

The American Rescue Plan Act: Opportunities for Hospitality Industry Relief and Recovery

North Carolina will receive \$8.9 billion of American Rescue Plan Act (ARPA) funds, with \$5.6 billion allocated to the state and \$3.4 billion to be distributed to several cities and counties across North Carolina. The purpose and intended use of these funds as [outlined by the US Department of Treasury](#) includes **supporting small businesses to address financial challenges caused by the pandemic and speeding the recovery of the tourism, travel, and hospitality sectors** (Department of Treasury Fact Sheet, pg. 4, May 2021).

This document outlines the North Carolina Restaurant & Lodging Association’s (NCRLA) strategic public policy proposal, devised to help the state’s \$27.5 billion hospitality industry recover from the pandemic, survive the many challenges it faces today, and position it to thrive into the future across each of the state’s 100 counties. These proposals are designed to meet two primary objectives:

- 1) Provide near-term relief to hospitality industry businesses still struggling to survive COVID shutdowns.
- 2) Invest in rebuilding the North Carolina hospitality workforce for the long-term.

1. Relief for North Carolina’s Hospitality Businesses

During the period from March 2020 to March 2021, North Carolina restaurants, taverns, and hotels experienced a **combined loss of over \$5.1 billion in taxable sales** as compared to the prior year. During this same period, all other industries across the state combined saw an **increase in taxable sales of \$13.8 billion** ([North Carolina Department of Revenue, Monthly Sales and Use Tax Statistics](#)).

Change from Prior Year Taxable Sales and Purchases from March 2020 through March 2021	
NC Industry	Combined Total (\$)
306 - Restaurants	(3,168,287,002)
308 - Taverns	(266,647,376)
708 - Hotels	(1,627,927,636)
3 Industry Subtotal	(5,062,862,014)
All Industries	8,814,664,154
Other Industries	13,877,526,168

Table 1 - Combined Change in Taxable Sales from March 2020 - March 2021 Based on NC Department of Revenue Data

To address this decline, NCRLA offers the following recommendation:

HOSPITALITY BUSINESS ASSISTANCE - \$300 MILLION

NCRLA has advocated for a negotiated outcome that can secure much-needed relief to beleaguered restaurants, bars, and hotels. [Senate Bill 715](#) includes priorities originally recommended in the NCRLA’s [Blueprint for Revival of the North Carolina Hospitality Industry document](#), released in February 2021. We also

support Governor Cooper’s recommended \$300 million grant program to support the recovery of NC restaurants, bars, and hotels included in his May 2021 [American Rescue Plan Budget Recommendations](#).

2. Rebuilding North Carolina’s Hospitality Workforce

While all employers have experienced workforce challenges at some point during the pandemic, none come close to the hardships endured by the hospitality industry over this period. In the early stages of the pandemic, when the industry was shuttered and travel stood still, approximately 50% of the leisure and hospitality workforce was laid off or furloughed in North Carolina. A year later, the industry still operates with about **70,000 fewer employees than it did prior to the pandemic** ([US Bureau of Labor Statistics, Quarterly Census of Employment and Wages, June 2021](#) and [North Carolina Department of Commerce, April Employment Figures Released](#)).

Number of Jobs in NC Hospitality Sector Per Quarter					
NC Industry	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020
306 - Restaurants	363,734	356,877	253,269	311,021	317,439
308 - Taverns	8,263	7,887	2,741	4,238	5,262
708 - Hotels	42,868	40,822	23,556	29,228	30,186
3 Industry Subtotal	414,865	405,587	279,566	344,487	352,887
Total NC	3,835,165	3,781,573	3,408,680	3,601,002	3,733,627
Sector % of NC	11%	11%	8%	9.6%	9.5%

Table 2 - Number of Jobs in NC Hospitality Sector Per Quarter Based on Bureau of Labor Statistics Data

As capacity restrictions have lifted and business conditions have begun to improve across the state, the hospitality industry now faces a new set of challenges – how to recruit, retrain, and retain enough workers to meet consumer demand. The industry shed approximately 70,000 jobs, or 15% of its pre-pandemic workforce, and many of those workers were lured into new positions in other sectors or remain sidelined.

To address this problem, NCRLA offers the following recommendations:

HOSPITALITY-SPECIFIC WORKFORCE ANALYSIS AND RECRUITMENT INITIATIVE - \$5.24 MILLION

Hospitality employers across North Carolina are struggling to rehire workers, even as they face ongoing financial hardships in reopening and rebuilding their business operations post-pandemic. Employers are challenged with recruiting and retaining enough workers to meet pent-up customer demand for dining and travel. Even when the federal unemployment stimulus benefits end, employers still expect to struggle with workforce related issues. Many former hospitality industry workers are believed to have found work in other industry sectors. The industry needs to focus on attracting, training, and developing a new workforce to meet its needs. To do so, the industry will need to conduct outreach and training to several audiences: 1) those formerly employed in the industry who may be interested in returning; 2) non-traditional employees that other industries will not take a chance on including those formerly incarcerated, homeless, or struggling with addiction; 3) legal immigrant workers; 4) young people who are considering careers in hospitality.

Federal funds would be used to conduct research of our database of over 30,000 displaced workers, learn more about the former and existing hospitality workforce, as well as potential, new workers who may consider the hospitality industry. In addition to research, the funding would help develop and implement programs designed to attract workers and expose them to careers in the industry. Additionally, it would provide funding to support mentoring and training programs designed to showcase individuals who have excelled professionally in the hospitality industry.

NCRLA is uniquely positioned to administer these funds with its extensive statewide network of owners and operators of restaurants, taverns, event venues, and hotels. The association has an extensive database of hospitality industry workers who were displaced during COVID-19 and access to nationally recognized hospitality training, credentialing, and certification programs.

HOSPITALITY TRAINING AND CERTIFICATION PROGRAM - \$2 MILLION

NCRLA proposes an investment of \$2 million to offer nationally-recognized restaurant and lodging credentials and training programs to support the development of a new hospitality workforce across the state.

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 only 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 is necessary. We recommend assisting with 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](#).

PROSTART/HOSPITALITY & TOURISM MANAGEMENT PROGRAM (HTMP) - \$400,000

[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 North Carolina, 28 high schools and career centers use the ProStart curriculum with more than 1,400 students participating. Students learn vital kitchen skills, including food safety and knife cuts, and important management lessons, such as menu development and marketing.

NCRLA recommends an allocation of \$400,000 to the NCRLA Foundation 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 North Carolina 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 HTMP curriculum.