



April 11, 2020

Senator Rob Portman
US Senate
Washington, DC 20510

Dear Senator Portman,

Restaurant Industry Requesting Amendments to the CARES Act-PPP

The restaurant industry is an essential part of the United States of America (“USA”) economy and it is stitched into the fabric of our everyday life. Americans and Ohioans visit restaurants for meals and to celebrate life’s special moments, meet friends, spend time with colleagues and relax at more than one million locations around the USA.

Sadly, the COVID-19 crisis is crushing our industry – the second largest private sector employer in America. This is a chosen profession employing more than 15.6 million Americans (585,000 Ohioans) and contributes \$1 trillion to the USA economy – about 4% of our nation’s GDP. In Ohio, restaurants generate \$25.6 billion in sales and drive the economy with hundreds of support services and firms. Further, restaurants generate 51% of the food dollar in the USA, which is critical to maintain during this crisis when the grocery channel is overburdened.

Our sector is crippled by the nationwide public health shutdown impacting countless livelihoods. Research by the National Restaurant Association and the Ohio Restaurant Association sheds light on the early impact from this crisis:

- USA: More than 3 million restaurant jobs lost since March 1 and \$25 billion in sales.
- Ohio: More than 100,000 restaurant jobs lost since March 1 and \$698 million in sales.
- More than 40% of restaurants are closed and 3% say it’s permanent. We anticipate the closure rate to grow.
- For restaurants that remain open and responded to an ORA survey, more than two-thirds of them say sales are down 50-90%.

Restaurant Industry Appreciates Federal Support for Employees

We appreciate the prompt and generous federal/state support for laid off employees, as well as support for businesses including, but not limited to, Small Business Administration (SBA) loans, deferral of income tax filings and Bureau of Workers Compensation payments in Ohio.

However, the CARES Act does not address the restaurant industry’s unique and perilous financial situation. The federal act will not help most restaurants survive. The Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) programs do not address the fact that restaurant owners still face mounting bills for rent, insurance (property/casualty, BWC, health, etc.), food and other supplies that went unused and more.

These bills must still be paid from a revenue stream that is now non-existent or severely limited. The forgiveness provisions of the PPP only cover the eight-week period subsequent to loan origination and is concentrated on payroll (i.e. in applying for forgiveness, the SBA has stated that 75% of dollars must be spent on payroll). But the full reopening of the restaurant industry is likely to be delayed well beyond that timeframe.

For restaurants to reopen after the crisis, significant capital will be needed. Examples include capital needed to restock perishable food; cooler and freezer inventories; to allow for hiring, onboarding and retraining of employees; and to deploy on marketing and operations.

Business will come back slowly as consumers and society deal with social distancing and new norms for gathering. Restaurant sales for dine-in are likely to run at 40-50% of pre-COVID-19 levels, which will pressure revenues and profit margins. Carryout, delivery and drive-through help our industry. But the impact from no dine-in business has been severe.

Upon reopening, owners will only be able to rehire a portion of our employees and we are likely to offer reduced menus as distribution companies work to return to servicing our diminished restaurant sector.

Since all of the negative actions surrounding the Pandemic started to manifest a few months ago, our members across Ohio have been in multiple, thorough discussions about the possibilities of what we would be facing in the future — and that future is here.

Now that we know what is in the CARES Act, one thing is very clear: it will absolutely take the expertise and guidance of those in the restaurant industry to share whether it is enough to significantly affect our businesses in a meaningful way.

We are requesting supplemental amendments to the CARES Act and believe they must emerge soon so that one day we can all reopen our restaurants in Ohio and across the nation. Without amendments to the CARES Act, we believe there is a high likelihood many Ohio restaurants will fail.

Our Request Regarding the CARES Act Pertaining to the PPP

- 1) PPP loan forgiveness stipulations need to be relaxed and expanded. As currently drafted the loan forgiveness will not apply to critical startup costs for restaurants including food, beverages and supplies.
- 2) Provide full forgiveness for rent, suppliers and professional services, in addition to payroll.
- 3) Eliminate the 75/25 provision. As payroll costs are not 75% of budget, this does not make sense operationally for restaurants. This should be changed to 50% at most.
- 4) Lengthen the forgiveness period for payroll to 6 months or when fully operational, instead of 8 weeks from loan origination. This simply isn't enough time for us. It will be 6 months to 1 year before things are somewhat back to normal – whatever the new “normal” is for restaurants.
- 5) Eliminate the provision about forgiveness being reduced based on previous rates of employment. We will have a much slower ramp up in business because of COVID-19 restrictions, unlike manufacturing or other small businesses.
- 6) Provide a longer maturity of 10 years for the loaned portion; 2 years is not enough to help many Ohio restaurants.

Thank you for your time. We welcome further discussion on behalf of 23,000+ restaurant and foodservice locations in Ohio.

Sincerely,

John Barker, President & CEO

Tod Bowen, Managing Director, External Affairs and Government Relations