

REIMAGINE MAIN STREET



# Policy Priorities of Business Owners of Color and COVID-19

*February 2021*

PUBLIC PRIVATE  
STRATEGIES

## REIMAGINE MAIN STREET



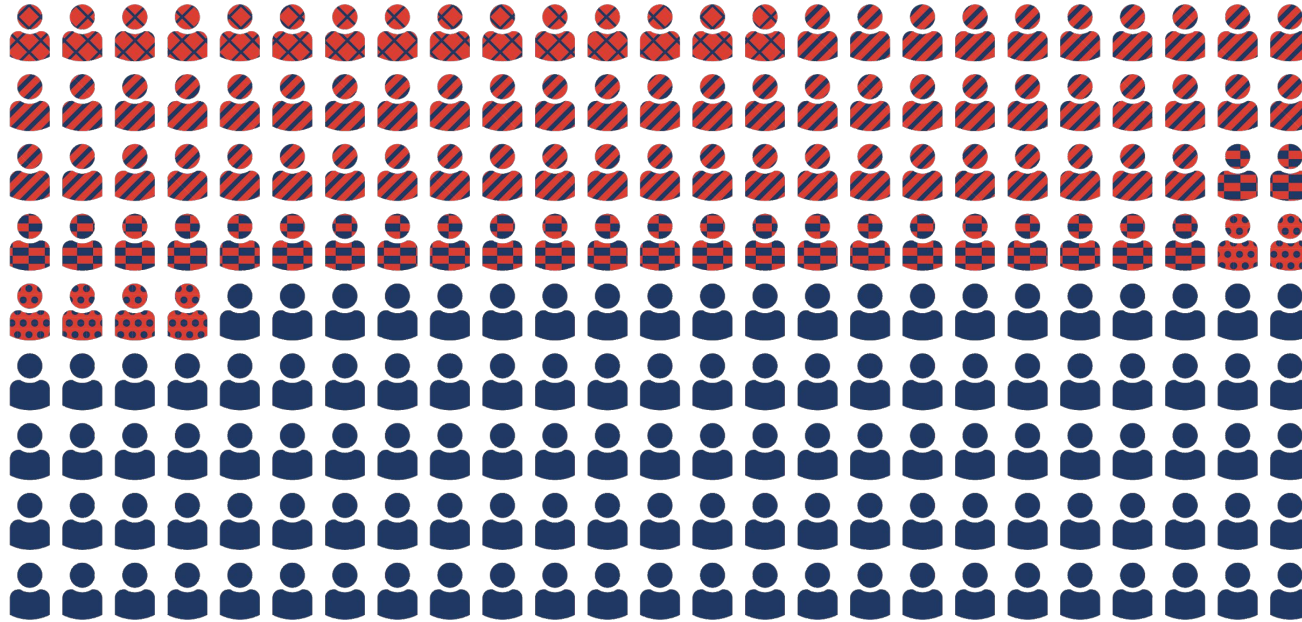
Small businesses and their workers must rebound from the COVID-19 crisis so that communities thrive and the benefits ripple throughout the economy. We are a multi-stakeholder, cross-sector initiative focused on advancing and uplifting innovative solutions to ensure that Main Street is at the center of our recovery. Reimagine Main Street is a project of Public Private Strategies.






# Context for this Survey


- As the pandemic disproportionately affects small businesses and communities of color, the new administration and Congress are currently debating a range of policy responses.
- Yet there is a gap in available data reflecting absolute and relative experience and policy preferences of AAPI-, Black-, Hispanic- and Native-owned small businesses.
- Reimagine Main Street fielded a national survey of small business owners from January 7-27, 2021 to provide timely insight into issue priorities and policy preferences of samples of AAPI-, Black-, Hispanic-, and White-owned businesses.

# Large and Diverse Sample

$n = 2,254$

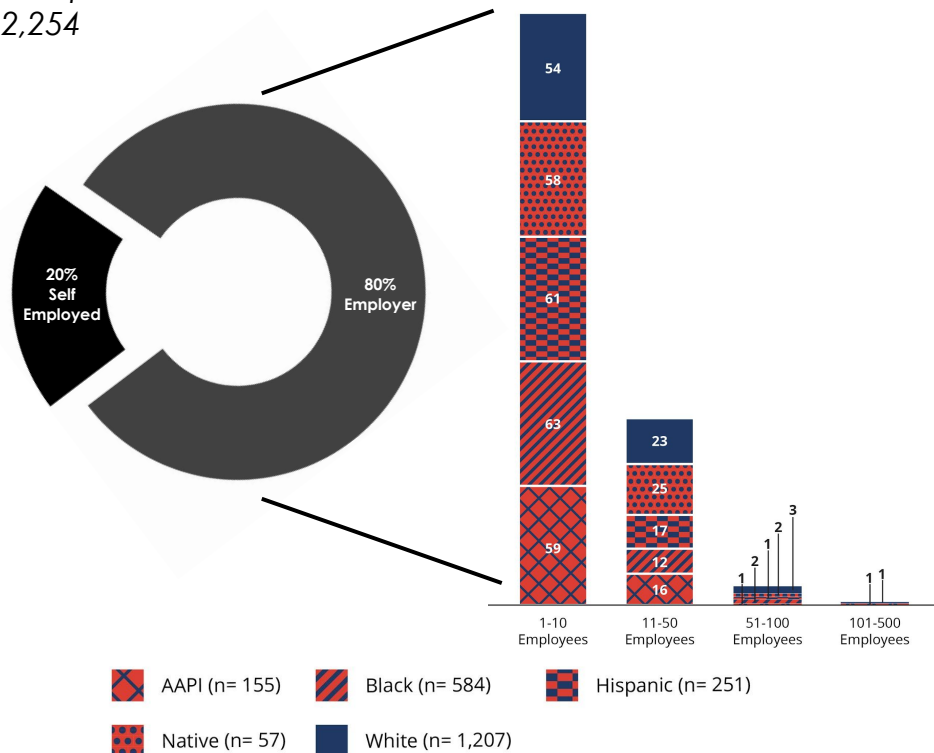


	<b>AAPI</b>	155
	<b>Black</b>	584
	<b>Hispanic</b>	251
	<b>Native</b>	57
	<b>White</b>	1,207

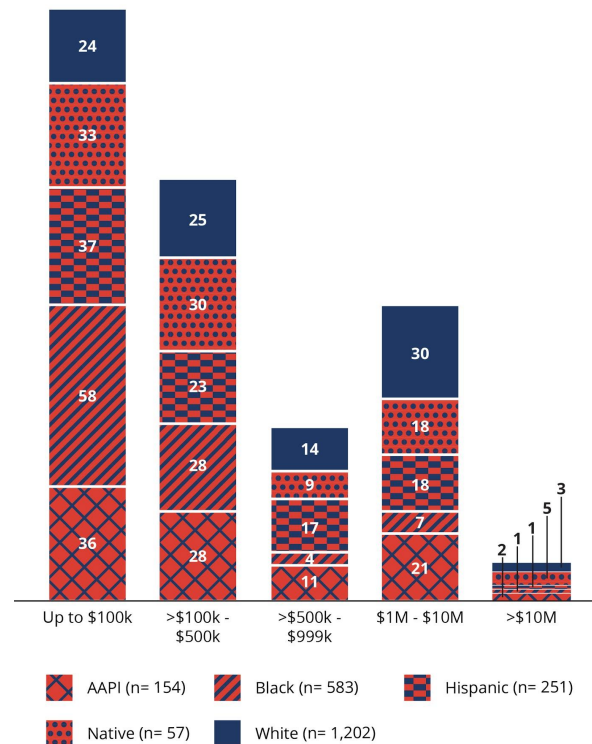
 = 10 Small Business Owners

# Robust Mix of Solo, Micro and Small Businesses

Distribution by Number of Employees  
% of respondents  
n = 2,254

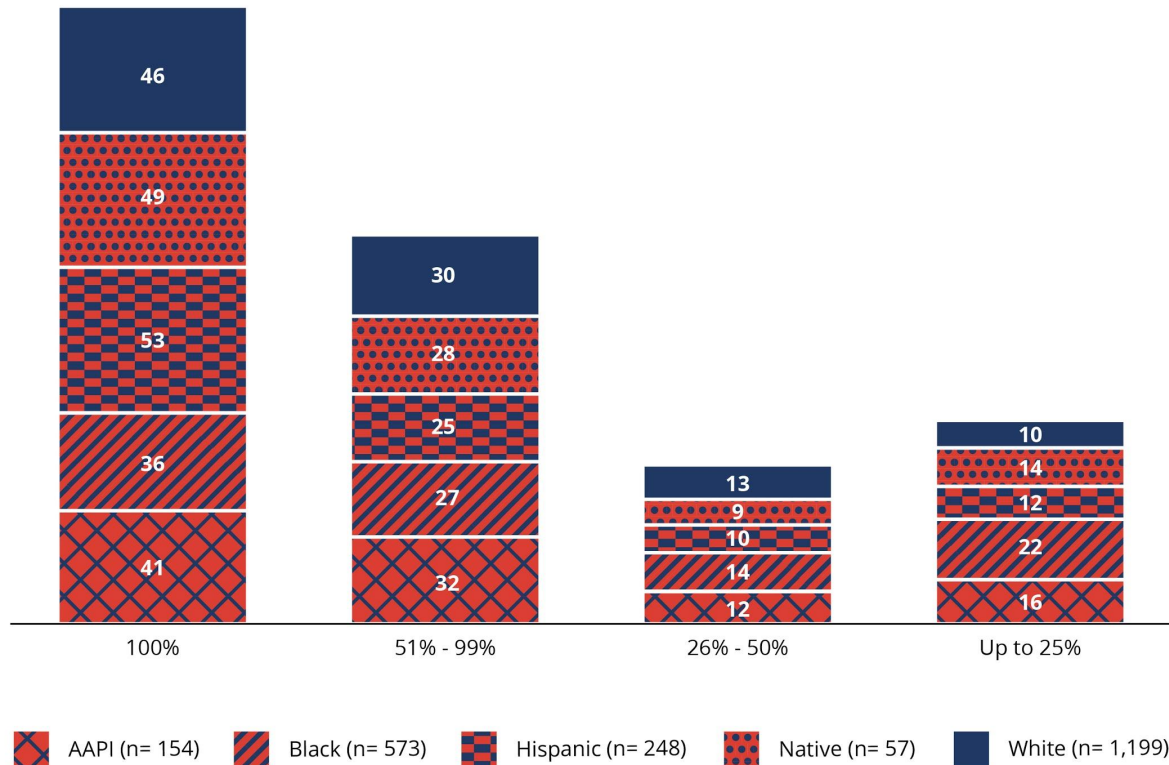


Distribution by 2019 Revenue  
% of respondents  
n = 2,254



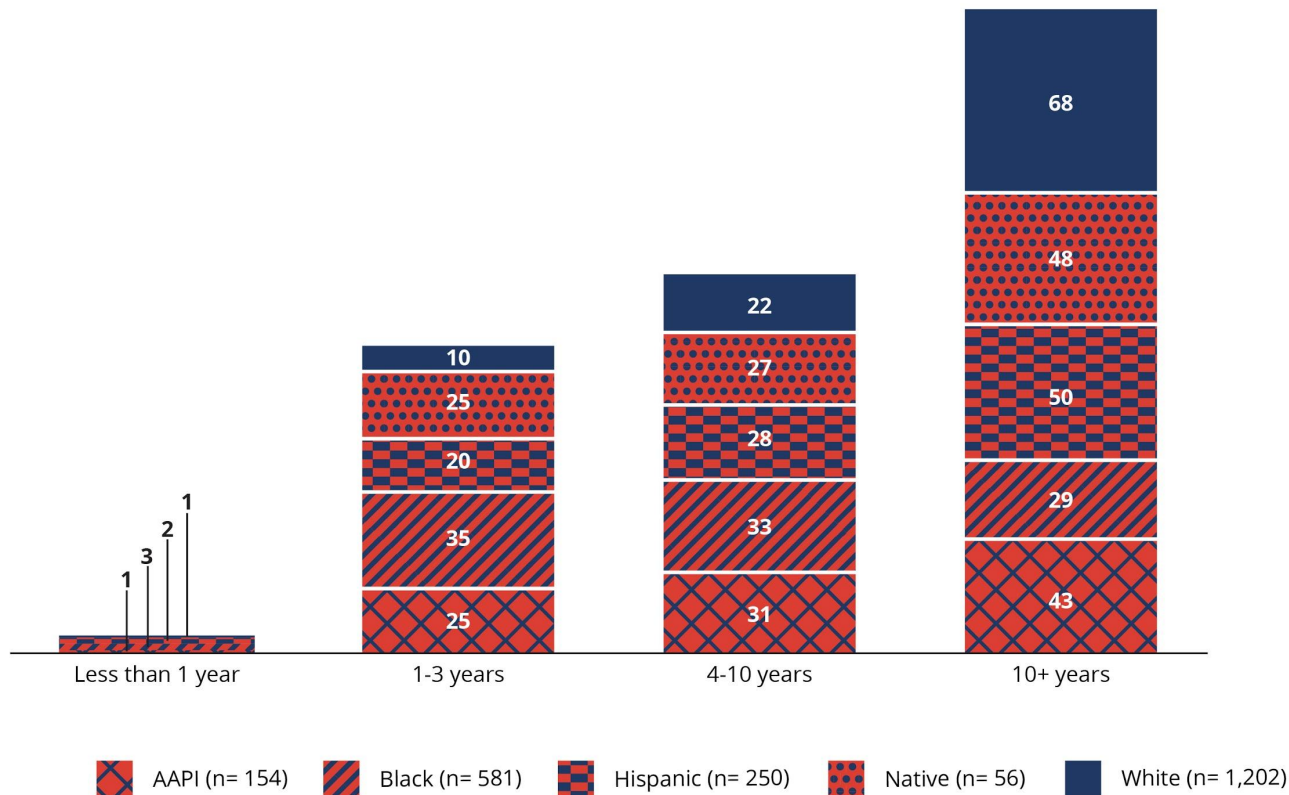
# These Businesses Sustain Households

Share of Household Income from the Business  
% of respondents  
n=2,231



# Mix of Early Stage and Established Businesses

Time in Business  
% of respondents  
n=2,243



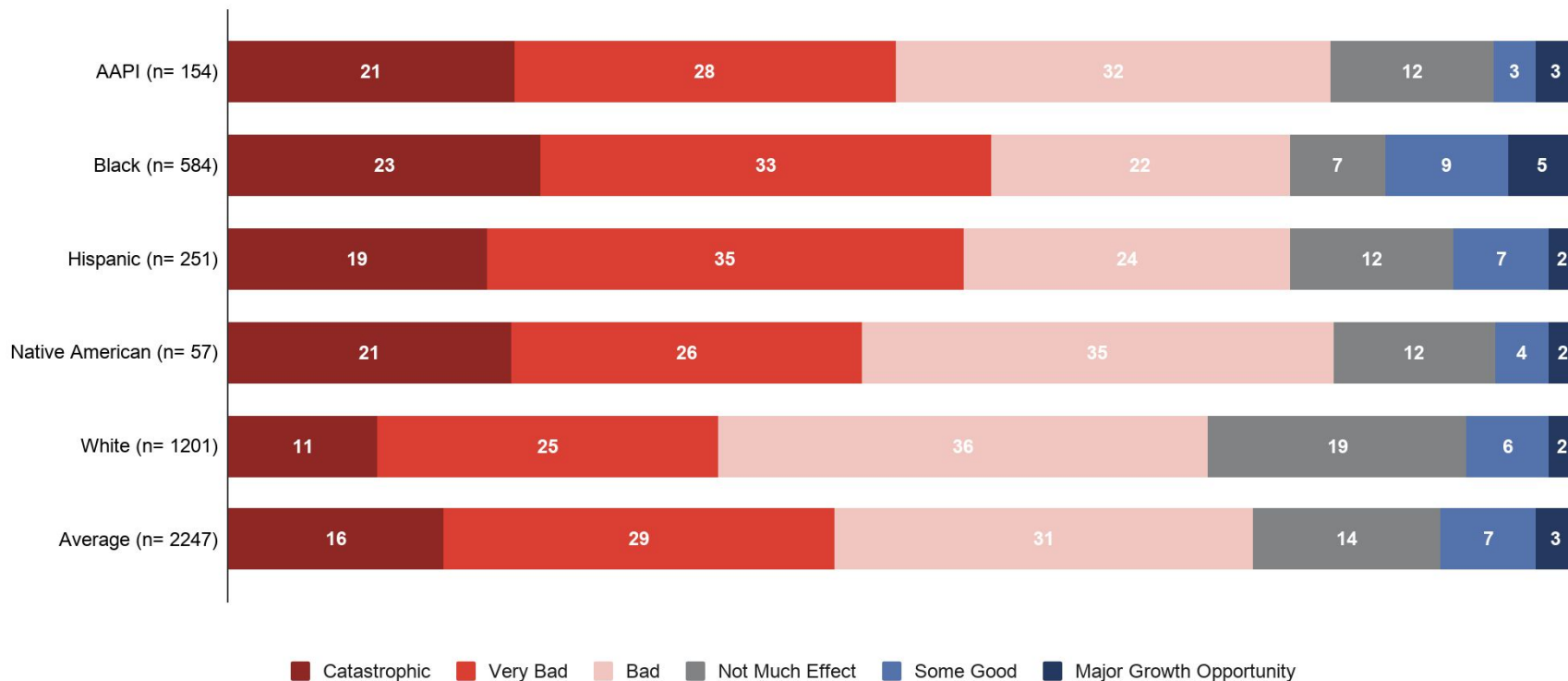
# Takeaways

- **Impact of COVID differs across small businesses - solutions must be targeted (and tailored):** More than half of Black and Hispanic business owners said that pandemic has been “catastrophic” or “very bad” compared to about 1/3 of White owned businesses. Black-owned businesses were almost twice as likely to have lost >50% revenue vs White owned businesses. The share of Black business owners who do not expect their businesses to survive through end of this year is more than 2X their White peers (23% vs 11%).
- **Relief may not reach businesses left out in the last round:** As expected, businesses that got PPP last time are most likely to apply again in this round. Businesses that did not apply for PPP in the last round are far less likely than their peers to apply this round. Black and Hispanic business owners are most discouraged.
- **The racial wealth gap drives policy prioritization among business owners:** Broad and intense support among business owners for contracting incentives and PPP access across all segments of small business. Significant gap in prioritization of capital access-related solutions (e.g. PPP, low cost debt, tax incentives to help defray costs of reopening) between Black (especially women) and Latino business owners vs White business owners.



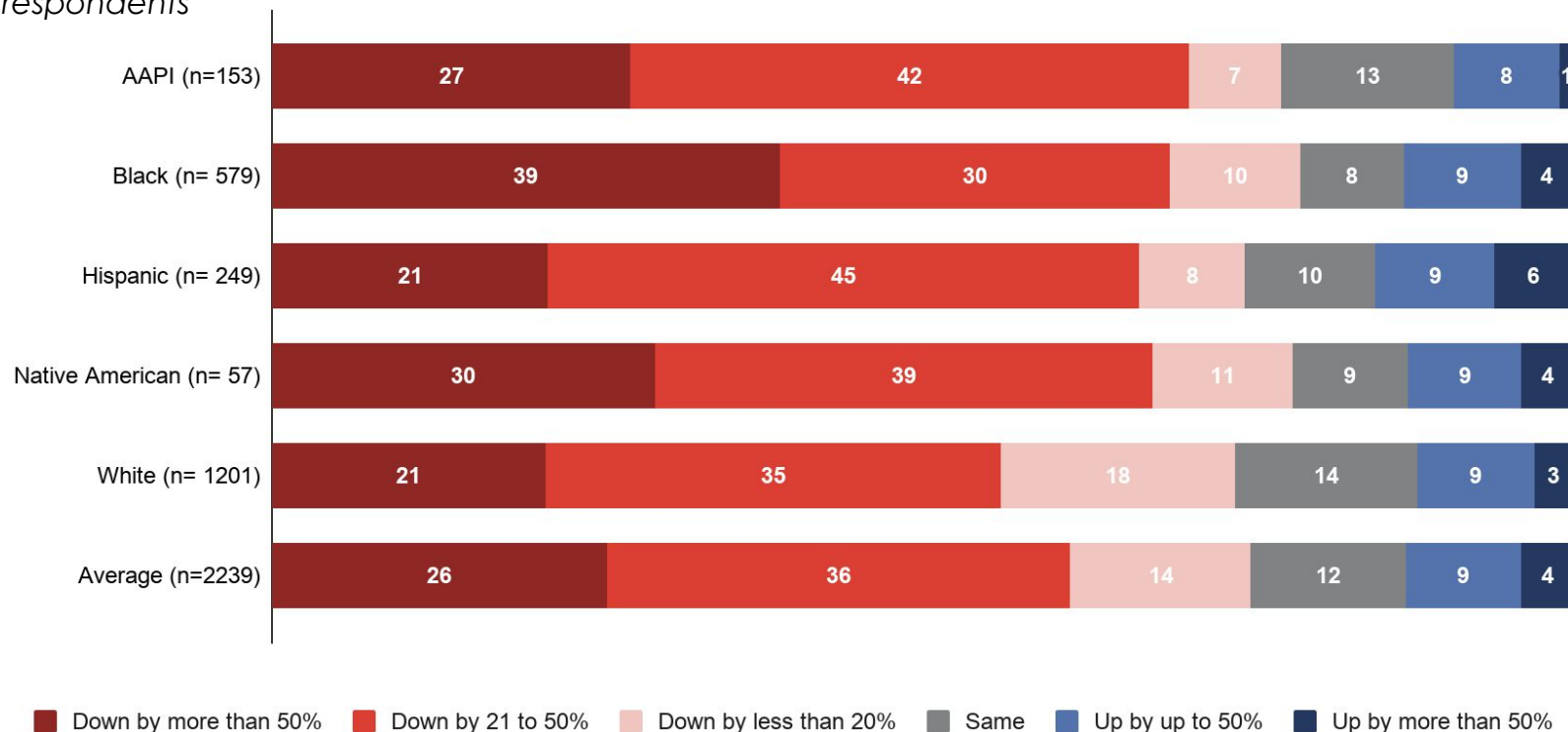
# Impact of COVID-19 Differs Across Segments

Effect of COVID-19 Pandemic  
% of respondents



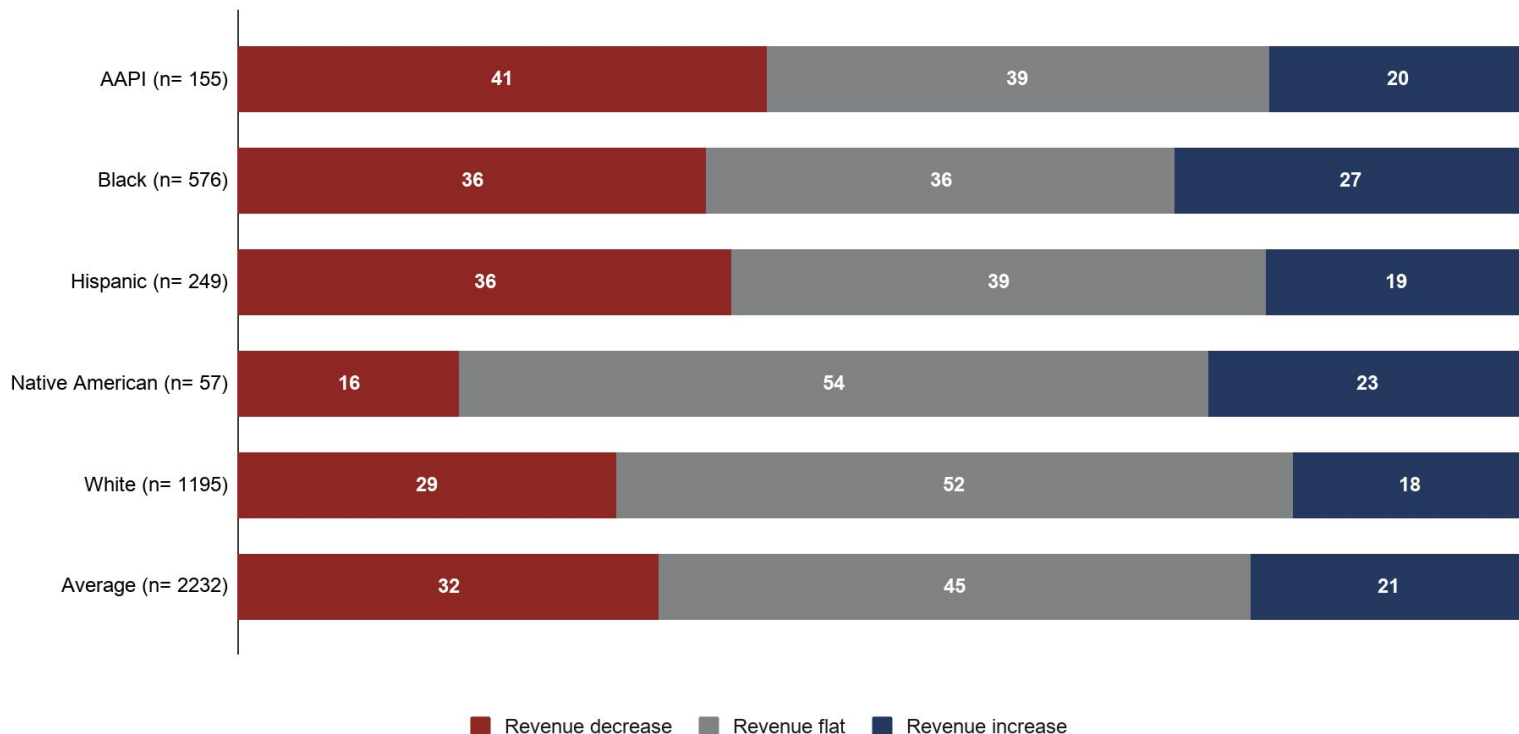
# More than One-Quarter of Respondents Report Loss of >50% Revenue; Black-Owned Businesses Hit Hardest

Change in Revenue 2020 vs 2019  
% of respondents



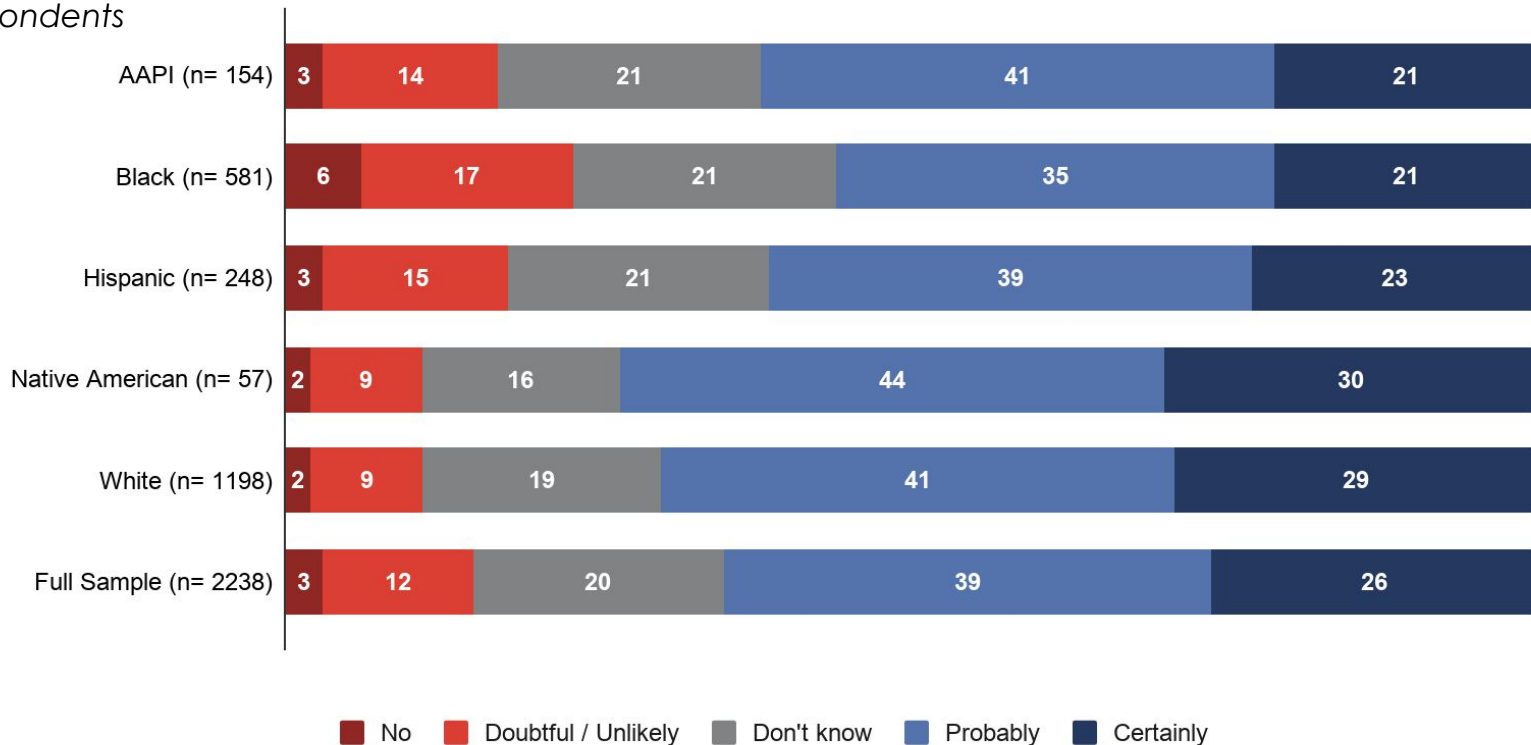
# Business Owners Expect the Pain to Last Through Next Quarter

Revenue Expectations for Next Quarter  
% of respondents



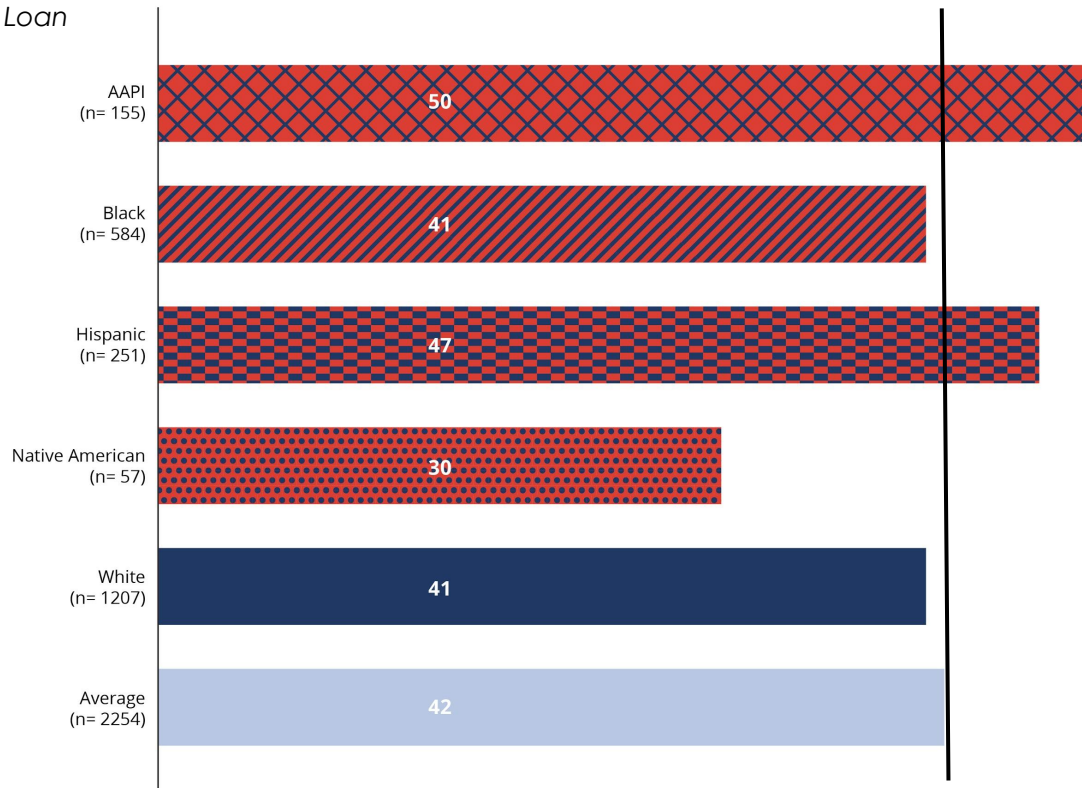
# 15% of Businesses Do Not Expect to Make It to End of This Year; Rising to 23% for Black-Owned Businesses

*Survival Expectations*  
% of respondents



# Moderate Demand for PPP; Highest Among AAPI and Hispanic/Latin(x) Respondents

*Intent to Apply for a PPP Loan  
% of respondents*



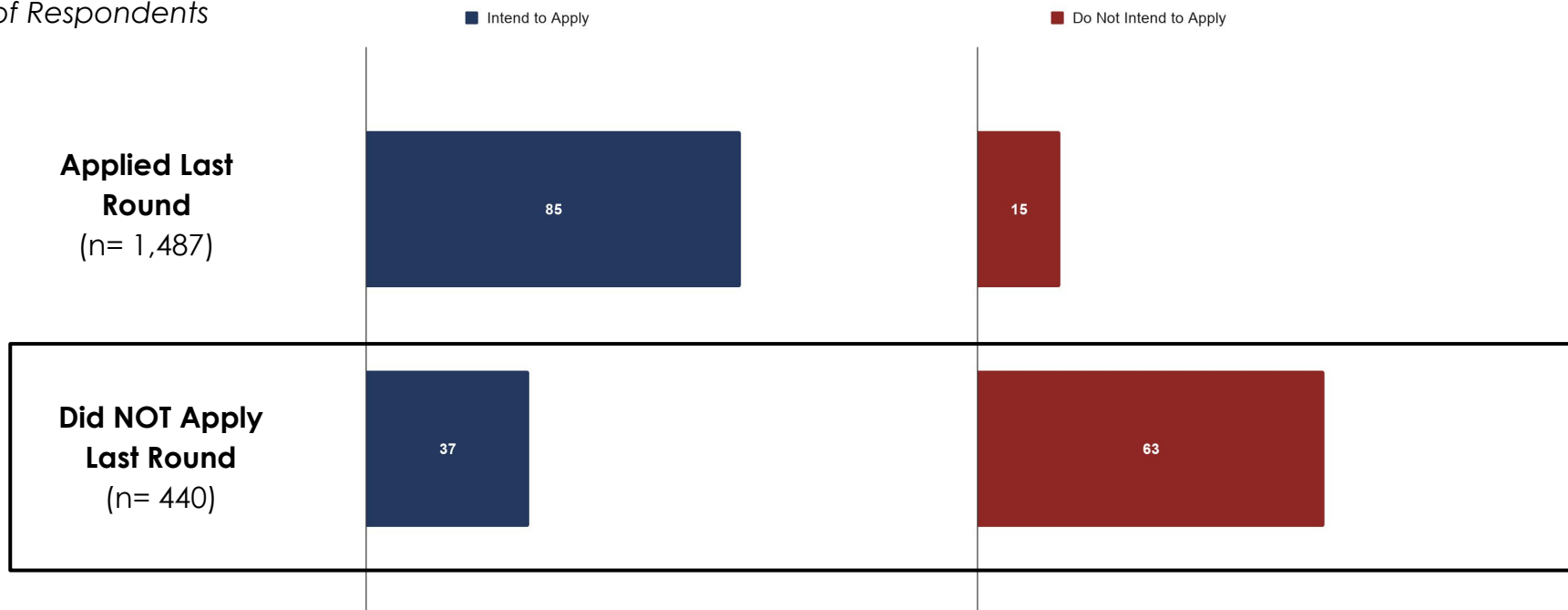
Source: RMS/PPS Small Business Survey (January 2021)

Q3: Do you intend to apply for Federal coronavirus aid for your small businesses?

Q4: Why do you NOT plan to apply for Federal assistance through the PPP or EIDL programs?

# Businesses that Did Not Apply Last Round Less Likely to Apply for PPP Now

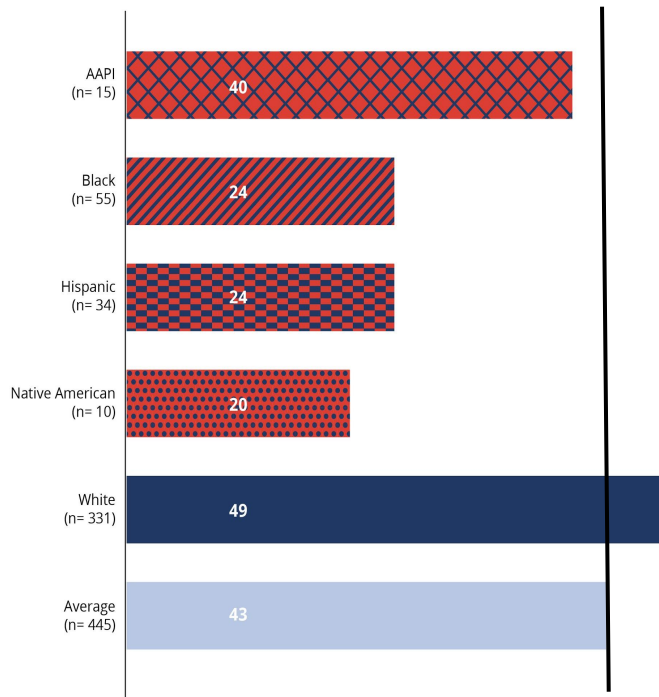
% of Respondents



# Black and Hispanic Business Owners More Likely to Be PPP Discouraged

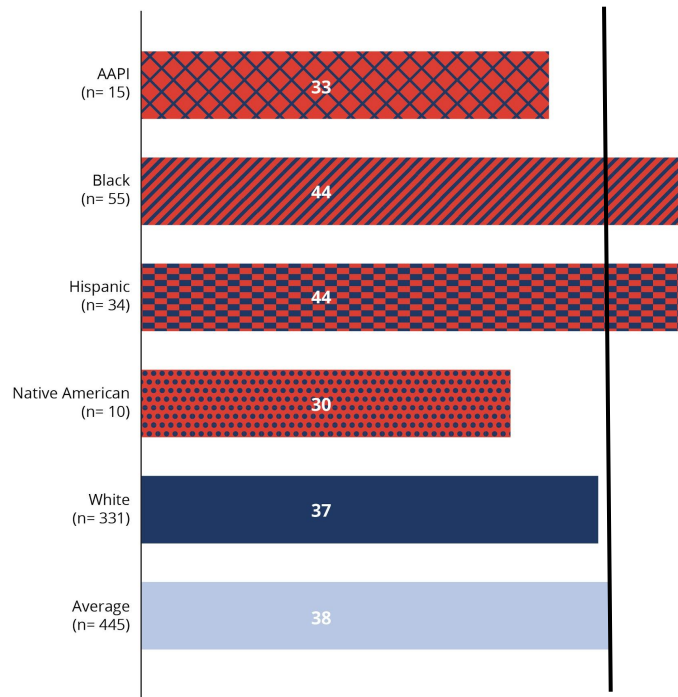
## Black & Hispanic Business Owners More Likely to Need Assistance

*"My business does not need financial assistance"*  
% of respondents



## >40% of Black and Hispanic Business Owners Don't Expect Success

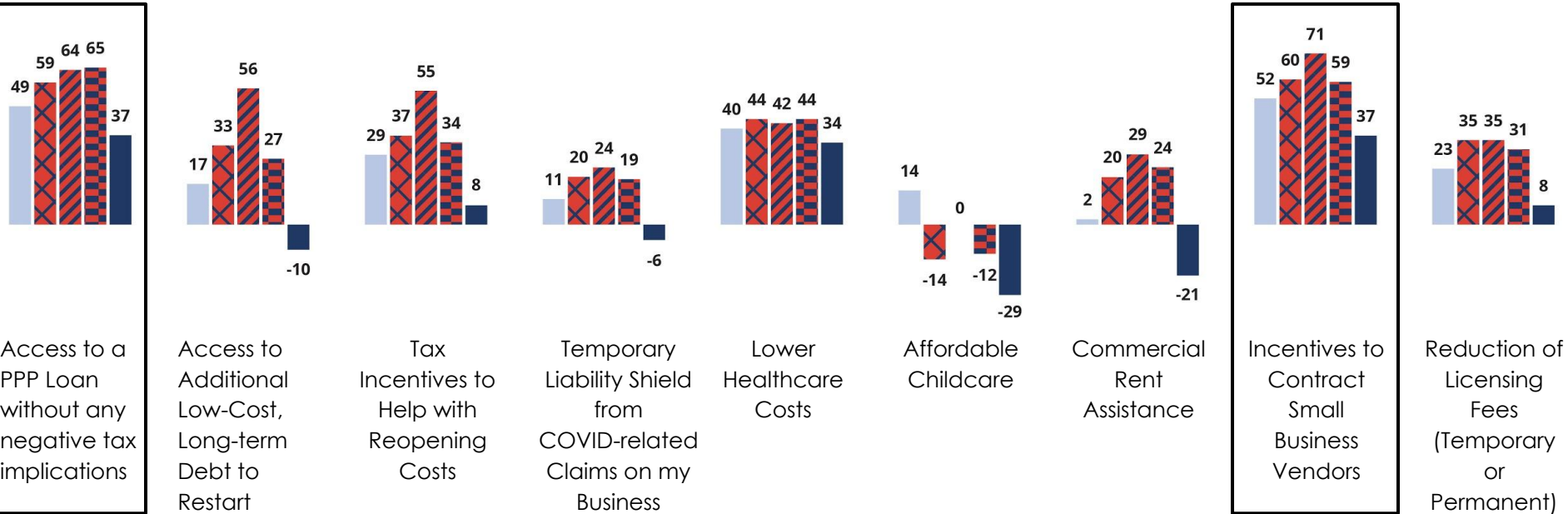
*"I don't think my business will qualify"*  
% of respondents



# Most Intense Support for Contracting Incentives & Access to PPP

Intensity of Support  
% of Respondents

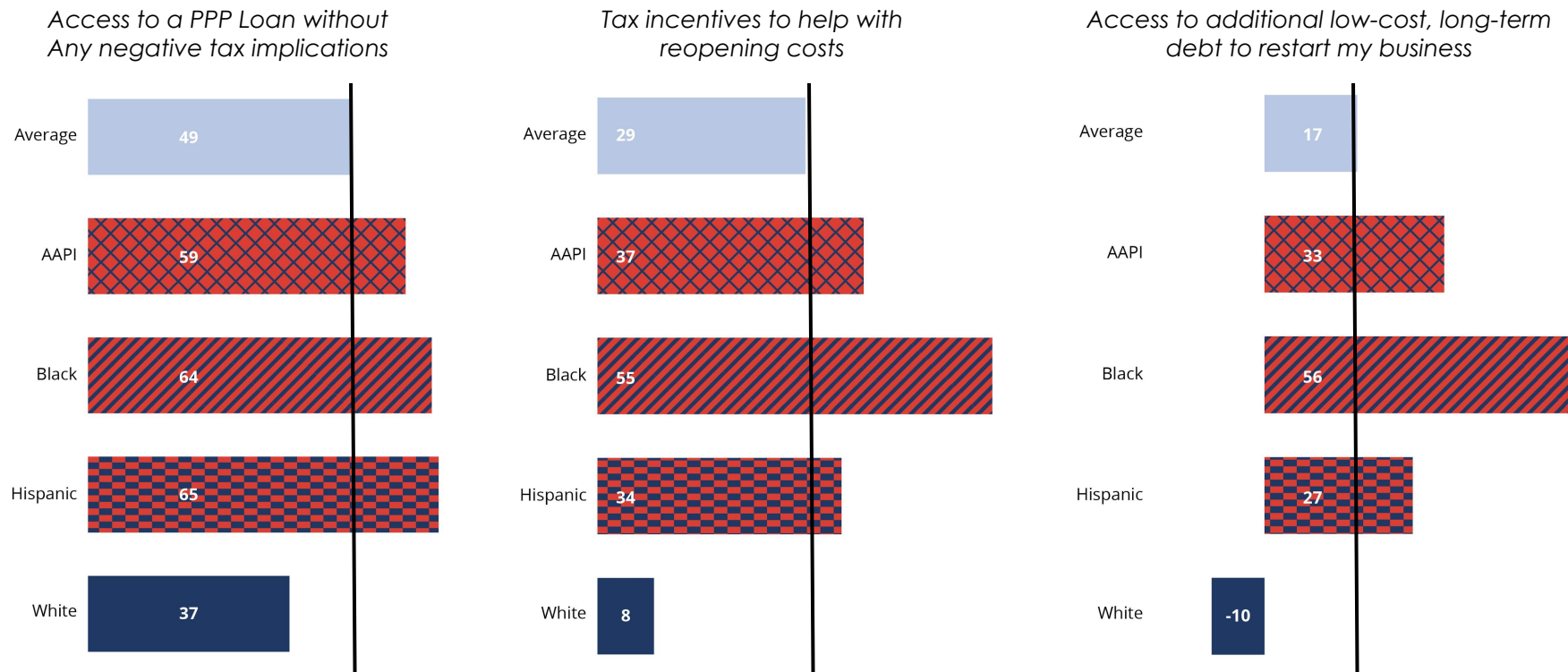
Average AAPI Black Hispanic White





# Racial Wealth Gaps Shape Business Owner Priorities

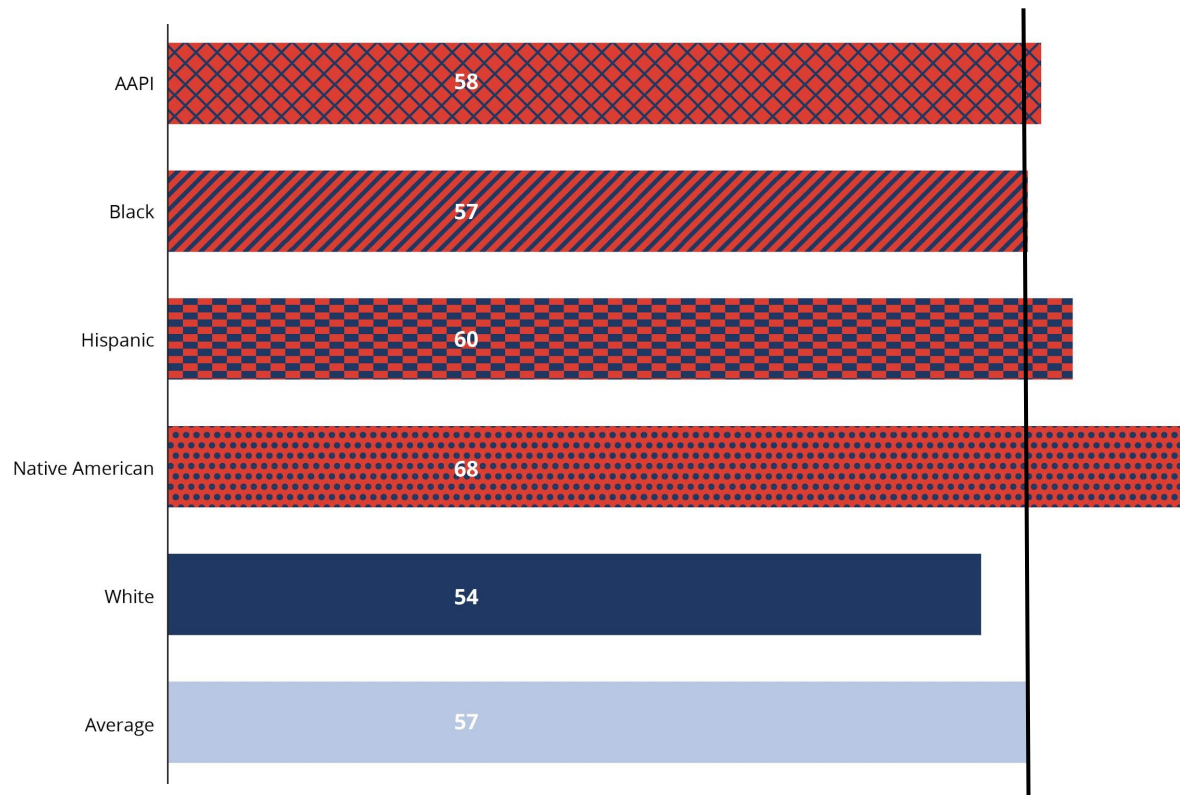
Intensity of Support  
% of Respondents



Source: RMS/PPS Small Business Survey (January 2021)  
Q11: How important would you say each of the following policy actions is for your business in 2021?  
Intensity = % of high priority - % of low priority

# >50% of All respondents Prioritize Reduced Health Care Costs

High Priority  
% of Respondents



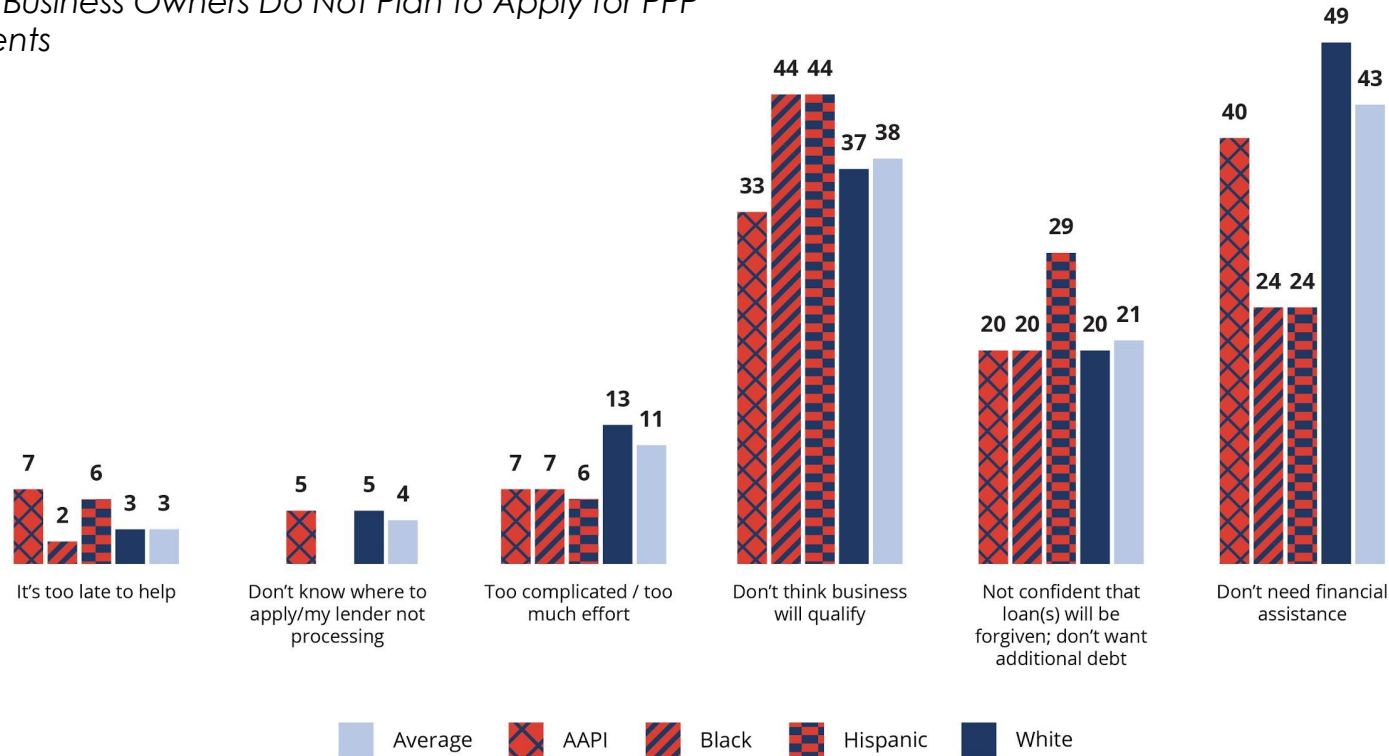
Source: RMS/PPS Small Business Survey (January 2021)  
Q11: How important would you say each of the following policy actions is for your business in 2021?

# Implications for Design of Navigator Networks

- Navigator networks should focus on providing guidance, preparing applicants, and getting applications submitted.
- Networks should include a mix of originators including a range of channels for submission (e.g, banks, online lenders, CDFIs) in order to meet the expectations and needs of small business owners.
- The burden to serve “hard to serve” small businesses should not fall entirely on CDFIs. On one hand, CDFIs are constrained and on the other, few applicants are familiar with a CDFI.

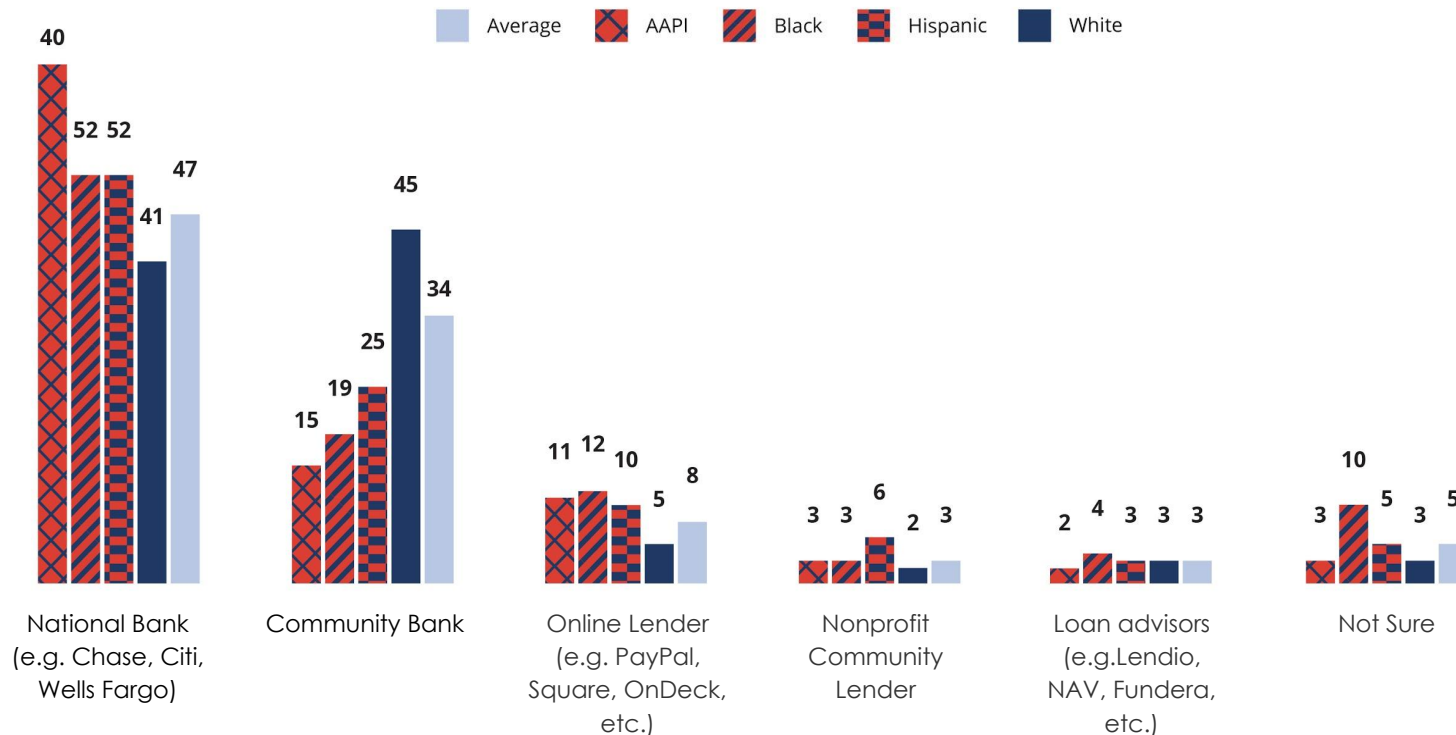
# Confidence & Readiness Bigger Issues than Participation of Lenders

Reasons Small Business Owners Do Not Plan to Apply for PPP  
% of Respondents

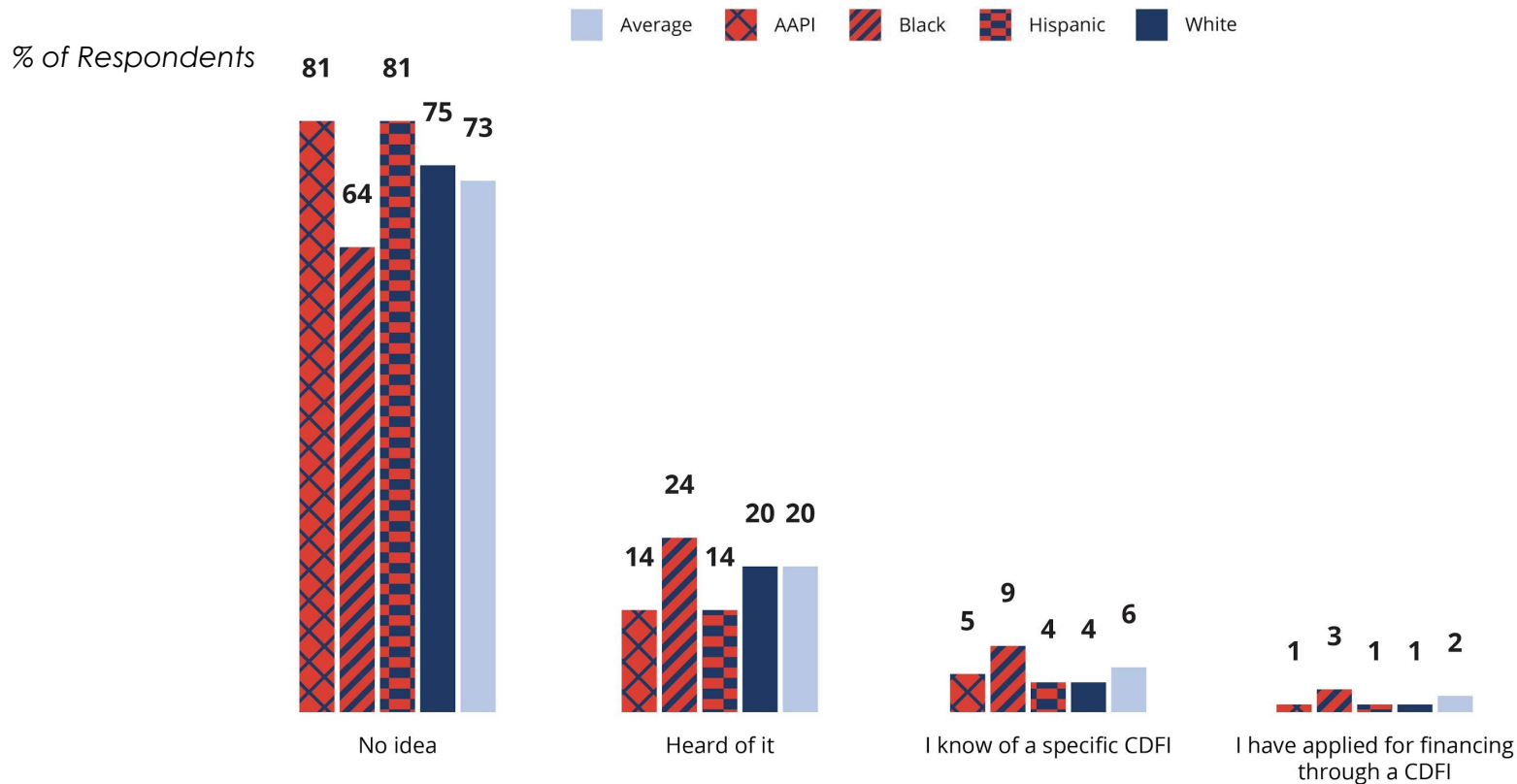


# Majority of Respondents Plan to Apply Through Banks

First Choice  
% of Respondents



# Majority of Respondents Have Never Heard of a CDFI

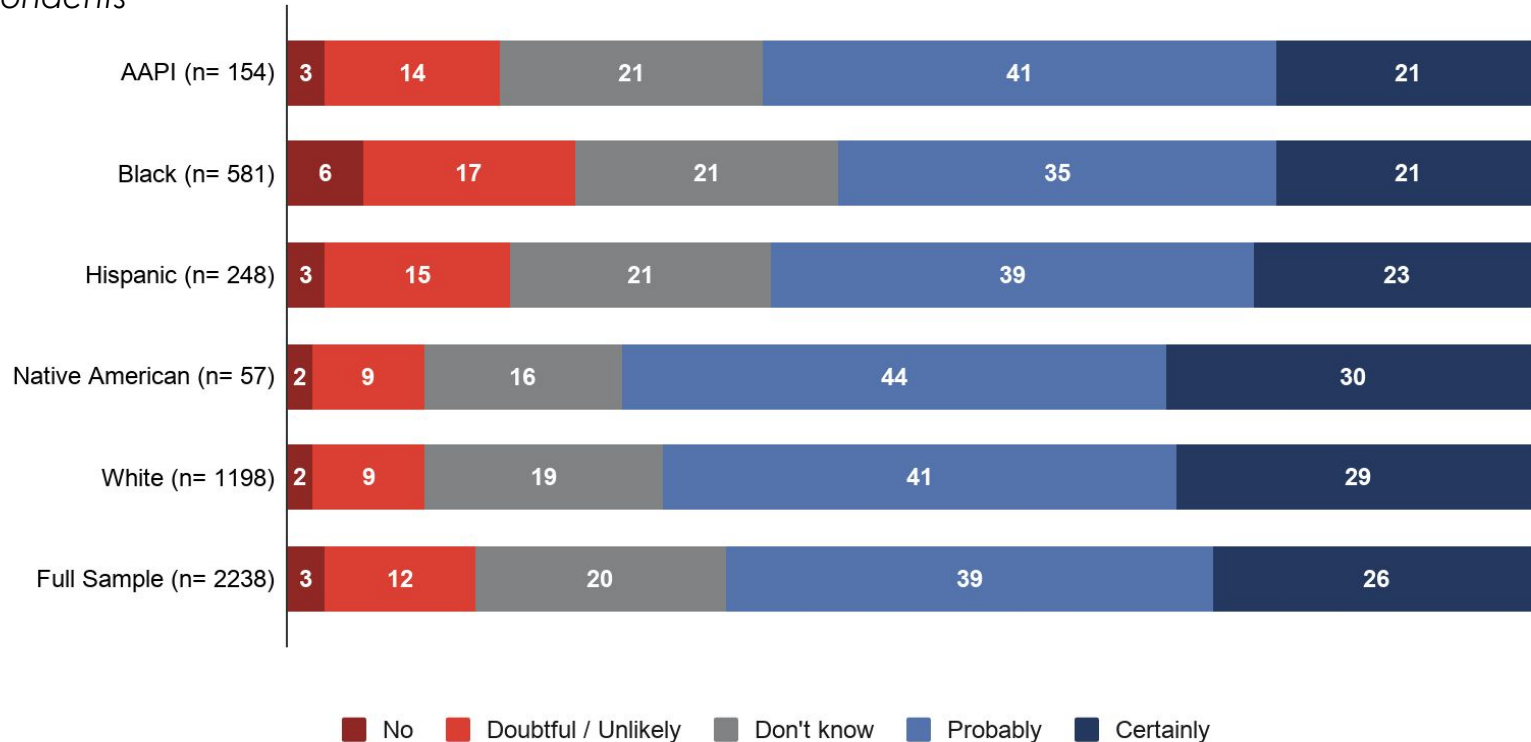


## Appendix - COVID Impact

# Almost 1 in 4 Black-Owned Businesses Do Not Expect to Make It to End of This Year

Survival Expectations  
% of respondents

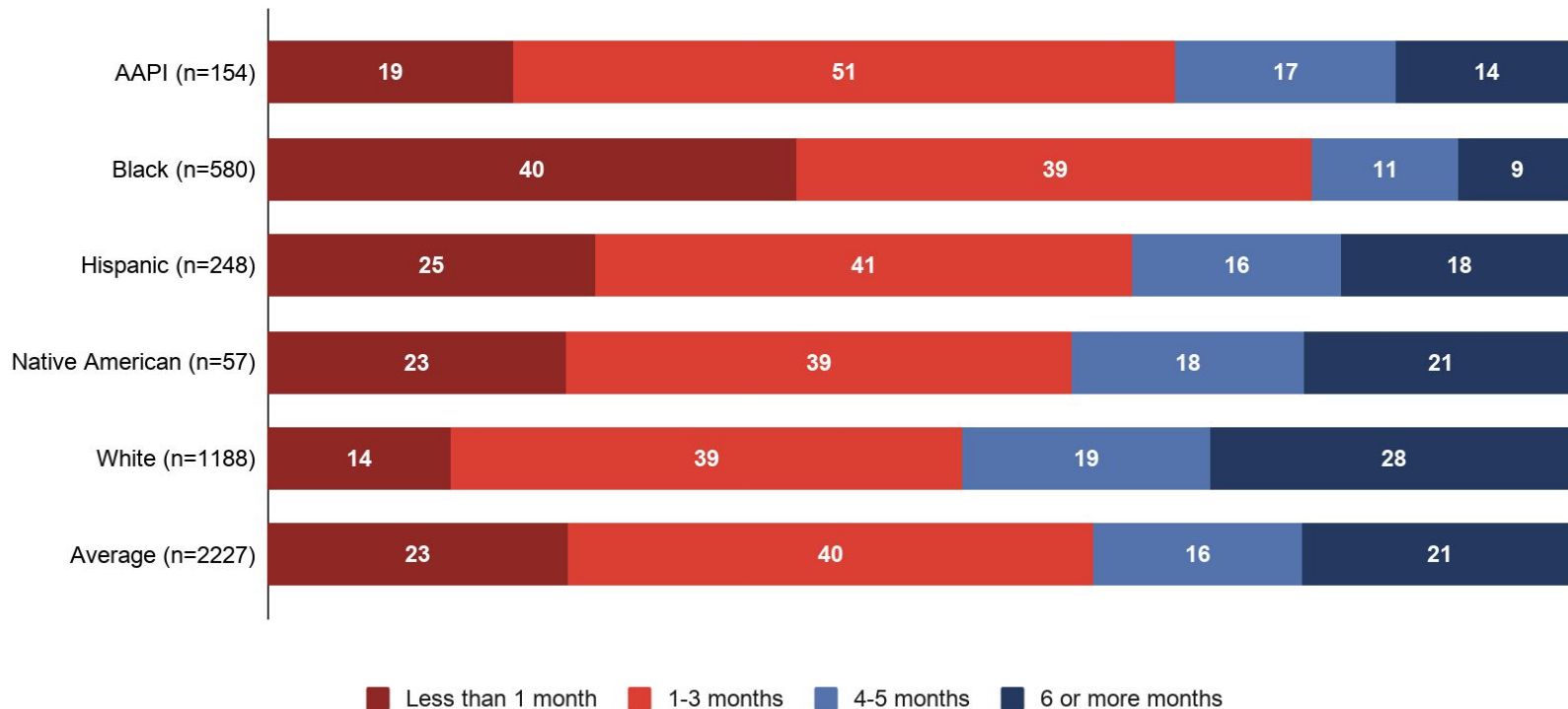
Appendix / Black Business Owners Deck





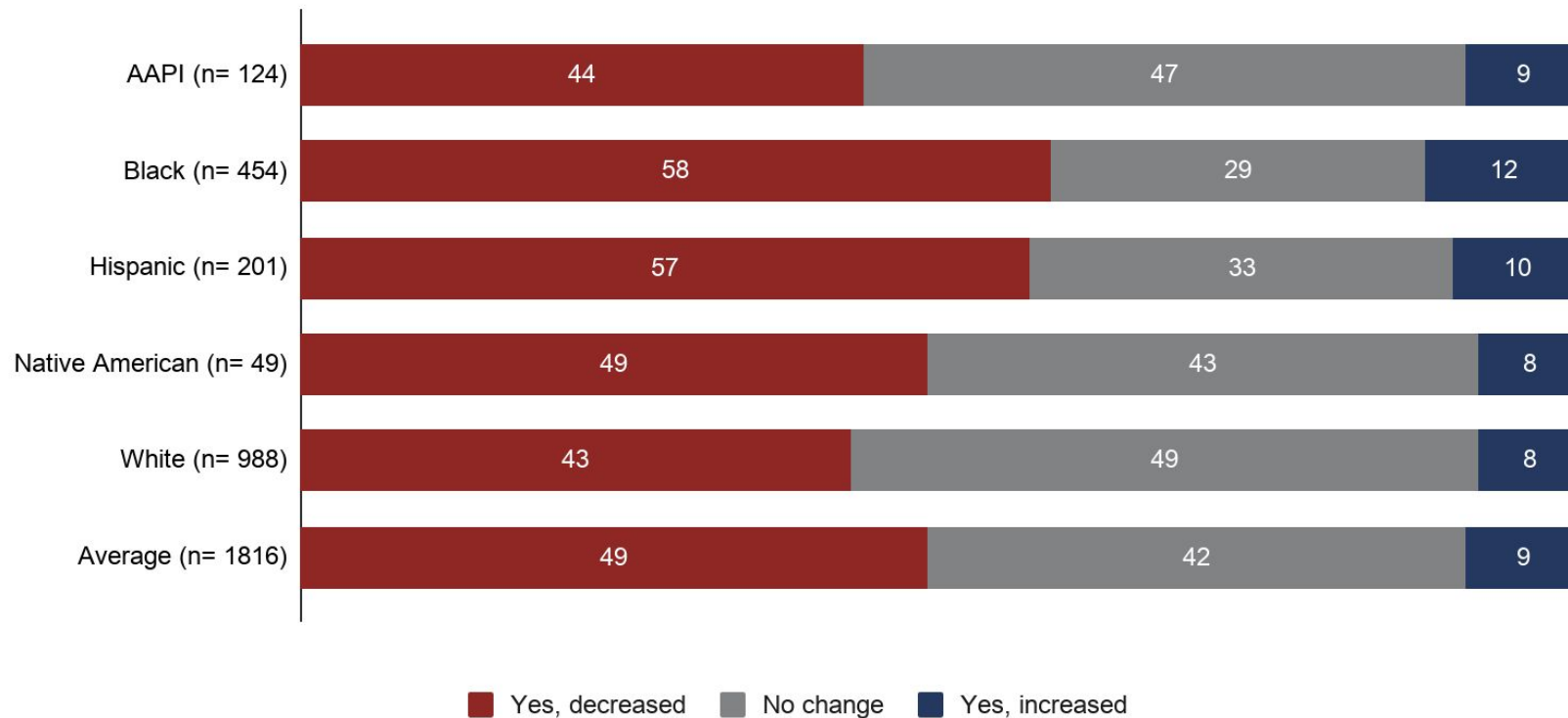
# Black-Owned Businesses Most Financially Fragile

Months of Cash  
% of respondents



# Almost Half of Small Business Owners Shed Jobs; Black and Hispanic Businesses Hit Hardest

*Changes in employment to date, among employer businesses*  
*% of respondents*





# Appendix - Policy Preferences and Priorities

# Issue Prioritization by Race and Ethnicity

(Rank Order Preference)

	All Respondents	AAPI	Black	Hispanic / Latino	White
• Access to a PPP Loan without any negative tax implications	1	2	2	1	1
• Access to additional low-cost, long-term debt financing to restart my business	7	5	3	5	7
• Tax incentives to help with reopening costs	4	4	4	4	4
• A temporary liability shield from COVID-related claims on my business	8	7	8	8	6
• Lower healthcare costs	3	3	5	3	2
• Affordable childcare	5	9	9	9	9
• Commercial rent assistance	9	8	7	7	8
• Incentives for government and large private sector organizations to use small business vendors	2	1	1	2	3
• Reduction of licensing fees (temporary or permanent)	6	6	6	6	5

Source: RMS/PPS Small Business Survey (January 2021)

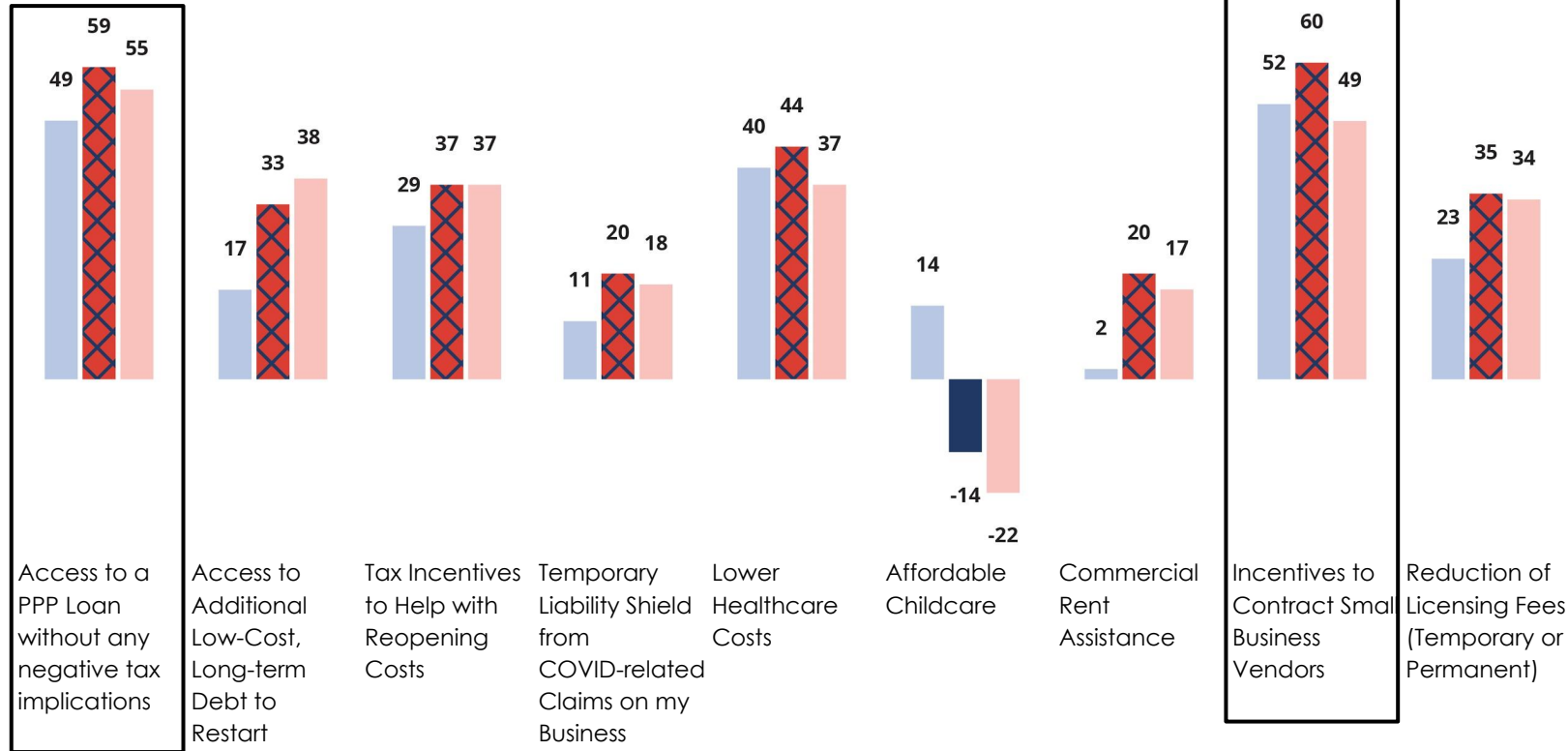
Q11: How important would you say each of the following policy actions is for your business in 2021?

Preference = % of high priority

# Most Intense Support for Contracting Incentives & PPP

Intensity of Support  
% of Respondents

Average All AAPI AAPI Women



Source: RMS/PPS Small Business Survey (January 2021)

Q11: How important would you say each of the following policy actions is for your business in 2021?

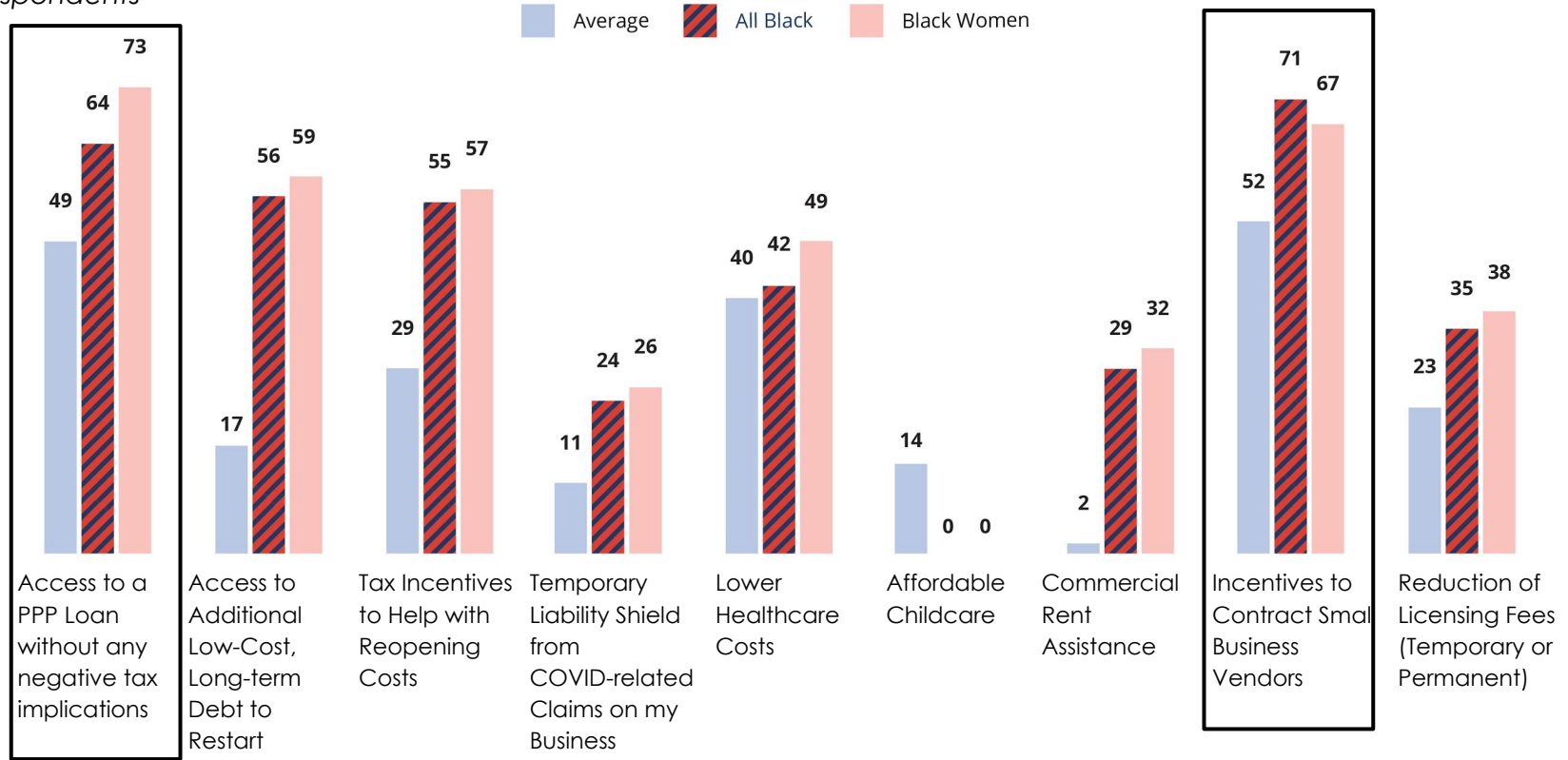
Intensity = % of high priority - % of low priority

Average = entire sample of 2,254 respondents



# Most Intense Support for Contracting Incentives & PPP

Intensity of Support  
% of Respondents



Source: RMS/PPS Small Business Survey (January 2021)

Q11: How important would you say each of the following policy actions is for your business in 2021?

Intensity = % of high priority - % of low priority

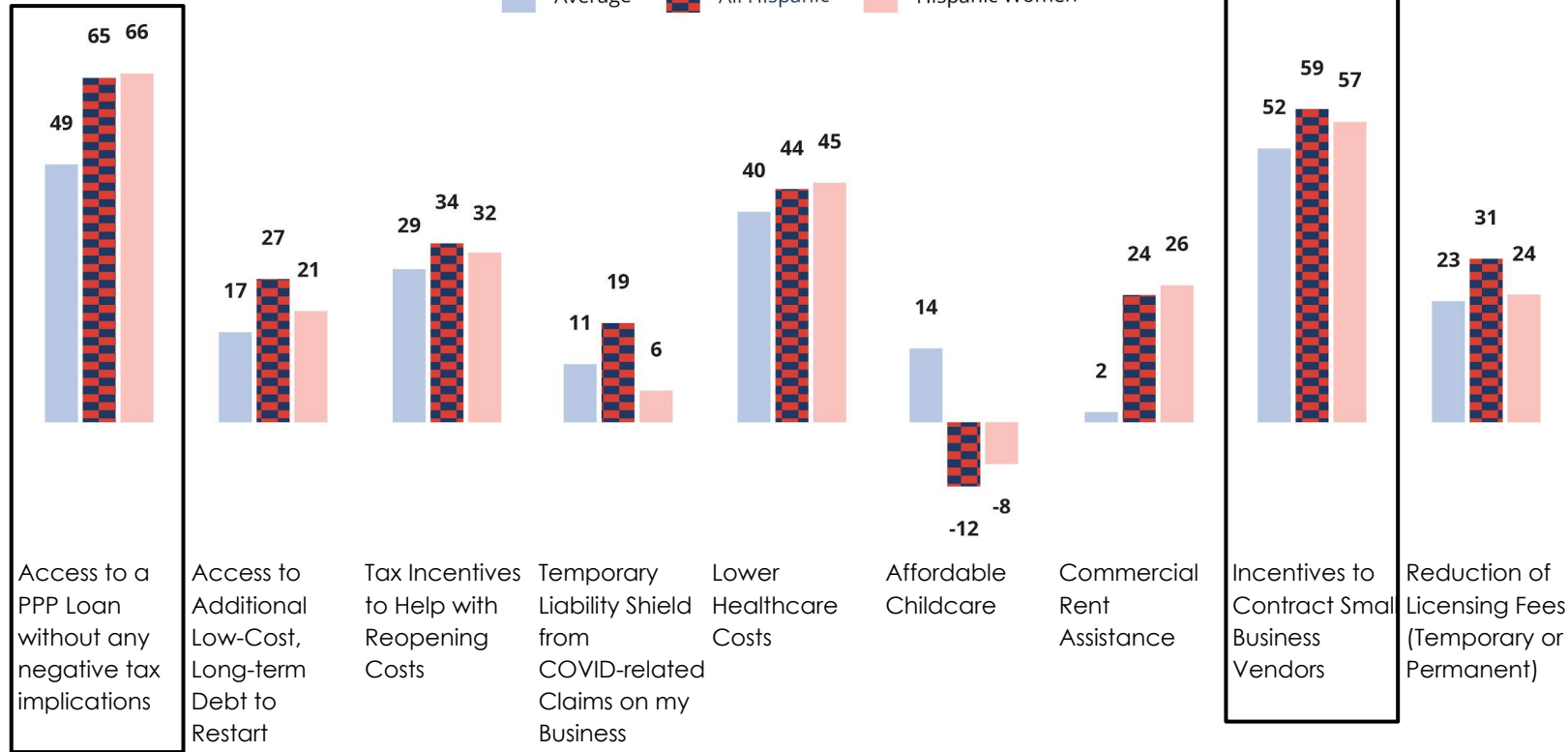
Average = entire sample



# Most Intense Support for Contracting Incentives & PPP

Intensity of Support  
% of Respondents

Average All Hispanic Hispanic Women



Source: RMS/PPS Small Business Survey (January 2021)

Q11: How important would you say each of the following policy actions is for your business in 2021?

Intensity = % of high priority - % of low priority

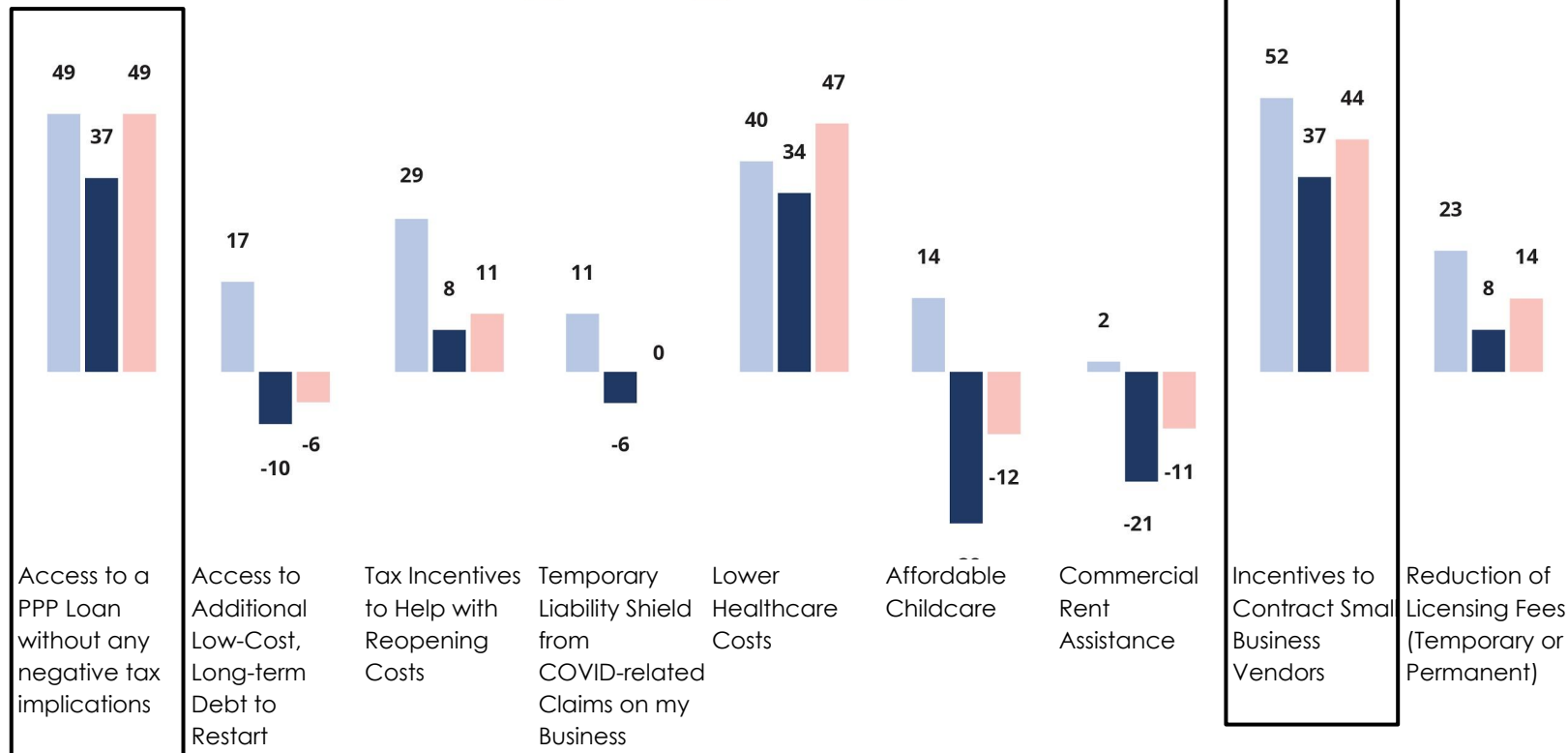
Average = entire sample



# Most Intense Support for Contracting Incentives & PPP

Intensity of Support  
% of Respondents

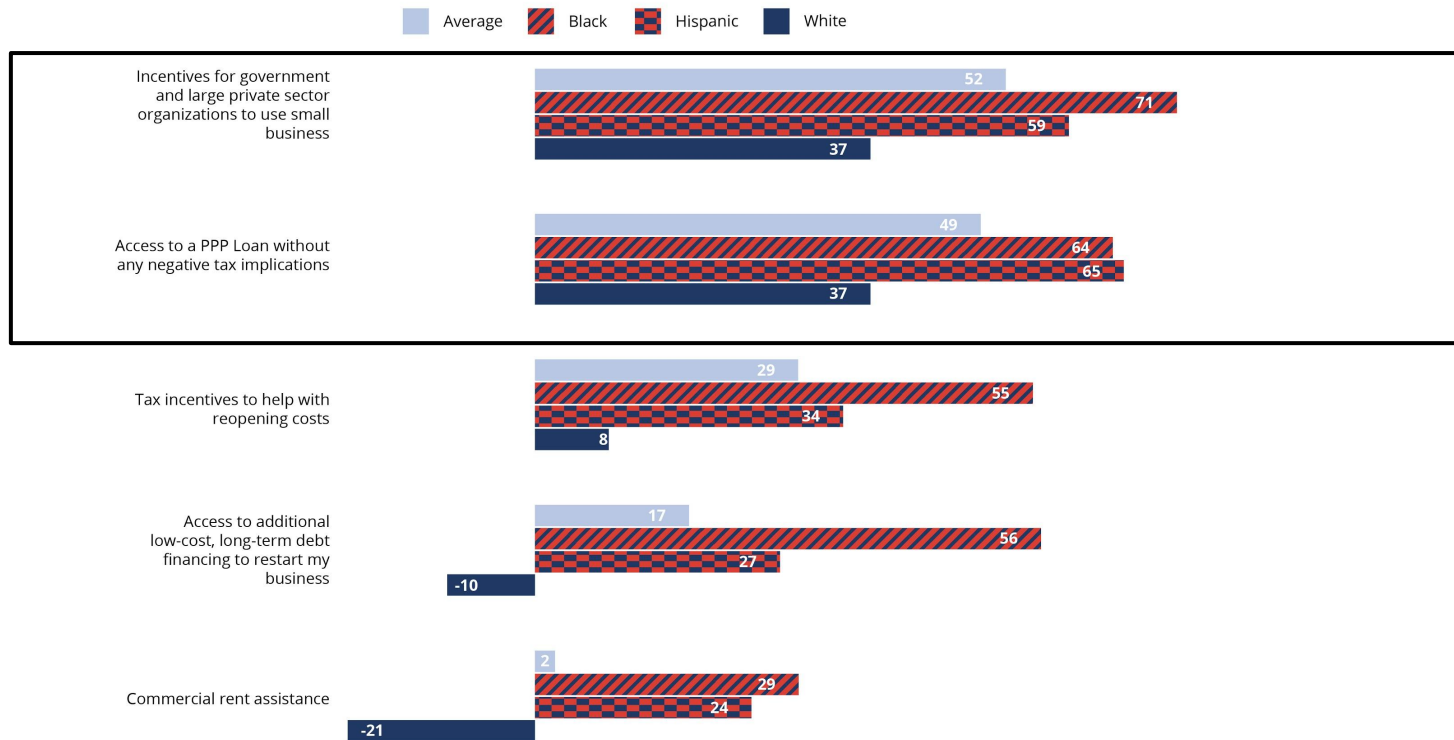
Average All White White Women





# Most Intense Support for Contracting Incentives & PPP

Intensity of Support  
Net Priority

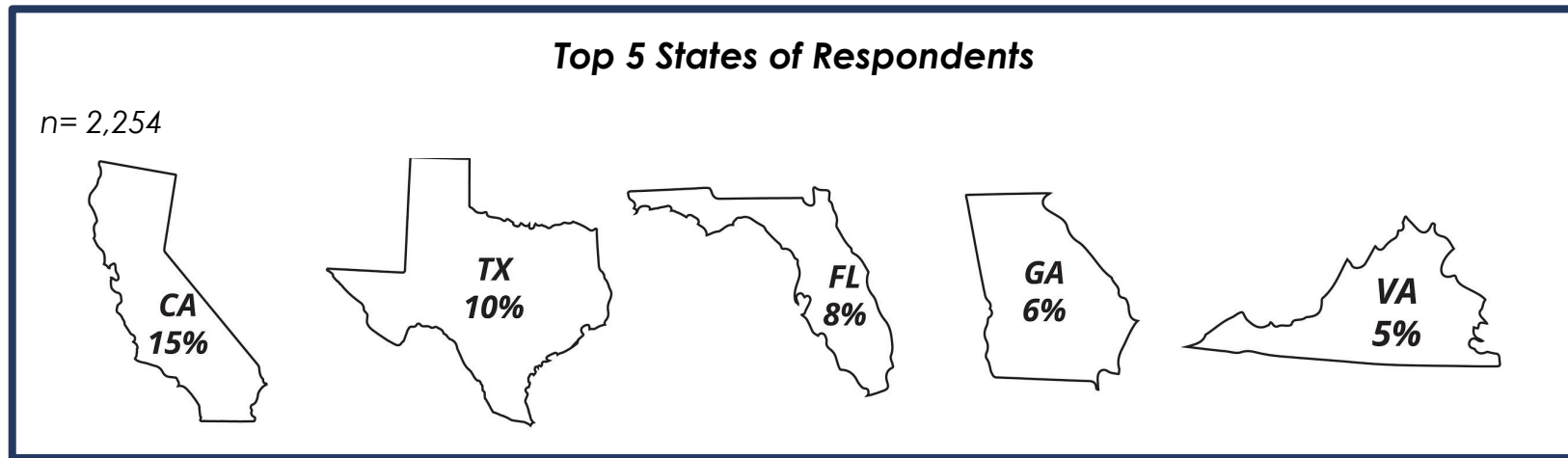




## Appendix - About the Sample

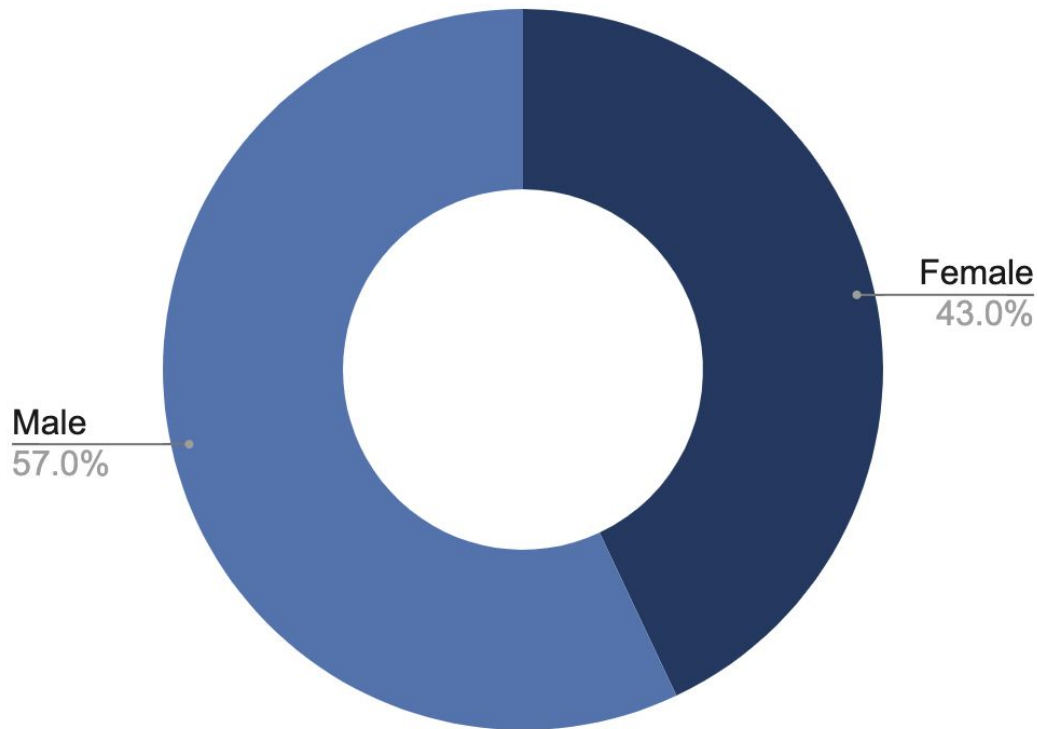
# Broad Geographic Coverage

- Survey **respondents represent 47 states\*** and two territories (Guam and American Samoa)
- **>200** respondents in **California, Texas, Florida**
- **>100** respondents in **Arizona, Georgia, New York, Virginia, Washington**



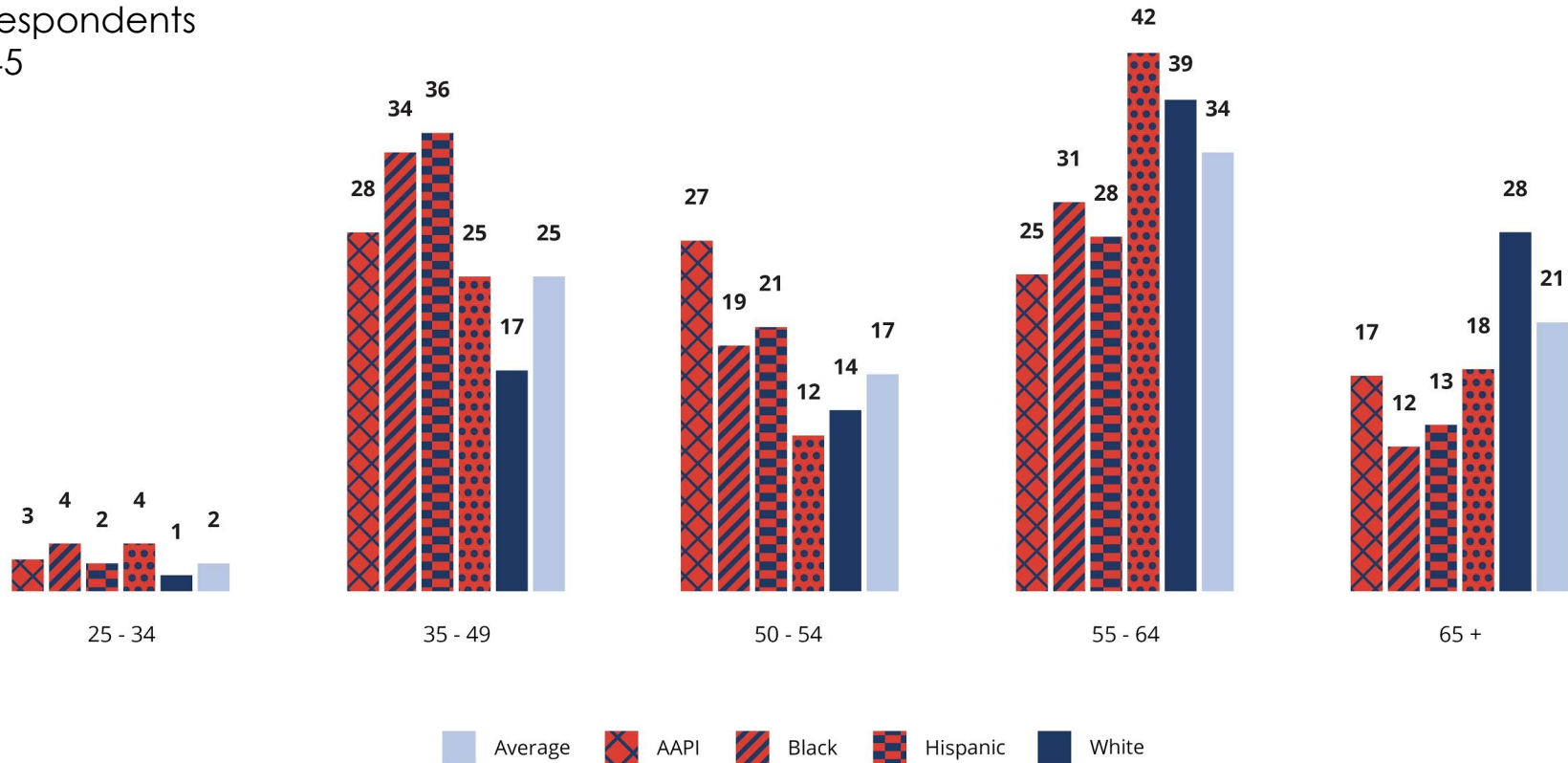
# Sample Skews Male

% of respondents  
n=2,213



# Respondents Skew Older

% of Respondents  
n=2,245





## Questions?

Please email Chris Landrigan at  
[Chris@publicprivatestrategies.com](mailto:Chris@publicprivatestrategies.com)