

78% of US Small Businesses Negatively Impacted by the COVID-19 Pandemic

By Mallory Dreyer

Original post [here](#).

On August 20, the U.S. Census released updated data for its [Small Business Pulse Survey](#). This release marks the beginning of the second phase of the survey and covers the week between August 9 and 15.

The first phase of the survey launched at the end of April and lasted nine weeks, covering the period between April 26 and June 27. After pausing the survey, the Census launched the second phase on August 9 and will continue to release new weekly Phase 2 data in the coming weeks. The survey seeks to determine the impact of the COVID-19 pandemic on small businesses in the U.S. and their participation in federal relief programs. It covers nonfarm, single-location businesses with between 1 and 499 employees and receipts of \$1,000 or more in all 50 states, the District of Columbia, and Puerto Rico.

Nationally, 78.7% of surveyed small businesses responded that the COVID-19 pandemic has had a negative impact on their business. 34.2% of businesses responded that impact has been large while 44.5% of businesses responded that the impact has been moderate. The remaining businesses responded that the pandemic either had little or no effect, a moderate positive effect, or a large positive effect. Based on the [questionnaire](#), it appears that each business is open to interpret the difference between a large and moderate impact, as there is no specific threshold or measure to differentiate between large and moderate.

During the week of August 9 to 15, 6.7% of firms reported increasing the number of paid employees while 10.9% of firms decreased the number of paid employees. 5.7% rehired employees that had been furloughed while 38.9% did not rehire furloughed or laid off employees.

The Census also surveyed businesses on their future needs. Over the next 6 months, businesses reported the following:

In the next 6 months, the business will need to:	% of Survey Respondents
Obtain financial assistance or additional capital	26.8%
Identify new supply chain options	14.1%
Develop online sales or websites	13.9%

Increase marketing or sales	32.8%
Learn how to better provide for the safety of customers and employees	19.3%
Identify and hire new employees	23.4%
Permanently close the business	5.5%
None of the above	32.7%

With the Paycheck Protection Program (PPP) closed as of August 8, the 26.8% of firms that expect to need additional financial support will likely watch the government closely to understand what additional financial support may become available.

The survey also provides a picture of how the pandemic has had a disproportionate impact on firms in certain industries and sectors. For example, 47.3% of surveyed businesses in the accommodation and food services industry reported that they would need to obtain financial assistance or increase capital, compared to the national average of 26.8%. 12.2% reported that they may need to permanently close in the next 6 months, compared to the national average of 5.5%. Accommodation and food services firms are more likely to report missing a loan payment since March 13, with 10.1% reporting compared to the national average of 3.5%.

The Census was not collecting survey responses when the PPP closed, nor was it collecting responses when the Federal Reserve’s Main Street Lending Program (MSLP) became [fully operational](#). As of [August 13](#), the MSLP had \$226 million in loan participations, but the program has been criticized for its [slower start](#).

In addition to the recent data from the Census, Facebook, the World Bank, and the OECD released the Wave II survey report for their [Global State of Small Business Survey](#). Wave II responses were collected between June 24 and 30 and covered over 25,000 businesses across 50 countries. The updated report focuses on small businesses’ access to finance. The survey finds that fewer small businesses globally received financial assistance during Wave II, which could be due decreased need for financial support as businesses reopen or because financial assistance may no longer be available. However, the report notes that policies related to increasing access to finance and covering expenses continue to be the most-needed policies cited by small businesses.

Both the Census survey and the Facebook survey seek to provide near real-time information about how the COVID-19 pandemic is impacting small businesses in order to better inform policy making and support programs. The Census Small Business Pulse Survey will be updated weekly and Facebook, the World Bank, and the OECD will publish monthly reports.