

# Impact of COVID-19 on the RI Hospitality Industry June 9, 2020

# About RI Hospitality

- The only trade association for restaurants and hotels in RI.
- Represent over 700 members throughout the state.
  - Membership
  - Education
  - Advocacy
- Our association is a **CULTURE of COMMUNITY**
  - Cooperation
  - Collaboration
  - **Communication**
  - Connection and
  - Curiosity

# RI Hospitality Pre-COVID

- We are one of the top 5 industries in the state.
- In 2019 our industry collected over \$292.3 Million in sales/meals and hotel taxes.
- Pre-COVID, the RI hospitality industry employed over 86,000 RI.



# Economic Impact of COVID-19

- Between March 1 and April 16, 60% of operators temporarily closed their business
- \$190 million in restaurant sales were lost in April 2020
- March M&B Tax
  - FY19: \$2,203,573
  - FY20: \$1,419,850
    - 35.6% decline
- On average, Rhode Island restaurant operators reported an 83% decline in sales during the period from May 1 to May 15.

# Economic Impact of COVID-19

- March Hotel Tax
  - FY19: \$273,920
  - FY20: \$120,923
    - 55.9% decline
- Hotel occupancy in April 2020 was at just 21.7%, compared to 65% in 2019.
  - This does not include the hotels that were closed.



# Economic Impact of COVID-19

- The PWCVB is predicting \$48.5 million in total losses of direct spend revenue
  - \$33.3 million in cancelled business
  - \$15.2 million in business postponed to other years (2021-24)
  - \$40 million of the total impact is in the City of Providence
- Does not include weddings and special events
  - Just a sampling of five hotels yielded a projected \$7.6 million loss
- Total losses will depend on re-opening of the RI Convention Center and rules for the gathering of groups

# Workforce Impact of COVID-19

“We were forced to close our restaurant due to the COVID-19 virus. **We have laid off all of our 40 employees.**”

*Restaurant operator,  
Providence*

- Between March 1 and April 16, 93% of restaurants laid off or furloughed employees.
  - RI Restaurant jobs lost to COVID: 40,000

# Workforce Impact of COVID-19

- Among these restaurant operators that laid off or furloughed employees, the average reduction was 90% of the restaurant's total staff.
- 67% of operators who laid off or furloughed staff say they have rehired some of these employees in recent days or weeks.
- On average, these operators rehired 30% of the employees that were laid off or furloughed.
- Looking ahead, 60% of operators say they anticipate adding more employees to payroll within the next 30 days.



# RI HOSPITALITY EMPLOYEE RELIEF FUND



Donate to employee  
relief funds

# Employee Relief Fund

- RI Hospitality Employee Relief Fund was created in memory of long-time RIHA member Al Zannella.
- Designed for Restaurant, Hotel, and Tourism employees who have been laid off and are facing financial hardship due to COVID-19



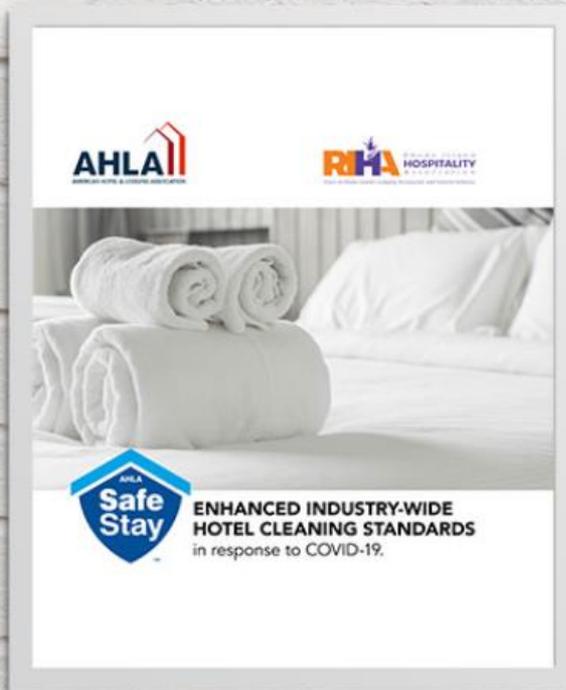
# RIHA Activity

- Daily calls with Commerce RI on reopening
- Takeout/Delivery
- Essential industry designation
- Waiver of UI experience tax
- Alcohol takeout sales
- PPE procurement
- Technical Assistance
- Economic Relief
  - Municipal tax relief
  - Small business loans through Commerce
- Daily Briefing to membership
- Weekly membership meeting
- Complimentary membership

# RIHA Activity during Shutdown

- Federal Partnerships
  - National Restaurant Association
  - American Hotel & Lodging Association
  - Small Business Administration
- Assisting students
  - Developing lesson plans
  - Technical assistances
- Weekly Webinars
  - Unemployment
  - PPP Funding
  - Takeout and Delivery rules
  - Marketing
  - Suicide Awareness
  - Food Safety

# Reopening Pledge



**AHLA SAFE STAY PLEDGE**

**RI RESTAURANT PLEDGE**

# Reopening Challenges

- Lack of capital
  - Consumer Confidence
  - Lack of staff
  - Uncertain future
- 85% of restaurant operators say it is unlikely that their restaurant will be profitable within the next six months, under the assumption that there will be no additional relief packages from the federal government.

# Future Policy Issues

- Liability protection for businesses
  - Safe harbor provision for businesses that are complying with the guidelines
  - Worker's Compensation protection
- Third party delivery
  - Cap on fees
  - Promotions
  - Transparency
  - Use of name/logo/menu
- Real Jobs Funding
- Takeout liquor sales

# Questions?

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