

## Survey: Small businesses share current business concerns, challenges with federal relief programs

As entrepreneurs continue to navigate a number of challenges operating their businesses, Small Business Majority surveyed small business owners and managers nationwide to understand their current business conditions and how they may have benefited from federal relief programs.

The survey represents a diverse sample of entrepreneurs, with nearly two-thirds of the sample comprising entrepreneurs of color and more than 7 in 10 respondents women. One in 3 respondents are self-employed, and more than half are owners of businesses with 10 or fewer employees. Additionally, nearly 1 in 5 are newer businesses, having started their business in 2020 and 2021.

The survey reveals that nearly two-thirds (65%) of small businesses felt more optimistic about their business prospects for the second quarter. Despite this optimism, small businesses are facing a number of challenges in maintaining their business operations. Inflation is a top concern, as 80% have been negatively impacted, while 65% have been negatively impacted by supply chain disruptions, and more than half (52%) have been negatively impacted by workforce shortages. Nearly 1 in 4 (24%) report they may not survive past the next six months without additional funding or market changes.

Despite these ongoing setbacks, the survey reveals that government programs such as the Paycheck Protection Program (PPP), Economic Injury Disaster Loans (EIDL), and the Employee Retention Tax Credit (ERTC) have helped small businesses stay afloat. Of those small businesses who applied and received at least one PPP loan, 94% report they have received full forgiveness of their loan. Roughly 6 in 10 (58%) small businesses applied for EIDL, and of those, two-thirds (67%) received a loan. Notably, though, approval rates were lower for the 212 entrepreneurs of color (59%) we surveyed compared to the 136 white business owners surveyed (73%).

At the height of the pandemic, the SBA limited the EIDL loan amount to a maximum of \$150,000. Since then, the SBA has offered small business owners a chance to increase their loan amount. Of respondents who received EIDL, 57% requested an increase, and only 42% of those loan increases have been approved. Three in 10 are still waiting for a decision from the SBA about their loan increase.

Small businesses also shared their experiences with the Employee Retention Tax Credit, which was a refundable tax credit for employment taxes equal to 50% of the qualified wages an eligible employer pays to employees after March 12, 2020, and before September 30, 2021. If the employer's employment tax deposits were not sufficient to cover the credit, the employer may get an advance payment from the IRS. Of the employer firms surveyed, 28% claimed the ERTC. Of those who did not claim the tax credit, 41% did not know about the program, 29% were not eligible, and 17% said the tax credit was too confusing. Of the 54% of small businesses who did not apply because they did not know about the program, 65% of them are small business owners and managers of color. Despite a significant number of small businesses who did not apply for ERTC, 61% support and would be likely to claim it if ERTC is extended.

Small business owners have shown immense resilience throughout the pandemic, but the need for continuous government programs is in great demand. PPP, EIDL and ERTC are some of the many federal programs that have assisted small businesses to operate and contribute to our economic recovery. As these results reveal, small businesses need additional assistance as they continue to navigate challenges to maintaining and growing their businesses.

# Methodology

The survey reflects the opinions of 344 small business owners and managers from Small Business Majority’s network between March 9 through March 29, 2022. The margin of error is +/- 5%. One in three respondents are self-employed and more than half (52%) are owners of businesses with 10 or fewer employees. The sample also consists of a large portion of women-owned businesses (73%) and minority-owned businesses (63%).

# Survey Toplines

- 1. Are you the owner of a small business, or do you manage the business' operations?**
  - Yes, owner..... 93%
  - Yes, manage operations ..... 7%
  
- 2. Why did you start your business? Please check all that apply.**
  - I got laid off..... 11%
  - I wanted to make additional money..... 23%
  - Family circumstances ..... 17%
  - I wanted independence..... 63%
  - A business opportunity presented itself..... 36%
  
- 3. Do you have another job, either full or part time, in addition to the business?**
  - Yes..... 31%
  - No..... 69%
  
- 4. Please select your business' industry.**
  - Agriculture and Mining..... 0%
  - Consulting and Business Services ..... 13%
  - Education and Youth Services ..... 5%
  - Energy and Utilities ..... 0%
  - Engineering..... 0%
  - Food and Beverage..... 8%
  - Healthcare, Pharmaceuticals and Biotech ..... 6%
  - Insurance and Financial Services ..... 3%
  - Manufacturing ..... 4%
  - Media and Entertainment..... 4%
  - Nonprofit ..... 2%
  - Real Estate and Construction ..... 4%
  - Retail..... 13%
  - Service and Consumer Services ..... 11%
  - Software and Internet ..... 0%
  - Technology, Computers and Electronics ..... 2%

Telecommunications.....	0%
Transportation and Storage.....	3%
Travel, Recreation and Leisure.....	2%
Wholesale and Distributors.....	2%
Other (please specify).....	17%

**5. How many people does your company/organization employ including yourself? Please include full-time and part-time employees, but do not include independent contractors.**

Self-Employed.....	33%
Small Business, fewer than 10 employees.....	52%
Small Business, 10-24 employees.....	11%
Small Business, 25-49 employees.....	3%
Small Business, 50-74 employees.....	0%
Small Business, 75-100 employees.....	0%
Small Business, more than 100 employees.....	0%

**6. What is the business' revenue?**

Less than \$25,000.....	28%
\$25,000 - \$49,999.....	10%
\$50,000 - \$99,999.....	10%
\$100,000 - \$249,999.....	19%
\$250,000 - \$499,999.....	9%
\$500,000 - \$999,999.....	9%
Over \$1 million.....	11%
Don't know.....	5%

**7. How optimistic or pessimistic are you about your business prospects over the next quarter?**

Very optimistic.....	28%
Somewhat optimistic.....	37%
Neither optimistic nor pessimistic.....	13%
Somewhat pessimistic.....	17%
Very pessimistic.....	5%

**8. Without additional funding or other market changes, how much longer do you think you can stay in business?**

Less than 1 month.....	5%
1 to 3 months.....	10%
4 to 6 months.....	9%
6 months to a year.....	12%
I don't know.....	32%
I will survive through the pandemic.....	32%

**9. To what extent, how has your business been impacted by the following?**

Inflation - Very negatively impacted.....	36%
Inflation - Somewhat negatively impacted .....	44%
Inflation - Not negatively impacted .....	13%
Inflation - Somewhat positively impacted .....	2%
Inflation - Positively impacted .....	4%
Supply chain disruptions - Very negatively impacted.....	25%
Supply chain disruptions - Somewhat negatively impacted .....	40%
Supply chain disruptions - Not negatively impacted .....	29%
Supply chain disruptions - Somewhat positively impacted .....	3%
Supply chain disruptions - Positively impacted.....	3%
Workforce shortages - Very negatively impacted .....	28%
Workforce shortages - Somewhat negatively impacted .....	24%
Workforce shortages - Not negatively impacted.....	41%
Workforce shortages - Somewhat positively impacted .....	1%
Workforce shortages - Positively impacted.....	5%

**10. Did you receive at least one Paycheck Protection Program (PPP) loan during the pandemic?**

Yes.....	52%
No.....	47%
Not Sure .....	2%

**11. How much PPP funding did you receive in total? (Asked of those who received a PPP loan, N=179)**

Under \$25,000 .....	53%
\$25,000-\$75,000 .....	24%
\$75,000-\$150,000.....	8%
\$150,00-\$250,000 .....	8%
\$250,000-\$500,000.....	6%
Over \$500,000 .....	2%

**12. Have you applied to have your PPP loan(s) forgiven? (Asked of those who received a PPP loan, N=179)**

Yes.....	94%
No.....	4%
Not Sure.....	2%

- 13. What was the decision on your PPP application?** (Asked of those who have applied to have their PPP loan forgiven, N=169)
- Full forgiveness ..... 94%
  - Partial forgiveness ..... 2%
  - No forgiveness ..... 0%
  - Still awaiting response ..... 2%
  - Not Sure ..... 1%
- 14. Did you apply for an Economic Injury Disaster Loan (or EIDL) from the Small Business Administration?**
- Yes..... 58%
  - No..... 41%
  - Don't know..... 1%
- 15. Did you receive your Economic Injury Disaster Loan?** (Asked of those who applied for EIDL, N=201)
- Yes..... 67%
  - No..... 32%
  - Don't know..... 1%
- 16. Did you request an increase on your EIDL?** (Asked of those who received EIDL, N=133)
- Yes..... 57%
  - No..... 41%
  - Don't know..... 2%
- 17. Were you approved or denied for your EIDL Loan increase?** (Asked of those who requested an EIDL increase, N=76)
- Approved..... 42%
  - Denied..... 22%
  - Still awaiting decision ..... 30%
  - Don't know..... 5%
- 18. How long have you been awaiting a decision?** (Only asked of those who requested an EIDL increase, N=23)
- 1-3 months ..... 48%
  - 3-5 months..... 9%
  - 5-8 months..... 22%
  - 8-12 months ..... 17%
  - Over a year ..... 4%

- 19. Did you claim or do you plan to claim the Employee Retention Tax Credit?** (Asked of those who are employers only; N=232)
- Yes .....28%
  - No .....45%
  - Not sure .....27%
- 20. What were some reasons why you did not apply for ERTC?** (Asked of those who are employers only and did not claim ERTC; N=158)
- Not eligible .....29%
  - Tax credit is too confusing .....17%
  - I didn't know about it .....41%
  - Don't know .....13%
- 21. Congress is considering extending the Employee Retention Tax Credit for qualified payroll expenses between the months of Oct-Dec 2021. Do you support or oppose such an extension?** (Asked of those who are employers only; N=232)
- Strongly support .....55%
  - Somewhat support .....11%
  - Neither support nor oppose .....14%
  - Somewhat oppose .....2%
  - Strongly oppose .....0%
  - Don't know .....18%
- 22. If the ERTC were to be extended for the year of 2022, how likely are you to claim it?** (Asked of those who are employers only; N=232)
- Won't claim .....5%
  - Not likely to claim .....7%
  - Neutral / Not sure .....31%
  - Likely to claim .....28%
  - Highly likely to claim it .....29%
- 23. Do you have an accountant who files your tax returns?** (N=344)
- Yes.....66%
  - No.....33%
  - Not sure .....1%
- 24. Do you identify with any of the following groups?** (N=335)
- Male .....26%
  - Female.....73%
  - Prefer to self-identify .....2%

**25. Do you identify with any of the following groups? (Choose all that apply) (N=332)**

Asian or Asian American .....	8 %
Black, African or African American .....	32%
Hispanic, Latino/a or Spanish Origin.....	14%
Middle Eastern or North African .....	1%
Native American or Alaska Native .....	3%
Native Hawaiian or Pacific Islander .....	1%
White or Caucasian .....	41%
Some other race, ethnicity or origin .....	4%
Prefer not to answer.....	5%