

UNITED STATES TRAVEL AND TOURISM ADVISORY BOARD

March 4, 2021

The Honorable Gina Raimondo
Secretary of Commerce
Washington, D.C. 20230

Dear Madam Secretary:

The COVID-19 global pandemic has affected the U.S. travel and tourism industry on an unprecedented scale. In 2019, international travel added \$233.5 billion to the U.S. economy, supporting 1.1 million jobs, and representing 27 percent of trade in services and nine percent of all trade in goods and services alike. In that year, domestic and international travel together supported 9.5 million jobs. However, travel and tourism has been among the sectors hardest hit by the pandemic. The travel-dependent leisure and hospitality sector accounted for 39 percent of the total decline in U.S. nonfarm payroll employment between February 2020 and January 2021.¹

For international inbound visitation to the United States, the negative economic impacts of the COVID-19 pandemic began in February 2020 and conditions remained severely depressed. In 2020, international inbound arrivals to the United States were down 76% compared to 2019. For domestic travel, the negative economic impacts of the COVID-19 pandemic began in March 2020. Conditions deteriorated in April but have since begun to improve, though evidence is mounting that the pace of the recovery has recently slowed.² In total, the U.S. has lost \$493 billion in travel spending in 2020, a 42% decline.³

Given these circumstances, the U.S. Travel and Tourism Advisory Board was tasked with providing no more than ten focused, actionable recommendations on what the federal government should address to support the recovery and growth of travel and tourism and restore international travel. The board divided into four subcommittees formed based on the National Travel and Tourism Strategy Pillars, and developed the following recommendations:

- **Accelerate the resumption of travel and tourism through establishing policies and protocols that prioritize safety and data privacy, while mitigating the risks to economic vitality.**
- **Harmonize a system of established policies and protocols with respect to land, sea, and air travel in collaboration with the private sector that will mitigate the health risks of infectious diseases while ensuring economic stability.**

¹ National Travel and Tourism Office

² National Travel and Tourism Office

³ Oxford Economics; U.S. Travel Association.

- **Ensure liquidity for the travel and tourism sector through expanding qualification for existing programs and providing new grant, loan, and tax benefits for small and medium size businesses in the industry.**
- **Secure adequate funding for Brand USA and state and local destination marketing organizations to ensure viability and enable international marketing and promotional efforts that will play a key role in the recovery of U.S. competitiveness and grow the travel economy.**
- **Elevate Travel and Tourism within the U.S. Commerce Department by creating a U.S. Travel and Tourism Agency, headed by an Assistant Secretary vested with authority, including granting authority, to advance both domestic and international segments of the U.S. travel industry.**
- **Lead a comprehensive strategy development process that firstly supports recovery of the travel and tourism industry, and then focuses on the industry's resiliency and growth.**
- **Create recovery opportunities for small, underserved minority, and rural businesses in the travel and tourism industry by funding a grant program for capacity building and technical assistance that would be managed by the U.S. Commerce Department.**
- **Reduce the number of physical touchpoints throughout the travel continuum by accelerating the use of available technology.**
- **Establish a single source or portal to capture and communicate the latest, verified information to notify business and leisure travelers of current requirements and provide accompanying resources to help travelers meet them.**
- **Develop and implement a travel promotion communications plan, leveraging high-profile private and public sector leaders for its implementation, and lead by example by getting the federal workforce traveling when it is safe to do so.**

The subcommittees thoroughly researched these issue areas and engaged with government agencies, trade associations, and other private sector actors to inform their work. The recommendations above represent the actions that the Board believes will make the most immediate impact on recovery of the travel and tourism sector.

Respectfully submitted,



Kurt Ekert



Brad Dean

Chair

Vice Chair

TTAB GOVERNANCE SUBCOMMITTEE RECOMMENDATIONS

The Governance Subcommittee had the charge *to consider recommendations on the way the Federal government should better work to support the competitiveness and growth of the sector. This includes the question of an appropriate target and revision of the National Travel and Tourism Strategy.*

RECOMMENDATION #1: Elevate Travel and Tourism within the U.S. Commerce Department by creating a U.S. Travel and Tourism Agency, headed by an Assistant Secretary vested with authority, including granting authority, to advance both domestic and international segments of the U.S. travel industry.

Issue

Rebuilding America's travel and tourism industry after COVID will require an integrated response across the sector, regardless of the source of travel expenditures -- domestic travelers or international visitors. Protecting travel and tourism from the possibility of future shutdowns due to viral outbreaks and other systemic threats has emerged as an urgent and heretofore unforeseen necessity requiring planning and investment. COVID did not stop at national borders, and neither can policymaking for one of our nation's top job-producing economic sectors.

As a mid-level office placed within the International Trade Administration, the National Travel and Tourism Office (NTTO) has successfully delivered on policies and programs to build inbound international travel (i.e., boost travel exports). Yet international travel makes up a relatively small share of overall travel spending. In 2019, domestic travel expenditures made up 85% of the \$1.2 trillion travel sector and are the catalyst for substantial additional indirect spending and investment.⁴

NTTO's role in coordinating domestic travel and tourism policy is currently constrained as part of the International Trade Administration (ITA). ITA is an agency with a mission to increase international competitiveness and NTTO is similarly charged. In this context, NTTO has served a valuable role managing the Federal statistical system for international travel to and from the USA, designing and administering export expansion, developing, and managing tourism policy, strategy and advocacy, and delivering international tourism technical assistance. NTTO has a record of success that should be more widely leveraged on behalf of travel and tourism and America's economy generally.

Within ITA, NTTO currently reports to the Assistant Secretary for Industry and Analysis, an agency with a mission also focused on international competitiveness. Industry and Analysis includes various sectors besides travel and tourism (e.g., manufacturing, services, textiles), which necessitates agency leadership allocating time and attention across its diverse portfolio. Creation of an Assistant Secretary for Travel and Tourism to head the new agency allows focus exclusively on travel and tourism matters now essential given new global health complexities.

⁴ Tourism Economics data set

The industry's recent experience with COVID relief programs illustrates the need for a high-ranking Federal agency responsible for travel and tourism. While many hospitality and destination management organizations eventually received allocations of economic relief, delivery lagged and certain tourism related sectors were not included as the various agencies responsible for implementation were not familiar with the industry's specialized needs and attributes and, during the COVID pandemic, did not have the time to learn. For example: the seasonality of much of the industry workforce makes the distinction between "head count" and "FTEs" important; and tourism offices are unique to the sector and important in their work. As future industry initiatives are contemplated, the new agency should be positioned to consult directly on aid programs and be vested with the authority to administer programs and grant funds.

To meet today's increasingly complex challenges, the travel and tourism industry needs a high-ranking voice integrated within the Federal government to enhance the industry's wider role in creating domestic jobs and economic growth, and to prioritize planning for the Federal government response to future systemic shocks. Without this voice, essential coordination with other government agencies critical for our national security and our industry's resilience, including CBP, CDC, DHS, DOD, Treasury, SBA, and others will suffer.

Potential Impact

The creation of a U.S. Travel and Tourism Agency within the Commerce Department would help overcome these challenges and ensure progress. With an Assistant Secretary vested with grantmaking authority, and a broader domestic charge, this new agency can better support the recovery of the entire travel and tourism sector (domestic and international) in the near term and its growth in the longer term. It will be better positioned to work across Federal agencies to implement policy changes, implement a unified travel and tourism strategy, better work with state, territorial, tribal, and local governments to share best practices, and better coordinate the roles of others responsible for tourism promotion and infrastructure development. This positions the new agency to assume responsibility for administering programs designed to support travel and tourism and for reporting on their impact, increasing delivery timeliness, effectiveness, and transparency.

Does this require legislation?

Yes.

RECOMMENDATION #2: Lead a comprehensive strategy development process that firstly supports recovery of the travel and tourism industry, and then focuses on the industry's resiliency and growth.

Issue

As one of the top job-producing sectors, travel and tourism requires coherent policymaking and coordinated implementation. With Federal policymaking responsibility dispersed across multiple Federal agencies, strategy development represents an essential tool for cross-agency collaboration and for effective deployment of Federal resources. The 2012 National Travel and Tourism Strategy (Strategy) is a case in point. Drawing from nearly a dozen agencies, the strategy defined five pillars that have since supported Federal engagement in travel and tourism:

promoting the United States; enabling and enhancing tourism within the United States; providing world class customer service and visitor experience; coordinating across government; and conducting research and measuring results. The need for common goals, and an agreed-upon set of actions with resources to implement them, has never been more urgent and important.

With a 10-year horizon, the Strategy expires in 2022 and should be updated. However, the TTAB suggests the pace of change within the travel and tourism industry, and the needs exposed by the COVID pandemic, require some refinements to the strategy development process:

- > **Recovery Strategy**. The urgent actions recommended in this letter to stabilize our industry should be the beginning point for developing a near term strategy to rebuild it. A Recovery Strategy should be focused on industry needs as traveler demand returns. Among areas to be considered are access to labor, biosecurity, contactless travel processes, public land stewardship and timely processing of passport and visa applications. The wide scope of these examples illustrates the need for policy coordination and for timely adoption of our recommendation for a high-ranking voice to lead Federal travel and tourism policy making (see Recommendation #1).
- > **An updated 10 Year National Travel and Tourism Strategy with an international visitation and spending goal**. The next iteration is an opportunity to address significant issues exposed by the COVID pandemic and required by broader sustainability priorities. A well-conceived international visitation and spending goal will be important to contextualizing strategy development and implementation. Until restructured, the NTTO and the interagency Tourism Policy Council, chaired by the Secretary of Commerce, should appropriately take a leadership role in the strategy development.

Implementation of the new 10-year strategy should be delayed until the Recovery Strategy concludes. With the travel and tourism industry growing and changing, incorporating an automatic update and roll-forward provision as part of the strategy should be considered (e.g., the 10-year strategy is programmed for update and extension every five years). This institutionalizes the Secretary of Commerce's 2018 request for TTAB to update early the original 10-year goal to reflect changing macroeconomic and industry conditions, competitive destination factors, and promotional efforts.

Potential Impact

Significant progress will be made on these issues if the following actions are taken:

- **Adopt a Recovery Strategy** focused on setting goals, prioritizing actions, and mobilizing resources to rebuild travel and tourism after the COVID-19 pandemic.
- **Adopt a 10-year National Travel and Tourism Strategy** that sets longer-term new priorities, furthers collaboration among Federal agencies, and provides a framework for successfully engaging in the next decade of activity.
- **Adopt a 10-year international visitation and spending goal** that provides an initial benchmark for prioritizing investment and measuring success.

Does this require legislation?

No.

TTAB CREATING A WORLD CLASS CUSTOMER EXPERIENCE SUBCOMMITTEE RECOMMENDATIONS

The Creating a World Class Customer Experience Subcommittee had the charge *to consider issues pertaining to support for travel and tourism-related businesses, including small and medium enterprises, as well as access to and management of public lands, waterways, and monuments.*

RECOMMENDATION #1: Ensure liquidity for the travel and tourism sector through expanding qualification for existing programs and providing new grant, loan, and tax benefits for small and medium sized businesses in the industry.

Issue

Travel and tourism related businesses of all sizes have needed support throughout the pandemic, but many did not qualify for the key programs created by the CARES Act. First, there were narrow business size constraints for the primary loan and grant programs. One of the largest avenues for support, the Paycheck Protection Program (PPP), was not accessible to those which did not qualify as a "small business" per the Small Business Administration definition. The Economic Injury Disaster Loan (EIDL) program was also limited to businesses with 500 or fewer employees. Second, there were narrowly defined parameters for targeted loan programs, making many travel and tourism businesses ineligible. Lastly, even if travel and tourism companies were eligible for a specific loan program, the funds were hard to access and a significant portion of the authorized loan funding went unspent.

Necessary support for many small to medium sized businesses in the industry could be provided through existing programs and establishing new industry-specific programs.

There are several existing programs that could be modified to have a substantive impact on these businesses. For example, the Shuttered Venue Operators Program did not include tour operators, destination marketing organizations, or meeting and event organizers. Existing tax credits, such as the Employee Retention Credit, does not currently meet the scope of industry needs given the disproportionate impact of the pandemic on these businesses.

There are also several proposals for new programs that would also be highly beneficial to support these businesses. An industry-specific PPP program could be established, as well as a program which provides low interest loans and grants for critical needs other than payroll support, such as mortgage, rent, tax, and utility assistance. A tax credit for businesses that purchase meeting and event organizing services could also be established.

Unused funds from the CARES Act could be used to help fund these program expansions and new programs. Also, many of these businesses could greatly benefit from effective guidance and technical assistance as they navigate existing and future programs.

Potential Impact

Providing grants, loans, and tax benefits to small and medium size businesses in the travel and tourism industry could help one of the most distressed areas of the economy survive the COVID-19 crisis.

Does this require legislation?

Yes.

RECOMMENDATION # 2: Create recovery opportunities for small, underserved minority, and rural businesses in the travel and tourism industry by funding a grant program for capacity building and technical assistance that would be managed by the U.S. Commerce Department.

Issue

Small minority, rural, and other underserved travel and tourism related businesses in the U.S. have been hit especially hard by the pandemic and may fall behind in the nation's economic recovery without needed assistance. For example, a study from the Federal Reserve of New York shows that more than 40% of small Black-owned businesses have ceased operations since April 2020 due to the economic impact of the pandemic. Both minority-owned and rural businesses had significant pre-pandemic challenges, including the lack of access to capital and broadband connectivity. The fact that many urban and rural economies rely on the travel and tourism industry has only exacerbated these problems. Given that, minority-owned businesses in both urban and rural America face even more challenges and compounded concerns. Data shows that consumers of travel want additional multicultural and rural experiences, but these challenges do not allow that demand to be met.

Potential Impact

Grants that provide technical assistance and capacity building would help these underserved businesses access new economic opportunities and obtain support to rebuild, reposition, and rebound along with the rest of the travel and tourism industry. These businesses promote and expand the nation's rich and diverse cultural heritage, a viable and growing segment of the travel and tourism industry. Allocating funding for tourism development would help these businesses create new employment opportunities, help U.S. destinations develop and broaden their cultural heritage tourism product offerings, capitalize on the demand for rural and cultural heritage travel experiences, and provide broader world-class experiences to attract international visitors. These underserved businesses that promote the diversity of the American experience are crucial to our country's travel economy.

Does this require legislation?

Yes.

TTAB FACILITATING TRAVEL TO AND WITHIN THE UNITED STATES SUBCOMMITTEE RECOMMENDATIONS

The Facilitating Travel to and within the United States Subcommittee has the charge *to consider issues related to facilitating safe and secure travel to and within the country, including related to COVID-19 testing and quarantine.*

RECOMMENDATION #1: Accelerate the resumption of travel and tourism through establishing policies and protocols that prioritize safety and data privacy, while mitigating the risks to economic vitality.

Issue

The COVID-19 pandemic has demonstrated the CDC faces challenges in applying trusted epidemiological indicators due to inadequate or inconsistent data. This is further complicated by border entry management of travelers arriving from nations that do not adhere to standard reporting measures and public health protocols, ultimately resulting in a sub-optimal border entry process. The approach used to manage the pandemic has not optimally applied performance-based standards, lacks predictive metrics and is not responsive in a timely fashion to all relevant data, leading policymakers to rely upon unproductive (or unnecessary) measures such as lockdowns and quarantines.

Potential Impact

To accelerate the resumption of travel safely and effectively, the federal government should consider developing and deploying a model for reopening travel consistent with the decline in infection and death rates. This model could include improved data collection, expanded use of new or emerging technology, and results-oriented standards to guide policymaking. Data collection is crucial to this process, as would be ensuring proper protocols around data privacy. Commerce could work with the federal agencies which directly affect travel to thoroughly review and, where appropriate, develop, revise, and publish necessary criterion and guidelines to effectively implement, and manage health travel advisories and border entry requirements.

Ensuring adequate and secure data collection and developing reliable criteria upon which to base travel advisories and border entry/exit standards would greatly improve the current situation. The federal government may also want to carefully consider the impacts of additional restrictive travel measures, such as domestic travel bans and testing and vaccination requirements.

Does this require legislation?

No.

RECOMMENDATION #2: Harmonize a system of established policies and protocols with respect to land, sea, and air travel in collaboration with the private sector that will mitigate the health risks of infectious diseases while ensuring economic stability.

Issue

Our nation's inability to quickly identify and contain the spread of COVID-19 has threatened our national security and caused unprecedented economic damage to our nation's travel and tourism

industry. It has also caused a historic weakening of consumer confidence, which impedes economic recovery. There is currently a structural disconnect amongst federal agencies in managing inbound international arrivals into the United States. The Centers for Disease Control and Prevention (CDC) bears responsibility for establishing standards related to health and safety but acknowledges insufficient collection of data needed to effectively implement contact tracing, which is essential to slowing or stopping the spread of infectious diseases. Customs and Border Protection (CBP) bears responsibility for admissibility related to national security but does not collect data related to health and safety.

Much of the recent data collection from airline passengers related to health standards set forth by the federal government is managed by the private sector, yet arrivals via land ports of entry are subject to different standards. This disjointed structure is inadequate to effectively manage health threats and protect national security. Industry perspectives could help shape effective policies and in particular, help expand the use of emerging technology to address priority challenges.

For example, engaging with the private sector on deploying technology such as digital travel passes, which could provide widely accepted test and vaccine certifications, may help drive forward progress on these issues quickly and substantially. Although there are some challenges around standardization and interoperability, the private sector is uniquely positioned to innovate and help solve for these types of issues.

Potential Impact

Recognizing the importance of this matter to our nation's health, safety and economic security, this recommendation seeks to harmonize the shared responsibilities of health admissibility and border security amongst federal agencies and the private sector. The desired outcome is a seamless border entry process through all ports of entry, which ensures optimal efficiency and adequate data collection while addressing the inconsistencies of international inbound arrivals to both air and land ports of entry. This outcome would be made possible by accelerating the use of available or emerging technology for detection of airborne contagions and biohealth indicators that would allow early detection and remediation of individuals arriving with contagious infectious diseases. The technology exists to deploy this capability without increasing the friction of traveler processing and this should be a primary consideration as requirements are gathered.

Ultimately the White House has authority in this area, but the U.S. Department of Commerce could bring a necessary private industry perspective. This recommendation is consistent with previous TTAB recommendations to strengthen the institutional capacity to integrate public health considerations into the development of national travel and tourism policy.

Does this require legislation?

No.

RECOMMENDATION #3: Reduce the number of physical touchpoints throughout the travel continuum by accelerating the use of available technology.

Issue

Reducing the number of physical touchpoints throughout the travel continuum reduces the spread of infectious diseases and enables a more efficient travel experience. Enhanced and expanded use of available technology is essential to reducing touchpoints and preventing existential threats from disrupting or shutting down our industry in the future. Recent progress (e.g., the use of biometric identification for U.S. entry and exit, touchless breathalyzer technology) has been made but many touchpoints remain unchanged. Much of the technology necessary to achieve a contactless travel process is available and could be put to greater use today.

Potential Impact

By accelerating and expanding the use of available technology, the federal government could increase the efficiency of flow through ports of entry and limit the spread of infectious diseases. These goals align with progress underway in the private sector, which ultimately contributes to a safer and more efficient experience throughout the entire travel continuum.

Does this require legislation?

No.

TTAB MARKETING AND COMMUNICATIONS SUBCOMMITTEE RECOMMENDATIONS

The Marketing and Communications Subcommittee had the charge *to consider what the federal government and related entities can do to help restore the demand for travel, particularly for international markets, through marketing and other communications.*

RECOMMENDATION #1: Secure adequate funding for Brand USA and state and local destination marketing organizations to ensure viability and enable international marketing and promotional efforts that will play a key role in the recovery of U.S. competitiveness and grow the travel economy.

Issues

Brand USA serves as America's destination marketing organization (DMO) and is funded by a portion of the Electronic System for Travel Authorization (ESTA) fee, which Brand USA can access as matching funds after receiving contributions from DMO partners and the private sector. All funding streams have been significantly impacted by the pandemic.

Funding for DMOs typically comes from transactional accommodations taxes and is used to support tourism demand generation to those markets. Funding to DMOs has been greatly diminished with the downturn in travel, and while private sector efforts to ensure eligibility for certain government loan programs have been successful in recent COVID relief packages, the measures are short-term and simply cannot replace a vibrant travel economy. Economic Adjustment Assistance (EAA) grants, which are a key disaster recovery tool under the Economic Development Administration (EDA), are not eligible to be used for travel promotion, nor are State Trade Expansion Program (STEP) grants through the Small Business Administration.

Potential Impact

With respect to Brand USA, reasonable measures could be taken to ensure that financial resources flow to this essential public-private partnership until ESTA fees collected by the Department of Homeland Security and allocated to Brand USA reach their \$100M annual cap. An emergency, short-term legislative proposal to infuse Brand USA with a \$250M appropriation, outside of the existing matching funds process, would ensure Brand USA has the resources necessary to partner with government and industry to hasten the recovery of the lucrative international travel market. The appropriated funds could be available for use through the end of FY2022. In addition, temporary suspension of the new 50:50 cash to in-kind ratio could be considered to allow Brand USA greater matching requirement flexibility. These measures, particularly if taken together, will help the United States remain globally competitive.

Brand USA's mission is twofold: to encourage international inbound travel and educate travelers on U.S. travel policies, including those that impact entry and exit. The Administration could successfully partner with Brand USA and the private sector to augment education and travel policy transparency efforts through Brand USA's channels and innovative global partnerships.

With respect to DMOs Congress could include additional funding for EAA grants for travel promotion and to amend the language governing STEP grants in a future recovery bill. Similarly,

the Administration could also explore the timely issuance of Economic Adjustment Assistance grants, specifically for domestic travel promotion through an existing EDA process that could support DMOs in their traveler education and confidence building efforts.

Does this require legislation?

Yes.

RECOMMENDATION #2: Establish a single source or portal to capture and communicate the latest, verified information to notify business and leisure travelers of current requirements and provide accompanying resources to help travelers meet them.

Issue

The serious threat to public health caused by the global COVID-19 pandemic has resulted in significant protocols, requirements, and restrictions around travel to curb the spread of the virus. At times, inconsistent and ever-changing guidance from multiple levels of government has added to traveler confusion and weakened the public's confidence in travel. There remains a significant need for consistent and transparent travel policies and procedures around testing, vaccinations, and quarantines, which must be coupled with a robust plan to educate travelers, so international inbound and domestic travelers know what to expect and where to find information as these policies evolve.

Potential Impact

While policies and resources exist from different federal agencies, state governments and travel industry entities, an assessment and aggregation is needed to provide a "one-stop shop" across the full travel continuum, which will only be effective if marketing and communications efforts highlight the resource appropriately as the single best source of government-verified information.

This recommendation could build back confidence in travel by outlining the steps being taken to protect public health and safety throughout the entire traveler journey, including preventative measures required by individuals. Hygiene and safety protocols adopted by public and private entities are important factors in restoring confidence in travel and should continue to be widely communicated. The private sector and destinations can play an important role in pulling through the information and referring travelers to this centralized information hub.

Does this require legislation?

No.

RECOMMENDATION #3: Develop and implement a travel promotion communications plan, leveraging high-profile private and public sector leaders for its implementation, and lead by example by getting the federal workforce traveling when it is safe to do so.

Issue

Traveler sentiment has been significantly impacted by the pandemic, and while we know travelers aspire to travel again, many travel behaviors have changed that will have lasting implications for travel sector jobs and economic recovery. Developing a campaign and promoting it when it is safe to do so could help accelerate the resumption of travel.

Potential Impact

Building on a previous recommendation of the TTAB, as part of the plan development, the Secretary could seek the use of existing federal resources and communications methods to promote the U.S. travel economy, including highlighting any new domestic travel incentives developed by Congress or other federal agencies.

The Administration could leverage high-profile leaders as messengers and all assets that are available, including those from the private sector, DMOs, and federal lands and waters. These assets and affirmative messages could be used to broadly convey that America is Open for Business and will gain important reach through Brand USA, DMOs and other campaigns seeking to welcome international inbound travelers, as well as encourage Americans to visit and experience the many culturally diverse destinations across the country.

As a first step in plan execution, the government could lead by example in encouraging federal employees to travel again when it is determined by health experts that it is safe to do so.

Does this require legislation?

No.