



Scientific Opinion Poll

Georgia small business owners continue to face setbacks from the pandemic, identify policy solutions to support their businesses

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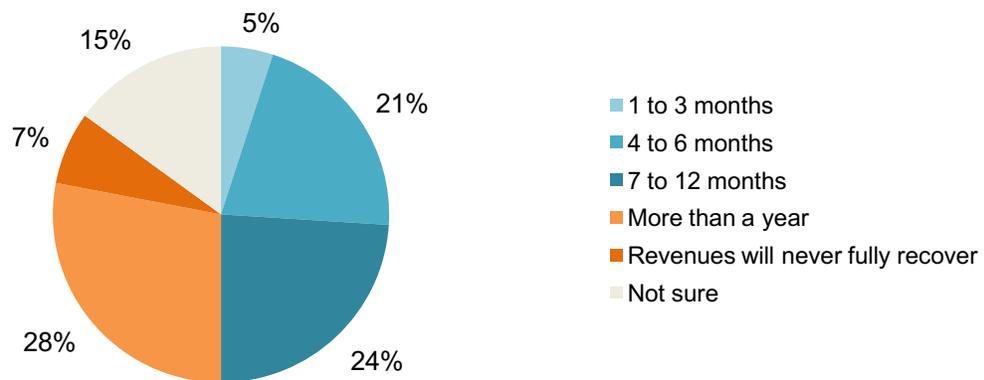
Executive Summary

Nearly a year into the COVID-19 pandemic that has strained Georgia’s economy and public health system, small businesses across the state continue to face significant financial setbacks that are hampering their recovery. A new survey sheds light on the state of small business in Georgia, as well as their views on policy solutions that can boost their businesses and provide important support to their employees.

The poll, conducted by Chesapeake Beach Consulting for Small Business Majority, surveyed 300 small businesses in Georgia. The survey highlights the extent to which the COVID-19 crisis has pushed small businesses to the brink: 6 in 10 have been negatively affected, and the same number say their revenues declined last year compared to the previous year. More than half of those whose revenue declined report it will take **more than six months for their business revenues to return to pre-pandemic levels**, and 7% say they will never fully recover.

Figure 1: Small business owners in Georgia experience significant financial setbacks from pandemic

How long do you think it will be before your business revenues return to pre-pandemic levels?

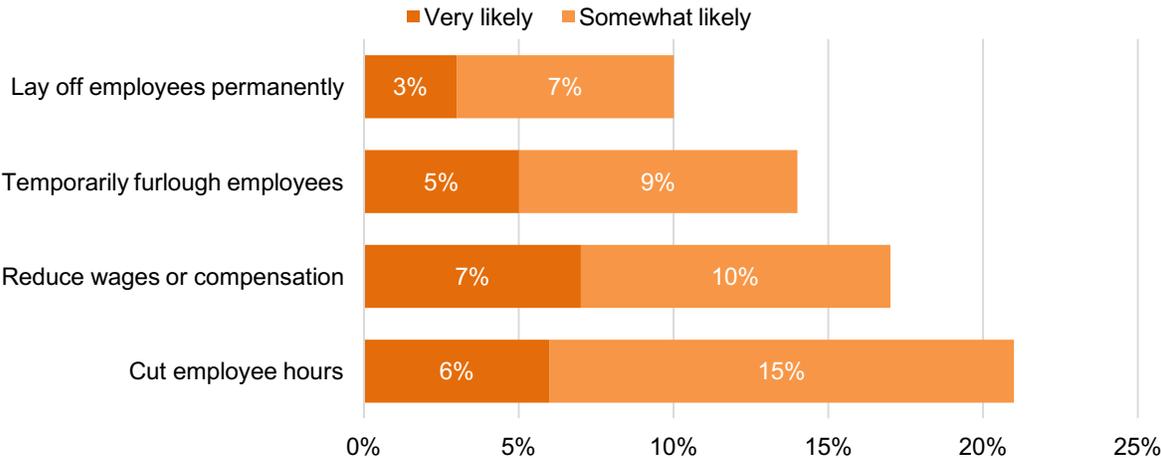


Small business owners around the state have had to resort to significant measures to counteract these losses. One in 4 report they temporarily closed their business, more than 1 in 3 cut employee hours, 29% changed their business model dramatically, and 12% laid off employees permanently, among other measures.

Additionally, small business owners identified some of the biggest challenges they’ve faced during the pandemic and economic downturn. Nearly 4 in 10 say establishing or growing an e-commerce business has been a challenge, and an additional 4 in 10 have struggled to retrofit their commercial spaces to ensure customer and employee safety. Nearly 3 in 10 (29%) say obtaining health insurance for themselves and their employees has been a challenge.

Looking ahead to the next three months, Georgia small business owners anticipate they will be forced to take additional action to combat their financial hardships. Nearly 1 in 4 expect to adapt their business model, nearly 1 in 10 (9%) will permanently close their business, an additional 1 in 10 will close temporarily, and 40% anticipate supply chain disruptions. Conversely, 23% say they will expand their business operations and 35% say they will add employees in the next three months. Importantly, many small businesses expect they’ll be forced to reduce their workforce in some manner in the next few months, as outlined in Figure 2.

Figure 2: Many small business owners expect to reduce work force in the next few months



The survey gauged entrepreneurs’ views on a number of state policy proposals that would have an impact on small businesses and their employees, as well as Georgia’s economy. One of the most popular proposals is to **expand Medicaid eligibility** to people who make 138% of the federal poverty level (59% support, with 30% strongly supporting). Additional policy proposals include the following:

- Nearly 6 in 10 (58%) support establishing a **state Earned Income Tax Credit (EITC)** program for low-income employees and self-employed business owners, modeled on the federal EITC program.
- 56% support creating a **statewide retirement program** for employees of small businesses and the self-employed, to be funded entirely by employee contributions.
- Half of small businesses support creating a **state paid family and medical leave insurance program**, funded by a payroll tax paid for by employees and employers (compared to 43% who oppose).
- A plurality (48%) want to eliminate tax credits that out-of-state film companies can claim, which have allowed them to avoid paying any Georgia state taxes. Such a change could help level the playing field for small, local businesses that are unable to access these sorts of tax credits.

It’s important to note that the respondents are politically diverse and don’t view these policy issues through an ideological lens: 45% of respondents identify as Republican or Republican-leaning independent, 28% as Democrat or Democrat-leaning independent and 16% as pure Independent.

As these findings reveal, many Georgia small businesses are still struggling to keep the lights on and their employees on payroll as a result of the economic downturn. While many policymakers tout Georgia as a great state to own and operate a business, the results of this poll suggest that small businesses may be little more than a talking point for these officials, as business owners are making difficult decisions to keep their costs down. As the state legislature considers many issues related to healthcare and benefits, tax credits and other proposals that could impact the business community and the economy, it’s critical that they put the needs of Georgia small businesses front and center in their policymaking.

Methodology

This poll reflects a statewide survey of 300 small business owners in Georgia. The poll was an online and phone survey conducted by Chesapeake Beach for Small Business Majority between January 14 to January 19. The margin of error is +/-4.4%. Most respondents (70%) own very small businesses with 1-10 employees, and 22% are located in a rural area.

Survey topline

- 1. Please indicate your gender.**
 - Male 48%
 - Female52%

- 2. Approximately how many people work 30 or more hours per week at your company, including yourself? Please don't include contractors.**
 - 1 employee 20%
 - 2 to 5 employees32%
 - 6 to 10 employees18%
 - 11 to 25 employees18%
 - 26 to 50 employees 11%
 - 51 to 99 employees1%

- 3. Which of the following categories best describes your business?**
 - Financial Services.....5%
 - Information Technology4%
 - Mining and Logging1%
 - Manufacturing.....5%
 - Wholesale Trade, Utilities, Transport Warehousing.....5%
 - Professional, Scientific and Technical Services 11%
 - Leisure and Hospitality6%
 - Health and Educational Services10%
 - Construction9%
 - Retail 12%
 - Agriculture/Farm3%
 - Food & Beverage9%
 - Other Services18%
 - Not sure1%

- 4. What was your company's approximate yearly revenue BEFORE the pandemic and economic downturn? Just a rough estimate is ok.**
 - <\$50,00010%
 - \$50,000 to \$100,000.....14%
 - \$100,000 to \$250,0009%
 - \$250,000 to \$500,0007%
 - \$500,000 to \$1,000,0009%
 - >\$1,000,00014%
 - Refused.....37%

- 5. How has your business been affected overall by the COVID-19 pandemic?**
 - Negative effect – strong37%
 - Negative effect – not so strong23%
 - Not affected negatively or positively.....19%
 - Positive effect – not so strong.....6%
 - Positive effect – strong.....13%
 - Not sure1%

6. Thinking about the height of the pandemic and economic shutdown this year, would you say that your revenue during that period declined, stayed the same, or increased compared to the same time last year? If you have been in business less than one year, say so.

Declined.....	59%
Stayed the same.....	21%
Increased	18%
Not sure/Not applicable.....	2%

7. How much would you say that your revenue during that period declined compared to the same time last year? (If revenue declined in Q6. N=178)

Declined by 10% or less.....	10%
Declined by 11-25%	29%
Declined by 26-50%	28%
Declined by 51-75%	14%
Declined by 76-90%	6%
Declined by more than 90%.....	8%
Not sure	6%

8. How long do you think it will be before your business revenues return to pre-pandemic levels? (If revenue declined in Q6. N=178)

1 to 3 months	5%
4 to 6 months	21%
7 to 12 months	24%
More than a year	28%
Revenues will never fully recover	7%
Not sure	15%

9. How much would you say that your revenue grew during that period compared to the same time last year? (If revenue increased in Q6. N=53)

Increased by 10% or less	17%
Increased by 11-25%.....	40%
Increased by 26-50%.....	13%
Increased by 51-75%.....	11%
Increased by 76-90%.....	4%
Increased by more than 90%	8%
Not sure	8%

10. During the pandemic and economic downturn, have you done any of the following?

Closed my business temporarily	25%
Closed my business permanently	3%
Closed an office or location of my business.....	10%
Experienced supply chain disruptions	45%
Changed my business model dramatically	29%
Temporarily furloughed employees.....	22%
Laid off employees permanently.....	12%
Cut employee hours	34%
Reduced wages or compensation.....	15%
Modified business operations to comply with state/local health guidelines.....	63%
None of the above.....	16%

11. Looking ahead to the next three months, how likely is it that your business will do the following:

Add employees

Very likely	10%
Somewhat likely	25%
Somewhat unlikely	12%
Very unlikely.....	34%
Not applicable to my business	15%
Not sure	5%
<i>Total likely</i>	<i>35%</i>
<i>Total unlikely</i>	<i>46%</i>

Change business model dramatically

Very likely.....	9%
Somewhat likely	14%
Somewhat unlikely.....	18%
Very unlikely.....	54%
Not applicable to my business	1%
Not sure	3%
<i>Total likely</i>	<i>23%</i>
<i>Total unlikely</i>	<i>72%</i>

Close permanently

Very likely.....	2%
Somewhat likely	7%
Somewhat unlikely.....	7%
Very unlikely.....	72%
Not applicable to my business	9%
Not sure	3%
<i>Total likely</i>	<i>9%</i>
<i>Total unlikely</i>	<i>79%</i>

Close temporarily

Very likely.....	4%
Somewhat likely	6%
Somewhat unlikely.....	20%
Very unlikely.....	62%
Not applicable to my business	3%
Not sure	5%
<i>Total likely</i>	<i>10%</i>
<i>Total unlikely</i>	<i>83%</i>

Temporarily furlough employees

Very likely.....	5%
Somewhat likely	9%
Somewhat unlikely.....	12%
Very unlikely.....	53%
Not applicable to my business	19%
Not sure	3%
<i>Total likely</i>	<i>13%</i>
<i>Total unlikely</i>	<i>65%</i>

Lay off employees permanently

Very likely.....	3%
Somewhat likely	7%
Somewhat unlikely.....	12%
Very unlikely.....	71%
Not applicable to my business	5%
Not sure	2%
<i>Total likely</i>	<i>9%</i>
<i>Total unlikely</i>	<i>83%</i>

Cut employee hours

Very likely.....	6%
Somewhat likely	15%
Somewhat unlikely.....	10%
Very unlikely.....	49%
Not applicable to my business	18%
Not sure	2%
<i>Total likely</i>	<i>21%</i>
<i>Total unlikely</i>	<i>59%</i>

Reduce wages or compensation

Very likely.....	7%
Somewhat likely	10%
Somewhat unlikely.....	12%
Very unlikely.....	66%
Not applicable to my business	4%
Not sure	1%
<i>Total likely</i>	<i>17%</i>
<i>Total unlikely</i>	<i>79%</i>

Attempt to sell your business

Very likely.....	6%
Somewhat likely	3%
Somewhat unlikely	7%
Very unlikely.....	69%
Not applicable to my business	12%
Not sure	3%
<i>Total likely</i>	<i>9%</i>
<i>Total unlikely</i>	<i>76%</i>

Expand business operations

Very likely.....	7%
Somewhat likely	16%
Somewhat unlikely	21%
Very unlikely.....	52%
Not applicable to my business	3%
Not sure	1%
<i>Total likely</i>	<i>23%</i>
<i>Total unlikely</i>	<i>73%</i>

Close an office or location

Very likely.....	5%
Somewhat likely	4%
Somewhat unlikely	7%
Very unlikely.....	68%
Not applicable to my business	15%
Not sure	2%
<i>Total likely</i>	<i>9%</i>
<i>Total unlikely</i>	<i>75%</i>

Experience supply chain disruptions

Very likely.....	19%
Somewhat likely	21%
Somewhat unlikely	19%
Very unlikely.....	30%
Not applicable to my business	7%
Not sure	4%
<i>Total likely</i>	<i>40%</i>
<i>Total unlikely</i>	<i>50%</i>

12. Please indicate whether each of the following has been a major challenge, minor challenge, or not a challenge for your business during the pandemic and economic downturn.

	Major challenge	Minor challenge	Not a challenge	Not applicable	Not sure
Establishing or growing my e-commerce business	16%	23%	37%	22%	2%
Retrofitting my commercial space to ensure customer and employee safety	13%	27%	39%	21%	<1%
Getting health insurance coverage for myself and/or my employees	18%	11%	50%	20%	1%
Switching to a remote work environment (N=151)	19%	13%	37%	28%	2%
Availability of employees able to work (N=149)	22%	23%	47%	8%	0%

Georgia is considering a number of policies that could impact small businesses, employees and the economy. For each of the following, say whether you support or oppose the proposed idea.

13. Eliminating tax credits that out-of-state film companies can claim, which have allowed them to avoid paying any Georgia state taxes.

Strongly support.....	24%
Somewhat support	24%
Somewhat oppose	20%
Strongly oppose.....	21%
Don't know	11%
<i>Total support</i>	<i>48%</i>
<i>Total oppose.....</i>	<i>41%</i>

- 14. Creating a state family and medical leave insurance program, funded by a payroll tax paid for by both employees and employers. (N=149)**
- | | |
|----------------------------|------------|
| Strongly support..... | 20% |
| Somewhat support | 30% |
| Somewhat oppose | 16% |
| Strongly oppose..... | 27% |
| Don't know | 7% |
| <i>Total support</i> | <i>50%</i> |
| <i>Total oppose</i> | <i>43%</i> |
- 15. Expanding Medicaid eligibility to people who make 138% of the federal poverty level.**
- | | |
|----------------------------|------------|
| Strongly support..... | 30% |
| Somewhat support | 29% |
| Somewhat oppose | 14% |
| Strongly oppose..... | 15% |
| Don't know | 13% |
| <i>Total support</i> | <i>59%</i> |
| <i>Total oppose</i> | <i>28%</i> |
- 16. Create a statewide retirement program for employees of small businesses and the self-employed, to be funded entirely by employee contributions.**
- | | |
|----------------------------|------------|
| Strongly support..... | 28% |
| Somewhat support | 28% |
| Somewhat oppose | 16% |
| Strongly oppose..... | 18% |
| Don't know | 10% |
| <i>Total support</i> | <i>56%</i> |
| <i>Total oppose</i> | <i>34%</i> |
- 17. Establish a state Earned Income Tax Credit (EITC) program for low-income workers and self-employed individuals, modeled on the federal EITC program.**
- | | |
|----------------------------|------------|
| Strongly support..... | 31% |
| Somewhat support | 27% |
| Somewhat oppose | 10% |
| Strongly oppose..... | 14% |
| Don't know | 18% |
| <i>Total support</i> | <i>58%</i> |
| <i>Total oppose</i> | <i>24%</i> |
- 18. Raising the tax on tobacco products including e-cigarettes by almost 500% from \$0.37 to \$1.81. This is estimated to raise more than \$600 million annually to fund smoking cessation programs, healthcare and more.**
- | | |
|----------------------------|------------|
| Strongly support..... | 41% |
| Somewhat support | 19% |
| Somewhat oppose | 11% |
| Strongly oppose..... | 20% |
| Don't know | 9% |
| <i>Total support</i> | <i>60%</i> |
| <i>Total oppose</i> | <i>31%</i> |

The rest of the questions are for statistical purposes.

19. What is your age?

18 to 34	19%
35 to 44	17%
45 to 54	20%
55 to 64	23%
65+	18%
Refused	4%

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

Republican.....	34%
Independent	30%
Democrat	21%
Other.....	2%
Don't know	1%
Refused	11%

21. Do you think, of yourself as closer to the Republican Party or the Democratic Party? If independent, other or don't know. (N=101)

Closer to the Democratic Party	22%
Closer to the Republican Party	32%
Neither.....	40%
Don't know	2%
Refused	5%

22. Which race do you identify - white, black/African American, Latino/Hispanic, Asian/Pacific Islander, Native American, or some other race?

White/Caucasian.....	64%
Black/African American.....	14%
Latino/Hispanic	3%
Asian/Pacific Islander	3%
Native American.....	2%
Other race	4%
Mixed race	2%
Decline to say	8%

23. Is your business located in a rural area, suburban area or urban area?

Rural	22%
Suburban	51%
Urban.....	22%
Refused.....	4%