



Opinion Poll:

Virginia small business owners say government doesn't understand their concerns, need help with healthcare costs and other challenges

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Small Business Majority
1101 14th Street, NW, Suite 950
Washington, DC 20005
(202) 828-8357
www.smallbusinessmajority.org

Executive Summary

Policymakers at all levels, from town councils to the halls of Capitol Hill, emphasize the challenges of small businesses as a key talking point during political debates. But new opinion polling reveals Virginia small businesses feel their government officials don't actually understand their challenges, and they support a wide array of policies to address their needs, some of which might come as a surprise to their elected officials.

The poll, conducted by Chesapeake Beach Consulting for Small Business Majority, found only 15% of Virginia small business feel their state and federal government officials understand the needs and challenges of small businesses like theirs a lot. The top three reasons why they feel government officials don't understand them are: they primarily care about larger businesses, they are too influenced by special interests, and they don't take time to listen to or understand the views of business owners like them.

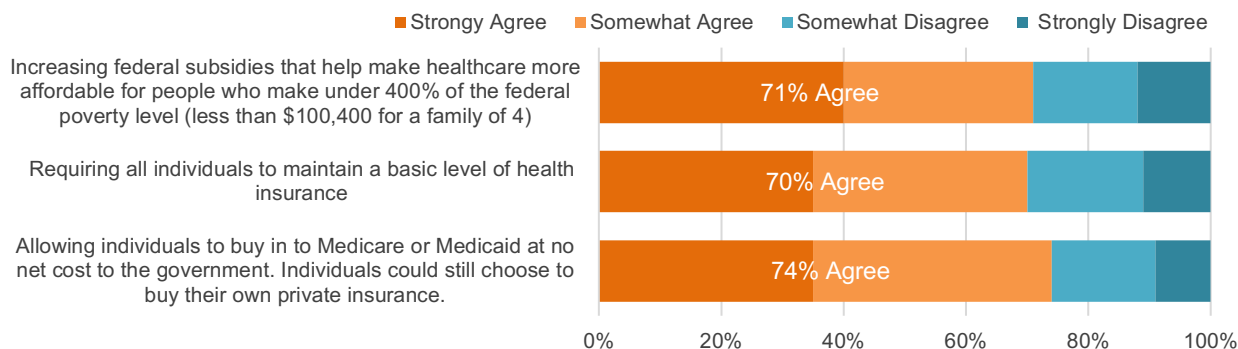
Figure 1: Top reasons Virginia small business owners give for why they feel government officials don't understand them



One example of how government officials may have misunderstood the needs of small businesses is during the debates surrounding the Tax Cuts and Jobs Act of 2017. While the new tax law was billed as a boon for small businesses, only 39% of Virginia small businesses report it has had a positive impact on their business, compared to 51% who say it's had no effect or a negative impact on their business.

Respondents identified several actions that government could take that would address the needs of small businesses like theirs, and one of the top priorities for Virginia small businesses is for officials to make healthcare more accessible and affordable. This should come as no surprise considering more than 4 in 10 (41%) cite healthcare costs as a key factor that could harm their business. Respondents showed strong support for policies that would address healthcare affordability and access, as shown below in Figure 2.

Figure 2: Healthcare policies that Virginia small business owners support



Additionally, 6 in 10 respondents feel access to capital is a problem for small businesses, and they support legislation that would address predatory lending practices in small business lending. Currently there is no law or standard governing how rates and fees for small business lending products are disclosed to borrowers. Nearly 3 in 4 (74%) support a law that would address this by requiring certain disclosures for small business loan products, including Annual Percentage Rate (APR), total cost of capital and all fees and prepayment penalties.

As these results make clear, Virginia small business owners want their policymakers to listen to them and understand their concerns, and then act on them. If government officials want to support the state's primary job creators, they must address barriers to entrepreneurship and enact policies that will level the playing field for small enterprises.

Additional Poll Findings

- **Virginia small business owners identify the biggest barriers to maintaining or growing their businesses:** The top two barriers are taxes and healthcare costs (51% and 41% respectively), followed by licensing and regulations (36%), access to capital (29%), a lack of qualified workers (24%), a lack of access to business support services (22%) and infrastructure (19%).
- **Small business owners identify key issues policymakers should tackle:** Ranking in order of priority, small business owners identified several actions that government could take to help small businesses like theirs, including providing more tax incentives for small businesses, making healthcare more accessible and affordable, making retirement plans more accessible, easing licensing and regulatory requirements for small businesses, increasing the availability of capital for small businesses, and providing more funding for organizations that provide advice and services to small businesses and entrepreneurs.
- **Small businesses support additional policy solutions to address their healthcare costs:** This includes creating a reinsurance program to create more stability in the market (80%) and extending open enrollment periods and providing federal funding to states to conduct outreach on how to enroll (81%). More than two-thirds (67%) support banning short-term insurance and association health plans, which may not cover all essential health benefits and can exclude those with pre-existing conditions. Respondents were also asked to weigh in on surprise billing (also known as balance billing), the practice in which a healthcare provider charges more money above what insurance covers, often as a result of receiving care from an out-of-network provider while at an in-network facility. A vast 84% agree services at an in-network facility like a hospital should be billed at in-network rates, even if the specific provider at the facility is out-of-network.
- **Entrepreneurs support Medicaid expansion in Virginia:** In 2018, Virginia opted to expand Medicaid coverage to individuals whose incomes fell between current Medicaid levels and the minimum level for federal subsidies, with the state only having to cover 10% of the cost. More than three-quarters of respondents (78%) say they support this policy change.
- **Entrepreneurs support policies to address the rising cost of prescription drugs:** 88% believe the federal government should be able to negotiate with drug companies to lower prices on Medicare prescription drugs. An additional 89% say it should be illegal for a drug company to pay another company that makes generic drugs to delay the release of that drug. Eighty-four percent agree drug companies should be required to justify their prices by disclosing how much they spend on research, manufacturing and marketing and how much they are making in profits. Eight in 10 believe pharmaceutical companies should be prohibited from extending patents on their drugs, which delays less expensive generics from entering the market.
- **Virginia entrepreneurs support policies implementing state paid family and medical leave programs and retirement programs:** 66% feel it is important to establish state programs to guarantee access to paid family and medical leave, funded by modest employee and employer contributions. Similarly, 64% support state efforts to enact retirement programs that automatically enroll employees of businesses without their own plan into a state-administered retirement program.
- **Virginia small business owners are politically diverse:** 46% of respondents identify as Republican or Republican-leaning independents, 39% are Democrat or Democrat-leaning independents and 15% are pure independent or other.

Methodology

This poll reflects an Internet survey of 100 small business owners with 1-100 employees in Virginia, as part of a larger sample of 400 small business owners in four states (Illinois, Missouri, Virginia and Wisconsin). The poll was conducted by Chesapeake Beach Consulting for Small Business Majority between June 13-19, 2019. The margin of error for the Virginia survey is 10%.

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100 Virginia small business owners

- 1. Please indicate your gender
 - Male.....53%
 - Female.....47%

- 2. What state is your business located in?
 - Virginia.....100%

- 3. Do you own your own for-profit business?
 - Yes100%

- 4. How many people do you employ including yourself?
 - One23%
 - 2 to 5.....38%
 - 6 to 10.....11%
 - 11 to 25.....12%
 - 26 to 508%
 - 51 to 1008%

- 5. On a scale of one to ten, with one meaning very poor and ten meaning very good, how would you rank the economic conditions in your state?
 - One1%
 - Two3%
 - Three4%
 - Four6%
 - Five11%
 - Six14%
 - Seven23%
 - Eight20%
 - Nine11%
 - Ten.....7%
 - One to Four14%
 - Five to Seven48%
 - Eight to Ten.....38%

6. Would you say that state and federal government officials understand the needs and challenges faced by small businesses like yours?

- A lot 15%
- A moderate amount 40%
- A little 25%
- Not at all 20%

7. Here are some reasons that others have given as to why government officials don't understand small business needs and challenges. Of these, please indicate which is the top reason why they don't understand your needs. (85 respondents)

- They are too influenced by special interests 29%
- They primarily care about larger businesses 38%
- They don't take time to listen to or understand the views of business owners like me 18%
- There are no organizations I've found that do a good job representing small business needs to government 15%

Below are some actions that others have suggested as ways that government could do more to help small businesses like yours. On a scale of one to five, with one meaning it is a low priority and five meaning it is a high priority, please tell me how much of a priority each of these actions should be.

8. Increasing the availability of capital for small businesses

- One 8%
- Two 14%
- Three 24%
- Four 30%
- Five 24%

9. Providing more funding for organizations that provide advice and services to small businesses and entrepreneurs

- One 11%
- Two 16%
- Three 30%
- Four 22%
- Five 21%

10. Easing licensing and regulatory requirements for businesses

- One 16%
- Two 14%
- Three 21%
- Four 22%
- Five 27%

11. Providing more tax incentives for small businesses

One	9%
Two	7%
Three	14%
Four	25%
Five	45%

12. Making retirement plans more accessible for small business owners, employees and independent entrepreneurs

One	13%
Two	13%
Three	17%
Four	25%
Five	32%

13. Making healthcare more accessible and affordable

One	12%
Two	19%
Three	19%
Four	16%
Five	43%

14. Below are some external factors that could help you maintain or grow your business. Which three of these factors are most important you?

Support from my community	33%
A robust market for my goods or services.....	52%
Access to loans and capital	27%
Access to business support services	32%
A state and local government that fosters a strong regional economy	41%
A robust talent pool of employees	19%
Support from family and friends	26%
Not sure.....	4%

15. Below are some external factors that could hurt your ability to maintain or grow your business. Which three of these factors are the largest barriers for you to maintain or grow your business?

Access to capital	29%
Health care costs.....	41%
Lack of qualified, skilled workers	24%
Taxes	51%
Infrastructure i.e. broadband, well-maintained local roads, bridges and highways	19%
Licensing and regulations.....	36%
Lack of access to business support services	22%
Not sure.....	9%

16. In 2017, Congress enacted the Tax Cuts and Jobs Act. Would you say the Act has had a positive effect, negative effect or no effect on your business?

Very positive effect.....	13%
Somewhat positive effect	26%
Somewhat negative effect	11%
Very negative effect.....	7%
No effect	33%
Don't know	10%
TOTAL POSITIVE.....	39%
NO EFFECT	33%
TOTAL NEGAVITE.....	18%

Now you will see some questions about healthcare.

Surprise billing, sometimes known as balance billing, is the practice in which a healthcare provider charges more money above what your insurance will cover, usually as a result of receiving care from an out-of-network provider while at an in-network facility. The following solutions have been suggested as ways to address the issue of balance billing. For each, indicate if you strongly agree, somewhat agree, somewhat disagree or strongly disagree with the solution.

17. Services provided at an in-network facility like a hospital should be billed at in-network rates, even if the specific provider at the facility is out-of-network.

Strongly agree	47%
Somewhat agree	37%
Somewhat disagree	12%
Strongly disagree	4%
TOTAL AGREE	84%
TOTAL DISAGREE	16%

18. State insurance commissioners should set a payment standard regarding what insurers owe providers in out-of-network care situations.

Strongly agree	30%
Somewhat agree	49%
Somewhat disagree	16%
Strongly disagree	5%
TOTAL AGREE	79%
TOTAL DISAGREE	21%

Thinking now about prescription drugs

Below are a series of proposals for addressing the rising cost of prescription drugs. For each, please indicate if you strongly agree, somewhat agree, somewhat disagree or strongly disagree with each proposal.

19. The federal government should be able to negotiate with drug companies to get lower prices on prescription drugs for people on Medicare.

Strongly agree	56%
Somewhat agree	32%
Somewhat disagree	6%
Strongly disagree	6%
TOTAL AGREE	88%
TOTAL DISAGREE	12%

20. Drug companies should be required to justify their prices by disclosing how much they spend on research, manufacturing, and marketing and how much they are making in profits.

Strongly agree	44%
Somewhat agree	40%
Somewhat disagree	10%
Strongly disagree	6%
TOTAL AGREE	84%
TOTAL DISAGREE	16%

21. It should be illegal for a drug company to pay another company that makes generic drugs to delay the release of a generic drug.

Strongly agree	65%
Somewhat agree	24%
Somewhat disagree	7%
Strongly disagree	4%
TOTAL AGREE	89%
TOTAL DISAGREE	11%

22. Pharmaceutical companies should be prohibited from extending patents on their drugs, which delays less expensive generics from entering the market.

Strongly agree	50%
Somewhat agree	30%
Somewhat disagree	16%
Strongly disagree	4%
TOTAL AGREE	80%
TOTAL DISAGREE	20%

Below are some solutions that have been suggested to strengthen and enhance our healthcare system. For each, please indicate whether you strongly agree, somewhat agree, somewhat disagree or strongly disagree with each solution.

23. Create a reinsurance program, which is a fund that creates stability in the market by providing financial support for insurers that incur losses from covering older and less healthy people.

Strongly agree	29%
Somewhat agree	51%
Somewhat disagree	15%
Strongly disagree	5%
TOTAL AGREE	80%
TOTAL DISAGREE	20%

24. Extend open enrollment periods to allow as many people as possible to purchase insurance coverage, and provide federal funding to states to conduct outreach on how to enroll.

Strongly agree	40%
Somewhat agree	41%
Somewhat disagree	17%
Strongly disagree	2%
TOTAL AGREE	81%
TOTAL DISAGREE	19%

25. Allow any individual to buy a Medicare or Medicaid plan with no net cost to the government. Individuals could still choose to buy their own private insurance.

Strongly agree	35%
Somewhat agree	39%
Somewhat disagree	17%
Strongly disagree	9%
TOTAL AGREE	74%
TOTAL DISAGREE	26%

26. Strengthen the current system of subsidies that has helped make healthcare more affordable by increasing the existing federal subsidies that provide financial assistance for people who make under 400% of the federal poverty limit (for example, a family of four earning less than \$100,400).

Strongly agree	40%
Somewhat agree	31%
Somewhat disagree	17%
Strongly disagree	12%
TOTAL AGREE	71%
TOTAL DISAGREE	29%

27. Require all individuals to maintain a basic level of health insurance. Proponents say this reduces healthcare costs by ensuring emergency care is covered and by insurers having large pools of both healthy and less healthy individuals to spread risk.

Strongly agree	35%
Somewhat agree	35%
Somewhat disagree	19%
Strongly disagree	11%
TOTAL AGREE	70%
TOTAL DISAGREE	30%

28. States have the option to expand Medicaid coverage to individuals whose incomes fall between current Medicaid levels and the minimum level for federal subsidies, with states only having to cover a maximum of 10% of the cost. Some states including Virginia have expanded Medicaid coverage, while others have not. Do you strongly support, somewhat support, somewhat oppose or strongly oppose expanded Medicaid coverage?

Strongly support	36%
Somewhat support	42%
Somewhat oppose	10%
Strongly oppose	12%
TOTAL SUPPORT	78%
TOTAL OPPOSE	22%

29. Short-term insurance are types of insurance that don't have to cover all essential health benefits and can exclude those with pre-existing conditions. Similarly, association health plans, allow small businesses and self-employed individuals to join together and purchase health coverage that also don't have to cover all essential health benefits and can exclude those with pre-existing conditions. Proponents say these plans provide a cheaper insurance alternative, while opponents say the plans often do not cover adequate care, and siphon off healthy people from regular plans, making insurance more expensive for everyone else. Would you support or oppose a ban on types of plans?

Strongly support a ban.....	25%
Somewhat support a ban	42%
Somewhat oppose a ban	23%
Strongly oppose a ban.....	10%
TOTAL SUPPORT	67%
TOTAL OPPOSE	33%

Now you will see some questions about your ability to access capital for your business.

30. How big a problem is access to capital for small business?

A major problem	26%
Somewhat of a problem	34%
A minor problem.....	23%
Not a problem at all	14%
Don't know	3%
MAJOR/SOMEWHAT PROBLEM.....	60%
MINOR/NOT A PROBLEM.....	37%

31. Have you ever sought or obtained a loan from an online small business loan company?

Yes, completed at least one application and received a loan	17%
Yes, completed at least one application and did not receive loan	15%
Started credit search or application process but didn't complete	10%
Did not pursue an online loan	55%
Unsure.....	3%

If yes to either or started above (42 people):

32. Overall, were you satisfied or unsatisfied with the online credit lending experience

Very satisfied.....	31%
Somewhat satisfied	26%
Neutral	26%
Somewhat dissatisfied	5%
Very dissatisfied	12%
TOTAL SATISFIED.....	57%
NEUTRAL	26%
TOTAL DISSATISFIED	17%

If dissatisfied above (7 people):

33. Why were you dissatisfied (select all that apply)?

High interest rate	57%
Unfavorable repayment terms	43%
Long wait for credit decision or funding	0%
Difficult application process	29%
Lack of transparency around loan terms.....	43%
Other challenges. Please specify:	0%
Experienced no challenges	0%

34. While there are a variety of commercial lending products available for small businesses, there is no law or standard governing how the rates and fees for these products are disclosed to borrowers. Would you support or oppose a law to require certain disclosures for small business loan products, including Annual Percentage Rate (APR), total cost of capital, and all fees and prepayment penalties, in a uniform standard?

Strongly support	42%
Somewhat support	32%
Somewhat oppose	17%
Strongly oppose.....	3%
Don't know	6%
TOTAL SUPPORT	74%
TOTAL OPPOSE	20%

Now, just a few more questions about other small business issues.

35. Some states have enacted retirement programs that automatically enroll employees of businesses without their own retirement plans into a state-administered retirement plan. Employees can opt out at any time. Generally, do you support or oppose state efforts to establish these retirement programs?

Strongly support	27%
Somewhat support	37%
Somewhat oppose	18%
Strongly oppose.....	8%
Don't know.....	10%
TOTAL SUPPORT	64%
TOTAL OPPOSE	26%

36. Some states have established insurance programs to provide workers with pay during family leave, funded by modest employer and employee contributions into the program. How important is it to establish a program to guarantee access to paid family and medical leave – very important, somewhat important, not very important, or not important at all?

Very important.....	33%
Somewhat important	33%
Not very important	15%
Not important at all	13%
Don't know.....	6%
TOTAL IMPORTANT	66%
TOTAL NOT VERY/NOT IMPORTANT AT ALL.....	28%

Now, I have just a few questions for statistical purposes...

37. Which of the following best characterizes your business?

Agriculture	3%
Construction.....	10%
Financial, insurance or legal services	8%
Information technology	9%
Manufacturing	4%
Medical or dental	7%
Real estate	3%
Restaurant or food service.....	3%
Retail	15%
Other non-retail services	29%
Wholesale trade	2%
Not sure/Refused to answer	7%

38. In what year were you born?

18-34.....	30%
35-44	9%
45-54	14%
55-64	19%
65+	28%

39. Generally speaking, do you think of yourself as a Republican, a Democrat, or an Independent?

Democrat.....	32%
Independent.....	30%
Republican	33%
Other	2%
Don't know.....	1%
Refused.....	2%

40. If independent, other or don't know: Do you think of yourself as closer to the Republican or Democratic Party? (33 respondents)

Closer to Democrats.....	21%
Closer to Republicans	39%
Neither	39%
Don't know.....	0%
Refused.....	0%

41. Again, just for statistical purposes what was the gross revenue of your business in 2018?

Less than \$50,000	29%
Between \$50,000 and \$100,000	20%
Between \$100,000 and \$250,000	16%
Between \$250,001 and \$500,000.....	13%
Between \$500,001 and \$1 million.....	6%
Between \$1 million and \$2 million	4%
Between \$2 million and \$5 million	7%
More than \$5 million	2%
Don't know.....	0%
Refused.....	3%

42. What racial characterization do you most closely identify?

White.....	75%
African-American or Black	11%
Hispanic or Latino	3%
Asian or Pacific Islander	4%
Native American	1%
Other	2%
Biracial or multiracial	1%
Don't know.....	0%
Refused.....	3%