



SUPPORTING OHIO JOBS AND ACCELERATING THE ECONOMY

A Call for Action



Ohio Travel
ASSOCIATION



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EXECUTIVE SUMMARY

The travel economy, while the hardest hit sector during the Coronavirus pandemic, will be vital to accelerating Ohio's economic recovery.

Academic and private economists have identified that an economy's recovery can be expedited following a time of crises through strategic travel promotion and encouraging travel spending. As Ohio is largely a domestic travel and drive market, we are well situated to emerge from this crisis with better results than travel markets that rely on international and fly-in travelers.

Those Businesses Reliant on Travel are Hardest Hit

The travel industry is the hardest hit during the COVID-19 crisis. Travel losses alone are enough to push the economy into recession. (Oxford Economics, 2020)

Travel in Ohio is Key to Recovery

More than 50% of Americans have cancelled travel plans during the crisis, and 1 in 4 plan to change travel plans to drive destinations instead of ones that require a flight, positioning Ohio well for regional and in-state getaways. (Longwoods International, 2020)

The greatest opportunity to mitigate economic losses is to reduce the time required for a recovery. While typical recovery times from a disease-related crisis range from 12 to 16 months, this can be shortened through strategic promotions and support of travel. (Oxford Economics, 2020)



WHAT WE RECOMMEND

Managing the crisis and mitigating the impact

- Ensure businesses needed for recovery phase are ready and able to perform, prevent business closures and incentivize job retention
- Protect our displaced workers
- Streamline information and response mechanisms for those on the front-line of assisting businesses
- Provide support for those assisting businesses
- Create crisis management mechanisms and strategies

Accelerating economic recovery through travel

- Protect the future ability for Ohio to leverage travel as a means to boost the economy
- Provide financial stimulus for tourism investment and operations
- Review taxes, charges and regulations
- Ensure businesses are ready and able to open
- Get displaced hospitality and tourism workers back to work as soon as possible
- Incentivize meetings and conferences
- Invest in partnerships to educate, inform and deliver recommendations
- Understand the market and act quickly to restore confidence and stimulate demand
- Stimulate travel

The recommendations provided in this report are focused on getting Ohioans moving and working again through encouraging travel when the time is right. These recommendations do not replace the important work being done with our statewide partners who work within specific travel sectors; in fact, it's quite the opposite. Their work in representing the specific needs of their businesses is essential for ensuring the network of businesses needed to service travelers is intact and ready to rebound.





IMPORTANCE OF ACTION

While public health and safety remain top priority, we must work together now to accelerate economic recovery later.

We applaud Governor Mike DeWine and his team for their quick and difficult decisions to protect public health and safety. Our priority must be protecting our loved ones, our employees, our guests and those we've yet to meet.

Recognizing their important role in curbing COVID-19, **Ohio travel businesses rose to the challenge.** Some shuttered their businesses voluntarily before Executive Orders were signed. They cancelled conferences, meetings and events. They repurposed to provide much-needed supplies, such as hand sanitizers. Others are creating safe ways to feed Ohioans by providing carryout and delivery. They're creating online lesson plans for teachers and parents educating our youth. Now they are opening their doors to become makeshift hospitals and to house front-line healthcare workers.

At the same time, Ohio travel businesses are among the hardest hit. As these businesses are in the very business of stimulating consumer spending through travel, all are suffering devastating losses and many may not recover.

The seasonality of travel in Ohio and cash flow for many of these businesses is a further concern. As more than half of Ohio visitor spending in some sectors occur late-May through August, losses will exponentially grow without help and an aggressive plan for recovery. Many businesses who rely on a seasonal influx of cash operate on a business model anticipating these revenues to cover expenses the entire year. Based on 2018 sales tax collections, 66% of the \$21 million in Ohio sales tax from recreation-based businesses is collected April through September, with 46% of that occurring July through September (Ohio Department of Taxation, 2018).

Businesses represented in this category include spectator sports, amusement parks, museums, performing arts companies, casinos, and independent artists. Half of the \$21 million in sales tax revenue generated just by the aforementioned businesses is collected by amusement parks and arcades, with 63% of this \$10.5 million in sales tax revenue collected July through September.

There is good news. Travel can accelerate economic recovery in Ohio, but we must plan now. Academic and private economists have identified that an economy's recovery can be expedited following a time of crises through strategic travel promotion and encouraging travel spending. **As Ohio is largely a domestic travel and drive market, we are well situated to emerge from this crisis with better results than travel markets that rely on international and fly-in travelers.** If we prepare now, we can maximize post-crisis traveler spending – spending that will refuel businesses, reinstate jobs, and generate state and local taxes almost immediately.





ESTIMATED IMPACT OF LOSS OF TRAVEL IN OHIO



CONTRIBUTIONS TO THE OHIO ECONOMY PRIOR TO DISRUPTION

When people travel for business or leisure, they spend money. If we follow the money, the depth and breadth of visitor spending becomes apparent. In 2018, travelers in Ohio directly spent \$36.8 billion at Ohio businesses. These businesses spent \$9.8 billion on goods and services to keep their businesses running. Another \$9 billion of spending occurred as those who have personal income because of visitor spending make purchases.

Added together, travel in Ohio contributed \$55.8 billion to the Ohio economy in 2018.

Business sales impacts, millions				
	Direct	Indirect	Induced	Total
Agriculture, Fishing, Mining	-	355.0	142.4	497.5
Construction and Utilities	-	668.5	267.5	936.0
Manufacturing	-	2,010.1	982.3	2,992.4
Wholesale Trade	-	171.2	113.2	284.4
Air Transport	862.8	19.8	16.3	899.0
Other Transport	2,685.9	478.2	182.0	3,346.2
Retail Trade	6,397.9	252.1	1,094.0	7,744.0
Gasoline Stations	6,335.1	17.1	66.4	6,418.7
Communications	-	468.7	221.1	689.9
Finance, Insurance and Real Estate	2,076.1	2,096.7	1,596.7	5,769.5
Business Services	122.8	2,427.9	724.0	3,274.7
Education and Health Care	-	9.9	1,675.4	1,685.3
Recreation and Entertainment	5,647.0	198.1	149.8	5,994.9
Lodging	4,100.0	50.1	46.3	4,196.4
Food & Beverage	8,181.8	157.6	469.2	8,808.6
Personal Services	368.3	251.0	421.2	1,040.4
Government	-	216.9	1,004.9	1,221.8
TOTAL	36,777.8	9,849.0	9,172.7	55,799.5
Percent Change	4.6%	5.6%	4.1%	4.7%

1 Ohio sales due to traveler spending (Tourism Economics, 2019)

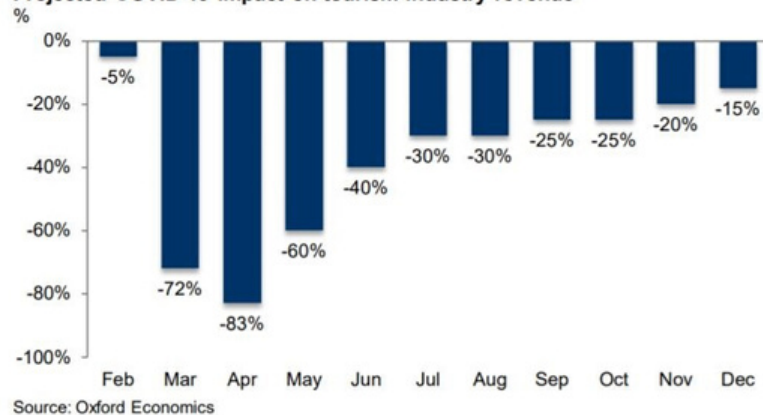
Travel industry losses will far exceed that of any other sector. This is 7 times the impact of 9/11. (Oxford Economics, March 26, 2020)

IMPACT ON OHIO BUSINESSES

All sectors of the travel economy have been devastated by COVID-19. Oxford Economics anticipates at least a 78% drop in revenue over the next two months and continued losses over the rest of the year. They predict 34% loss over the year, assuming partial lifting of restrictions in May (Oxford Economics, March 26, 2020). Faced with uncertainty, Oxford Economics regularly update this forecast, and we can assume losses will be greater based on current predictions of when peak exposure occurs and extension of restrictions due to flattening the curve. Already, weekly reports from US Travel Association show an 82% loss in traveler spending during the month of March which is higher than the original prediction of 72% loss in March. (US Travel Association, April 2, 2020)

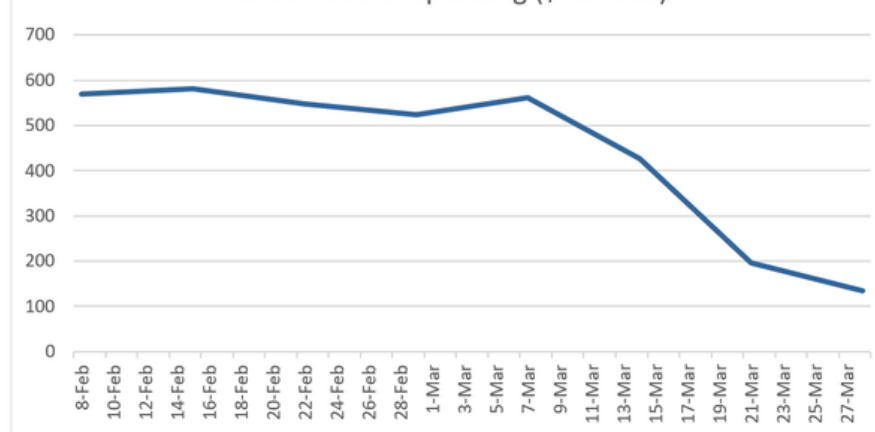
Based on early national forecasts, Ohio faces a loss of \$19 billion due to a reduction of visitor spending in 2020 and has already experienced a \$465 million decrease in spending year-over year as of March 28. (US Travel Association, April 2, 2020)

Projected COVID-19 impact on tourism industry revenue



2 Estimated 2020 losses due to COVID-19

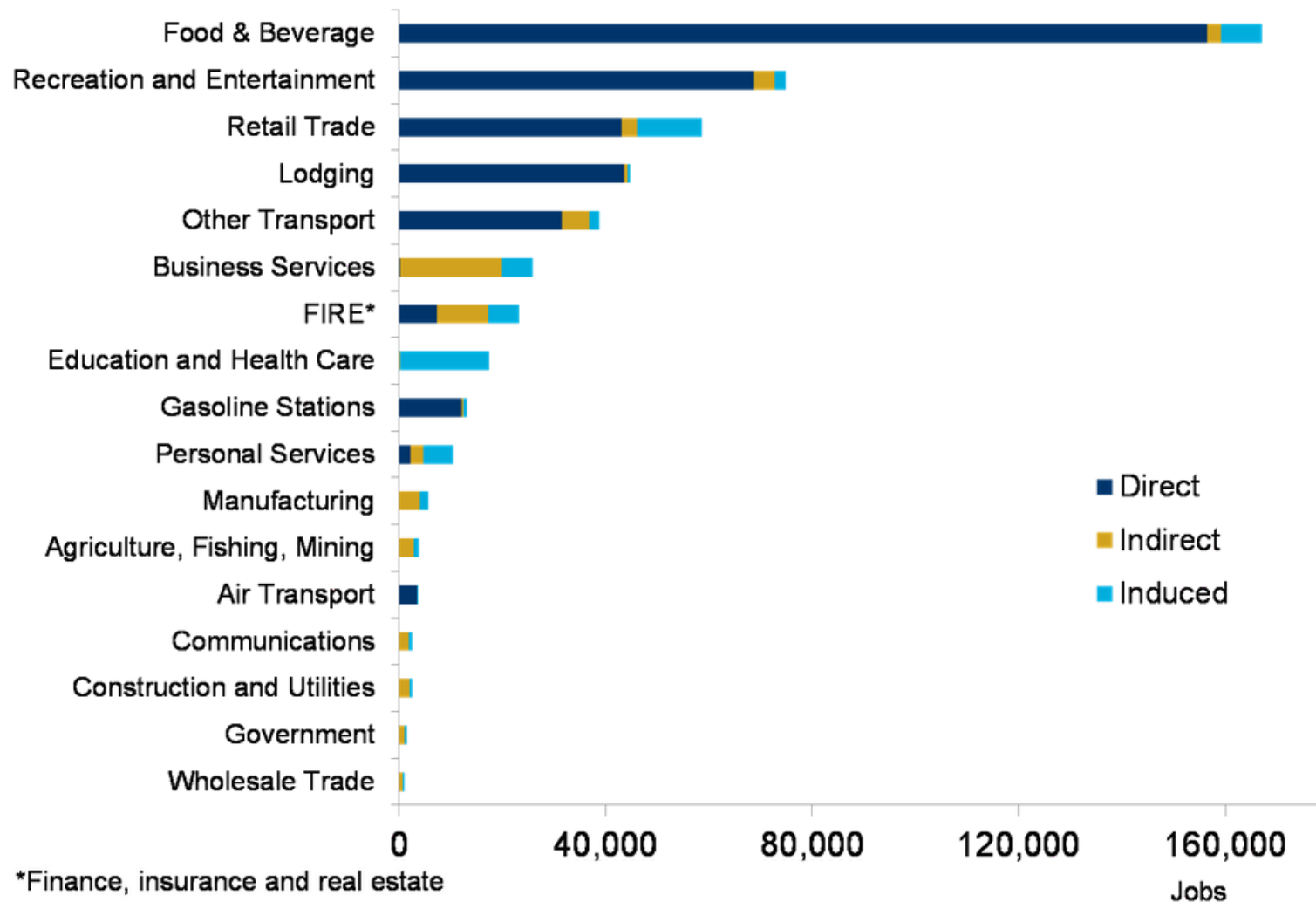
Ohio Traveler Spending (\$Millions)



3 Year-over-year losses in Ohio traveler spending down 76% as of March 27 (US Travel Association)

Travel supports 495,080 jobs in Ohio, with 368,860 of those jobs being held in businesses with direct traveler spending such as food and beverage, recreation and entertainment, retail, lodging and transportation. These were the first jobs to be lost by COVID-19. Travel jobs generated nearly \$8.8 billion in direct personal income and a total of \$14.1 billion when indirect and induced impacts are added. (Tourism Economics, 2019)

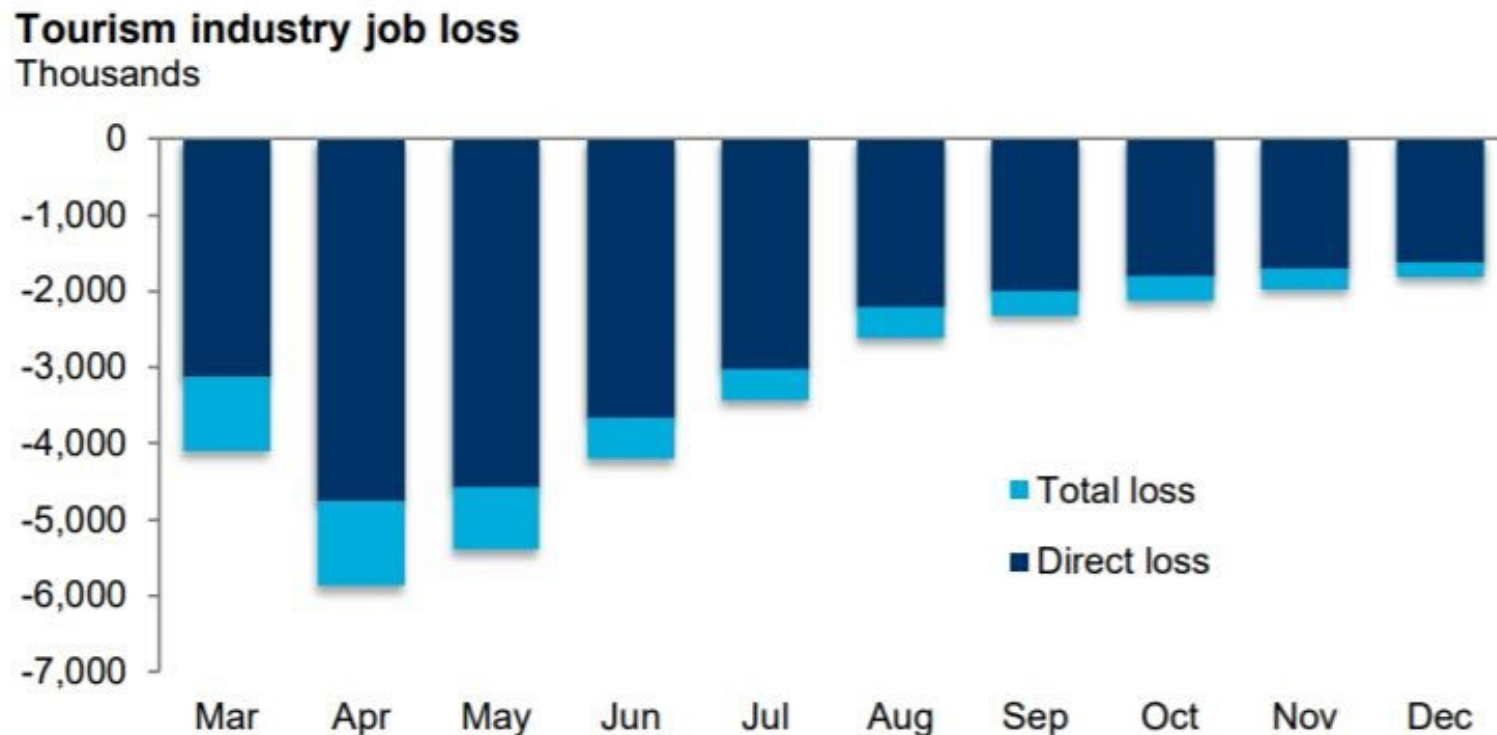
Employment impacts by industry



Based on forecasts as of March 26, at the lowest point, 5.9 million people will lose their jobs this year nationally as a result of travel declines, including 4.7 million jobs directly in the travel industry (Oxford Economics, March 26, 2020).

Ohio ranks 6th in the nation in the number of accommodations and food service jobs supported by travel in the state and 7th in the nation in the number of arts, entertainment and recreation jobs. (Bureau of Economic Analysis, 2018). Unemployment reports are not yet publicly available, but based on the forecasted job loss nationally and Ohio's ranking as a state with the greatest number of travel-related jobs, we can assume Ohio job losses in businesses who rely on travel to be catastrophic.

It is also important to understand these jobs are not all service-related, but include those in management, sales, engineering, marketing, human resources, finance, education, culinary, and more.



Source: Oxford Economics

Oxford Economics predicts a loss of \$25.2 billion in state taxes throughout the United States by year-end. Travel in 2018 generated \$2 billion in state taxes for Ohio. Just based on the anticipated 34% loss in the overall travel economy, we can expect a loss of more than \$693 million in state taxes generated by travel in the state. (Tourism Economics, 2019)

Tourism-Generated Taxes							
(US\$ Million)							
	2012	2013	2014	2015	2016	2017	2018
Federal Taxes	2,741.0	2,802.2	2,949.2	3,085.2	3,200.8	3,314.8	3,532.9
Corporate	499.3	483.4	536.0	553.9	567.7	578.0	596.0
Indirect Business	253.6	265.6	278.2	291.7	301.7	307.6	348.1
Personal Income	834.3	861.6	896.0	939.8	978.3	1,016.3	1,081.8
Social Security	1,153.8	1,191.6	1,239.1	1,299.7	1,353.0	1,412.9	1,507.0
State Taxes	1,714.3	1,749.8	1,808.4	1,888.5	1,950.6	1,985.6	2,036.6
Corporate	425.2	411.6	456.4	471.6	483.4	470.2	458.8
Personal Income	337.6	348.6	311.5	326.7	340.1	351.4	363.4
Sales	814.5	852.8	893.3	936.9	969.0	1,003.2	1,050.3
State Social Security	61.0	63.0	65.5	68.7	71.5	72.4	73.4
Excise and Fees	76.1	73.7	81.7	84.5	86.6	88.4	90.6
Local Taxes	1,151.9	1,175.0	1,221.6	1,272.0	1,321.8	1,365.5	1,421.7
Personal Income	33.8	34.9	36.3	38.0	39.6	40.6	41.7
Sales	148.1	155.1	162.4	170.3	176.2	182.4	191.0
Property	730.6	730.6	730.6	757.5	785.4	814.3	844.3
Admissions	23.8	25.3	27.1	28.7	29.1	30.1	31.6
Lodging	144.3	160.1	188.7	198.3	210.5	215.1	228.3
Other Taxes and Fees	71.3	69.1	76.6	79.1	81.1	82.9	84.9
TOTAL	5,607.2	5,727.0	5,979.2	6,245.6	6,473.2	6,665.8	6,991.2





OHIO TRAVEL AS A ROAD TO ECONOMIC RECOVERY

“Due to its cross-cutting economic nature, tourism is uniquely positioned to help societies and communities affected return to growth and stability. Over the years, the sector has consistently proven its resilience and its ability not only to bounce back as a sector but to lead the wider economic and social recovery. This depends on adequate political support and recognition,”

(UN World Tourism Organization, April 1, 2020).

After interruption, tourism rapidly returns to its long-term pattern of growth. (Hollier, 1991) (Ellison, 2001) This resilience can be a potent force in economic recovery.

Reducing the time needed for recovery is the greatest opportunity to mitigate economic losses. While typical recovery times from a disease-related crisis range from 12-16 months, this can be shortened through strategic promotions and support of the travel industry (Oxford Economics, March 26, 2020).

Ohio is well-suited to use travel as an economic recovery strategy for the following reasons. (Tourism Economics, 2019)

- Ohio is a domestic market; only 3% of our visitors are from overseas or Canada. International travel will have a slower recovery.
- Ohio is a drive market. As travel resumes, it is anticipated that consumer confidence will be low and that short drive trips will dominate.
- Ohio's travel market is 85% leisure and 15% business. Business travel is anticipated to rebound more slowly.
- Ohio has a diverse product. Natural areas, small towns, and outdoor recreation are abundant and are anticipated to be the most sought-after experiences initially.

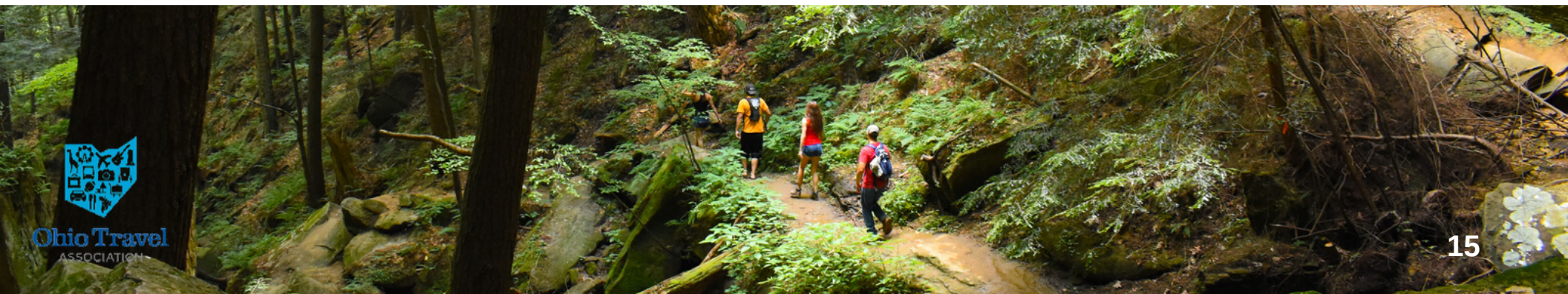


Although we have never encountered a crisis of this magnitude, research on economic recovery after other types of economic-disrupting crises - including SARS, foot-and-mouth disease, 9/11 - gives us valuable insights on what worked to expedite economic activity.

- Help travel-related businesses during the crisis so these businesses will be able to operate when this crisis over.
- Aggressively promote travel following a crisis (Hollier, 1991) (Ellison, 2001) (Mao, Ding, & Lee, 2010) (Oxford Economics, March 26, 2020)
- Identify and assist travel-related businesses adjust to demand changes likely to emerge - lower prices, shorter duration of trips, changes in booking habits, changes in motivation for travel, and shifting demand for certain products.

Recommended actions proposed on the following pages are based on two strategies:

- Managing the crisis and mitigating the impact.
- Accelerating recovery.





MANAGING THE CRISIS AND MITIGATING THE IMPACT

Much has been done to protect Ohio businesses, and we applaud the efforts to reduce short-term expenditures and economic relief measures at both the state and federal levels. Gaps in relief for some of the most vulnerable organizations exist, however. Counted among these are those whose ability to do business are essential for economic recovery (such as convention and visitors bureaus throughout the state). Also among these are the business associations who are on the ground helping Ohio businesses.

- ***Ensure businesses needed for recovery phase are ready and able to perform, prevent business closures and incentivize job retention***
 - Explore collaborative contracts, grants, alternative funding programs and increased eligibility of existing programs for 501 c 6 organizations that are largely ineligible for federal relief packages. Among the businesses excluded from much of the federal relief are convention and visitors bureaus whose roles to encourage traveler spending later are essential to recovery.
 - Although much has been done for Ohio small businesses, identify needs and potential relief programs for large businesses reliant on a healthy travel economy.
 - Consider unique needs of seasonal businesses who routinely operate with low cash flows in March, April and May knowing their influx of revenue occurs in June, July and August. Assistance will likely be needed for a longer period of time. Funding programs aligned to first quarter payroll does not accurately reflect need.
- ***Protect our displaced workers***
 - Encourage shifting of charitable foundation priorities to support job retention and displaced workers in hospitality and tourism, a sector that is often overlooked by these organizations when prioritizing funding programs.
 - Work with industry associations to connect displaced hospitality workers with immediate job openings.
 - Ensure unemployment eligibility for part-time workers and create mechanisms to support partial unemployment, such as reduced working hours.
- ***Streamline information and response mechanisms for those on the front-line of assisting businesses***
 - Identify a key contact in the Administration for clarification of existing and future Executive Orders and regulations for businesses in the travel economy.
 - Connect travel businesses with resources already produced to assist in disseminating information.
- ***Support those assisting businesses***
 - Contract with Ohio travel business trade organizations who are currently on the front-line of assisting businesses through education and information, helping businesses stay open and keeping workers employed through connecting them to resources and/or providing consultation, identifying critical business needs and conveying them to government authorities at all levels, etc.
- ***Create crisis management mechanisms and strategies***
 - Identify possible scenarios for lifting restrictions even with uncertainty, as this is needed so businesses can plan for physical, inventory or staffing requirements



ACCELERATING RECOVERY

As stated earlier, public safety is top priority. Given travel's documented ability to accelerate economic recovery, however, the Ohio Travel Association and its partners request a strategic and innovative approach that involves collaboration of industry and public health officials. Please let us be part of the solution.

- ***Protect the ability for Ohio to encourage travel in the future***

- Protect TourismOhio's FY20 and FY21 budgets, as well as its rainy day fund, to maximize travel promotion when travel restrictions are lifted. Allow rollover of FY20 funding into FY21 to ensure TourismOhio can accelerate economic recovery.
- Support funding and solvency of community destination marketing organizations funded through lodging tax revenues by encouraging local government contracts, offering direct grants, boosting local community block grants, etc.

- ***Provide financial stimulus for tourism investment and operations***

- Incorporate hospitality and tourism as a JobsOhio priority industry.
- Explore ability to incentivize, protect and prepare travel economy supply chains.

- ***Review taxes, charges and regulations***

- Evaluate the timelines and emergency relief measures as travel-related businesses will have affected revenue throughout 2020 and beyond.

- ***Ensure businesses are ready and able to open***

- Work with businesses associations to ensure restrictions are lifted in a timely manner when it is safe to do so with consideration of various types of public interaction and opportunities for physical distancing are possible. For example, could restaurant patios open sooner than in-house dining.
- Ensure public health regulations for reopening businesses are applicable to all sectors of the travel economy. Clear guidelines and an understanding of business models are needed. For example, museums and attractions will not be able to dedicate a specific time for vulnerable populations as customer stays may average three to four hours.
- Some travel-related businesses may not have enough workers due to the suspension of the J-1 Summer Work Travel program. More than 3,300 international students worked in Ohio last year, rounding out the workforce so that businesses could operate at full capacity. Faced with this reduction in hours, days and offerings, Ohio businesses would hire fewer American workers, eliminating some full-time, part-time and seasonal positions. Some businesses indicated they would have to close completely without having J-1 workers to supplement American staff. (Ohio Travel Association, 2017)

- ***Incentivize meetings and conferences***

- Provide subsidies to incentivize organizations and businesses to encourage in-state conference attendance and re-instate travel budgets.
- Incentivize communities to host in-person conferences and meetings.
- Provide incentives and support to Ohio organizations to host in-state conferences within the next 18 months.

- ***Get displaced hospitality and tourism workers back to work as soon as possible***

- Launch a statewide jobs portal specific for hospitality and tourism workers.

- ***Invest in partnerships to educate, inform and deliver recommendations***

- Enter contracts and/or provide direct support to industry associations to provide education and training, as well as for the facilitation of local product development and direct assistance to businesses and communities in need.

- ***Understand the market and act quickly to restore confidence and stimulate demand***

- Invest in frequent consumer behavior research and communicate to business stakeholders to enable them to adapt to what will likely be a changing travel demand.

- ***Stimulate travel***

- Consider economic stimulus per household to encourage travel.
- To stimulate travel in areas that are safest, consider developing a social safety rating similar to beach ratings. These could be done by county to ensure that areas of the state which are safest for travel could have fewer restrictions. As an example, Level 1 could be travel with personal distancing and sanitation requirements, Level 2 could be 50% fire code occupancy restrictions, Level 3 could be shelter in place and full restrictions.
- When appropriate, encourage the Governor – as the respected spokesperson for safety – to travel in Ohio.
- Explore providing aggressive co-op funding opportunities extending into fall/winter.



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