



## **American Society of Travel Advisors (ASTA) – Requests for COVID Relief**

*February 2021*

The vast majority of U.S. travel agencies (98 percent) are small businesses under the Small Business Administration’s (SBA) size standards, and over two-thirds of them are owned and operated by women. At last count, there were close to 15,000 retail locations in the U.S., employing over 108,000 people, plus an additional 40,000 self-employed travel advisors working as independent contractors (ICs). As a result of the coronavirus pandemic (COVID-19) and the governmental response to it, average travel agency business income was down 82 percent in 2020 as compared to 2019 according to ASTA member surveys. Even factoring in the relief programs created by the Coronavirus Aid, Relief, and Economic Security (CARES) Act (P.L. 116-136) and successor legislation, the average travel agency has laid off close to 60 percent of its staff. And due to industry economics (i.e. commission payment schedules), there will be a substantial time lag between a return of travel bookings and a corresponding return of business income – an anticipated average of eight months’ delay.

While the Continuing Appropriations Act of 2021 (P.L. 116-159) provided some breathing room for travel agencies in the form of additional Paycheck Protection Program (PPP) and Employee Retention Tax Credit (ERTC) funding, it will be short-lived and without additional federal relief our industry faces the prospect of continued agency closures, mass layoffs and termination of IC relationships.

Government action – here and abroad – has played a key role in this catastrophe. We understand that our country is facing the worst public health crisis in history, and understand as well the rationale behind these government restrictions. That said, we believe the government has a responsibility to provide some level of support to those businesses harmed by its response to COVID-19. Financial support for the travel industry has been uneven so far, especially with regard to less visible sectors of the industry like travel agencies. As such, we respectfully submit our requests to Congress for the next round of COVID-19 relief:

- Create a \$9.3 billion travel agency grant program akin to those created by the Continuing Appropriations Act of 2021 for performing arts venues, movie theaters and museums (\$15 billion) and motorcoach, passenger vessel and private school bus operators (\$2 billion). This amount represents projected second through fourth quarter 2021 revenue loss based on a wide-ranging survey of over 1,500 ASTA members conducted on January 28 and 29, 2021, and is almost certainly conservative.
- Include NAICS Code 5615 (Travel Arrangement and Reservation Services) in the Continuing Appropriations Act’s provision allowing certain businesses to receive a PPP loan of 3.5 times their average monthly payroll versus 2.5 times for other applicants.

- Support any and all efforts, including changing existing laws, to mitigate the impact of the Canadian government's decision to suspend cruise operations in Canadian waters through February 2022 and to otherwise ensure the cruise industry in Alaska can resume operations as soon as possible.

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