

# SENATE INTERIM COMMITTEE ON LABOR AND BUSINESS:

## IMPACT OF COVID-19 ON SMALL BUSINESS

Anthony K. Smith  
Oregon State Director



# QUICK SNAPSHOT - NFIB

- **NFIB is the nation's leading small business advocacy organization.**
- 300,000 members nationwide
- 6,000 members in Oregon, 60,000+ jobs (pre-COVID-19)
- 90% of NFIB members in Oregon have fewer than 25 employees.



# QUICK SNAPSHOT - OREGON

- **According to the U.S. SBA's 2020 Small Business Profile for Oregon:**
- 387,819 Small Businesses in Oregon (pre-COVID-19)
- 99.4% of All Oregon Businesses
- 871,241 Small Business Employees (pre-COVID-19)
- 54.6% of Oregon's Private Sector Workforce



# LAST MONTH...

Aug. 8, 2020 – Paycheck Protection Program (PPP) expired. Negotiations on legislation to provide additional financial support for small businesses have stalled in Congress.

Aug. 24, 2020 – The NFIB Research Center released its 11<sup>th</sup> national survey, assessing the small business impact of the COVID-19 crisis.



# KEY FINDINGS

- **Most PPP borrowers (84%) have now used their entire loan, up from 71% in July.**
- The 16% of borrowers are likely not far behind on spending.
- Most PPP borrowers (81%) applied for the loan through the financial institution that they normally use for business purposes.



# KEY FINDINGS

- **35% of respondents have applied for an Economic Injury Disaster Loan (EIDL).**
- Nearly three-quarters (74%) were approved for a loan and 9% were denied.
- The remainder have not yet heard back from SBA about the status of their loan application.



# KEY FINDINGS

- **Almost half of PPP loan borrowers (47%) anticipate needing additional financial support over the next 12 months.**
- If eligible, 44% of small business owners would apply or re-apply for a second PPP loan.
- Another 31% would consider applying for one.



# KEY FINDINGS

- The *CARES Act* provided supplemental unemployment insurance benefits through July 31. The program presented a significant challenge to some small business owners.
- 32% of small business owners reported that the extra \$600 per week hurt their business by making it harder to hire or re-hire workers.





# KEY FINDINGS

- **21% of small employers have had an employee take COVID-19 related paid sick leave or family leave as mandated by the *Families First Coronavirus Response Act (FFCRA)*.**
- So far, 30% of employers have claimed the federal tax credit or an advance refund for reimbursement of these costs.



# KEY FINDINGS

- **The threat of legal action against small business is a serious concern for 21% of owners and a moderate concern for another 34% of owners. (Total of 55% are concerned)**
- 31% are not too concerned and 14% are not concerned at all, likely due to limited contact with the general public or having few employees, if any.

# KEY FINDINGS

- **Sales levels remain at 50% or less than they were pre-COVID-19 for about one-in-five small employers (22%).**
- **Another 28% report sales levels of 51-75% from pre-crisis levels.**
- Half (50%) are nearly back to where they were with some (14%) exceeding pre-COVID-19 sales levels.



# KEY FINDINGS

- **Most small business owners (52%) do not expect business conditions to improve to normal levels until next year at the earliest.**
- **20% believe this will occur sometime in 2022.**
- Only 19% of owners anticipate conditions improving to normal levels by the end of this year.



# KEY FINDINGS

- **About one-in-five (21%) of small business owners report they will have to close their doors if current economic conditions do not improve over the next six months.**
- **Another 19% of owners anticipate they will be able to operate no longer than 7-12 months under current economic conditions. (40% total)**



# MOVING FORWARD

Federal programs, while critical, have primarily focused on giving our small business a chance to survive in the short-term.

Moving forward, the Oregon Legislature will need to work on creating a pro-small business agenda that will foster economic recovery and long-term growth.



# STATE ACTIONS TO CONSIDER

(JUST A FEW AMONG MANY GOOD OPTIONS)

- No tax increases or new taxes on Oregon businesses
- Provide coronavirus-related business liability protection
- Protect businesses from future UI rate increases
- Preserve Oregon's model Workers' Compensation system
- No new costly or burdensome regulations
- No new spending that is not directly tied to coronavirus/wildfire recovery, including via agency rulemakings



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## QUESTIONS?

**Anthony K. Smith**  
**Oregon State Director**

Anthony.Smith@NFIB.org

Office: (503) 364-4450

Mobile: (480) 205-0490

[www.NFIB.com/OR](http://www.NFIB.com/OR)

