



International Health, Racquet & Sportsclub Association

July 6, 2020

The Honorable Marco Rubio  
Chair  
Senate Committee on Small  
Business and Entrepreneurship  
284 Russell Senate Office Building  
Washington, D.C. 20510

The Honorable Ben Cardin  
Ranking Member  
Senate Committee on Small  
Business and Entrepreneurship  
509 Hart Senate Office Building  
Washington, D.C. 20510

Dear Chairman Rubio and Ranking Member Cardin,

The International Health, Racquet, and Sportsclub Association (IHRSA) is alarmed by media reports pointing to the substantial money remaining in the Paycheck Protection Program (PPP) as an indication that the funding is no longer needed there and could perhaps be repurposed to address other needs. As an industry that has been uniquely harmed by mandatory, total closure orders across the country, yet still largely unable to access this loan relief, it is imperative that Congress remove those barriers as they have done for other similarly situated industries, in order for our businesses to survive. We are therefore heartened to know that your committee is in fact working to address the unintentional gaps that remain after previous iterations of the program, and implore you to do so in a way that allows our businesses to apply for the relief that was surely intended for them.

IHRSA represents health and fitness clubs across the nation dedicated to improving the health and wellness of the communities they serve. Unfortunately, these clubs have been devastated by the coronavirus pandemic. Without immediate assistance, over 10,000 health and fitness clubs could go out of business in the next six months. These massive closings would be catastrophic to the owners of these small businesses, their hundreds of thousands of employees, and the millions of people who depend on these clubs for their physical and mental wellbeing.

Health and fitness clubs find themselves in a uniquely dire situation. Unlike other businesses, they could not pivot their business models to curbside pick-up or online orders as communities shut down, resulting in a complete loss of income. The U.S. health club industry lost \$5.6 billion from mid-March through June 1<sup>st</sup>. Even when allowed to reopen, clubs will face serious economic headwinds well into the future; capacity restrictions and other public health orders mean the industry will likely continue to lose hundreds of millions of dollars per week well into 2021.

Given this outlook, health and fitness clubs are at a tipping point, and need significant direct financial aid to survive. Much of our industry was unable to take advantage of the Paycheck



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Protection Program (PPP) without Congress waiving the affiliation rules (as was done for restaurants) due to the unique makeup of our workforce: over 70% of our trainers, instructors, and staff are part-time.

As you draft changes to the PPP and prepare further rounds of relief, it is imperative that sectors such as ours, largely left out of the first round, have access to grant programs and/or programs with some form of loan forgiveness. We request:

- A waiver from the “affiliation rule” for health and fitness clubs, to allow those previously left out to participate in the PPP.
- That funding prioritization be given to businesses that can demonstrate revenue losses of 15% or more.
- Businesses with demonstrated revenue losses over 20% should be eligible for a second round of funding under PPP.
- Strong support for the bipartisan RESTART program, introduced by Senator Todd Young and Senator Michael Bennett, which would address the issues we’ve outlined above

Taken together, these proposals will help ensure health and fitness clubs have increased liquidity and access to resources to help them survive the total loss of revenue so many of them have experienced.

We know that millions of small businesses are struggling to survive the economic crisis brought on by the coronavirus pandemic, but health and fitness clubs have been particularly hard hit. These small business owners, their clubs, and their employees are an incredible asset to the communities they serve. The services our clubs offer provide a wide range of physical and mental health benefits, and as our nation emerges from this pandemic and seeks a return to normalcy, these services will become more important than ever.

Thank you for your consideration.

Joe Moore  
President & CEO  
IHRSA