

Small Business Majority Survey: State of small business six months into the COVID-19 pandemic

On August 8th, Congress let the Paycheck Protection Program (PPP) expire without additional relief in place. Three weeks on, negotiations for the next round of relief remain at a complete standstill. In the meantime, small business owners continue to struggle to make ends meet. As such, Small Business Majority surveyed its national network of 70,000 small business owners to assess the current state of small business and gauge their views on possible relief measures.

The looming question of when additional help will be on the way has left many small businesses at a crossroads. Without additional funding, more than a quarter (26%) of small business owners will not survive past the next three months, and nearly 1 in 5 say they won't make it longer than four to six more months. Equally troubling, to date 16% of small businesses have considered bankruptcy in the wake of the pandemic. These results are comparable to findings from Small Business Majority's last survey fielded in late July and early August, indicating small businesses are no better off today than they were nearly four weeks ago.

A wave of commercial evictions and foreclosures could also be on the horizon, with **more than 6 in 10 (62%) small business owners reporting that they are struggling to make commercial rent or mortgage payments—up 6% since [earlier this month](#).**ⁱ

The survey also reveals the extent to which PPP and the Economic Injury Disaster Loan (EIDL) programs have served small businesses during the pandemic. Three in four small businesses have received a PPP loan, EIDL or both, with 25% receiving a PPP loan, 12% receiving EIDL and 39% accessing a loan from both programs.

However, not all small business owners were fortunate enough to receive federal stimulus assistance in the wake of this crisis. Of those who did not receive both PPP and EIDL, 36% said they were denied a loan through one program or the other. Despite waving credit and collateral requirements for federal stimulus loans in the CARES Act, **nearly 3 in 10 respondents (29%) were denied PPP or EIDL based on their credit score.**

Given the rate at which small businesses are struggling to make ends meet, more assistance is needed for many businesses to survive. If Congress moves forward with allowing businesses to take a second loan through PPP, most of Small Business Majority's network would be eligible. **The losses among small businesses have been so severe that 70% of business owners are experiencing a revenue decline of at least 25% or more**, with 5 in 10 businesses experiencing losses of 50% or more. Additionally, most small businesses (88%) support making EIDL loans under \$150,000 fully forgivable.

Finally, as Congress and the Administration debate changes to the United States Postal Service (USPS), more than half (54%) of business owners in Small Business Majority's network rely on USPS to ship and or receive goods or products for their business. Unfortunately, of those who depend on USPS, 60% have been impacted by shipment delays during an already down cycle.

The findings of this survey paint a picture of how dire the circumstances are becoming for many small business owners. Unlike early predictions of a sharp recovery once states began to reopen, six months into this crisis thousands of small business owners are looking to Congress to provide more comprehensive relief to sustain their businesses and set our economy on a meaningful path toward recovery.

This is the fourth in a series of COVID-19 related surveys Small Business Majority has released of its network. The first survey was released in late May, with additional surveys released every three to five weeks. Over time Small Business Majority has tracked the economic conditions facing small businesses, how well federal stimulus programs have served its network, the small business owners' views of proposed stimulus provisions, and other issues of importance.

Methodology

Survey of 908 small businesses from Small Business Majority’s network between August 21 to 25, 2020. Most respondents own very small businesses with fewer than 25 employees (64%) or are self-employed (28%). Forty percent are owned by people of color.

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	All (n=908)	Entrepreneurs of color (n=377)
Your demographic information		
Asian or Asian American	7%	
Black, African or African American.....	20%	
Hispanic, Latinx or Spanish Origin.....	11%	
Middle Eastern or North African	1%	
Native American or Alaska Native	1%	
White or Caucasian.....	50%	
Some other race, ethnicity or origin.....	2%	
Prefer not to answer	8%	
How many employees does your business have?		
1 (self-employed)	28%	33%
2-5	35%	39%
6-9.....	12%	11%
10-24	17%	14%
25-49.....	5%	3%
50-99.....	2%	1%
More than 100	1%	1%
What is your gender?		
Female.....	59%	60%
Male	38%	39%
Prefer to self-identify.....	2%	1%
Are you struggling to make commercial rent or mortgage payments?		
Yes.....	62%	68%
No.....	38%	32%
Did you receive an Economic Injury Disaster Loan (EIDL) and/or a Paycheck Protection Program (PPP) loan?		
Yes, I received both an EIDL and PPP loan	39%	37%
Yes, I received only an EIDL loan	12%	14%
Yes, I received only a PPP loan.....	25%	18%
No, I didn't receive an EIDL or PPP loan.....	23%	31%
No response	1%	1%

Were you denied an EIDL or PPP loan? (Asked of those who didn't receive both a PPP loan and EIDL)

	n=540	n=232
Yes, I was denied for both an EIDL and PPP loan	8%	12%
Yes, I was denied for an EIDL loan	16%	18%
Yes, I was denied for a PPP loan	12%	15%
No, I was not denied for either an EIDL or PPP loan	64%	56%

Were you denied an EIDL and/or PPP loan because of your credit score?

	n=195	n=104
Yes, PPP	4%	6%
Yes, EIDL	20%	24%
Yes, both	5%	7%
No	36%	27%
Not sure	35%	37%

Which was more efficient and useful for your business, PPP or EIDL?

	n=352	n=135
PPP	54%	49%
EIDL	23%	26%
Not sure	23%	25%

A second round of PPP may be made available if the business can demonstrate a revenue decline over the first or second quarter of this year compared to the previous year? For each of the revenue decline thresholds below, please indicate whether you would be eligible. (Please select all that apply)

At least 25% reduction in revenue, but less than 35%	8%	6%
At least 35% reduction in revenue, but less than 50%	12%	11%
50% or more reduction in revenue	50%	47%
Less than 25% reduction in revenue	13%	10%
Not sure	17%	25%

Would you support or oppose making EIDL loans under \$150,000 fully forgivable?

Strongly support	79%	83%
Somewhat support	9%	6%
Somewhat oppose	2%	2%
Strongly oppose	2%	2%
Don't know/refused	8%	8%

Does your business rely on the US Postal Service to ship or receive goods and products?

Yes	54%	54%
No	43%	42%
Refused	3%	4%

Has your business been impacted by shipment delays?

	n=486	n=203
Yes.....	60%	65%
No.....	40%	35%

Without additional funding, how long do you think you will be able to stay in business?

Less than one month	6%	6%
1-3 months	20%	21%
4-6 months.....	19%	16%
6 months to 1 year	15%	14%
I will be able to stay in business throughout the pandemic	14%	9%
Don't know.....	27%	33%

Have you considered filing for bankruptcy?

Yes.....	16%	15%
No.....	71%	66%
Don't know.....	12%	19%

ⁱ Small Business Majority Survey: Small business owners at their breaking point, need additional stimulus relief, August 5, 2020, <https://smallbusinessmajority.org/our-research/small-business-owners-at-their-breaking-point-need-additional-stimulus-relief>