

Testimony of Jay Ellenby
President
Safe Harbors Business Travel (Bel Air, MD)
before the
U.S. House Committee on Small Business
March 10, 2020

Good morning, Chairwoman Velázquez, Ranking Member Chabot, and distinguished members of the committee.

My name is Jay Ellenby, and I'm President of Safe Harbors Business Travel in Bel Air, Maryland. Since 1985, Safe Harbors has served a diverse range of client companies, organizations and individuals throughout the world.

I'm also here on behalf of the American Society of Travel Advisors (ASTA), the national trade association for the travel agency industry. Travel agencies are responsible for the sale of the majority of airline tickets in the U.S., and are the primary distributor of cruises (66% of the market) and tour packages (68%). A full 98 percent of travel agencies in the U.S. meet the Small Business Administration's (SBA) definition of a small business, and over 2/3 are owned and operated by women.

At Safe Harbors, the past few weeks have been among the most difficult our agency has faced since the terrorist attacks of September 11, 2001 (9/11). Our clients' response to the current crisis ranges from business as usual to limiting travel to the U.S. and Canada only to **stopping business travel completely**, sales are down across the board.

As of last week, our 2020 sales are down 20 percent year-over-year. We are seeing a 37 percent decline in international travel, and that is worsening by the day. We expect March to be devastating and are preparing for sales to be down by 50 percent year-over-year. For April, we can only hope. Yesterday, we laid off a significant part of our workforce and yet still with tremendous uncertainties ahead.

In preparation for this hearing, ASTA surveyed its membership about the impact the coronavirus crisis is having on their businesses.

- 90 percent of clients are concerned about international travel, while 72 percent are concerned about domestic travel;
- 98 percent of respondents expect the crisis to have a heavy negative impact on their businesses this year;
- 98 percent also expect a negative impact on business revenues, with 27 percent expecting a reduction of 50 percent or more

- **If I can leave you with one data point for today, it's this – 22 percent of respondents report a risk of going out of business within three months and 25 percent within six months**
- Up until last week, layoffs were in the planning stages. Layoffs are happening in large numbers by my company, and others similar to me. I also understand some agencies have already shuttered their doors, or soon planning to.

In closing, I want to take this opportunity to provide some suggestions for what Congress and the Administration can do to help our industry during this crisis.

1. **Access to SBA loans.** We were pleased to see that the recent Supplemental Appropriations bill included funding for the SBA to provide about \$7 billion in loans to businesses impacted by the outbreak. We ask that you consider additional funding if the situation worsens and that you work with the SBA to relax some of the collateral requirements for these loans. Travel agencies are service businesses and don't have as many physical assets as, say, manufacturers. In the past travel advisors were forced to put their homes up as collateral in order to qualify for similar loans that were given out after 9/11, so it is essential for these loans to be accessible for the small businesses that desperately need them.
2. **Economic Stimulus package:** Please remember and include small businesses in any proposals for an Economic Stimulus package. Regardless of how long this crisis lasts, we feel strongly that the federal government should take quick action on this front. Financial aid packages have been given to other struggling industries, and the hysteria and misinformation surrounding COVID-19 that continues to plague our businesses shows no sign of stopping. If the trends that ASTA members are reporting continue, we project the lost revenues for our industry could exceed \$7.7 billion dollars this year. On Friday, White House economic adviser Larry Kudlow confirmed that the administration is considering "timely and targeted" federal interventions to help workers, businesses and industries most vulnerable economically to the outbreak. While it's important to include relief for our airline and cruise line partners in such a package, we respectfully ask that you consult with and receive travel agencies input on any such packages to ensure it will help them weather the storm and be in a position to serve their clients once the economy rebounds.

Thank you again for the opportunity to testify today. I would be happy to answer any questions you might have.