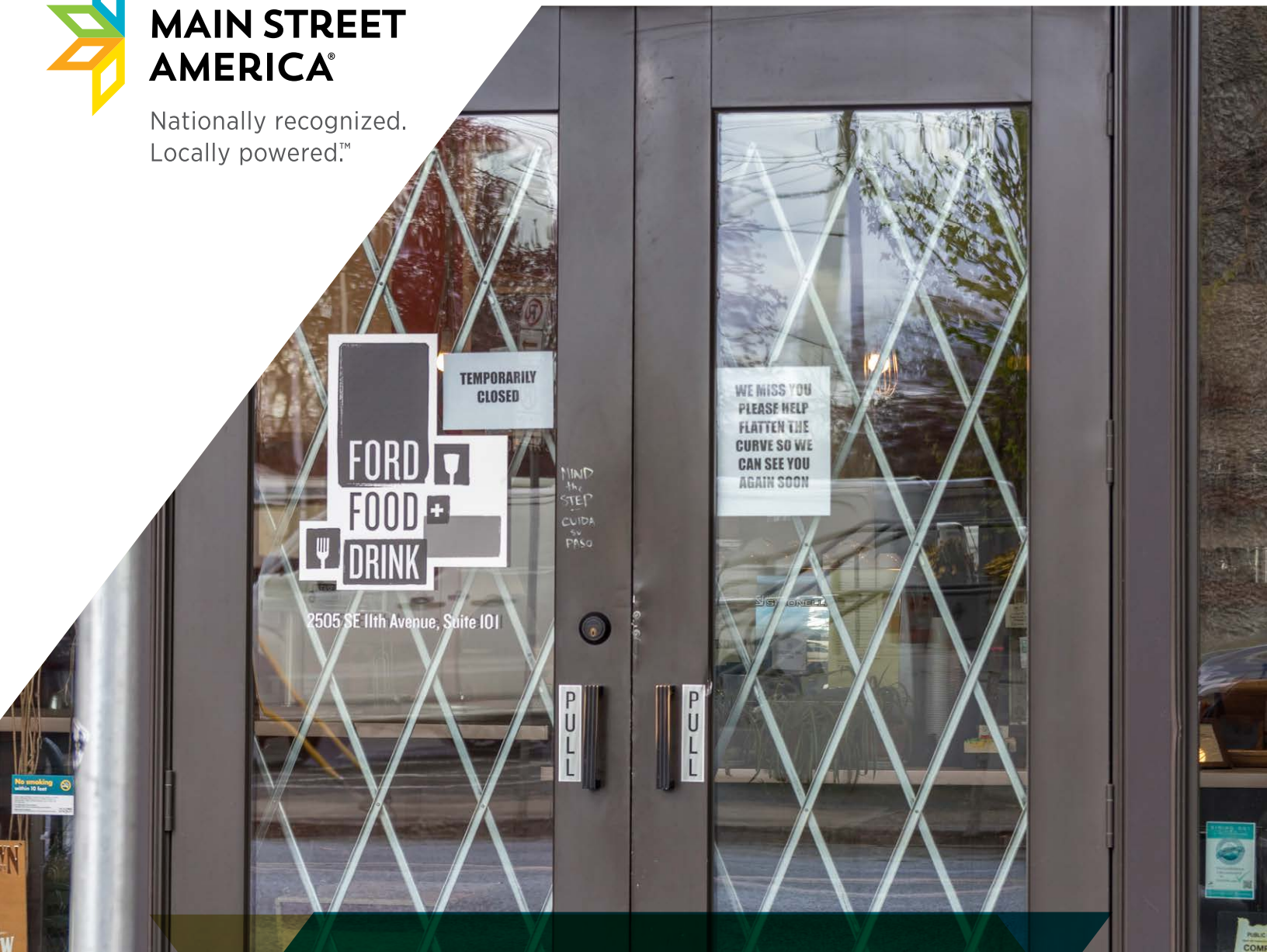




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AMERICA®**

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Locally powered.™



THE IMPACT OF COVID-19 ON SMALL BUSINESSES

Findings from Main Street America's Small Business Survey



**National Main Street
Center**

a subsidiary of the
National Trust *for* Historic Preservation



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Main Street America has been helping revitalize older and historic commercial districts for 40 years. Today it is a network of over 1,600 neighborhoods and communities, rural and urban, who share both a commitment to place and to building stronger communities through preservation-based economic development. Main Street America is a program of the nonprofit National Main Street Center, Inc., a subsidiary of the National Trust for Historic Preservation. Since 1980, over 2,000 programs have used the Main Street Approach, our time-tested framework for community-driven, comprehensive revitalization.

AUTHORS:

MICHAEL POWE, PH.D.,
Director of Research, NMSC

MATTHEW WAGNER, PH.D.,
Vice President of Revitalization Programs, NMSC

For media inquiries,
please contact Rachel Bowdon,
Associate Director of Marketing
and Communications, NMSC,
at rbowdon@savingplaces.org
or 312.610.5608.

DESIGNER:

THE NIMBLE BEE, LLC

EXECUTIVE SUMMARY

Main Street America (MSA) is a network of over 1,600 commercial districts comprising approximately 300,000 small businesses. To assess the impact of the COVID-19 on these businesses, MSA conducted an online survey during the week of March 25 to April 6, 2020. More than 5,850 small business owners responded, of which 91% of respondents reported owning businesses with fewer than 20 employees. Thus, findings from this survey highlight the profound impact of the current crisis on the smallest, locally-owned businesses that are the backbone of American communities.

FINDINGS

- // The MSA survey indicates that millions of small businesses will be at great risk of closing permanently if the crisis continues for several months. Of the nation's approximately 30 million small businesses, nearly 7.5 million small businesses may be at risk of closing permanently over the coming five months, and 3.5 million are at risk of closure in the next two months.
- // COVID-19 has had a devastating impact on small businesses' revenue, and millions of Americans employed by our nation's smallest businesses are at risk of unemployment as a result. Approximately 35.7 million Americans employed by small businesses appear to be at risk of unemployment.
- // Our survey finds that business owners primarily need financial assistance and penalty-free extensions on expenses.

POLICY IMPLICATIONS FOR STATE AND FEDERAL AGENCIES

While the CARES Act is being deployed, there remains critical voids highlighted in the survey data. We urge federal and state economic development authorities to consider supporting the following need areas:

- // The U.S. Small Business Administration needs to expand technical assistance support funding to Small Business Development Center (SBDC) partner organizations like Main Street Programs and local chambers of commerce.
- // State and cities need to invest in small business education and technical support programs rather than pull back spending on these programs.
- // The Federal government should prioritize giving CARES Act and future stimulus funding to small businesses with less than 20 employees. These are the businesses that make up the bulk of jobs and are at the heart of communities across America.
- // New stimulus funding should address the expense side of small business operation, for example measures to support rent or mortgage relief.

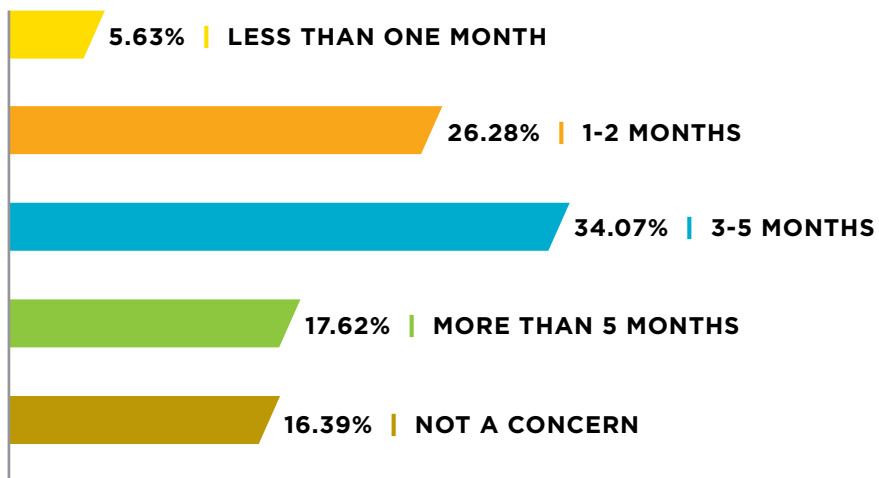
Main Street America (MSA) is a network of over 1,600 commercial districts comprising approximately 300,000 small businesses. To assess the impact of the COVID-19 on these businesses, MSA conducted an online survey during the week of March 25 to April 6, 2020. More than 5,850 small business owners responded, of which 91% of respondents reported owning businesses with fewer than 20 employees. Thus, findings from this survey highlight the profound impact of the current crisis on the smallest, locally-owned businesses that are the backbone of American communities.

FINDINGS

The MSA survey indicates that millions of small businesses will be at great risk of closing permanently if the crisis continues for several months.

Nearly 80 percent of businesses responding to the survey indicated that they had already closed temporarily as a result of the crisis. Results regarding potential permanent closures also reflect profound economic distress: Nearly two-thirds of businesses responding to the survey indicated that they would be at risk of closing permanently if business disruption continued at the current rate for up to five months, and over 30 percent indicated they would be at risk of closing permanently if business disruption continued at the current rate for up to two months. **This could mean that nearly 7.5 million small businesses will be at risk of closing permanently over the coming five months, and 3.5 million are at risk of closure in the next two months.**

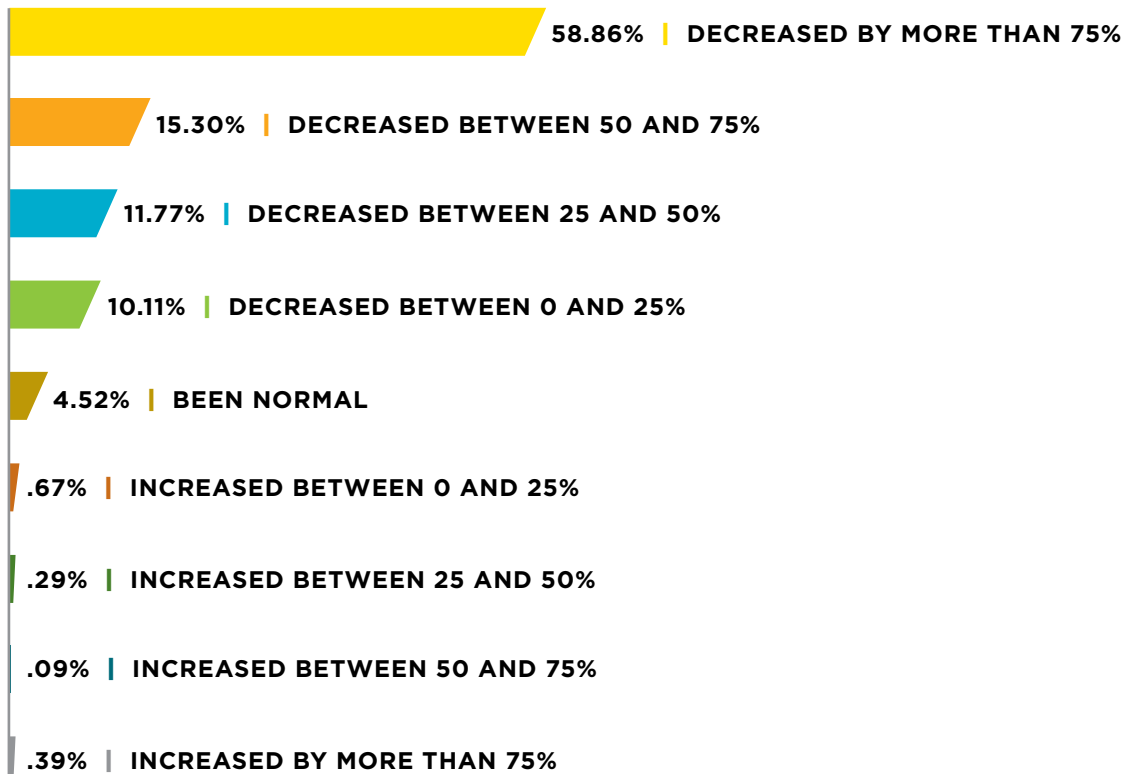
Q. If business disruption continues at the current rate, how soon will your business be at risk of closing permanently?



COVID-19 has had a devastating impact on small businesses' revenue, and millions of Americans employed by our nation's smallest businesses are at risk of unemployment as a result.

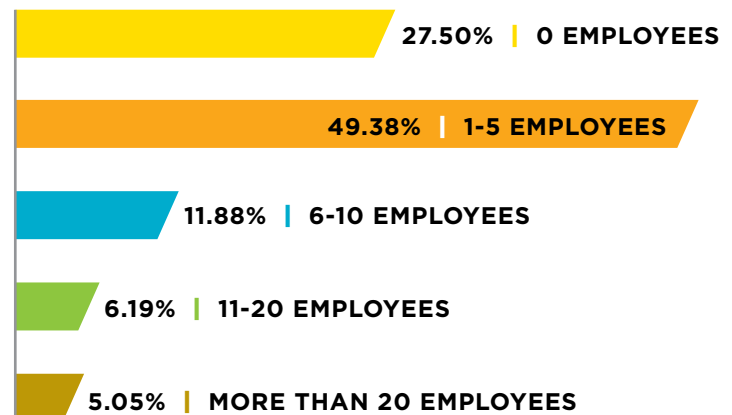
Nearly three-quarters of businesses reported seeing their revenues halved since COVID-19 became a widespread concern in early March, and 57 percent reported their revenues dropped by 75 percent or more.

Q. How has your business revenue changed since COVID-19 became a widespread concern in early March 2020?



These dramatic reductions in revenue drive the businesses' expectations that their staff were at risk of unemployment or layoffs. Nearly three-quarters of businesses indicated that at least one staff member was in jeopardy of losing their job. Among businesses that have five or fewer employees, nearly 85 percent indicated that between one and five staff members were at risk of unemployment or layoffs. **This could mean that approximately 35.7 million American employed by small businesses are at risk of unemployment as result of the COVID-19 crisis.**

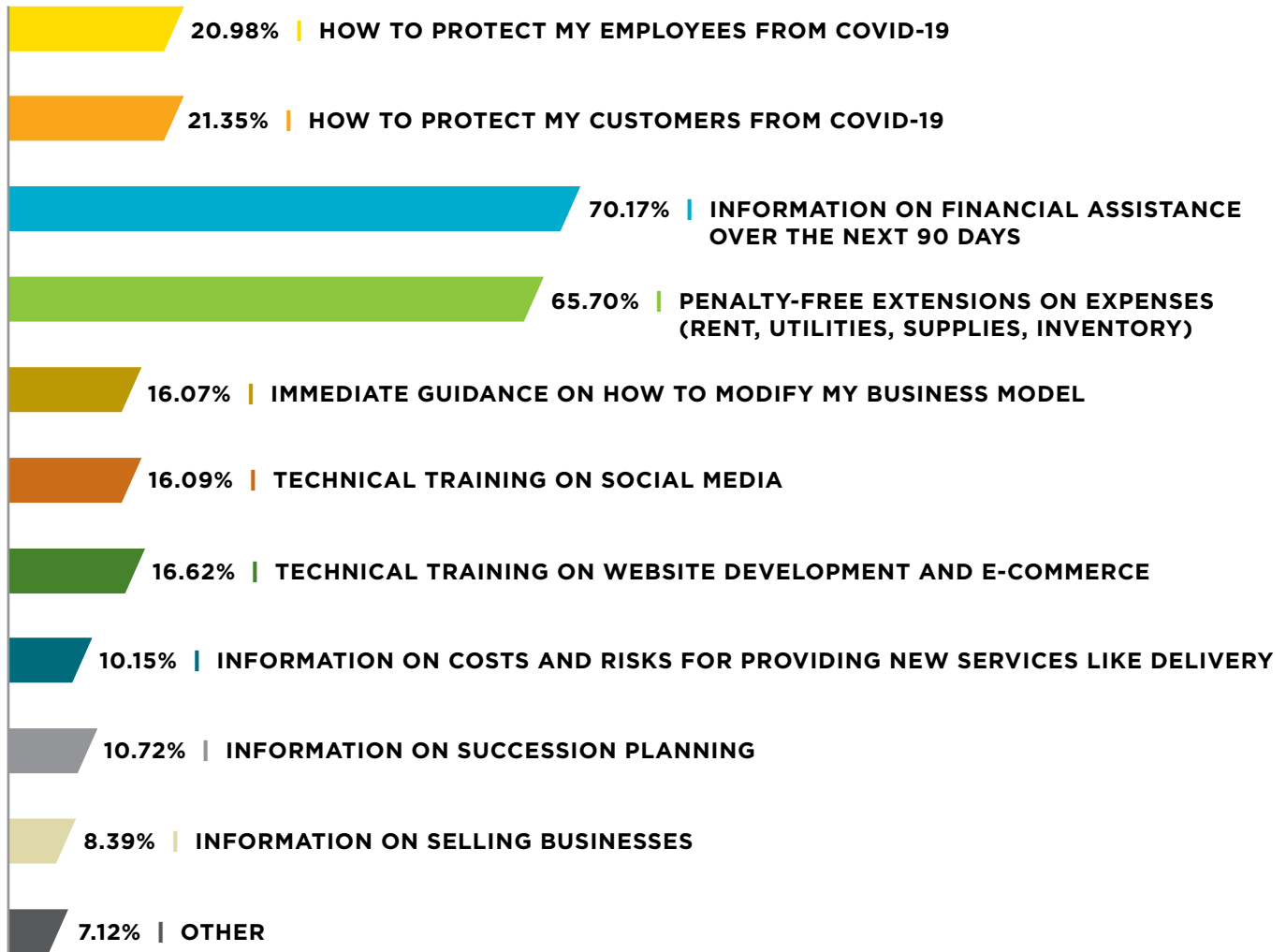
Q. How many of your employees are at risk of unemployment and/or layoffs as a result of the coronavirus?



Business owners primarily need financial assistance and penalty-free extensions on expenses.

The MSA survey prompted businesses to share the types of assistance that would be of greatest interest with options that included various forms of technical assistance, guidance on adapting their business model, and information on protecting employees and customers from COVID-19. Only information on financial assistance over the next 90 days and penalty-free extensions on expenses were of immediate interest to more than half of survey respondents.

Q. What types of assistance would be most helpful to your business?
(Please choose all that apply)



POLICY IMPLICATIONS FOR STATE AND FEDERAL AGENCIES

While the CARES Act is being deployed, there remains critical voids highlighted in the survey data. We encourage government economic development authorities to consider supporting the following need areas:

The U.S. Small Business Administration needs to expand technical assistance support funding to Small Business Development Center (SBDC) partner organizations like Main Street Programs and local chambers of commerce.

Technical assistance and small business support partners are critical. There are approximately 1,200 SBDCs, Women and Minority Business Centers across the U.S. The CARES Act allocates \$265 million to assist these agencies in providing programming and educational training to small businesses and entrepreneurs. With potentially 7.5 million small businesses severely impacted by COVID-19, this represents one center for every 6,200 severely impacted small businesses. This also doesn't take into account that many areas of the country are underserved by SBDCs. Given the potential for closures and the need to encourage entrepreneurship during the recovery, this seems woefully underfunded. To truly address the needs of small businesses SBA needs to expand resources to SBDC support partners like Main Street Programs, Chambers of Commerce and local economic development organizations as integral players to both sustaining small businesses and ultimately the needed recovery.

State and cities need to invest in small business education and technical support programs rather than pull back spending on these programs.

During times of diminished revenues at the state and city level the natural inclination is to pull back from funding on programs that are not mandated in some form. This is exactly the wrong time to decrease or cancel support for programs, like Main Street, that serve as critical connectors and supporters of small businesses. As we look ahead to a recovery, this data demonstrates that Main Street programs with a 40-year history of managing through crisis and recovery from large economic transitions are needed now more than ever.

Prioritize giving CARES Act and future stimulus funding to small businesses with less than 20 employees. These are the businesses that make up the bulk of jobs and are at the heart of communities across America.

Future stimulus needs to prioritize real small businesses of less than 20 employees and sole proprietors that make up the life blood of our communities, downtowns, and neighborhood business districts. Closing loopholes that give advantages to larger businesses that can react and move more quickly the limited loan programs within the CARES Act.

New stimulus funding should address the expense side of small business operation, for example measures to support rent or mortgage relief.

The Small Business Majority has updated its [policy agenda](#) with a number of areas which would support what our small business survey is indicating as an important need area:

- Provide forbearance on all small business loans, including credit card payments for at least six months. The stimulus package provided loan forbearance for SBA loans, which is a great first step, but we must ensure that small businesses with other forms of debt are supported.
- Adjust repayment due dates on property taxes and commercial rent to give small businesses the flexibility they need to stay afloat.
- Pass legislation that would ensure business insurance companies cover COVID-19 revenue losses.
- Ensure small businesses that offer paid family medical and sick leave receive cash reimbursement, instead of quarterly tax credits.
- Ensure the delay of payroll tax payments and grant/loan assistance are not mutually exclusive.

METHODS

Working through the network of Main Street America coordinating programs and local Main Street programs, we surveyed owners and operators of small businesses across the country using English and Spanish-language surveys. Our survey questions focused on the impacts of the COVID-19 public health emergency in terms of revenue, staffing, and business operations; respondent's greatest perceived challenges and business needs in the face of the crisis; and select business characteristics.

We received 5,851 surveys from small businesses in 48 states and the District of Columbia. Respondents came from more than 1,000 places across the United States, including big cities like New York and Chicago and small towns like Blairsville, Georgia and Greybull, Wyoming. Nearly 40 percent of the small businesses represented in this survey operate in towns with fewer than 10,000 residents. Professional services, personal care businesses, nonprofits and social services, health practitioners, and accommodation businesses were also well represented, with more than 200 respondents from each industry grouping. Nearly half of respondent businesses had been in operation for over ten years. In terms of their ownership, nearly three-quarters were locally owned and more than half were woman owned. More than 90 percent of businesses responding to the survey have fewer than 20 employees and 65.5 percent had five employees or fewer.

5,851 total surveys

48 states, and the District of Columbia

<75% locally owned

<50% woman owned

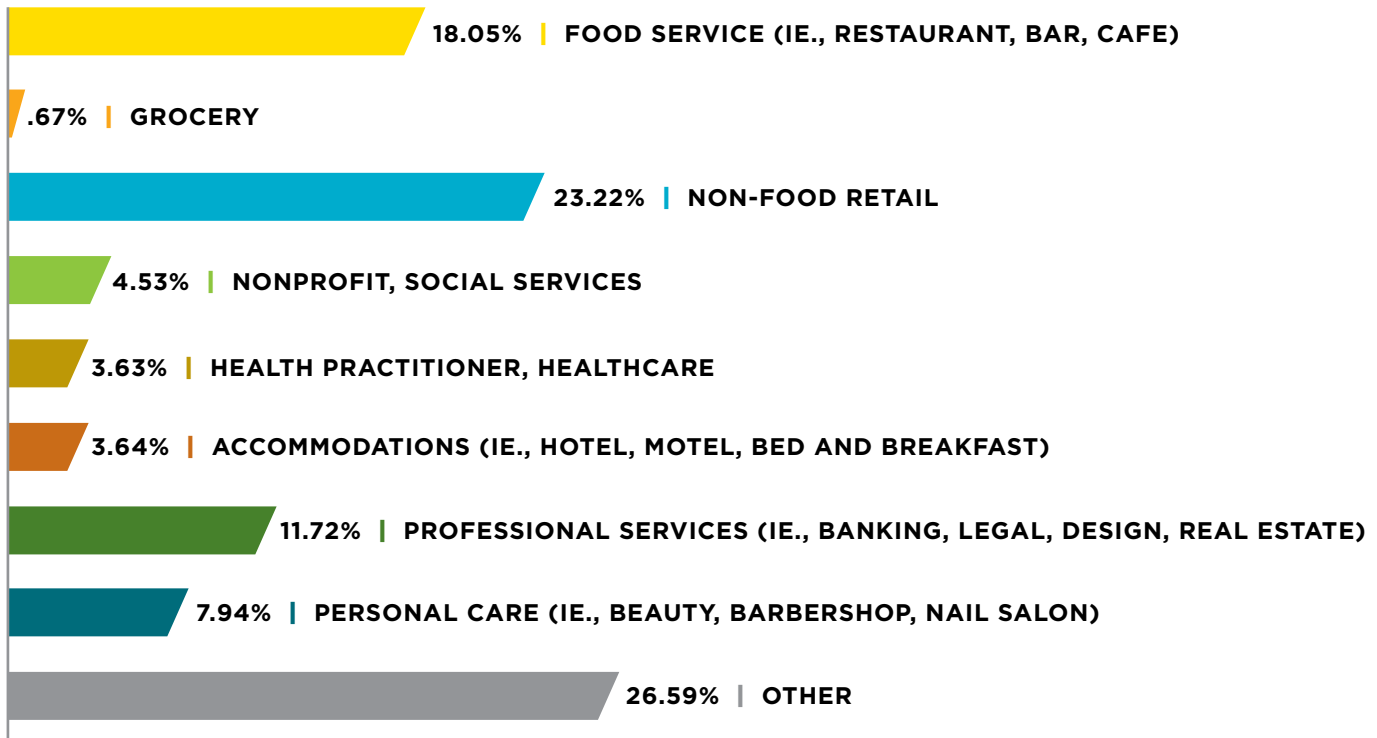
<90% respondents had fewer than 20 employees

65.5% had fewer than 5 employees

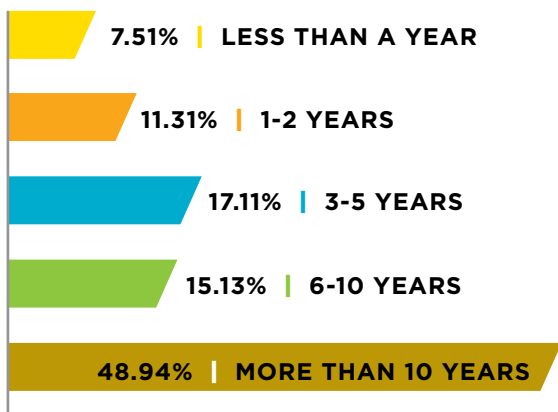
NEXT STEPS

This survey represents a snapshot of a point in time. There will inherently be changes as America's small businesses deal with the challenges of COVID-19. As such, Main Street America plans to follow-up with small business owners who expressed interest in participating in additional surveys. Nearly three-quarters of the survey participants indicated such willingness. Our hope is that we can track business owners' experiences accessing financial support in response to the crisis and updates on changes in staffing, revenues, and closures, as well as any information on businesses' adaptations to the challenges presented by COVID-19.

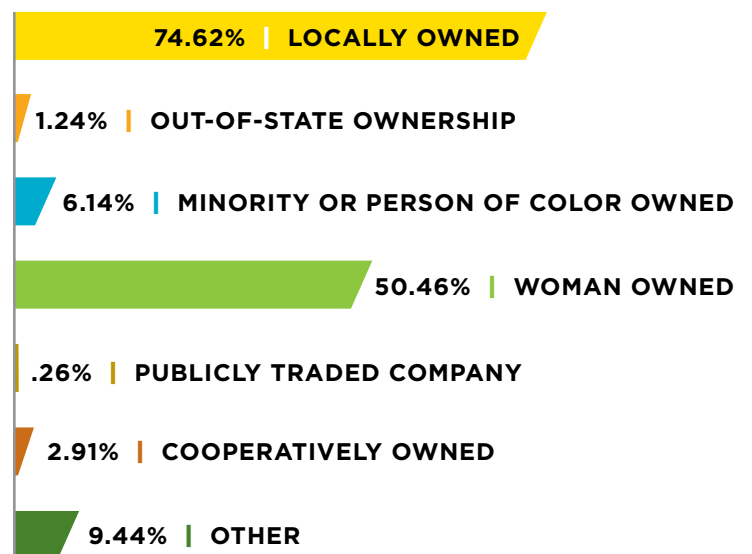
Q. What kind of business do you operate?



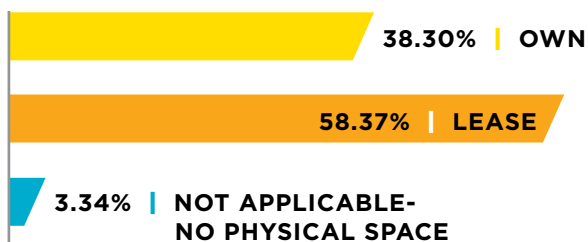
Q. How long has your business been in operation?



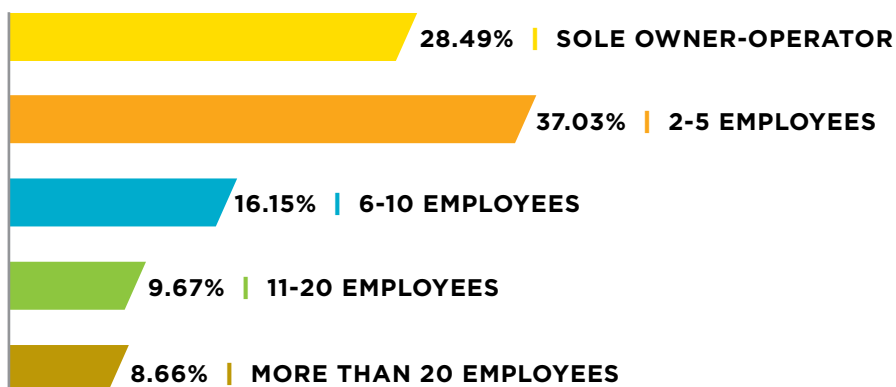
Q. Would you characterize the ownership of the business in any of the following ways? (Please choose all that apply)



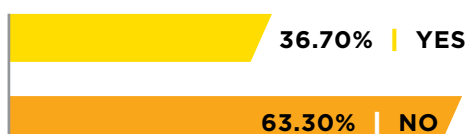
Q. Do you own or lease your business space?



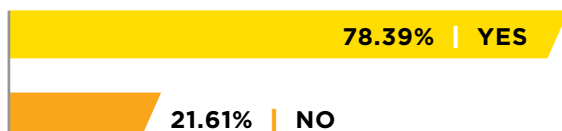
Q. How many people does your business employ?



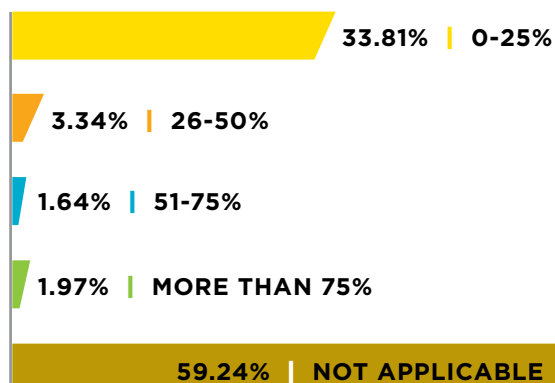
Q. Does your business have an online sales component?



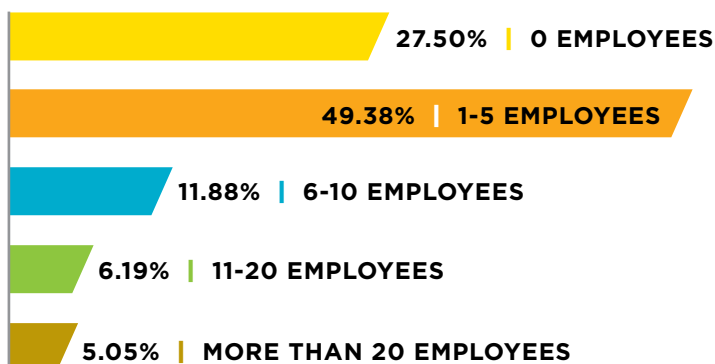
Q. Has your business suspended storefront operations as a result of the COVID-19 public health emergency?



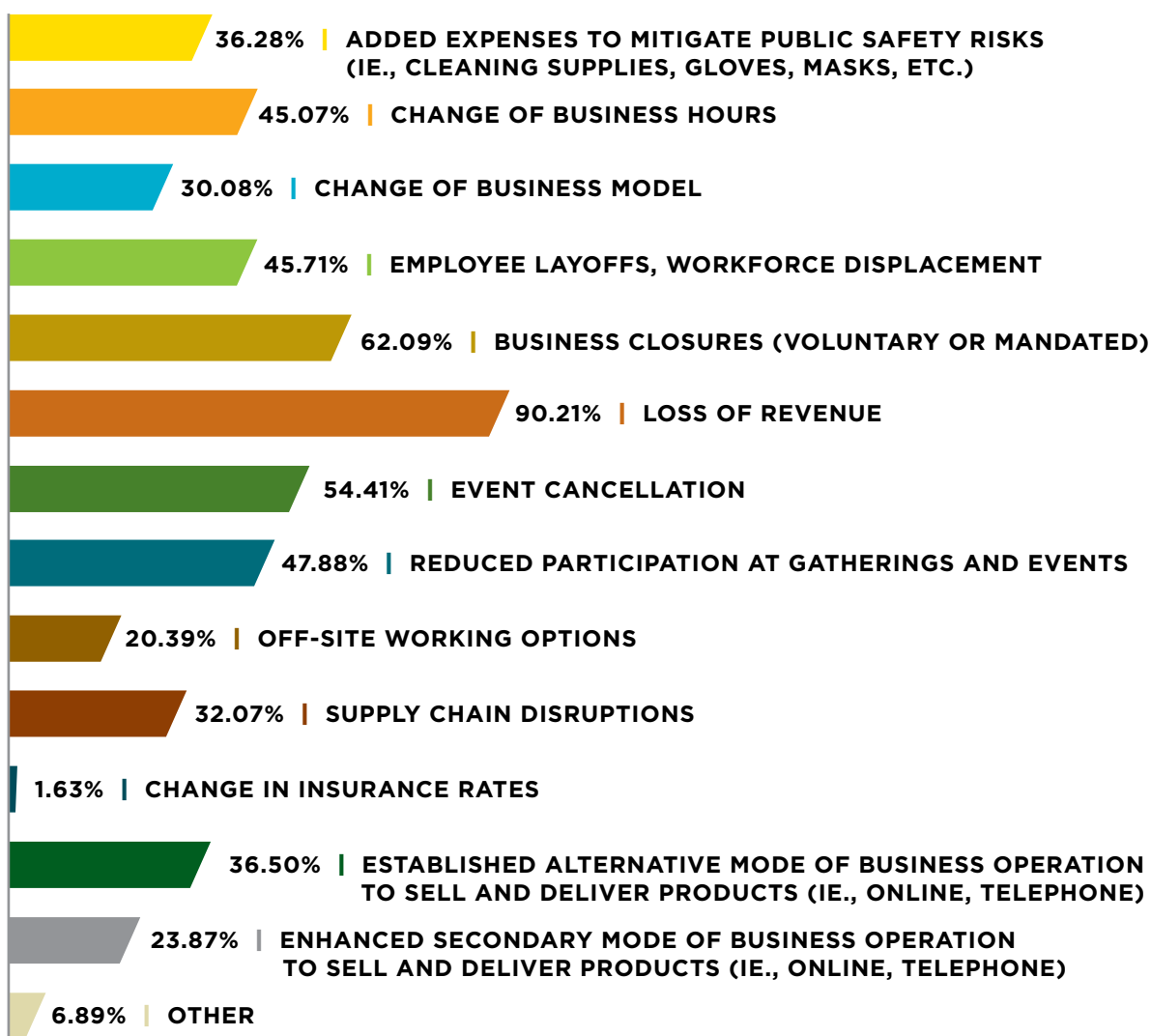
Q. If your business has an online sales component, approximately what portion of your overall revenue comes from online sales?



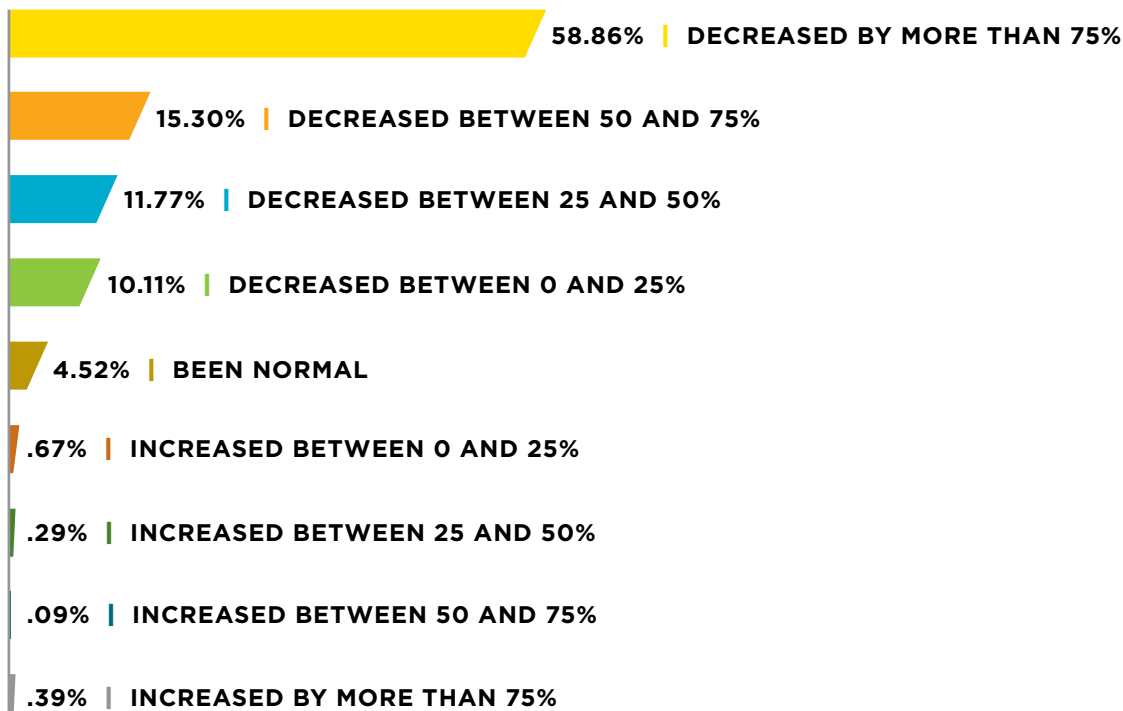
Q. How many of your employees are at risk of unemployment and/or layoffs as a result of the coronavirus?



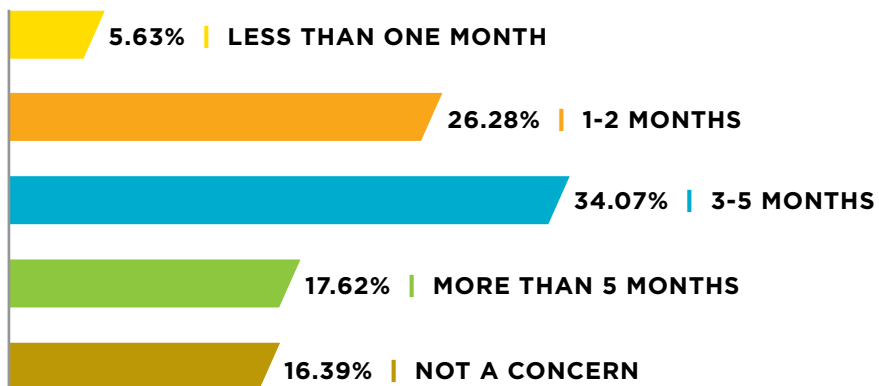
Q. How has COVID-19 affected your business? (Please choose all that apply)



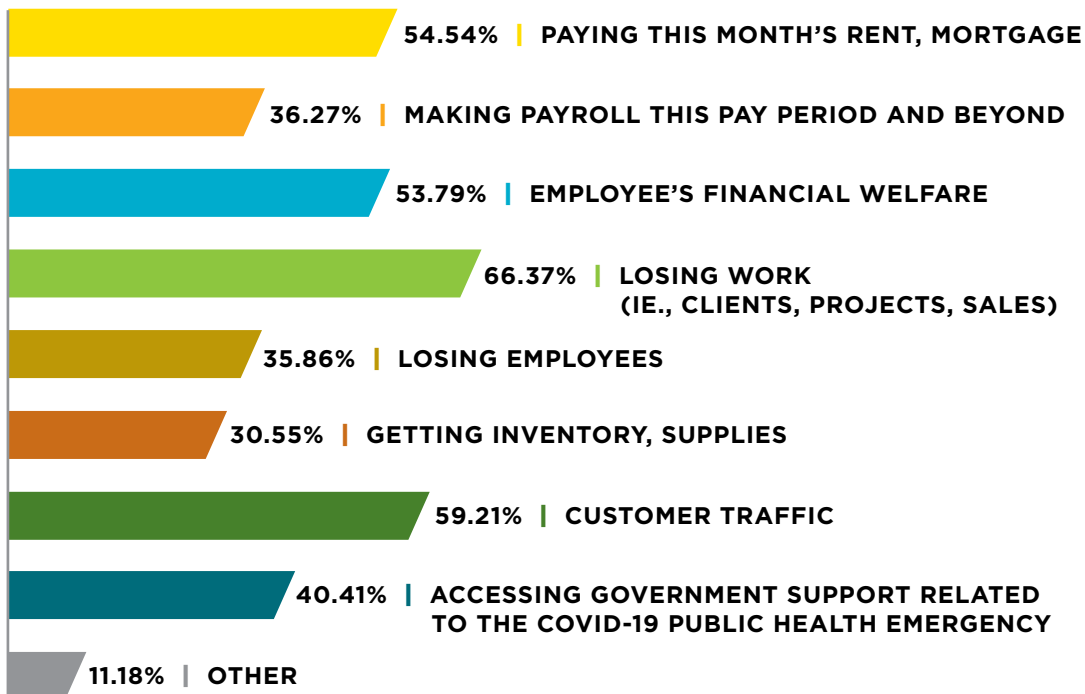
Q. How has your business revenue changed since COVID-19 became a widespread concern in early March 2020?



Q. If business disruption continues at the current rate, how soon will your business be at risk of closing permanently?



Q. At this time, what are you most concerned about? (Please choose all that apply)



Q. What types of assistance would be most helpful to your business?

