

## Small Business Majority Survey: Small business owners continue to struggle despite PPP funds

As the Paycheck Protection Program neared its expiration, Small Business Majority surveyed its national network of small business owners to better understand how businesses have benefited from PPP. The survey reveals a majority of small businesses have received a PPP loan, but many are still struggling with their overhead costs and will likely be forced to lay off their employees again once their funding runs dry. This is particularly true for small businesses owned by people of color.

Nearly 6 in 10 of all respondents (57%) report they are currently struggling to make their commercial rent or mortgage payments. Meanwhile, 68% of small businesses in Small Business Majority's network have received a PPP loan, but nearly 1 in 4 who received a loan (23%) did not receive the full amount they requested. Thirty-seven percent report they are likely or very likely to be forced to lay off their staff once their PPP funding runs dry. This situation is even more dire for those who did not receive the full funding amount from PPP that they applied for—69% of those who were underfunded say they are struggling with their rent or mortgage obligations, while 46% say they are likely or very likely to lay people off once their PPP expires.

The survey also sheds a light on how businesses owned by people of color have been left behind by federal emergency relief. Importantly, minority-owned businesses are less likely to have received a PPP loan (55%) and more likely to report that they are struggling with their rent and mortgage payments (68%) than their white counterparts (76% of whom received a PPP loan, with 48% reporting that they are struggling with rent and mortgage obligations).

Black entrepreneurs who responded to the survey struggled even more to obtain a PPP loan (49% received funding), and more likely to struggle to make their rent and mortgage payments (68%). Additionally, Black entrepreneurs were more likely to be underfunded by PPP compared to all respondents (34% vs. 23%, respectively). Meanwhile, 44% say they are likely or very likely to lay off their workers once their PPP funds run out.

Small business owners also shared their views on issues related to economies reopening. U.S. Senate leadership has indicated they will not consider any additional emergency relief without a provision addressing business liability, and the survey found that small businesses support a measured approach versus blanket liability protections. Seven in 10 strongly agree that Congress should pass legislation to protect all businesses from liability if a customer or employee contracts COVID-19, so long as businesses make a good faith effort to take clearly articulated safety precautions. Only 36% strongly believe that Congress should pass legislation that protects businesses from all liability from COVID-19-related litigation, regardless of whether they took precautions to prevent spread. What's more, 72% agree that the government should provide adequate funding to small businesses to cover the cost of personal protection equipment to minimize the risk of their employees and/or customers contracting COVID-19.

As Congress debates extending PPP, as well as other measures to use the remaining \$130 billion in PPP funds and help the hardest-hit small businesses, it's critical that policymakers understand just how much small businesses—especially those owned by people of color—are still struggling to stay afloat.

### Methodology:

Survey of 621 small businesses from Small Business Majority's network between June 24 to June 30, 2020. Most respondents own very small businesses with fewer than 25 employees (63%) or are self-employed (28%).

**Toplines:**

**Gender**

Male .....	32%
Female .....	65%
Prefer to self-identify .....	3%

**Demographics**

Asian American.....	5%
Black, African or African American .....	23%
Hispanic, Latinx or Spanish Origin .....	10%
Native American or Alaska Native.....	1%
White or Caucasian.....	49%
Other/Prefer not to answer .....	12%

**Number of employees**

Self-employed .....	28%
1-5 .....	33%
6-10 .....	12%
10-24.....	18%
25-49.....	5%
50-99 .....	3%
More than 100 .....	1%

**Are you struggling to make commercial mortgage or rent payments?**

Yes.....	57%
No .....	43%

**Did you receive a Paycheck Protection Program loan?**

Yes.....	68%
No .....	31%

**Asked of those who received PPP (n=417)**

**The Paycheck Protection Program Forgiveness Act (PPPFA) makes a number of changes to PPP, including allowing business owners to spend PPP proceeds over 24 weeks instead of the previous eight, and reducing the amount that must be spent on payroll. How helpful are the changes in the PPPFA for you?**

Extremely helpful .....	39%
Very helpful .....	21%
Somewhat helpful .....	18%
Not so helpful .....	8%
Not helpful at all .....	9%
Don't know/refused .....	4%

**Once your PPP funding runs out, how likely are you to have to lay off staff?**

Very likely .....	20%
Somewhat likely .....	17%
Neither likely nor unlikely .....	22%
Unlikely.....	21%
Very unlikely .....	9%
Not applicable.....	12%
<b>Likely .....</b>	<b>37%</b>
<b>Unlikely.....</b>	<b>30%</b>

**Did you receive the full PPP amount you applied for?**

Yes.....	77%
No .....	23%

**How much do you agree or disagree with each of the following? (n=600)**

**Congress should pass legislation to protect all businesses from liability if a customer or employee gets COVID-19 so long as businesses make a good faith effort to take clearly articulated safety precautions.**

Strongly agree .....	70%
Somewhat agree.....	17%
Neither agree nor disagree.....	6%
Somewhat disagree .....	2%
Strongly disagree .....	1%
Don't know.....	3%

**Congress should pass legislation that protects businesses from all liability from COVID-19-related litigation, regardless of whether they took precautions to prevent spread. Proponents say this will protect businesses from frivolous lawsuits, while opponents say this will incentivize bad actors to not follow the rules.**

Strongly agree .....	36%
Somewhat agree.....	17%
Neither agree nor disagree.....	14%
Somewhat disagree .....	19%
Strongly disagree .....	10%
Don't know.....	5%

**The government has provided the necessary safety guidance on how to operate my business to minimize the risk of my employees and/or customers contracting COVID-19.**

Strongly agree .....	19%
Somewhat agree.....	37%
Neither agree nor disagree.....	17%
Somewhat disagree .....	13%
Strongly disagree .....	12%
Don't know.....	2%

**The government should provide adequate funding to small businesses to cover the cost of personal protection equipment to minimize the risk of my employees and/or customers contracting COVID-19.**

Strongly agree .....	45%
Somewhat agree.....	27%
Neither agree nor disagree.....	16%
Somewhat disagree .....	8%
Strongly disagree .....	2%
Don't know.....	2%

**Crosstab results from entrepreneurs of color (n=235)**

**Did you receive a Paycheck Protection Program loan?**

Yes.....	55%
No .....	45%

**Are you struggling to make commercial mortgage or rent payments?**

Yes.....	68%
No .....	32%

**Did you receive the full PPP amount you applied for?**

Yes.....	71%
No .....	29%

**Once your PPP funding runs out, how likely are you to have to lay off staff?**

Likely .....	46%
Unlikely.....	28%

**Crosstab results from Black, African or African American entrepreneurs (n=140)**

**Did you receive a Paycheck Protection Program loan?**

Yes.....	49%
No .....	51%

**Are you struggling to make commercial mortgage or rent payments?**

Yes.....	68%
No .....	32%

**Did you receive the full PPP amount you applied for?**

Yes.....	66%
No .....	34%

**Once your PPP funding runs out, how likely are you to have to lay off staff?**

Likely .....	44%
Unlikely.....	26%