

Small Business Majority Survey: Small business owners at their breaking point, need additional stimulus relief

As Congress continues to debate the next round of stimulus relief, Small Business Majority surveyed its national network of small business owners to gauge their views on key small business proposals currently on the table. The survey results highlight a number of issues that need to be taken into consideration while finalizing these proposals and reveal that the clock will run out for many of our nation's small businesses if help doesn't arrive soon.

Despite initial stimulus relief, many small businesses are facing an uncertain future. Without additional funding, more than 1 in 4 (26%) won't make it past the next three months, and an additional 1 in 5 say they will not survive after four to six months. What's more, 35% have had to tap into their personal retirement savings to keep their businesses afloat and 16% have already considered bankruptcy. Nearly 6 in 10 (56%) are struggling to make their commercial rent or mortgage payments.

The challenges are more acute for businesses owned by people of color. Of those entrepreneurs, 31% say they will not make it the next three months without additional funding, and another 17% will not make it six months. Entrepreneurs of color were also less likely to receive the first round of PPP funding (54% compared to 63% of the total sample), and more likely to say they are struggling with their commercial rent and mortgage payments (63%).

These results paint a dire picture of what small businesses are still facing nearly five months into the pandemic, and immediate action is needed before even more businesses close their doors for good. When it comes to current proposals on the table, 8 in 10 said they would consider applying for a second Paycheck Protection Program (PPP) loan if given the opportunity to do so. While Congress is considering making a second round of PPP available to businesses with a maximum of 300 employees per location, more than 7 in 10 (71%) support lowering this eligibility threshold to true small businesses with a maximum of 100 employees total.

Additionally, Congress is considering limiting eligibility for a second draw of PPP to just those businesses that can demonstrate at least a 50% revenue decline in the first or second quarter of this year compared to the same quarter as last year. It's important to note that businesses that are under the 50% threshold are still facing substantial losses, and nearly 8 in 10 survey respondents (77%) indicate they would be eligible if the threshold were lowered to at least a 25% revenue decline.

As these results make clear, small businesses need more comprehensive relief to pay their bills, sustain their businesses and maintain jobs in the days and weeks to come. Entrepreneurs are making difficult decisions today as they face uncertainty, and additional help can't come soon enough.

Methodology

Survey of 864 small businesses from Small Business Majority's network between July 31 to August 4, 2020. Most respondents own very small businesses with fewer than 25 employees (65%) or are self-employed (29%). Forty percent are owned by people of color.

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	All (n=864)	Entrepreneurs of color (n=347)
What is your gender?		
Male.....	38%	36%
Female.....	59%	63%
Prefer to self-identify/decline.....	3%	1%
Are you struggling to make commercial mortgage or rent payments?		
Yes	56%	63%
No	44%	37%
Did you receive a Paycheck Protection Program (PPP) loan?		
Yes	63%	54%
No	37%	46%
Did you receive the full funding for PPP that you applied for? (n=548)		
Yes	79%	69%
No	21%	31%
Congress is considering legislation that would allow businesses to apply for another round of PPP. However, there are several provisions being discussed that determine whether a business owner would qualify. Would you consider applying for a second round of PPP funding?		
Yes	80%	82%
No	19%	17%
Don't know/refused	1%	1%
Would you support lowering the maximum employee threshold to qualify for a second round of PPP funding from 300 employees per location to 100 employees total?		
Yes	71%	67%
No	6%	5%
Don't know/refused	23%	28%
In order to qualify for a second round of PPP, if you needed to demonstrate at least a 50% reduction in gross receipts in the first or second quarter of this year compared to the same quarter last year, would you be eligible? (n=689)		
Yes	61%	63%
No	20%	16%
Don't know/refused	19%	21%

	All (n=864)	Entrepreneurs of color (n=347)
In order to qualify for a second round of PPP, if you needed to demonstrate at least a 25% reduction in gross receipts in the first or second quarter of this year compared to the same quarter last year, would you be eligible? (n=689)		
Yes	77%	76%
No	11%	10%
Don't know/refused	12%	14%
If you applied for an Economic Injury Disaster Loan (EIDL), were you approved?		
Yes	54%	54%
No	18%	23%
Did not apply.....	26%	22%
No response.....	2%	1%
Did you receive your EIDL advance funds? (n=458)		
Yes	83%	77%
No	17%	23%
Without additional funding, how long do you think you will be able to stay in business?		
Less than month	6%	9%
1-3 months	20%	22%
4-6 months	18%	17%
6 months to 1 year.....	13%	11%
I will be able to stay in business throughout the COVID-19 pandemic	13%	10%
Don't know/refused	30%	31%
Have you had to pull money from your retirement account to stay in business?		
Yes	35%	37%
No	62%	59%
Don't know/refused	3%	4%
Have you considered filing for bankruptcy?		
Yes	16%	18%
No	71%	67%
Don't know/refused	13%	15%