

# Covid-19 Small Business Survey

NFIB Research Center

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The number of small business owners applying for a Paycheck Protection Program (PPP) loan remained generally unchanged since mid-June with 80% having applied for a loan. Over half (56%) of PPP borrowers have spent all of their loan funds with the remaining 44% likely not far behind.

The PPP loan forgiveness period was extended to 24-weeks with the passage of the PPP Flexibility Act of 2020 signed into law June 5, 2020. Borrowers are now allowed to use their loan beyond the original 8-week limit, offering additional time to pay for qualifying business expenses. The extension to a 24-week covered period is widely popular with 59% of borrowers opting for the added time to use their loan for forgiveness, 38% kept or plan to keep their original 8-week period.

After using the loan, the next step for PPP borrowers is applying for loan forgiveness. Six percent of borrowers have applied for forgiveness. Just over half (55%) of borrowers have not submitted their application and 38% of borrower are on hold as their lender has told them they are not accepting forgiveness applications yet. Lenders are still waiting for instructions from the Small Business Administration (SBA) on how to submit these applications so as of yet, submitted applications from borrowers have not yet been submitted by the lender for approval.

PPP loan borrowers fill out one of two forgiveness application forms: the EZ application or the longer form. Already 34% have used or plan to use the simplified EZ form and 4% the long form. Sixty-two percent do not yet know if they will be able to take advantage of the simplified form or if they have to fill out the longer one.

The PPP loan was designed to support payroll to keep employees connected with their jobs and the program has largely fulfilled that goal. However, for many small business owners, current economic conditions will force some to adjust their employment levels after they have spent their loan. About 22% of PPP loan borrowers have or are anticipate having to lay off one or more employees after using their loan. This is up from 14% in mid-June. As owners finish using their loan, more are finding that economic conditions are unable to support current staffing levels which were previously supported by the PPP loan.

The Economic Injury Disaster Loan (EIDL) program is another popular small business loan program managed through the SBA. Just over one-third (34%) have applied for an EIDL loan, generally unchanged since mid-April. About 67% have been approved for an EIDL loan and 7% denied, with 26% still waiting to hear one way or another. Just over half (55%) of applicants report that their EIDL has been deposited.

Economic conditions have improved for many small business owners over the last month as states have eased business restrictions and stay-at-home orders. Most small business owners have received much needed financial assistance through the PPP and EIDL programs to help support business operations during the health crisis. However, businesses hardest hit by the crisis will likely need additional help. Of those small business owners who have applied for a PPP loan, an EIDL, or both, 46% anticipate needing additional financial support in some form over the next 12 months, generally unchanged from mid-June.

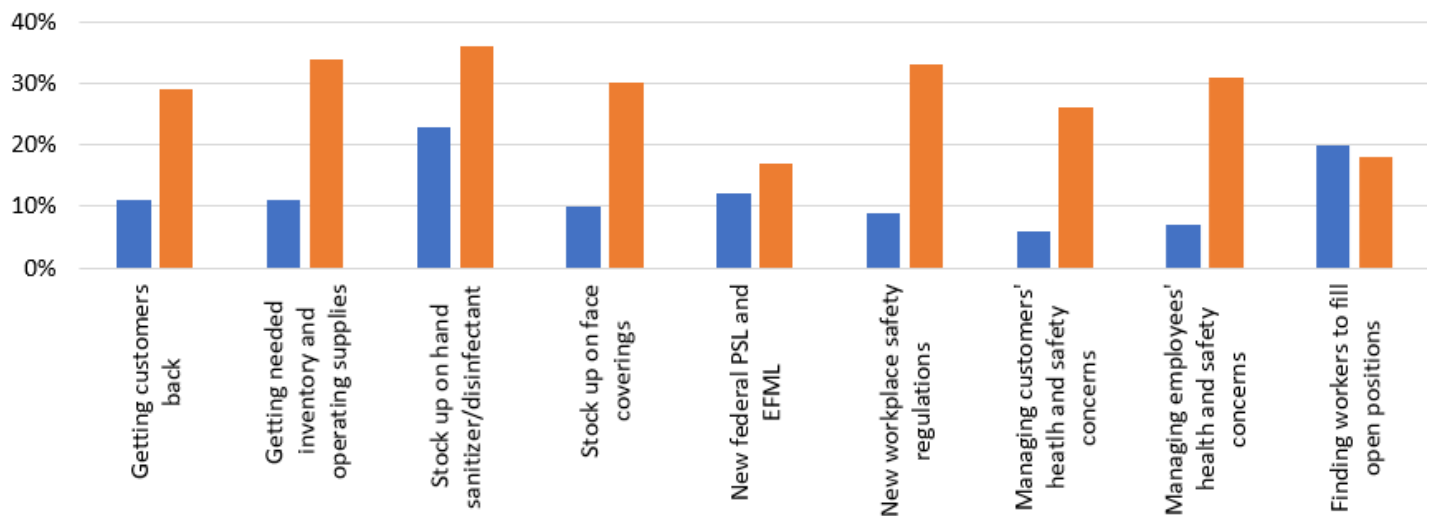
The health crisis remains volatile with areas around the country experiencing spikes in infection rates. These outbreaks of Covid-19 have prompted some states and cities to suspend or scale back re-opening actions to curtail further increases in infections. Forty-seven percent of small businesses have been impacted by these changes in re-opening policies.

Economic conditions are still challenging for most but less so than about two months ago. About 45% of respondents reported that their current sales volume is 76% or more of pre-crisis levels, a significant improvement from 28% reporting the same in NFIB's May 18th survey. Eight percent reported their current sales volume as 1% - 25% of pre-crisis levels, compared to 16% roughly about two months ago. Eighteen percent of small business owners report sales levels between 26-50% of pre-crisis levels and 27% between 51-75% of pre-crisis levels.

Some states and many cities require face coverings before entering business establishments and for employees in many occupations. About 53% of small business owners require employees and/or customers to wear a face covering and 46% of them find it difficult to enforce the practice of wearing one.

Small business owners face many challenges in operating and re-opening their business. The biggest challenge for owners right now is being able to stock up on hand sanitizer for their business with 23% of owners reporting that it is very difficult and another 36% finding it moderately difficult to stock up on the product. One-in-ten small business owners find it very difficult to stock up on face coverings and another 30% find it moderately difficult.

## Percent Finding the Following “Very” and “Moderately” Difficult in Operating Their Business



Getting customers back is proving very difficult for 11% of owners with another 29% saying that it's moderately difficult. Many owners are also finding it difficult to manage employees' and customers' health and safety concerns with 38% finding the former and 32% finding the latter very or moderately difficult to manage.

Most small business owners anticipate a long economic recovery ahead before getting back to normal levels of economic activity. Twenty-two percent of owners anticipate conditions returning back to normal sometime between 2022-2024 with 53% of owners anticipating a return sometime in 2021. Twenty-three percent report that their local economy is back to normal levels now or will be in the next six months.

But how long can businesses stay open under current economic conditions? Economic conditions are dire for about 4% who say they will only be able to keep business operation going for less than two months with another 19% being able to operate for 3-6 months. About one-in-five (21%) anticipate being able to operate for 7-12 months in the current environment and 57% are less financially stressed and are able to operate for more than 12 months.

### Methodology

This survey was conducted with a random sample of NFIB's membership database of about 300,000 small business owners. The survey was conducted by email on July 6-7, 2020. NFIB collected 615 usable responses.

## Questionnaire

Q1 Have you submitted an application for a Paycheck Protection Program (PPP) loan?

80% 1. Yes

20% 2. No

Q2 If yes, has the loan been deposited to your bank account yet?

97% 1. Yes

3% 2. No

Q3 Are you extending your forgiveness window to more than 8-weeks (up to 24 weeks) or keeping your original 8-week covered period?

59% 1. Extending forgiveness up to 24 weeks

38% 2. Keeping original 8-weeks

3% 3. DK

Q4 Have you spent all of your loan funds yet?

56% 1. Yes

44% 2. No

Q5 Have you submitted an application for loan forgiveness yet?

6% 1. Yes

55% 2. No

38% 3. No because my lender isn't accepting forgiveness applications yet

Q6 Did you or do you plan to use EZ forgiveness application or the longer application?

34% 1. EZ application

4% 2. Long application

62% 3. I don't know

Q7 After using your PPP loan, have you or do you anticipate having to lay off any employees?

22% 1. Yes

78% 2. No

Q8 Have you submitted an application for an SBA Economic Injury Disaster Loan (EIDL)?

34% 1. Yes

66% 2. No

Q9 Was your application approved, denied, or have you not heard yet either way?

67% 1. Approved

7% 2. Denied

26% 3. Haven't heard

Q10 Has the EIDL loan been deposited to your bank account yet?

55% 1. Yes  
45% 2. No

Q11 Did you request the EIDL Emergency Grant?  
(\$1,000 per employee, up to \$10,000)

78% 1. Yes  
16% 2. No  
6% 3. I don't know.

Q12 Has the EIDL Emergency Grant been deposited to your bank account yet?

79% 1. Yes  
21% 2. No

Q13 Is your business currently impacted by a postponement or reversal of state or local reopening actions?

47% 1. Yes  
53% 2. No

Q14 How does your current sales volume compare to pre-crisis levels?

11% 1. More than 100% of pre-crisis level  
34% 2. 76%-100% of pre-crisis level  
27% 3. 51%-75% of pre-crisis level  
18% 4. 26%-50% of pre-crisis level  
8% 5. 1%-25% of pre-crisis level  
2% 6. My business is currently closed

Q15 Does your business require employees or customers to wear a face covering?

53% 1. Yes  
47% 2. No

Q16 If so, do you find it difficult enforcing the face covering requirement?

46% 1. Yes  
54% 2. No

Q17 Do you anticipate needing additional financial support over the next 12 months?

46% 1. Yes  
55% 2. No

Q18 How difficult have the following been in operating your business?

a. Managing employees' health and safety concerns

7% 1. Very difficult  
31% 2. Moderately difficult  
39% 3. Not too difficult

17% 4. Not at all difficult  
7% 5. Doesn't apply

b. Managing customers' health and safety concerns

6% 1. Very difficult  
26% 2. Moderately difficult  
40% 3. Not too difficult  
16% 4. Not at all difficult  
12% 5. Doesn't apply

c. Getting customers back

11% 1. Very difficult  
29% 2. Moderately difficult  
29% 3. Not too difficult  
19% 4. Not at all difficult  
12% 5. Doesn't apply

d. Complying with new workplace safety regulations

9% 1. Very difficult  
33% 2. Moderately difficult  
36% 3. Not too difficult  
12% 4. Not at all difficult  
9% 5. Doesn't apply

e. Being able to stock up on hand sanitizer and disinfectant supplies

23% 1. Very difficult  
36% 2. Moderately difficult  
24% 3. Not too difficult  
11% 4. Not at all difficult  
6% 5. Doesn't apply

f. Being able to stock up on face coverings

10% 1. Very difficult  
30% 2. Moderately difficult  
32% 3. Not too difficult  
14% 4. Not at all difficult  
14% 5. Doesn't apply

g. Finding workers to fill open positions

20% 1. Very difficult  
18% 2. Moderately difficult  
10% 3. Not too difficult  
6% 4. Not at all difficult  
47% 5. Doesn't apply

h. Complying with the new federal paid sick leave and emergency family medical leave mandates

- 12% 1. Very difficult
- 17% 2. Moderately difficult
- 18% 3. Not too difficult
- 10% 4. Not at all difficult
- 44% 5. Doesn't apply

i. Getting needed inventory and operating supplies.

- 11% 1. Very difficult
- 34% 2. Moderately difficult
- 34% 3. Not too difficult
- 14% 4. Not at all difficult
- 7% 5. Doesn't apply

Q19 How long do you think it will take before your local community is back to a normal level of economic activity?

- 4% 1. It is now
- 19% 2. In the next 6 months
- 53% 3. Next year (2021)
- 22% 4. 2-3 years (2022-2024)
- 2% 5. After 2024

Q20 How long will you be able operate your business under current economic conditions?

- 1% 1. Less than 1 month
- 3% 2. 1-2 months
- 19% 3. 3-6 months
- 21% 4. 7-12 months
- 57% 5. More than 12 months

Q21 Please classify your major business activity, using one of the categories of examples below.

- 16% 1. Construction (general contractor, painting, carpentry, plumbing, electrical, etc.)
- 13% 2. Manufacturing and mining
- 3% 3. Transportation, communication, public utilities (truckers, movers, broadcasters, etc.)
- 4% 4. Wholesale
- 20% 5. Retail and Restaurants
- 6% 6. Agriculture (veterinarian, forestry, landscaping, fisheries, etc.)
- 4% 7. Financial, insurance, real estate
- 20% 8. Services (auto repair, house cleaning, salon, etc.)
- 8% 9. Professional services (attorney, physician, skilled nursing, etc.)
- 5% 10. Other (please describe) \_\_\_\_\_

Q22 Number of Employees

- 6% 1. No employees

11% 2. 1-2 employees  
22% 3. 3-5 employees  
22% 4. 6-9 employees  
20% 5. 10-19 employees  
13% 6. 20-49 employees  
5% 7. 50-199 employees  
1% 8. 200 or more employees

Additional comment: \_\_\_\_\_