Restaurant and Foodservice Industry Suffering Devastating Loss of Sales and Jobs

300,000+ Employees Laid Off or Furloughed in Ohio

Leaders Unveil “Restaurant Blueprint for Recovery” Action Plan

Columbus, Ohio (April 22, 2020) – The Ohio Restaurant Association announced today that new research confirms economic devastation to the restaurant and foodservice industry from the COVID-19 crisis. The ORA also highlighted a new “Restaurant Blueprint for Recovery” action plan to help restaurant owners survive.

The research was conducted by the National Restaurant Association. A nationwide survey of 6,500 owners/operators was used to assess the state of the industry.

“The results are stark with more than 300,000 Ohio restaurant employees already laid off or furloughed since March,” said ORA President & CEO John Barker. “Our industry and our people are dealing with the devastating impact from the COVID-19 crisis following the state’s order on March 15 to close dine-in at restaurants. Each day that goes by with closed restaurants pushes operators closer to shuttering permanently.”

Key Results of the National Survey:

• 8 million restaurant employees have already been laid off or furloughed. This represents more than two-thirds of employees that were working at the nation’s eating and drinking places in February.
• In Ohio, more than 300,000 restaurant employees are laid off or furloughed.
• 4 out of 10 restaurants nationally have closed their doors, some with no hope of reopening. Ohio’s results were closer to 5 out of 10.
• 3% of operators say they have permanently closed their restaurant since the beginning of the coronavirus outbreak in March. 5% of operators anticipate permanently closing their restaurant within the next 30 days.
• 97% of restaurants saw total sales volumes decline during the period of April 1-10 compared to a year ago, and on average the decline was -78%.
• The restaurant/foodservice industry lost $30 billion in revenue in March and is on track to lose an additional $50 billion by the end of this month.
• More than 60% of restaurant owners say that existing federal relief programs – including the CARES Act – will not enable them to keep their employees on payroll throughout the downturn.
• Assuming a gradual reopening of the economy in June 2020, the association forecasts sustained losses of $240 billion for restaurants by the end of the year.

“These alarming facts are very troubling when you consider our industry employs the second largest workforce in the U.S. and Ohio,” said Barker. “It’s been more than six weeks since business closed for many, but their fixed costs such as rent are still due, taxes are deferred but will still be required, and cash flow has evaporated for most operators.”

New “Restaurant Blueprint for Recovery” Action Plan Unveiled and Amendments to PPP

“We appreciate the stimulus and relief provided to businesses in the CARES Act and several steps by the state of Ohio defer taxes and call for rent relief. However, the federal government’s major stimulus and relief act – the Paycheck Protection Program (PPP) - does not work for our operators due to the unique
nature of the restaurant industry. This is a tight margin and cash flow business, and most restaurants are not able to put people back to work until the closure order is lifted.”

The National Restaurant Association has requested a comprehensive relief package specifically designed to help restaurants survive – called the “Restaurant Blueprint for Recovery.” It proposes the federal government swiftly move to support the restaurant industry, which represents 51% of all food dollars in the U.S.:
1. Enact the Restaurant and Foodservice Industry Recovery Fund (RFIRF) with $240 billion to compensate restaurants for government-ordered closures, reopening start-up capital, rehiring and retraining employees.
2. Replenish the funding and fix the structural issues with the PPP.
3. Provide a Healthy Restaurants tax credit or grant program.
4. Provide federal relief for employer’s share of unemployment insurance.
5. Enact the “SNAP COVID-19 Anti-Hunger Restaurant Relief for You Act of 2020.”
6. Increase funding for Economic Injury Disaster Loans (EIDL).

Details of the blueprint are available here.

“It is also critically important that elected officials amend the Paycheck Protection Program,” said Barker. “We are asking Congress and Treasury for changes that would enable the PPP to work for restaurants. This is urgent as expenses continue for businesses and we face a future where restaurants suffer from a slow economic recovery due to requirements we anticipate for retail businesses – including social distancing, capacity limits and face coverings, plus additional capital costs for physical plant adjustments, restocking food inventory, rehiring, training and marketing. Many operators expect dine in business to return at less than 50% of previous sales levels.”

Ohio Restaurants Preparing to Reopen for Business
As the public continues to learn about states reopening for business and awaits more specific information from Ohio Gov. Mike DeWine, restaurants are encouraged to continue to plan for eventual reopening.

Many restaurants are operating with carryout, drive-through and delivery, as allowed after the State on March 15 ordered restaurants could not offer dine in. Business owners are looking ahead to an update to the Stay-at-Home Order. The current order from Dr. Amy Acton, Director of the Ohio Department of Health, runs through May 1.

Many restaurant owners are pivoting their business models and improving their processes for carryout and delivery. They are adding online and phone-ahead ordering, contact-less transactions and heightened levels of cleaning.

When new information is provided by Gov. DeWine, restaurants should be prepared to operate with:
• Social distancing and capacity guidelines
• Facial coverings
• Heightened standards of hygiene and sanitization
• Employee health monitoring

The ORA and the Ohio Environmental Health Association co-authored an initial draft of recommended guidelines at the request of Lt. Gov. Jon Husted.

“Our draft of recommended guidelines reflects the broad scope of Ohio businesses offering food and beverages, including fine dining, casual dining, fast casual, quick service, family style, buffets, caterers, ice cream and dessert shops, food trucks, hotel dining rooms, bars, breweries, grocery dining areas and more,” said Tod Bowen, Managing Director of External Affairs and Government Relations. “This also includes independent owners, small businesses, mid-sized operators, and chains.

“We look forward to working closely with 23,000+ foodservice locations in Ohio and health officials across the state to ensure a safe environment for our guests and employees. We are looking forward to the next phase of business in Ohio so that restaurants can begin a road to recovery.”
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