



Scientific Opinion Poll

California small business owners report devastating impacts of COVID-19, need immediate cash assistance to survive

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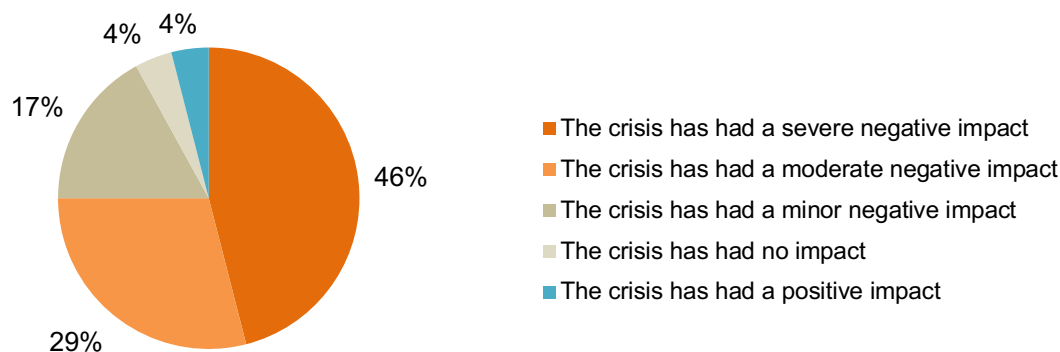
Executive Summary

It's no secret that California has been hard hit by the spread of COVID-19, with a vast 2.7 million applying for unemployment in the past four weeks, and the impacts have been particularly severe on small businesses that have seen their revenues take a nosedive overnight. While Congress allocated \$350 billion in small business lending in the CARES Act stimulus package last month, these loan programs are already out of funds, leaving millions of small businesses to wonder if help will ever arrive as Congress debates distributing more funds. New scientific opinion polling reveals additional insight into the dismal state of California small businesses and what we stand to lose if Congress doesn't act to not only provide more emergency loans, but the direct grant relief that small businesses overwhelmingly support.

The poll, conducted by Chesapeake Beach Consulting for Small Business Majority, surveyed California small business owners between April 7 and 10, 2020. The survey sheds light on a shocking rate of business closures in the state, as well as small business owners' views on proposals that can help ensure they are able to reopen and recover once the crisis is over.

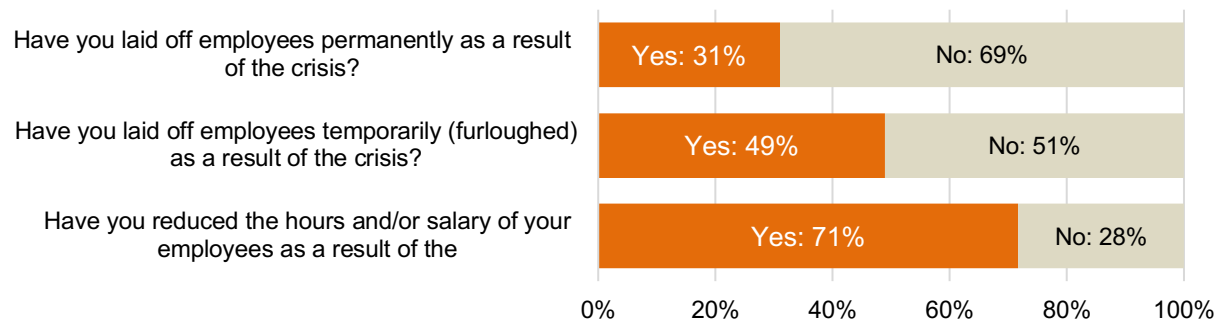
An astounding 92% say the coronavirus has impacted their business, with nearly half (46%) who say it has had a severe negative impact. Similarly, 42% report their revenues have declined by more than 50% since the COVID-19 crisis has begun. **And 44% of small businesses in California have already closed or are planning to do so in the next two months.**

Figure 1: Most small businesses report they've experienced negative impacts to their business as a result of the coronavirus crisis

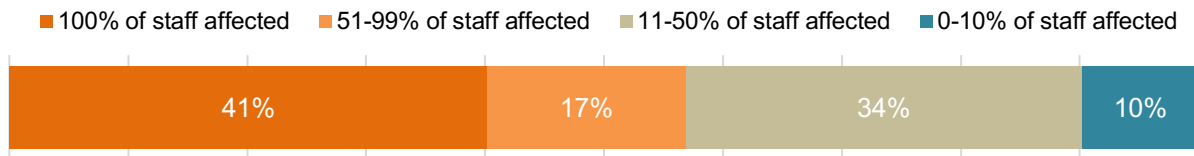


Additionally, small businesses report widespread layoffs and furloughs. Thirty-one percent have permanently laid off their employees, roughly half (49%) have furloughed employees and most (71%) have reduced hours, salary or both for their employees as a result of the crisis. **More than 4 in 10 (41%) have permanently laid off, furloughed or reduced the hours/salary of their entire workforce.** Nearly 6 in 10 (58%) report that at least half of their workforce has been impacted by layoffs or reductions.

Figure 2: California small businesses report widespread reductions in workforce



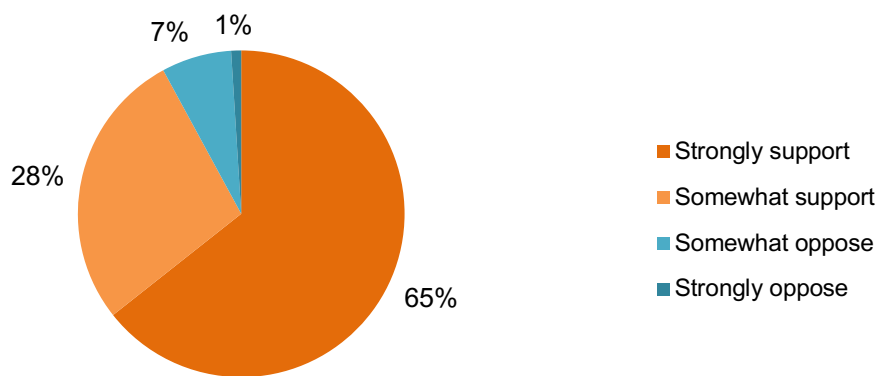
Percentage of your staff affected by temporary or permanent layoffs, reduced hours or reduced wages



Fifty-seven percent of California small businesses say the CARES Act, the \$2 trillion stimulus package passed by Congress last month, was a good first step to address the challenges they're facing, but they believe more small business assistance is needed. It's important to note that this survey was fielded before the small business loan program funded by the CARES Act was depleted of funds, leaving millions of small businesses behind.

Most small businesses (93%) say what they need from the federal government to help them survive the crisis is direct grant assistance. Roughly two-thirds (65%) strongly support direct cash grants to help ensure small businesses can recover.

Figure 3: Small businesses overwhelmingly support direct cash assistance to ensure they can recover from the crisis



Small businesses identified a number of additional solutions that would help the small business community have the relief it needs to make it through the crisis, including the following:

- Financial assistance for rent, mortgage and utility payments, not tied to maintaining payroll (**84% support**).
- Forbearance on all small business debt, not just current SBA loans as provided by the CARES Act (**83% support**).
- Increasing funding for community development financial institutions, which provide loans to small businesses (**82% support**).
- A moratorium on unemployment insurance taxes for two years (**81% support**).

As cases of COVID-19 rapidly rise throughout the country and here in California, the impacts on our small business community become even more dire each day. Thousands have closed up shop, experienced dramatic losses, and are being forced to make tough decisions on their own each day about whether or not they'll ever reopen. While the small business loan programs funded by the CARES Act may have helped a select few small businesses before it initially ran out of funds, our economy will not recover if Congress doesn't immediately provide direct grant assistance and other relief that small businesses desperately need.

Additional poll findings

- **94% of small businesses are concerned about the economic impacts of the coronavirus**, with 71% who are very concerned.
- **Nearly 3 in 10 small businesses (27%) in California have already closed, and 17% are planning to do so in the next two months.** Of those who reported they've closed or will close their business soon, they cited a multitude of reasons. Half (49%) say they were forced to close by their state or local government, 22% say they had no clients or revenue, 25% say they ran out of money, and 41% say they wanted to protect themselves and their employees. Encouragingly, 93% of these respondents say they plan to reopen once the crisis is over.
- **Small businesses share wide-ranging impacts to their business:** 44% have had to draw on personal savings, retirement accounts or other funds to sustain their business; 24% are unable to access supply chains; 21% have increased online and/or delivery sales; 37% have instituted work-from-home requirements and 20% of those with employees have had more employee absences.
- **Forty-one percent of small employers who have made reductions to their workforce are still offering healthcare coverage to laid off/furloughed employees.** However, 71% of all small employers in California say they are concerned about their employees' ability to access health insurance.
- **More than 6 in 10 (61%) say they would like to continue offering health insurance to their furloughed employees while allowing them to claim unemployment**, if they had the option to do so. Additionally, nearly 1 in 5 (19%) have canceled or lost access to their health insurance coverage as a result of the crisis.
- **More than 7 in 10 (72%) say the CARES Act favors large corporations over small businesses like theirs.**

Methodology

This poll reflects a national survey of 167 small business owners in California. The poll was an online survey conducted by Chesapeake Beach Consulting for Small Business Majority between April 7-10, 2020. The margin of error is +/-7.7%.

Survey Toplines

167 California small business owners

- 1. Please indicate your gender
 - Male62%
 - Female38%

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

- 3. Do you own your own for-profit business?
 - Yes..... 100%

- 4. How many people do you employ including yourself?
 - One..... 16%
 - 2 to 536%
 - 6 to 1017%
 - 11 to 2517%
 - 26 to 506%
 - 51 to 100.....8%
 - More than 1000%

- 5. How long have you been in business?
 - Less than one year5%
 - One to three years..... 13%
 - Four to six years..... 16%
 - Seven to 10 years 16%
 - More than 10 years50%

COVID-19 QUESTIONS

- 6. Overall, how concerned are you about the COVID-19 pandemic?
 - Very concerned60%
 - Somewhat concerned30%
 - Not too concerned8%
 - Not at all concerned.....2%
 - Don't know.....0%

- 7. How concerned are you about the economic effects of the pandemic?
 - Very concerned71%
 - Somewhat concerned 23%
 - Not too concerned4%
 - Not at all concerned.....2%
 - Don't know.....0%

8. How concerned are you about the health effects of the pandemic?

Very concerned	58%
Somewhat concerned	29%
Not too concerned	10%
Not at all concerned.....	3%
Don't know.....	0%

9. How would you say the coronavirus crisis has affected your business?

The crisis has had a severe negative impact	46%
The crisis has had a moderate negative impact	29%
The crisis has had a minor negative impact.....	17%
The crisis has had no impact.....	4%
The crisis has had a positive impact.....	4%

10. Since the COVID-19 crises began, by what percentage has your revenue declined?

0% to 10%	19%
11% to 20%.....	11%
21% to 30%	8%
31% to 40%	6%
41% to 50%	13%
51% to 60%	4%
61% to 70%.....	7%
71% to 80%	8%
81% to 90%	5%
91% to 99%	4%
100%	14%

11. Have you closed your business or are you planning to close your business within the next two months?

Yes, closed.....	27%
Yes, planning to close	17%
No.....	56%

12. Why did you close your business, or why are you planning to close your business? (select all that apply) (Asked of those who closed business N=234)

I was ordered to by state or local government	49%
I had no clients/revenue.....	22%
I ran out of money	25%
To protect myself and/or employees.....	41%
I was unable to access my supply chain	5%
Other	4%

13. Do you plan to reopen your business after the crisis is over? (Asked of those who closed business N=234)

Yes.....	93%
No.....	7%

14. Have you laid off employees permanently as a result of the crisis? (Asked of small businesses with employees N=427)

Yes.....	31%
No.....	69%

15. Have you laid off employees temporarily (furloughed) as a result of the crisis? (Asked of small businesses with employees N=427)
- Yes.....49%
- No..... 51%
16. Have you reduced the hours and/or salary of your employees as a result of the crisis? (Asked of small businesses with employees N=427)
- Yes, hours..... 31%
- Yes, salary 5%
- Yes, both 35%
- No.....28%
17. What percentage of your staff have been affected by temporary or permanent layoffs, reduced hours or reduced wages? (If yes to Q14, Q15 OR Q16 - N=332)
- 0% to 10% 10%
- 11% to 20%..... 2%
- 21% to 30% 10%
- 31% to 40% 9%
- 41% to 50% 13%
- 51% to 60% 2%
- 61% to 70%..... 1%
- 71% to 80% 7%
- 81% to 90% 3%
- 91% to 99% 4%
- 100% 41%
18. Are you offering healthcare coverage to laid-off / furloughed employees? (If yes to Q15 N=237)
- Yes..... 41%
- No.....59%
19. How concerned are you about your employees' ability to access health insurance coverage? Are you very concerned, somewhat concerned, not too concerned or not at all concerned? (Asked of small businesses with employees N=427)
- Very concerned43%
- Somewhat concerned28%
- Not too concerned 13%
- Not at all concerned..... 16%
20. If you had the option to continue to offer health insurance to your furloughed workers while allowing them to claim unemployment, would you? (Asked of small businesses with employees N=427)
- Yes..... 61%
- No 21%
- Not sure 18%
21. Have you canceled or otherwise lost access to your health insurance coverage as a result of this crisis?
- Yes..... 19%
- No..... 81%

22. In what other ways has the coronavirus pandemic affected your business (select all that apply)

- I have had more employee absences20%
- I have had to draw on personal savings, retirement accounts
or other funds to sustain my business44%
- I am unable to access supply chains24%
- I have increased online and/or delivery sales..... 21%
- I have eliminated company travel..... 35%
- I have instituted work-from-home requirements
for myself and my employees 37%
- No major changes 13%

23. Congress recently passed and the President signed into law the CARES Act, a \$2,000,000,000,000 (two trillion dollar) stimulus package. Would you say that you know a great deal, some, not too much or nothing at all about the specifics of the \$2,000,000,000,000 (two trillion dollar) CARES stimulus package?

- A great deal26%
- Some48%
- Not too much 19%
- Nothing at all 7%

The CARES Act has multiple provisions to help small businesses. For each of the provisions below, please tell how helpful that particular provision is for your business. Is it very helpful, somewhat helpful, not too helpful or not helpful at all?

24. Creates the Payroll Protection Program through the SBA to provide forgivable loans to small businesses that maintain their payroll.

- Very helpful50%
- Somewhat helpful33%
- Not too helpful.....8%
- Not helpful at all 10%

25. Establishes a grant of up to \$10,000 for eligible small businesses that apply for an Economic Injury Disaster Loan (EIDL) through the Small Business Administration (SBA).

- Very helpful 41%
- Somewhat helpful37%
- Not too helpful..... 14%
- Not helpful at all8%

26. Provides six months of forgiveness for existing Small Business Administration (SBA) loans.

- Very helpful43%
- Somewhat helpful27%
- Not too helpful..... 14%
- Not helpful at all 16%

27. Provides a refundable payroll tax credit for 50% of wages paid by employers from March 13, 2020 to December 31, 2020.

- Very helpful 37%
- Somewhat helpful42%
- Not too helpful..... 13%
- Not helpful at all9%

28. Allows employers and self-employed individuals to defer the 6.2 percent employer-side Social Security payroll tax payments.

Very helpful	46%
Somewhat helpful.....	31%
Not too helpful.....	14%
Not helpful at all.....	8%

29. Thinking about the CARES Act, and the numerous provisions to help small businesses, which of the following comes closest to your personal point of view?

The CARES Act provides the right amount of relief for me and my small business.....	28%
The CARES Act is a good first step, but more small business assistance is needed.....	57%
The CARES Act will not help me and my small business	16%

Again, thinking about the CARES Act, do you strongly agree, somewhat disagree, somewhat disagree or strongly disagree with the following statement

30. The CARES Act favors larger corporations over smaller businesses like mine

Strongly agree	31%
Somewhat agree.....	41%
Somewhat disagree.....	22%
Strongly disagree	6%

Some small businesses are asking that the federal government do more to help them make it through this crisis. For each of the following, please indicate whether you strongly support, somewhat support, somewhat oppose or strongly oppose the measures?

31. Direct cash grants to small businesses

Strongly support	65%
Somewhat support.....	28%
Somewhat oppose.....	7%
Strongly oppose	1%

32. Forbearance on all small business debt, not just Small Business Administration (SBA) loans.

Strongly support	48%
Somewhat support.....	35%
Somewhat oppose.....	14%
Strongly oppose	3%

33. Moratorium on unemployment insurance taxes for two years.

Strongly support	46%
Somewhat support.....	35%
Somewhat oppose.....	16%
Strongly oppose	3%

34. Financial assistance for rent, mortgage and utility payments, not tied to maintaining payroll.

Strongly support	55%
Somewhat support.....	29%
Somewhat oppose.....	13%
Strongly oppose	3%

35. Increasing funding for community development financial institutions, which provide loans to small businesses.

Strongly support	50%
Somewhat support.....	32%
Somewhat oppose.....	15%
Strongly oppose.....	4%

Thinking now about another subject

36. Do you have health insurance for yourself?

Yes.....	92%
No.....	8%

37. Where did you obtain your insurance? (Asked of those with health insurance N=458)

Through a group plan offered through my business	23%
Through my spouse or partner’s health insurance	14%
Through a plan I purchased through the ACA marketplace.....	17%
Through a plan I purchased directly from an insurer	21%
Medicare	21%
Medicaid	3%
Other	1%

Thinking about your personal health care insurance coverage, on a scale of one to ten with one being not at all satisfied and ten being very satisfied, how satisfied are you with each of the following aspects of your health coverage? (Asked of those with health insurance N=458)

38. The cost of premiums.

One.....	14% (Not at all satisfied)
Two	2%
Three.....	8%
Four.....	5%
Five.....	13%
Six	10%
Seven.....	10%
Eight.....	13%
Nine.....	10%
Ten	14% (Very satisfied)

39. My out-of-pocket costs for prescription drugs.

One.....	8% (Not at all satisfied)
Two	5%
Three.....	5%
Four.....	6%
Five.....	14%
Six	9%
Seven.....	10%
Eight.....	11%
Nine.....	16%
Ten	18% (Very satisfied)

40. My out-of-pocket costs for doctor and ER visits.

One.....	6% (Not at all satisfied)
Two	5%
Three.....	5%
Four.....	6%
Five.....	12%
Six	9%
Seven.....	12%
Eight.....	14%
Nine.....	14%
Ten	16% (Very satisfied)

41. Out-of-pocket limits.

One.....	9% (Not at all satisfied)
Two	3%
Three.....	6%
Four.....	7%
Five.....	15%
Six	6%
Seven.....	14%
Eight.....	11%
Nine.....	14%
Ten	16% (Very satisfied)

42. The level of my deductible.

One.....	8% (Not at all satisfied)
Two	5%
Three.....	5%
Four.....	3%
Five.....	12%
Six	10%
Seven.....	12%
Eight.....	11%
Nine.....	16%
Ten	18% (Very satisfied)

43. The range of services covered.

One.....	4% (Not at all satisfied)
Two	3%
Three.....	3%
Four.....	2%
Five.....	8%
Six	9%
Seven.....	18%
Eight.....	14%
Nine.....	19%
Ten	21% (Very satisfied)

44. The number and quality of in-network providers.
- | | |
|-------------|---------------------------|
| One..... | 4% (Not at all satisfied) |
| Two | 0% |
| Three | 2% |
| Four..... | 3% |
| Five..... | 12% |
| Six | 9% |
| Seven | 16% |
| Eight..... | 15% |
| Nine..... | 19% |
| Ten | 19% (Very satisfied) |
45. Has the coronavirus pandemic made you more or less likely to support universal health care proposals, where the government would pay for and cover the cost of healthcare?
- | | |
|-----------------------------------|-----|
| Much more likely to support | 31% |
| Somewhat more likely | 23% |
| No change | 29% |
| Somewhat less likely..... | 2% |
| Much less likely | 14% |
| Don't know..... | 1% |

DEMOGRAPHIC QUESTIONS

46. How would you categorize your business?
- | | |
|--|-----|
| Professional, scientific or technical services..... | 18% |
| Retail..... | 16% |
| Construction | 8% |
| Food & beverage | 8% |
| Financial services | 8% |
| Wholesale trade, utilities, transport and warehousing..... | 8% |
| Information technology..... | 4% |
| Manufacturing | 4% |
| Health and educational services | 5% |
| Leisure and hospitality | 3% |
| Mining and logging..... | 0% |
| Agriculture/Farming | 2% |
| Other services | 17% |
| Not sure/Refused to answer..... | 1% |
47. In what year were you born?
- | | |
|-------------|-----|
| 18-34 | 17% |
| 35-44 | 17% |
| 45-54 | 20% |
| 55-64 | 23% |
| 65+ | 22% |

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

Democrat	34%
Independent	32%
Republican	30%
Other	3%
Don't know.....	1%
Refused	1%

49. If Independent, other or don't know: Do you think of yourself as closer to the Republican or Democratic Party?

Closer to Democrats	30%
Closer to Republicans.....	35%
Neither	33%
Don't know.....	2%
Refused	0%

50. Again, just for statistical purposes what was the gross revenue of your business in 2019?

Less than \$50,000.....	7%
Between \$50,000 and \$100,000	16%
Between \$100,000 and \$250,000	17%
Between \$250,001 and \$500,000	16%
Between \$500,001 and \$1 million	9%
Between \$1 million and \$2 million	16%
Between \$2 million and \$5 million.....	11%
More than \$5 million.....	7%
Don't know.....	0%
Refused	2%

51. Please choose one or more of these racial or ethnic groups that you identify with.

White.....	68%
African-American or Black.....	8%
Hispanic or Latino	13%
Asian or Pacific Islander.....	16%
Native American	1%
Other	3%
Biracial or multiracial.....	2%
Don't know.....	0%
Refused	1%