



PANDEMIC RECOVERY OFFICE

Hospitality, Tourism, and Events Direct Grants Final Report

Submitted by State of Rhode Island Pandemic Recovery Office

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<https://pandemicrecovery.ri.gov>

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Hospitality, Tourism, and Events Direct Grants

Project Identification Number: 10009

Pandemic Recovery Office Approval Date: February 28, 2022

Project Completion Date: November 15, 2023

Funding Amount: \$8,000,000

Project Expenditure Category: 2.35 Negative Economic Impacts: Aid to Tourism, Travel, or Hospitality

Problem Statement: While there has been a range of federal and state supports for the hospitality, tourism, and events sector (e.g., Paycheck Protection Program, Shuttered Venue Operators Grant Program, Rhode Island Hotel, Arts & Tourism Grant Program), it continued to face significant negative economic impacts from the COVID-19 pandemic. Strategic investments in the hospitality, tourism, and events sector supports a strong, equitable, and broad-based economic recovery. Eligible recipients of grants through this program are restaurants, events-related businesses, valets, hotels, travel and tour-related businesses, and arts and culture organizations.

Project Overview: The project provided direct grants to businesses in the hard-hit hospitality, tourism, and events sector to compensate for lost revenue and other negative financial impacts. The arts and culture organizations are a key component of Rhode Island's tourism industry and fall under the supersector North American Industry Classification System (NAICS) code for leisure and hospitality. Eligible businesses are in one of three categories:

- *Restaurants, Events, and Valet Operators:* Businesses had to demonstrate a revenue loss of at least 25% to be eligible for a \$12,500 grant.¹ National and regional chains were ineligible.
- *Hotels, Travel Agents, and Tour Operators:* Businesses had to demonstrate a revenue loss of at least 35%. Grant amounts were pro-rated based on actual 2021 net financial need.² Recipients were awarded a percentage of their demonstrated net need or \$250,000, whichever was less. Entities that received over \$100,000 had to remain operational as of September 1, 2022. Entities with publicly traded stock or that are majority owned by publicly traded companies were ineligible.
- *Arts and Culture Organizations:* Businesses had to demonstrate a revenue loss of at least 35%. Grant amounts were pro-rated based on actual 2021 net financial need. Recipients were awarded a percentage of their demonstrated net need or \$250,000, whichever was less. To be eligible, applicants had to own their facility, or spend at least 20% of their operating budget on rent or performance space or have been a recipient of a U.S. Small

¹ For entities that received a grant under the *Small Business Direct Grants* project, the maximum *Hospitality, Tourism, and Event Direct Grant* that can be received is \$12,500 less the amount of the *Small Business Direct Grant* received (either \$2,500 or \$5,000).

² The Rhode Island Commerce Corporation provided a [calculator](#) to support businesses in determining their actual 2021 net financial need during the application process. It was calculated by subtracting the total amount of COVID-related grants or financial assistance received by a business for 2021 from the total drop in gross receipts from 2019 to 2021.

Business Administration (SBA) Shuttered Venue Operators Grant. Entities that received over \$100,000 had to remain operational as of September 1, 2022. National and regional chains were ineligible.

Between May 2022 and December 2022, 163 grants were awarded for a total of \$7.5 million. The breakdown in grant recipients by the three categories was as follows: 113 restaurants, events, and valet operators; 26 hotels, travel agents, and tour operators; and 24 arts and culture organizations.

In March and April 2023, additional grants were awarded to 32 recipients in the hotels, travel agents, and tour operators (11 recipients) and the arts and culture categories (21 recipients). These recipients originally received less than \$250,000 (the maximum for those categories) and had remaining, unmet, net financial need. Additional awards were made to bring all recipients to the same percentage of net financial need met or \$250,000 (whichever was less). These additional awards totaling approximately \$0.4 million addressed underspend due to updated data from the financial review process of applications.

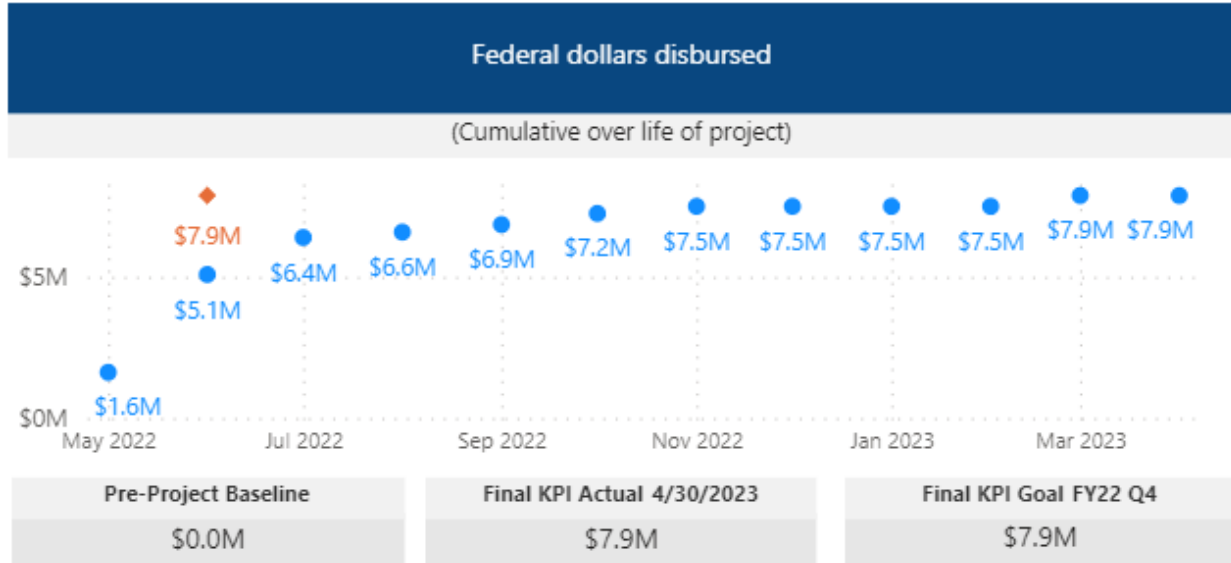
Financial Overview: All program payments can be found on the [Pandemic Recovery Office’s website](#) by filtering the “Project” box for “Hospitality, Tourism and Events Direct Grants.” The table below shows planned expenditures by fiscal quarter and actual expenditures by fiscal quarter:

Fiscal Year Quarter	Planned Expenditures	Actual Expenditures
FY 2022 Q4	\$7,614,932	\$5,087,727
FY 2023 Q1	-	\$1,870,206
FY 2023 Q2	-	\$644,251
FY 2023 Q3	\$385,067	\$383,759
FY 2024 Q1	-	\$15,406
FY 2024 Q2	-	\$(1,350)
Total	\$7,999,999	\$7,999,999
<i>Note:</i> A single audit fee applies to all State Fiscal Recovery Fund projects and accounts for \$2,400 of the funds shown in the above table.		

Key Performance Indicators: The following are the key performance indicators based on quarterly goals and monthly data collections.

Legend: ● Actual KPI Value Reported ◆ Quarterly Goals

1. Dollars disbursed



The distribution by sector is on page nine of this report.

2. Number of restaurants, events-related organizations, and valet operators assisted





3. Number of hotels, travel agents, and tour operators assisted



4. Number of arts and culture organizations assisted



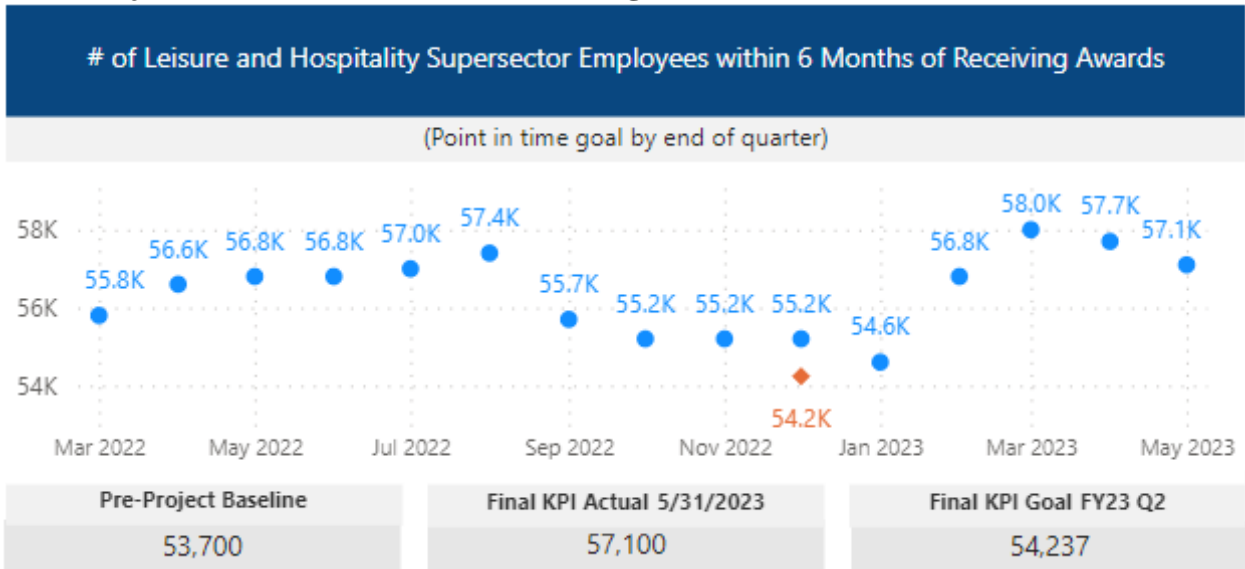


5. Percentage of businesses in operation at least six months after receiving grant



* The reason that the actual KPI data is later than the goal is because the survey was sent after all grant beneficiaries received the original grants.

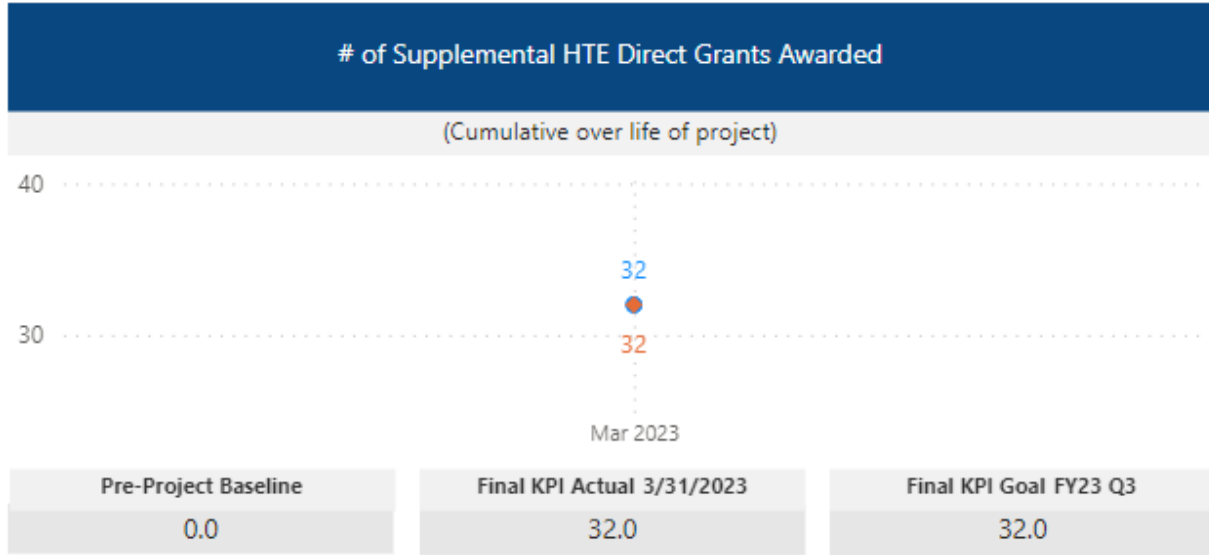
6. Total number of leisure and hospitality supersector³ employees (seasonally adjusted) within six months of receiving awards



³ Consists of employees in the arts, entertainment, recreation, accommodation, and food services sectors.

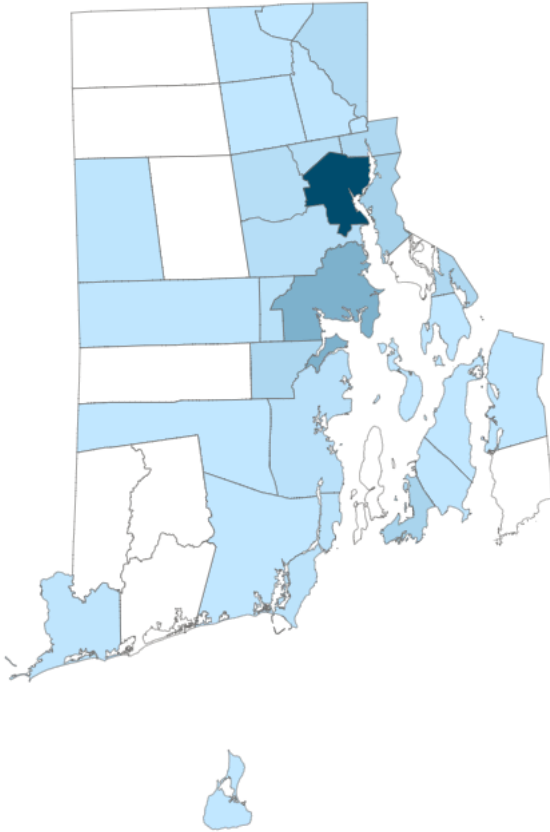
Legend: ● Actual KPI Value Reported ◆ Quarterly Goals

7. Number of businesses provided a supplemental grant award



Demographics: The charts below show the distribution of direct grants by specific criteria, including location and subprogram. Twenty-nine municipalities had beneficiaries totaling \$7.88 million in grants distributed.

Distribution of HTE Direct Grants by Location

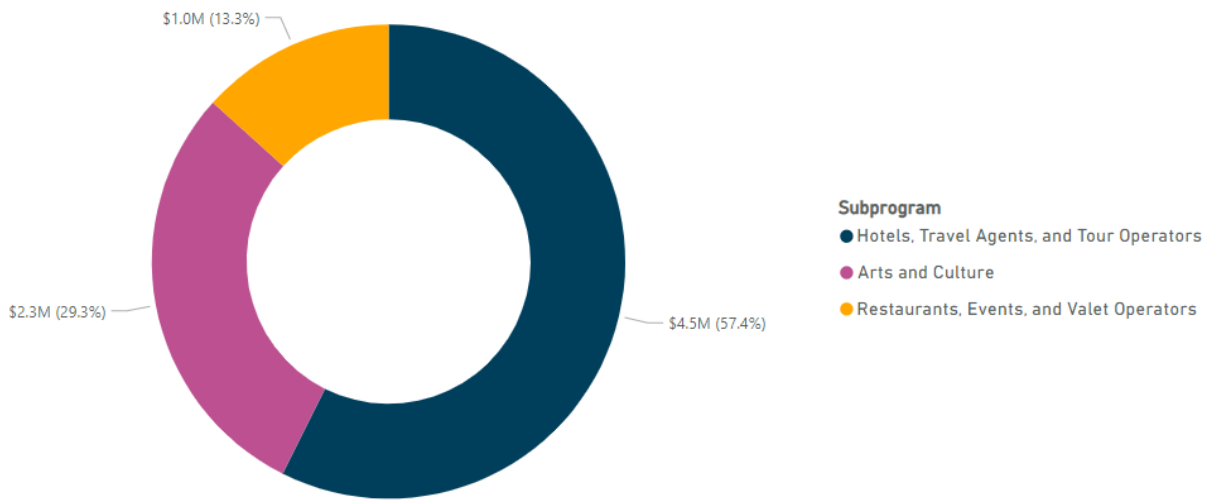


City	Grants Received	Total Funds Awarded
Bristol	1	\$12,500
Central Falls	4	\$30,000
Coventry	2	\$20,000
Cranston	9	\$199,237
Cumberland	2	\$257,500
East Greenwich	8	\$326,880
East Providence	11	\$463,014
Exeter	1	\$7,500
Foster	2	\$54,935
Johnston	6	\$204,800
Lincoln	2	\$25,000
Middletown	2	\$20,000
Narragansett	6	\$91,171
New Shoreham	1	\$7,500
Newport	11	\$414,016
North Kingstown	6	\$128,128
North Providence	5	\$205,142
North Smithfield	2	\$22,500
Pawtucket	8	\$320,000
Portsmouth	1	\$12,500
Providence	47	\$3,333,111
Smithfield	2	\$15,000
South Kingstown	1	\$7,500
Tiverton	1	\$7,500
Warren	6	\$320,453
Warwick	10	\$1,173,367
West Warwick	3	\$143,765
Westerly	2	\$45,602
Woonsocket	1	\$12,500
Total	163	\$7,881,122

Total Funds Awarded does not include \$116,477.61 in spend to Witt O'Brien's LLC for fees related to grant dispersal. Not all potentially eligible businesses applied for grants.

Grant recipients fell under one of three categories: Restaurants, Events, and Valet Operators; Hotels, Travel Agents, and Tour Operators; and Arts and Culture Organizations. Including supplemental grants, Hotels, Travel Agents, and Tour Operators received over \$4.5 million in grants, and Arts and Culture Organizations received over \$2.3 million. Because the Restaurants, Events, and Valet Operators had several other pandemic-related relief funding opportunities, they received a smaller portion (14%) of the total.

Distribution of HTE Direct Grants by Subprogram



Minority Business Enterprise (MBE) status was tracked for two subprograms: Hotels, Travel Agents, and Tour Operators, and Restaurants, Events, and Valet Operators. Between those subprograms, 44% of grant recipients were MBEs. Of the grant recipients who were determined to be an MBE, 51% were identified as a racial or ethnic minority.