceeds sanitation protocols. We are also working with AHLA to promote their Safe Stay program for hotels.

We worked to promote increased dining room allowances as our COVID numbers went down and asked for small events to be permitted with social distancing. I had the honor of participating in a roundtable in Central Florida before Vice President Mike Pence and was joined by other industry leaders to discuss the challenges we were facing.

We are proud of the progress we have made towards rebuilding such an important industry in Florida, but there is still much work to be done. We are hard at work right now in our state's legislative session where our Governor has already signed

the first bill of the session to limit civil liability against businesses for damages related to COVID-19. This new law is critical for so many who are doing the right things day in and day out for customers and staff but feared needing resources they do not have to fight a nuisance lawsuit.

While we push for other important state needs like codifying alcohol-to-go, tourism marketing funding, and protecting the revenue from tourism and convention tax dollars, we also need continued support from you and your fellow Senators, as well as your colleagues in the US House and across the federal government. We were pleased that the CDC recently released new guidance on vaccinated travelers, which will help to build confidence in both personal and business travel, but more could be done to aid in recovery. Perhaps there could be more COVID liability protections for businesses who normally produce events and have large conventions across the U.S.

Also, our industry is facing historic workforce challenges. Despite our ability in Florida to operate at 100% capacity, many are unable to because of a lack of staff. Simply put, we are competing with state and federal unemployment benefits. At the beginning of the pandemic when there were no jobs, this unemployment was critical for our workers who were furloughed or laid off, but now, we have the jobs, but many are unwilling to go back to work when they can obtain similar pay while at home. Some may have been hesitant to return until greater access to vaccinations were implemented, but all adults in Florida now have that access and still we cannot hire enough staff. We have businesses limiting their capacity, reducing operating hours, and closing on days they are usually open because there is not enough staff to meet the needs of our guests. We are working on state solutions through innovating partnerships with career resource organizations, job fairs, hiring signing incentives, and competitive wages, but our efforts have been only minimally effective. While you look to next steps in how to aid in the recovery of our industry, I ask you to remember this staffing challenge. In Florida, we are open for business and desperate for workers.

We are on the road to recovery, but the effects of COVID on our industry are still present. The national tourism industry suffered more than \$500 **billion** in pandemic-related losses, with leisure and hospitality accounting for nearly 40% of pandemic-related unemployment.

Pre-pandemic, hotels supported one in 25 American jobs with 2.3 million direct hotel jobs and 8.3 million hotel-supported jobs, which contributed \$660 **billion** to

the US GDP. But the hotel industry has been decimated and faces a much slower recovery than other business sectors.

According to AHLA, half of U.S. hotel rooms are projected to remain empty in 2021. While 2019's average national occupancy was 66%, occupancy fell to 44% in 2020, and many of my members in Florida had single-digit occupancy last year. Occupancy is projected to average at 52.5% this year. Only 21% of consumers have traveled for a vacation or leisure since the beginning of the pandemic, and only a little more than a quarter of those stayed in a hotel. Hotel employment is not expected to rebound until 2023. One major factor affecting hotel revenue is the lack of business travel, which is projected to remain down 85% this year and will not return to pre-pandemic levels until 2024. This is critical because business travel is the single largest source of hotel revenue. Businesses across the world have put in place travel bans or at least have severely restricted travel, which has resulted in huge losses in Florida – especially in Orlando and Central Florida.

Visitors to Florida dropped to its lowest point in over a decade with just 86 million visitors in 2020. Local and state tax revenue from visitors significantly dropped from \$41.1 **billion** in 2019 to \$27 billion in 2020. And across the US, hotels faced closing and foreclosure and direct hotel and hotel-supported jobs were lost in staggering numbers. With nearly 175,000 jobs lost – nearly a quarter of our total hotel jobs – Florida had the second highest direct hotel and hotel-supported job loss in the nation only behind California and far exceeding Nevada, New York, and Texas.

And restaurants have been shattered as well from COVID. From nationwide shutdowns and bans on indoor dining to irresponsible and misleading claims – even from the CDC – about the safety of restaurants, it has been incredibly tough. While some sectors like fine dining were affected more than the fast casual and quick service sectors, all restaurants have experienced significant loss this year.

Data from the National Restaurant Association tells us that 2020 ended with total sales that were \$240 **billion** less than the pre-pandemic forecast for the year. Although restaurant and foodservice sales are expected to post double-digit growth in 2021, it will not be nearly enough to make up for the substantial losses from 2020. Nationally, more than 8 million eating and drinking establishment employees were laid off or furloughed – nearly 600,000 of those were in Florida. More than 110,000 restaurants closed permanently, including 10,000 in Florida. Most of those shuttered locations were not new ventures; they had been well-established and in operation for more than 15 years, and 16% had been open for at

least 30 years. This is a lasting blow to communities across the US who are centered around neighborhood restaurants. Many restaurants survived by changing their business model overnight to shift to off-premises and delivery. They created contactless options and dramatically reduced their menus to control waste. As I previously mentioned, they set up or expanded outdoor dining, sold packaged bundled meals, and served cocktails to go with the food. The rise of technology that was projected in the next five to 10 years happened in just one year. Overall, the eating and drinking place sector finished 2020 down nearly 2.5 million jobs nationally. And now that Florida and other states have opened or are in the process of doing so, we are facing these historic labor shortages that are restricting us from getting out of the hole we have been in for the last year. And yet, we are hopeful. PPP, tax credits, and the recently passed American Rescue Plan all have been huge victories for our industry. The Restaurant Revitalization Fund will provide **\$28.6 billion** in grants for restaurants who desperately need it.

I want to thank Ranking Member Wicker and Committee Member Sinema for your bipartisan work in creating the RESTAURANTS Act. While it is not a silver bullet and the restaurant industry will need more support to recover from this ongoing crisis, it is an absolutely invaluable tool to keep restaurants open across our nation. We are extremely grateful for all you have done.

Travel, tourism, and the hospitality industries have all faced the worst year in recent industry history and will be recovering for a long time. And while the financial recovery will come first, the emotional toll of this crisis will linger for a long time. In Florida, we understand emergencies – whether environmental events, hurricanes, or even terrorist or mass casualty events...but we have never been tested quite like COVID has tested us. We have been fighting hard to survive just one more day...for more than a year. It is exhausting and yet, we see the light at the end of the tunnel and are eager to reach it. We are resilient, and we are, quite literally, in the business of serving people. We love nothing more than to create memorable experiences for visitors and guests that keep them coming back. But we need them to be able to come back: international visitors, cruises, business travel...We are working to rebuild this industry we love so dearly, and we like to say that we are “Hospitality Strong,” but we have no problem asking for help. And we still need that support from you as we rebuild.

Thank you. I would be happy to take any questions you may have.