



October 22, 2021

Honorable Members
Colorado General Assembly
200 E. Colfax Avenue
Denver, CO 80203

RE: Economic Recovery and Relief Cash Fund

Dear Economic Recovery and Relief Cash Fund Task Force members:

Thank you for your attention and consideration when I testified before you on Monday, October 18, 2021. We at the Colorado Restaurant Association (CRA) greatly appreciate the opportunity to provide information to the task force about the current state of the restaurant industry in Colorado.

The CRA is writing today to encourage you to consider the below proposals, which would help Colorado's restaurants begin to truly recover from the devastating impacts of the COVID-19 pandemic. As one of the largest employers in the state prior to the pandemic, the Colorado restaurant industry employed 294,000 people -- 10% of Colorado's workforce -- across more than 12,400 foodservice locations. The overwhelming majority of those eating and drinking establishments were, and still are, locally owned small businesses, who continue to need the government's support if they are to remain in business through 2021 and beyond.

There are a number of ways that American Rescue Plan Act funds can help:

Back Fill the Unemployment Insurance Trust Fund

At the beginning of the COVID-19 pandemic, dining room closures and capacity restrictions required many restaurants to lay off significant portions of their staff. While some of those positions would be filled later in 2020, a second round of dining room closures and heightened restrictions led to even further layoffs in the restaurant industry; by early 2021, two out of five restaurant workers had lost their jobs. In total, we estimate that 94,000 restaurant jobs were lost statewide.

These layoffs, which were no fault of the restaurant owners, contributed to a funding crisis for the Unemployment Insurance Trust Fund (UITF). As of mid-October 2020, the UITF in Colorado is insolvent and \$1.1 billion in debt to the federal government. The duty of paying back this debt and refilling the UITF currently falls on the backs of all small businesses, who have already suffered immense economic hardship over the last 19 months. It is unreasonable to expect Colorado's small businesses to pay the highest premium rates as a result of this insolvency and debt over the next three to four years as they try to recover from the financial impacts of COVID-19, and frankly, it is wrong to expect them to do so. It is the duty of this legislature to find a solution to replenish UITF funds without causing undue hardship to the businesses that form the foundation of our economy.



We ask that this task force strongly consider recommending that the state of Colorado use the federal funds it has received to pay off the UITF debt that has accrued and begin to refill the coffers of the UITF. Investing this money into the fund now will alleviate some of the burden on Colorado's businesses in the coming years, allowing them to rebuild faster and bolster Colorado's economy sooner.

Create Hiring and Retention Tax Credits for the Restaurant Industry

One piece of federal legislation that has proved extremely useful to the restaurant industry is the Employee Retention Tax Credit (ERTC), which provided a tax credit to businesses that kept staff employed during times of the pandemic when there were significant restrictions put in place on businesses. The ERTC is currently scheduled to sunset on December 31, 2021.

We would like the State of Colorado to consider creating a similar program that could provide tax credits to restaurants for hiring and retaining employees. The City of Denver recently passed legislation providing \$1.5 million for hiring and retention bonuses for the hospitality industry and applications for those funds are coming in fast, underscoring the dire need for this kind of funding.

Create Industry-Specific Grants

In 2020, the restaurant industry in the State of Colorado lost over \$3 billion in revenue. While we don't yet know the total revenue loss for 2021, the industry is currently facing increased, pandemic-related debt on top of a labor shortage and skyrocketing costs, from labor and products to food and utilities.

Congress attempted to make up a significant portion of these revenue losses via the Restaurant Revitalization Fund (RRF), however, the program was drastically underfunded. More than 63% of Colorado applications were not funded, leaving a deficit of \$697 million and 3,099 restaurants disappointed and without aid. If the federal government does not act to refill the RRF, many of those restaurants who did not receive funding may consider closing their doors permanently.

The Colorado legislature should consider providing restaurant-specific grants, similar to the RRF program. Funding from a grant program like this could be used toward paying rent (according to Alignable Research Center, 51% of restaurants could not pay their September rent), offering hiring and retention bonuses to staff (according to a recent Colorado Restaurant Survey, 91% of restaurants were short-staffed), or for day-to-day operations (costs of goods has continued to increase due to supply chain issues). This funding could mean the difference between your favorite local neighborhood restaurant remaining open or closing their doors forever.

Provide Additional Funding for Colorado Workforce Development Programs

To address the ongoing employment struggles across the hospitality industry, Colorado should use some of its relief funds to expand existing workforce development programs. Existing programs include high school culinary and management training and on-the-job apprenticeships, as well as ongoing training and support services for professionals looking to enter the industry—but much more can be done to position the industry to meet employment needs now and into the future.



Help Market Careers in the Hospitality Industry to the Public

Prior to the COVID-19 pandemic, the restaurant industry employed 294,000 people in the State of Colorado, making up 10% of the state's workforce. Through 2020, 94,000 jobs were lost in the restaurant industry in this state and many of those employees have not returned. Restaurants are drastically understaffed, a crisis that is limiting their ability to recover from the effects of the pandemic. The restaurant industry has long been the first job for many workers, and the industry employs more minority managers and women in management and ownership positions than any other industry. Moreover, the skills learned through restaurant work are translatable across industries and sectors.

The State of Colorado should consider providing funds that would help market careers in the hospitality industry to the general public as a way of alleviating the current labor crisis and bolstering the state's hospitality industries, which are enormous drivers of sales tax revenue and tourism.

Permanently Expand Outdoor Dining

During the pandemic, local governments, with regulatory assistance from the state, allowed restaurants to expand operations into new outdoor areas and streamlined the permitting process for restaurants. These new outdoor spaces have been very popular with customers and allowed restaurants to earn critical revenue during pandemic capacity restrictions. Making these allowances permanent will significantly help restaurants, along with state and local government, continue to bring in additional revenue that is crucial to recovery.

Thank you for your leadership, consideration, and support of the Colorado restaurant industry. We welcome an open dialogue and are happy to be a resource for your office. You can reach me via cell at 720-937-3992 or email at sriggs@corestaurant.org.

Sincerely,

Sonia Riggs, President & CEO
Colorado Restaurant Association