



The American Rescue Plan Act: Opportunities for Hospitality Industry Relief & Recovery Policy Options

The American Rescue Plan Act (ARPA) was signed into law by President Biden on March 11, sending \$350 billion to states, local and tribal governments to address the fiscal impacts of the COVID-19 pandemic. Michigan received \$10.1 billion of this funding, with \$5.7 billion going to the state and \$4.4 billion distributed to several cities and counties.

The ARPA stipulates that 25 percent of those funds be devoted to hospitality industry relief efforts, but the legislative text is not specific in how states and local governments should allocate funds to meet that goal. This is a generational opportunity for the state of Michigan and its many great municipalities to alleviate the economic losses sustained through the pandemic in the hospitality and tourism industries.

Below are direct excerpts from the ARPA, illustrating the specific focus by Congress and President Biden to prioritize targeted relief to “tourism, travel, and hospitality.”

1. Sec. 9901 Coronavirus State and Local Fiscal Recovery Funds

a. page 223 - “Use of Funds - Subject to paragraph (2), and except as provided in paragraphs (3), a state, territory, or Tribal government shall only use the funds provided under a payment made under this section, or transferred pursuant to section 603(c)(4) to cover costs incurred by the State, territory, or Tribal government, by December 31, 2024 - (A) to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households, small businesses, and non-profits, or **aid to impacted industries such as tourism, travel, and hospitality**”

b. page 228 - “Requirements - “(1) USE OF FUNDS. -Subject to paragraph (2), and except as provided in paragraphs (3) and (4), a metropolitan city, nonentitlement unit of local government, or county shall only use the funds provided under payment made under this section to cover costs incurred by the metropolitan city, nonentitlement unit of local government, or county, by December 31, 2024 - “(A) to respond to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19) or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or **aid to impacted industries such as tourism, travel, and hospitality;**”

2. Sec. 6001 Economic Adjustment Assistance Grants

a. (page 90) - “(c) of the funds provided by this section, **25 percent shall be for assistance to States and communities that have suffered economic injury as a result of job and gross domestic product losses in the travel, tourism, or outdoor recreation sectors.**”



Through this document, the Michigan Restaurant & Lodging Association (MRLA) offers a series of strategic public policy proposals devised to help Michigan's \$40 billion hospitality industry recover from its catastrophic recent past, survive its challenging present and position it to thrive into the future. Each proposal is designed to meet one of three primary objectives:

- **Provide Meaningful Immediate Relief**
- **Promote and Enhance a Safe Environment for Michiganders to Dine and Travel**
- **Invest in Hospitality Workforce Development, Recruitment and Retention**

Meaningful Immediate Relief

The hospitality industry in Michigan has been disproportionately devastated by the COVID-19 pandemic and seems poised to not just be the first industry to shut down, but the last to recover. The pandemic shuttered more than 3,000 Michigan restaurants, reduced sales by 57 percent and erased more than 200,000 hospitality jobs. The prolonged capacity restrictions, a third COVID-19 surge and lingering doubts by some to travel and dine all contribute to the arrested development of the industry in 2021. Immediate relief is needed just to keep many restaurants and hotels viable. Here are a few strategic approaches that would efficiently deliver relief where it is needed most:

1. Create a Michigan-Specific Restaurant Revitalization Fund - \$250 million

The Federal Restaurant Revitalization Fund is a \$28.6 billion component of the American Rescue Plan Act that seeks to provide grants to small restaurant operators that can demonstrate significant financial loss from the pandemic. It is administered by the [Small Business Administration \(SBA\)](#) and is wildly popular within the industry, but is not expected to meet the steep demand, leaving many struggling restaurants with no relief. We recommend Michigan create a similar fund using the same criteria and award grants to eligible restaurants from a total fund of \$250 million. This program would be popular and easy to administer as its requirements are already well known by the industry and the need has proven to exist well beyond current federal allotments.

2. Offer a Meeting and Event Incentive - \$100 million

Michigan's meetings and events sector has been decimated by its inability to conduct business indoors since the onset of the pandemic, which in turn has imperiled many hotels who host these events or lodge its participants. Signature events like the North American International Auto Show infuse millions into Michigan's local economy all by themselves and smaller, but more ubiquitous events like weddings, trade shows and conferences are responsible for tens of thousands of jobs. Michigan's prolonged COVID-19 exposure this spring has set back its ability to attract this business and the industry now finds itself at a distinct disadvantage to surrounding states. We propose that Michigan use \$100 million to offer an incentive to book a meeting or event in the state. The incentive would include a 15 percent credit against the hard costs associated with hosting a meeting or event through 2022, including hotel rooms, food and beverage and audiovisual expenses. The state of [Colorado recently enacted something similar](#) using CARES Act dollars and can serve as a model from which to craft a program in Michigan.



3. Enact Hospitality Industry Specific Relief Embodied in Senate Bill 114 (S-3) - \$405 million

The MRLA has advocated for a negotiated outcome that can secure the governor's signature on supplemental appropriations legislation that will provide much-needed relief to beleaguered restaurants and hotels. [Senate Bill 114 included priorities originally recommended in the Association's "Mission to Save Hospitality 2.0" document, released in January 2021.](#) It includes funding as follows:

- **\$300 million** for a Property Tax relief program for negatively impacted businesses.
- **\$55 million** for unemployment insurance tax relief for eligible businesses.
- **\$16.5 million** for Liquor License relief.
- **\$22 million** for food service establishment license relief.
- **\$11.5 million** for a license and inspection fee relief program.

A Safe Environment to Dine and Travel

The COVID-19 pandemic has dramatically altered the willingness of the public to venture out, which in turn has jeopardized the reputation of the hospitality industry and challenged its recovery. As we move toward a more complete reintegration of our public lives, the state of Michigan should look to invest in technology and training that tangibly improve public safety outcomes at indoor locations, while effectively projecting that message to the public.

1. Invest in Superior Ventilation for Michigan Restaurants, Event Spaces and Banquet Centers - \$150 million

While data that can demonstrate the direct causation of COVID-19 transmission at restaurants is limited, there is a growing consensus that improved ventilation and air quality can contribute to improved health outcomes at any indoor establishment. In that vein, the state should invest in improved indoor air quality by subsidizing the entire cost associated with a restaurant, event space or banquet facility meeting the [MI COVID-19 Safer Dining standard](#). Any restaurant, event space or banquet facility that can demonstrate a functioning HVAC system that meets or exceeds an efficiency standard of 13 (MERV-13), the state will provide a direct reimbursement not to exceed \$10,000 per location. The total cost should not exceed \$150 million.

2. Incentivize Better COVID-19 Safety Training and Higher Sanitization Standards - \$5 million

The state should also invest in the human capital necessary to improve public safety outcomes in food service establishments like restaurants, hotels and banquet spaces. The [MRLA ServSafe Dining Commitment](#) is a proven standard that is known to industry and the public alike. It requires rigorous training in COVID-19 safety protocols as well as food safety and sanitization standards that improve health outcomes overall in restaurants. A small investment of \$5 million will allow every restaurant in Michigan the ability to receive training modules free of charge and allow a small stipend for the MRLA to successfully market the program to both the industry and to the general public.



Hospitality Workforce Development, Recruitment and Retention

While all employers have experienced workforce challenges at some point during the pandemic, none come even remotely close to the hardships endured by the hospitality industry over this period. In the early throes of the pandemic, when the industry was shuttered and travel stood still, approximately 85 percent of the restaurant and hotel workforce was laid off or furloughed. A year later, the industry still operates with 40 percent fewer employees than it did prior to the pandemic. As Michigan's vaccine rollout continues, opportunities are now slowly starting to present themselves, creating an entirely new challenge for employers of how to recruit and retain enough workers to meet pent up demand. Whether because of supplemental stimulus and unemployment benefits, an environment of uncertainty related to two shutdowns and ongoing occupancy restrictions or simply the incapacity to earn tipped revenue at pre-pandemic levels – hospitality employers are already imperiled by their inability to secure adequate employment levels. As the second largest private employer in the state of Michigan, the hospitality industry's struggle is Michigan's macroeconomic struggle. As such, the state should invest in targeted workforce development programs that allow the industry to recover in ways that meet pent up demand to dine and travel. We suggest the following:

1. Employer Tax Credit for Hospitality Employee Cash Incentive - \$50 million

The state providing a financial incentive to encourage employees to return to work would serve as an efficient mechanism to mitigate the short-term crisis in the industry. We propose allowing an employer with a NAICS code of either 71 or 72 to take a dollar-for-dollar credit for providing a \$1,500 hiring bonus per new full-time employee or \$750 per part-time employee retroactive to March 11, 2021. The bonus would be paid out in increments over a six-month period. The employer would only be eligible to receive the credit for employees making at least 125 percent of the state minimum wage or tipped minimum wage, whichever is appropriate.

2. Hospitality Training Program - \$10 million

The hospitality industry recently developed a more comprehensive approach to education and training that demonstrates the pathway to a successful, long-term, career in the industry and not just an entry-level job. As we look to inspire careers and opportunities in this industry, subsidizing education within the industry to advance one's profession seems admirable. In many respects it is necessary after consecutive shutdowns reduced opportunities to grow and to thrive in this industry. We recommend subsidizing the cost to achieve industry certifications that will advance careers in the restaurant industry through [ServSuccess](#) training modules as well as hotel certifications earned through the [American Hotel & Lodging Education Institute](#).

3. Industry Specific Job Board - \$2.5 million

The hospitality industry in Michigan is in serious need of an industry-specific job board connecting employers with several lucrative professional opportunities with potential job seekers. The MRLA, through its large membership base and recent experience administering direct relief to over 100,000 displaced hospitality workers is in a unique position to successfully launch such an endeavor. We have the infrastructure, network, and experience to create meaningful connections that will benefit employer, employee and the state of Michigan.

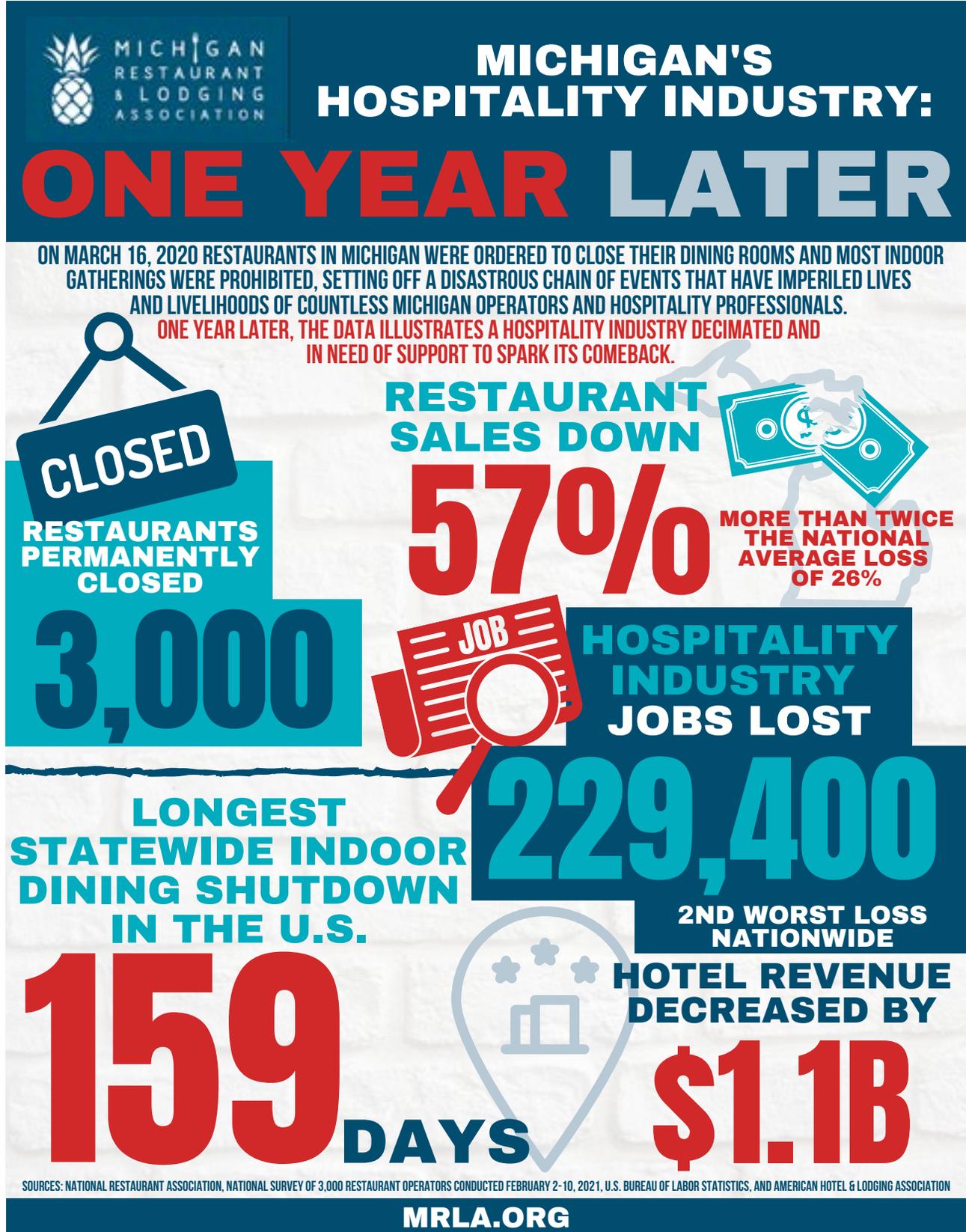


4. ProStart/Hospitality & Tourism Management (HTM) - \$2 million

ProStart is a nationwide, two-year high school program that unites the classroom and the industry. It develops the best and brightest talent into tomorrow's restaurant and foodservice industry leaders. In Michigan, 70 high schools and career centers use the ProStart curriculum with more than 5,000 students participating. Students learn vital kitchen skills, including food safety and knife cuts, and important management lessons, such as menu development and marketing. The state competition provides a hands-on opportunity for students to demonstrate the skills learned throughout the year and are judged by top industry professionals. For several years prior to the pandemic, ProStart received state appropriations to provide scholarship opportunities to disadvantaged school districts to attend the statewide competition and for competitive grants to secure needed kitchen infrastructure at participating programs. We are requesting \$2 million to restore the program, which has sat dormant in many districts because of the pandemic. The Hospitality & Tourism Management curriculum and credentials are in the process of approval by the Michigan Department of Education Career and Technical Education as a pilot program in the 2021-2022 school year and statewide the following year. Other states with a substantive tourism industry, like Florida and South Carolina, already operate with a similar HTM curriculum in their career and technical centers.

[View Appendix for industry impact details.](#)

Appendix 1-1



Appendix 1-2



STATE OF THE HOSPITALITY INDUSTRY

MICHIGAN VS. NATIONAL

To assess the ongoing economic impact of the coronavirus pandemic, the National Restaurant Association research group conducted a survey of 3,000 restaurant operators February 2-10 and April 1-14, 2021. This data demonstrates that while Michigan's hospitality industry is slow improving, it still lags behind the national average.

31%

**RESTAURANT
SALES DOWN**

19%



80%

**TOTAL SALES
VOLUME**

65%

**OF MI RESTAURANT
OPERATORS SAY
TOTAL SALES
VOLUME WAS DOWN
IN MARCH 2021**



**OF OPERATORS
NATIONALLY SAY
TOTAL SALES
VOLUME WAS DOWN
IN MARCH 2021**

70%

STAFF SHORTAGE

45%

**OF OPERATORS IN MI
SAY STAFFING IS
MORE THAN 20%
DOWN**



**OF OPERATORS NATIONALLY
ARE EXPERIENCING THAT
HIGH OF A STAFFING
SHORTAGE**