

August 24, 2021

The Honorable Isabella Casillas Guzman
Administrator
U.S. Small Business Administration
409 3rd Street, SW
Washington, DC 20416

Dear Administrator Guzman:

We are writing to urge swift adoption of proposed improvements to the COVID Economic Injury Disaster Loan (EIDL) program, including raising the cap to \$2 million per loan, and waiving affiliation rules to permit multi-unit small business owners to fully access the program.

Collectively, our organizations represent expansive segments of the American hospitality industry. Our members and their businesses are critical economic contributors nationwide, employing millions of hardworking people and contributing trillions of dollars to communities, cities, and states across the country. The COVID-19 economic crisis has hit our businesses harder than any others, as they rely on in-person customers and travelers to stay at their hotels, dine in their restaurants, shop at their stores and exercise in their gyms.

Prior to the pandemic, America's hotels employed over 2.3 million people. In 2020, hotels lost over 700,000 jobs and are expected to remain down 500,000 jobs in 2021. The direction of the recovery for travel is stalling and hotels will lose \$59 billion in business travel revenue alone this year, putting many at risk of closure. Within the first six months of the outbreak, an estimated 32,700 franchised businesses had closed; 21,834 businesses were temporarily closed, while 10,875 businesses were permanently closed. The restaurant and foodservice industry is still reeling from \$300 billion in lost revenue, which has led to one million lost jobs and 90,000 restaurants closed permanently or long-term. Gyms and health and fitness facilities closures in the United States totaled 22 percent since March of 2020, resulting in nearly \$30 billion in lost revenue. The industry lost 1.5 million jobs amounting to nearly 50 percent of the entire workforce.

The Delta variant has caused new health and economic concerns and small businesses across the country are bracing for a challenging end of the year. Many business owners remain in desperate need of additional liquidity to help ensure their doors remain open.

The EIDL program is the only remaining federal solution that can provide critical access to capital for small businesses. At the onset of the pandemic, it was intended to pair with the Paycheck Protection Program (PPP) as the vehicle to address business operations, while PPP applied to payroll.

Unfortunately, the program ran into some structural problems which kept our members from receiving funds as intended. Particularly, the program was underfunded and SBA was forced to cap

the loans. In addition, our members overwhelmingly own multiple business units or stores and were limited in receiving funds for each one because of the restrictive affiliation rules. While the PPP waived these rules, EIDL did not. Consequently, the programs could never work in tandem.

Under your leadership, SBA has increased the funding caps incrementally and worked with our industries to address the other limitations of the program. We are grateful for your recognition of the challenges that remain for our owners and their livelihoods, and for your continued emphasis on reshaping the program to work as it was originally intended. **We were very pleased to see your continued commitment to increasing the EIDL cap to \$2 million earlier this year. We would like to better understand the timeline and urge your urgent adoption of the changes to the program.** As the summer travel season fades and the Delta variant causes new travel cancellations, our businesses are suffering. According to recent polling from Morning Consult, two-thirds of business travelers and the majority of leisure travelers are postponing or canceling trips. The critical long term, low interest loans provided by EIDL will be a crucial lifeline when our industries need it most.

In addition to increasing the EIDL cap to \$2 million per loan, we also encourage you to raise the aggregate cap and ensure the EIDL affiliation rules mirror those of the PPP to allow multi-unit operators, particularly franchisees, to equitably access the program. We look forward to working with you and your team at the SBA in expanding the EIDL program to help the hardest hit small businesses in the near future.

Sincerely,

Chip Rogers
President and CEO
American Hotel and Lodging Association

Tom Bené
President and CEO
National Restaurant Association

Matt Haller
President and CEO
International Franchise Association

Liz J. Clark
President and CEO
IHRSA, The Global Health & Fitness
Association

Ken Greene
Interim President and CEO
Asian American Hotel Owners
Association

Misty Chally
Executive Director
Coalition of Franchisee
Associations