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Joseph A. McInerney, CHA

President & CEO

April 24, 2009

The Honorable Barack H. Obama
The White House
1600 Pennsylvania Ave., N.W.
Washington, D.C. 20500

Dear Mr. President:

As taxpayers, the American lodging industry congratulates you on your recent move to rein in federal government spending. We believe that your Administration's weeding out of the FY2009 federal budget waste and unnecessary spending with your pledge to excise \$100 million over the next 90 days is a good first step.

However, the same news of federal frugality was also accompanied by news that the Veterans Administration may be taking a shortsighted and counterproductive step by canceling or delaying some of its conferences to find \$17.8 million in savings. While some of those measures may be called for, we believe that taking what appears to be a simple action may in fact be a dubious quest for savings that is actually counterproductive to both governmental effectiveness and your goal of reviving the American economy.

Our industry is concerned that if other government departments follow the lead of the Veterans Administration and arbitrarily cut government business travel in an attempt to find quick budget savings, the economic recovery your Administration has promised America will be negatively affected and government operations will suffer as well.

American companies and our government depend on travel to conduct business meetings and conferences. As much as it is important for a company's sales staff to travel when selling its products to customers, it is equally important for federal employees to travel while conducting the nation's business. There are many examples of the need for federal government employees to personally use the nation's travel system to fulfill their jobs—inspecting federal projects, meeting with local community leaders, planning meetings for public and private enterprise zones are just some of the reasons why federal employees travel as part of their job.

While the Veterans Administration only spends a small portion of the federal travel budget, further cutbacks in this area will lead to hourly wage earner job losses in the \$139 billion U.S. lodging industry, as well as in the larger \$738 billion U.S. travel industry which employs 7.7 million workers across all its operations. Business and government travelers help support the nation's lodging and travel infrastructure while they perform their duties.

A cutback in federal travel expenditures will hurt your goal of saving existing jobs, creating new ones, and revitalizing the nation's economy. Business travel sustains 2.4 million jobs, with meetings and events directly responsible for 1 million American jobs. Business meetings also allow for an exchange of ideas between employees on how to make their corporation—or government department—work better and more efficiently.

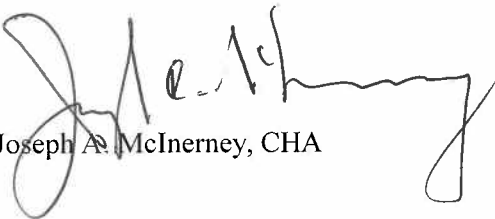
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Arbitrarily cutting federal travel is a dangerous idea to push in times of a weak economy. Federal travel dollars, while portrayed as a way to save money, actually cost more than they will save. For each dollar not being spent on a federal travel program there is one less dollar that will be spent to hire new American lodging employees or purchase hotel-related products created by American workers.

Small businesses will be directly impacted by reflexively cancelling meetings. Forty-four percent of the federal hotel spending was outside of the top 26 hotel brands. Small businesses are the engine of economic growth in America, and if our smaller properties are the unintended victims of cost-savings measures, they will not be able to provide the new jobs your economic recovery programs are promising. Some communities are more highly dependent on federal room travel nights, such as a hotel near a military base. These properties and communities are very dependent on government travel, and to cut back on room nights will be devastating to those communities.

Mr. President, there will always be room to cut government expenditures. But to do so at the cost of economic growth is a false choice, and one that the U.S. lodging and travel industries hopes does not become a short-sighted expedient way to generate favorable publicity at the expense of American jobs and our government's efficiency.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Joe McInerney". The signature is fluid and cursive, with a large loop at the beginning and a long, sweeping tail.

Joseph A. McInerney, CHA