

Covid-19 Small Business Survey (17)

Federal Small Business Programs, the Vaccine, Labor Shortage,
and Supply Chain Disruptions

NFIB Research Center

April 23-28, 2021

The NFIB Research Center has published a series of Covid-19 related surveys assessing the impact of the health crisis on small business operations, economic conditions, and the utilization of targeted small business loan and tax credit programs.

This publication marks NFIB's 17th Covid-19 Small Business survey. The first of the series was published in early March 2020, with subsequent publications approximately every 3-6 weeks.

The Paycheck Protection Program (PPP) was implemented about one year ago. Over the last 12 months, the program's funding roughly doubled from its initial investment through the CARES Act. The PPP has undergone many changes, mostly benefiting small business owners. The new deadline to apply for a PPP loan, May 31st, is fast approaching but it appears that most small business owners interested in the program have participated and, hopefully, those still considering a first or second PPP loan will apply soon. About three-quarters (73%) of survey respondent reported that they received a Paycheck Protection Program (PPP) loan in 2020. The vast majority of them (82%) have submitted a PPP loan forgiveness application for their 2020 PPP loan. Eleven percent responded that they were not ready to submit an application yet and 8% were ready, but their lender was not accepting applications yet.

Of those who submitted a PPP loan forgiveness application for their 2020 loan, 79% reported that they have received final confirmation on their approved loan forgiveness amount and 21% are still waiting. The 2020 PPP loan process is complete for most small business owners who received one.

The Consolidated Appropriations Act of 2021 (CAA), which was signed into law on December 27, 2020, reopened and modified the targeted federal programs that were established to help the small business sector during the health crisis. The main programs of focus in the CAA are the Paycheck Protection Program (PPP) and the Employee Retention Tax Credit (ERTC). The CAA expanded the PPP, allowing small business owners an opportunity for a first-draw loan and a second-draw PPP loan for a more restricted population that could demonstrate quarterly revenue losses. About 15% of those who did not receive a 2020 first-draw PPP loan, applied and received one in 2021. Among those who received a first PPP loan in 2020, 37% also received a second PPP loan in 2021.

Among those who have not yet applied for a first PPP loan, 7% are still planning to apply and 11% are still considering whether or not to apply. The remaining 82% are not planning to apply for one. Of those who have already received a first PPP loan but have not applied for a second, 74% are not planning to apply for one, 10% percent are planning to apply for one, and 16% are considering it. Some of those still waiting to apply are likely holding off until they are certain their first PPP loan forgiveness application is successfully processed and finalized.

The ERTC was originally established in the CARES Act to provide financial assistance to employer businesses through a reduction in their payroll taxes. The program as originally designed was not accessible to owners who took a PPP loan and the benefit of the tax credit was limited as a result. The CAA broadened eligibility and enhanced the benefits of the ERTC, allowing more employers to take advantage of the tax credit. The American Rescue Plan Act (ARPA) extended the ERTC through the end of 2021. Eligible ERTC employers now include those businesses subject to a mandated shutdown or partial shutdown or those businesses that experienced at least a 20% reduction of gross receipts (compared to 50% previously) from the quarter compared to the corresponding quarter in 2019. Eligible employers can receive a tax credit up to \$7,000 per employee, per quarter for 2021.

General awareness of the ERTC has increased over the last month but, unfortunately most small employers are still unfamiliar with the credit. Only 8% of small business owners are very familiar with the ERTC and another 41% somewhat

familiar. Fifty-two percent of small business owners are not at all familiar with the ERTC. Awareness of the credit is increasing, but slowly.

Five percent of small employers took the ERTC in 2020 and 11% are planning to take the ERTC in (retroactively). About half (49%) are not sure whether they have or are planning to take the ERTC in 2020. In addition, 2% of small employers have taken and 15% are planning to take the ERTC in 2021. About half (53%) are not sure whether they have or are planning to take the ERTC in 2021.

Of those small business owners who claimed or submitted forms to claim the ERTC for 2020 or 2021, 56% withheld payroll taxes on their 941 form, 46% submitted a 941-X form, and 11% submitted a 7200 form.

The Economic Injury Disaster Loan (EIDL) is another small business program through the Small Business Administration providing low interest, long term loan for qualified small business owners. Twenty-eight percent of respondents have applied for an EIDL loan and 83% of them have received one. Of those who have not applied for an EIDL loan, 89% are not planning to apply for one, 1% are planning to apply, and 10% reported that they might apply.

Over half (54%) of small employers offer employee paid sick leave as a benefit of employment. Of those small businesses that offer employee paid sick leave, 33% offer fewer than 5 days of paid sick leave per year, 56% offer 5-10 days of paid sick leave per year, and 11% offer more than 10 days of paid sick leave per year.

About half (53%) of small employers have had an employee take Covid-19 related sick or family leave. Seventy percent of small employers who had an employee(s) take Covid-19 related sick or family leave reported it was a paid leave, 13% reported it was an unpaid leave, and 17% reported it was a mix of both paid and unpaid leave. Forty-three percent of small employers providing paid time off for Covid-19 related sick or family leave have claimed the tax credit. Thirty-seven percent of business owners were somewhat familiar with the Covid-19 sick and family leave tax credit and only 12% were very familiar with the tax credit. About half (52%) of business owners were not at all familiar with the Covid-19 sick and family leave tax credit.

Sales levels are 50% or less than they were pre-crisis levels for 14% of small businesses with another 22% at sales levels of 51%-75% pre-crisis. Thirty-eight percent are back or nearly back to where they were with sales between 76%-100% of pre-crisis levels. About one-in-five (21%) are exceeding pre-crisis sales levels.

Fifteen percent of owners report that economic conditions are back to normal now. Another 8% of owners anticipate it taking until the first half of 2021 and 29% anticipate sometime in the second half before economic conditions return pre-crisis levels. About one-third (36%) of small business owners are less optimistic and expect conditions not to fully improve until sometime in 2022 and 12% after 2022.

Three-fourths (75%) of small businesses report that they will be able to operate for more than a year in current economic conditions. On the other end, 12% of respondents report that they will only be able to continue business operations for six months or less under current economic conditions and another 13% for 7-12 months.

When asked if supply chain disruptions are impacting their business, 26% of small business owners reported a significant impact. Another 30% of small business owners reported it having a moderate impact on their business and 29% said it has had a mild impact on their business. Fifteen percent of small business owners reported no impact from supply chain disruptions.

Nineteen percent of small employers are currently experiencing a significant staffing shortage and another 19% are currently experiencing a moderate staffing shortage. Twenty-two percent report having a mild staffing shortage and 40% percent of small business owners report no staffing shortage.

Of those small businesses currently experiencing a staffing shortage, 20% had a significant loss of sales opportunities and 25% had a moderate loss of sales opportunities because of the shortage. Thirty-five percent had a mild loss of sales opportunities and another 20% had no loss of sales opportunities.

As the vaccine rollout continues to ramp up, more and more small business owners are getting vaccinated. About half (51%) of small business owners have been vaccinated and another 3% plan to get vaccinated as soon as it is available to them. This is a significant increase from mid-March when 26% of owners had received a vaccination. Nine percent report that they will also get vaccinated, but not right away. Thirty-seven percent report that they will not get vaccinated.

As more of the general population become eligible to get the vaccine, 46% of small employers will encourage their employees to get vaccinated and 3% report that they will require their employees to be vaccinated. Another 2% of small employers are considering encouraging or requiring the vaccination.

About one-quarter (24%) of small businesses report that Amazon directly impacts their business. Of those directly impacted, 12% report a significant negative impact on their business with another 21% reporting a moderate negative impact. Forty percent report the impact as mildly negative. On the other side, 5% report the impact as significantly positive, and 6% moderately positive. Seventeen percent of those impacted report that the impact is mildly positive.

Thirteen percent of all respondents compete with Amazon for sales of their product or service and 1% sell on the Amazon platform. Almost one-in-10 (9%) of small employers compete with an Amazon distribution center for employees. About half (54%) of small businesses purchase inventory or supplies for their business through Amazon.

Methodology

This survey was conducted with a random sample of 20,000 NFIB members from NFIB's membership database of about 300,000 small business owners. The survey was conducted by email from April 23-28, 2021. NFIB collected 546 responses.

Questionnaire

Q1. Did you receive a Paycheck Protection Program (PPP) loan in 2020?

73% 1. Yes

28% 2. No

Q2. Have you submitted a PPP loan forgiveness application for your 2020 PPP?

82% 1. Yes

11% 2. No, I'm not ready to submit an application yet.

8% 3. No, my bank is not accepting applications yet but I'm ready.

Q3. If yes, have you received final confirmation on your approved loan forgiveness amount?

79% 1. Yes

21% 2. No

Q4. If didn't receive a first PPP in 2020, have you received a first PPP in 2021?

15% 1. Yes

85% 2. No

Q5. If did receive a first PPP in 2020, have you received a second PPP in 2021?

37% 1. Yes

64% 2. No

Q6. If you have not applied for a first PPP loan, are you planning to apply for one?

7% 1. Yes

82% 2. No

11% 3. Maybe

Q7. If you have not applied for a second PPP loan, are you planning to apply for one?

10% 1. Yes

74% 2. No

16% 3. Maybe

Background: *The Employee Retention Tax Credit (ERTC) is a refundable, advanceable tax credit of up to \$7,000 per employee, per quarter through December 31, 2021. Employers generally claim the ERTC by withholding payroll taxes for the amount of qualified employee wages.*

Q8. How familiar are you with the Employee Retention Tax Credit (ERTC)?

- 8% 1. Very familiar
- 41% 2. Somewhat familiar
- 52% 3. Not at all familiar

Q9. Have you or are you planning to take the ERTC in 2020 (qualified employer can claim the credit retroactively)?

- 5% 1. Yes, I have
- 11% 2. Yes, I'm planning to
- 34% 3. No
- 49% 4. I don't know

Q10. Have you or are you planning to take the ERTC in 2021?

- 2% 1. Yes, I have
- 15% 2. Yes, I'm planning to
- 31% 3. No
- 53% 4. I don't know

Q11. If you claimed or submitted forms to claim the ERTC in 2020 or 2021, did you withhold payroll taxes on your 941 form?

- 56% 1. Yes
- 44% 2. No

Q12. If you claimed or submitted forms to claim the ERTC in 2020 or 2021, did you submit a 941-X form?

- 46% 1. Yes
- 54% 2. No

Q13. If you claimed or submitted forms to claim the ERTC in 2020 or 2021, did you submit a 7200 form?

11% 1. Yes

89% 2. No

Q14. Have you applied for an Economic Injury Disaster Loan (EIDL)?

28% 1. Yes

72% 2. No

Q15. If yes, did you receive an EIDL loan?

83% 1. Yes

17% 2. No

Q16. If you have not applied for an EIDL loan, are you planning to apply for one?

1% 1. Yes

89% 2. No

10% 3. Maybe

Q17. Does your business offer employee PAID sick leave as a benefit of employment?

54% 1. Yes

46% 2. No

Q18. If yes, how many days of PAID sick leave is offered per year (average if varies by position or time employed)?

33% 1. Less than 5 days

56% 2. 5 – 10 days

11% 3. More than 10 days

Q19. Have any of your employees taken Covid-19 related sick leave or family leave?

53% 1. Yes

47% 2. No

Q20. Was it paid leave?

- 70% 1. Yes
- 13% 2. No
- 17% 3. Mix of both paid and unpaid

Q21. How familiar are you with the Covid-19 sick and family leave tax credit?

- 12% 1. Very familiar
- 37% 2. Somewhat familiar
- 52% 3. Not at all familiar

Q22. Have you claimed the tax credit for reimbursement of Covid-19 related employee paid sick or family leave?

- 43% 1. Yes
- 58% 2. No

Q23. How does your current sales revenue compare to pre-crisis levels?

- 21% 1. More than 100% of pre-crisis level
- 38% 2. 76%-100% of pre-crisis level
- 22% 3. 51%-75% of pre-crisis level
- 9% 4. 26%-50% of pre-crisis level
- 4% 5. 1%-25% of pre-crisis level
- 1% 6. My business is currently closed.
- 6% 7. I don't know.

Q24. How long do you think it will take before your local community is back to a pre-crisis level of economic activity?

- 15% 1. It is now
- 8% 2. First half of 2021
- 29% 3. Second half of 2021
- 36% 4. Sometime in 2022
- 12% 5. 2023 or later

Q25. How long will you be able to operate your business under current economic conditions?

- 1% 1. Less than 1 month
- 2% 2. 1-2 months
- 9% 3. 3-6 months
- 13% 4. 7-12 months
- 75% 5. More than 12 months

Q26. Are supply chain disruptions impacting your business?

- 26% 1. Significant impact
- 30% 2. Moderate impact
- 29% 3. Mild impact
- 15% 4. No impact

Q27. Is your business currently experiencing a staffing shortage?

- 19% 1. Significant staffing shortage
- 19% 2. Moderate staffing shortage
- 22% 3. Mild staffing shortage
- 40% 4. No staffing shortage

Q28. If yes, is your staffing shortage causing lost sales opportunities?

- 20% 1. Significant lost sales opportunities
- 25% 2. Moderate lost sales opportunities
- 35% 3. Mild sales lost sales opportunities
- 20% 4. No lost sales opportunities

Q29. Do you plan to get vaccinated for COVID-19?

- 51% 1. Yes, I already have
- 3% 2. Yes, as soon as it's available to me
- 9% 3. Yes, but not right away
- 37% 4. No, I don't plan to get vaccinated.

Q30. Have you or will you encourage or require your employees to get the COVID-19 vaccine?

- 3% 1. Yes, require
- 46% 2. Yes, encourage but not require
- 47% 3. No, neither
- 2% 4. Maybe
- 3% 5. No answer

Q31. Are any of your employees unionized at your business?

- 2% 1. Yes
- 98% 2. No
- 3. I don't have any employees.

Q32. Does Amazon have a direct impact on your business?

- 24% 1. Yes
- 76% 2. No

Q33. If yes, to what degree does Amazon impact your business overall?

- 12% 1. Significant negative impact
- 21% 2. Moderate negative impact
- 40% 3. Mild negative impact
- 5% 4. Significant positive impact
- 6% 5. Moderate positive impact
- 17% 6. Mild positive impact

Q34. Do you compete with Amazon for sales?

- 13% 1. Yes
- 87% 2. No

Q35. Do you sell your product on Amazon?

- 1% 1. Yes
- 99% 2. No

Q36. Do you compete with a local Amazon distribution center for employees?

- 9% 1. Yes
- 91% 2. No

Q37. Do you purchase inventory or supplies for your business through Amazon?

- 54% 1. Yes
- 46% 2. No

Q38. Please classify your major business activity, using one of the categories of examples below.

- 14% 1. Construction (general contractor, painting, carpentry, plumbing, electrical, etc.)
- 12% 2. Manufacturing and mining
- 3% 3. Transportation, communication, public utilities (truckers, movers, broadcasters, etc.)
- 4% 4. Wholesale
- 16% 5. Retail
- 5% 6. Restaurant
- 6% 7. Agriculture (veterinarian, forestry, landscaping, fisheries, etc.)
- 6% 8. Financial, insurance, real estate
- 17% 9. Services (auto repair, house cleaning, salon, etc.)
- 7% 10. Professional services (attorney, physician, skilled nursing, etc.)
- 11% 11. Other

Q39. Number of Employees

- 10% 1. No employees
- 11% 2. 1-2 employees
- 21% 3. 3-5 employees
- 19% 4. 6-9 employees
- 20% 5. 10-19 employees
- 13% 6. 20-49 employees
- 5% 7. 50-199 employees
- 0% 8. 200 or more employees