May 27, 2020

The Honorable Emily W. Murphy  
Administrator  
General Services Administration  
1800 F Street, NW  
Washington, DC 20405

Dear Administrator Murphy,

We write today to express our concern about the negative impacts the COVID-19 pandemic will have on the hotel and lodging industry, particularly impacts to the federal per diem rates for future Fiscal Years (FY). As members who represent a state that is highly reliant on the travel and tourism industry - and its recovery - we urge the General Service Administration (GSA) to lock in future federal per diem rates at FY 2020 levels. Due to stay-at-home orders, mandatory shutdowns, and social distancing measures, the average daily rate (ADR) collected this year will produce significantly depressed per diem rates, negatively impacting the hotel and travel industry’s long-term recovery.1

As you know, GSA Per Diem is calculated on a trailing 12 months basis from April of the prior calendar year through March of the current calendar year, which is why setting an extended floor is necessary to prevent lingering COVID-19 impacts from drastically lowering the per diem in future years. To allow the hotel industry to make a full recovery, the floor should be in place through at least FY 2026. However, at a minimum, GSA should set the floor at current FY 2020 per diem rates for FYs 2021 and 2022.

As a comparison, following the 9/11 terrorist attack, it took roughly three years for hotel room rates to return to the same level as before the attack. Following the 2008 financial crisis, hotel rates did not rebound for almost six years.2 Meanwhile, COVID-19 related hotel rate declines are significantly outpacing those seen in prior downturns. In April alone, in the state of Florida, hotel room rates were down 50% and occupancy was down more than 70% (see Attachment A). It is vital that a floor for GSA Per Diem rates be set for an extended period of time to mitigate the disastrous impacts of this crisis on the hotel industry. We appreciate your attention to this matter and look forward to your response.

Sincerely,

Charlie Crist  
MEMBER OF CONGRESS

Bill Posey  
MEMBER OF CONGRESS

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Attachment A: State of Florida - ADR - Worst 3 Months in Prior Crises

State of Florida - ADR - Worst 3 Months in Prior Crises

9/11 2001

Great Recession 2009

COVID-19 2020 (first 3)

<table>
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<th>Month</th>
<th>September</th>
<th>December</th>
<th>Jan 2002</th>
<th>February</th>
<th>March</th>
<th>October</th>
<th>March</th>
<th>April</th>
<th>May *</th>
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<tbody>
<tr>
<td>Percent</td>
<td>-8.3%</td>
<td>-8.5%</td>
<td>-8.6%</td>
<td>-11.6%</td>
<td>-13.8%</td>
<td>-12.4%</td>
<td>-13.1%</td>
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</tr>
<tr>
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<td>-30.0%</td>
<td>-40.0%</td>
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* May 2020 data based upon daily data for May 1-16, 2020

Source: STR