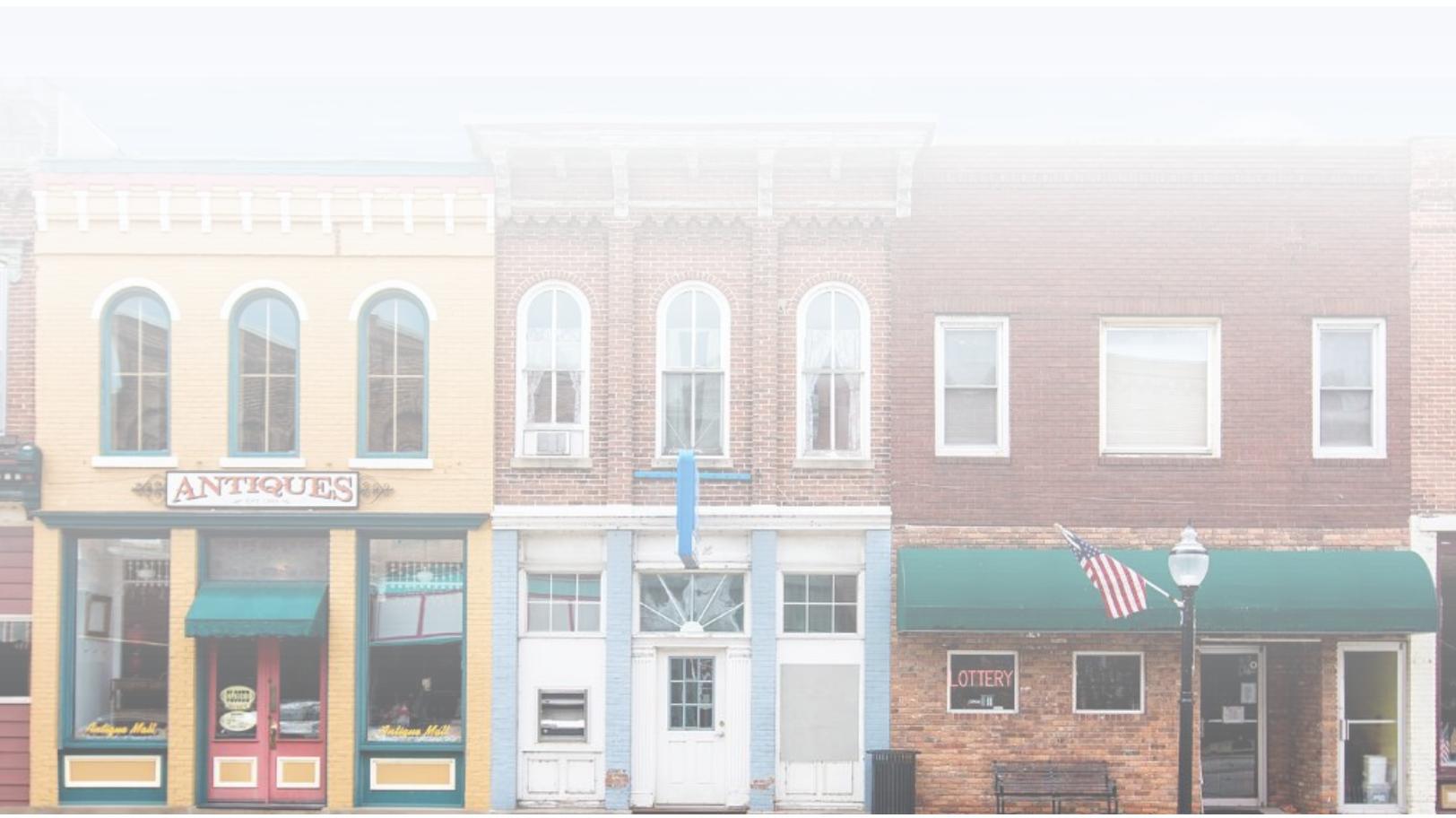




# Survey of American Small Businesses Navigating COVID-19

June 11, 2020



## Introduction

On March 13<sup>th</sup>, a state of national emergency was declared due to COVID-19. Since that time, national emergency measures, stay-at-home orders, and ongoing uncertainty has created massive economic disruptions for businesses. To assess the damage done by the pandemic, the Save Small Business Coalition and America's Recovery Fund Coalition commissioned a survey of American small businesses to ask questions about the Payroll Protection Program (PPP), about how the shutdown affected them, and about the economic realities for businesses as they start to reopen.

## Analysis

The survey paints a particularly bleak picture for U.S. small businesses. **Without additional fiscal support, 1.2 million American small businesses could be closed for good by September 2020.**

While PPP was able to provide near-term relief for many companies, respondents highlighted several shortcomings in the program that limited effectiveness or kept them from participating outright.

- Roughly two-thirds of respondents (65 percent) said they'd applied for a PPP loan, and of those that applied, 85 percent were approved for a loan and received funds. Of those who received funds, four percent subsequently returned them over concerns that they would not be able to meet the terms of forgiveness for the loan. In total, 57 percent of businesses in the survey were able to get and keep their PPP loans.
- Among businesses that did not apply for PPP loans, only 19 percent said they chose not to apply because they felt they did not need the money. Eleven percent said they applied for a different loan instead (like the Economic Injury Disaster Loan). **One in four businesses said they did not apply because the payroll requirements in PPP didn't work for their business.**
- **Nearly half of businesses (47 percent) said that their PPP loan was too small to cover overhead during the time period given to use the funds.**

In addition, businesses made it clear that both the current environment and the road ahead are extremely challenging and full of uncertainty. Business interruptions have been lengthy and, for many businesses, remain in effect:

- 82 percent of respondents said their businesses were closed for more than four weeks because of the pandemic. Over half (53 percent) say they were closed

more than eight weeks, and one in four businesses (26 percent) remained closed at the time of the survey.

Those businesses fortunate enough to reopen are facing a costlier operating environment and revenue that is painfully slow to return:

- **A stunning 85 percent of businesses that have reopened say they are experiencing moderate to significant revenue decreases, with over half calling those decreases “significant.”** 78 percent of businesses responding said they’ve had to invest in personal protective equipment and/or modify their business in order to comply with reopening guidelines.

What’s more, businesses that have come this far already are now running out of time and capital:

- When asked what resource is most needed in order to remain open, 69 percent of respondents said capital to cover overhead, or capital to cover overhead and also capital for payroll and to cover necessary changes to their business operations. If no additional help is forthcoming, only 37 percent of businesses are confident they can avoid further layoffs. **Perhaps most alarming of all, one in five businesses surveyed say they will go out of business between now and September if no additional help arrives for small businesses.**

## Methodology and Assumptions

The survey was conducted by the Save Small Business Coalition and was open to respondents from May 29 to June 5, 2020. The survey of 1,545 participating small businesses across 17 states was conducted using Survey Monkey.

<sup>i</sup> The survey answers imply 53 percent ( $0.65 \times 0.85 \times 0.96$ ) but Question 5 yields 879 Yes answers out of a sample size of 1545 for a 57% Yes rate.