

Small Business Majority Survey: Small business owners worried about PPP loan forgiveness

Small Business Majority surveyed its national network of small business owners to better understand who has benefited from the Paycheck Protection Program (PPP) created by the CARES Act, and to shed a light on their concerns with the program. The survey reveals a strong majority of small businesses have applied for a PPP loan, but most are worried about having the loan forgiven.

Nearly 7 in 10 (69%) small businesses have applied for a PPP loan and nearly 73% say they received a loan. Nearly 1 in 4 who received a loan (23%) did not receive the full amount they requested. Sixty-three percent of black and Latino small business owners applied for a PPP loan, with 63% of those being approved for financing; however, nearly 3 in 10 of successful applicants did not receive the full amount they applied for.

Of all respondents who did not apply for PPP, nearly 3 in 10 responded that they did not seek financing because they were concerned the loan would not be forgiven, 19% said they were told or believed they would not qualify, and 12% could not find a bank to apply for a PPP loan.

Many of those who secured a loan expressed concerns with the program. Nearly 6 in 10 (58%) reported it's a challenge to spend at least 75% of the loan on payroll. Notably, more than 8 in 10 are concerned about the rules around loan forgiveness and having their loan forgiven. An additional 80% said it is important that the eight-week deadline to spend the PPP proceeds be extended. A plurality of 44% reported that once their PPP funds run dry, they are likely to lay off employees again, while 1 in 5 aren't sure if they'll need to reduce their staff once they're out of funds.

Methodology:

Survey of 374 small businesses from Small Business Majority's network between May 22 to May 27, 2020. Most respondents own very small businesses with fewer than 20 employees (more than 88%).

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Business size

Self-employed	35.6%
2-5 employees	32.1%
6-9 employees	11.2%
10-19 employees	9.9%
20-49 employees	6.7%
50-99 employees	3.5%
>100 employees	0.3%

Demographics

Asian or Asian American	4.5%
Black, African or African American	21.4%
Hispanic, Latinx, or Spanish Origin	10.4%
Middle Eastern	0.3%
Native American or Alaska Native	0.3%

White or Caucasian	51.6%
Some other race, ethnicity or origin	1.3%
Decline	10.2%

Gender

Female	67.1%
Male	31.3%
Prefer to self-identify	0.8%
Decline	0.8%

Did you apply for a Paycheck Protection Program (PPP) loan?

Yes	69%
No	31%

Did you receive a PPP loan? (of those who applied, n=256)

Yes	72.7%
No	27.3%

Do you need this money to stay in business? (of those applied but had not received, n=63)

Yes	81%
No	19%

Why have you not applied for a PPP loan? (of those who didn't apply, n=115)

I didn't need the loan	13.0%
I couldn't find a bank to apply to	12.2%
I was concerned I wouldn't get the loan forgiven	28.7%
I was told/believe I don't qualify	19.1%
I sought other funding	2.6%
Other	24.3%

From where did you obtain your loan? (of those who applied and were approved, n=186)

Community bank or credit union	40.3%
Large or regional bank	40.3%
CDFI	3.2%
Online lender	9.2%
Other	6.5%

Did you receive the full amount of funding you applied for? (n=186)

Yes	76.9%
No	23.1%

How much of a challenge is it to spend 75% of your PPP funding on payroll expenses? (n=186)

A major challenge	33.9%
A minor challenge	24.7%
Not a challenge at all	38.2%
Don't know/refused	3.2%

Once your PPP funding runs out, how likely are you to have to lay off employees again? (n=186)

Very likely	26.6%
Somewhat likely	18.09%
Somewhat unlikely	12.77%
Very unlikely	22.34%
Don't know/refused	20.21%

How concerned are you about the rules around loan forgiveness and having your PPP loan forgiven? (n=186)

Very concerned	41.4%
Somewhat concerned	39.2%
Not concerned at all	14.5%
Don't know/refused	4.9%

The PPP rules state that you must spend the money over the next 8 weeks. How important is it that that deadline be extended? (n=186)

Very important	53.8%
Somewhat important	26.3%
Not important	12.4%
Don't know/refused	7.5%

Crosstab results from black and Latinx entrepreneurs (n=120)

Did you apply for a Paycheck Protection Program (PPP) loan?

Applied	64.1%
Did not apply	35.8%

Did you receive a PPP loan? (of those who applied n=77)

Yes	63.6%
No	35.4%

Did you receive the full amount of funding you applied for? (of those who received a loan n=49)

Yes	71.4%
No	28.6%