

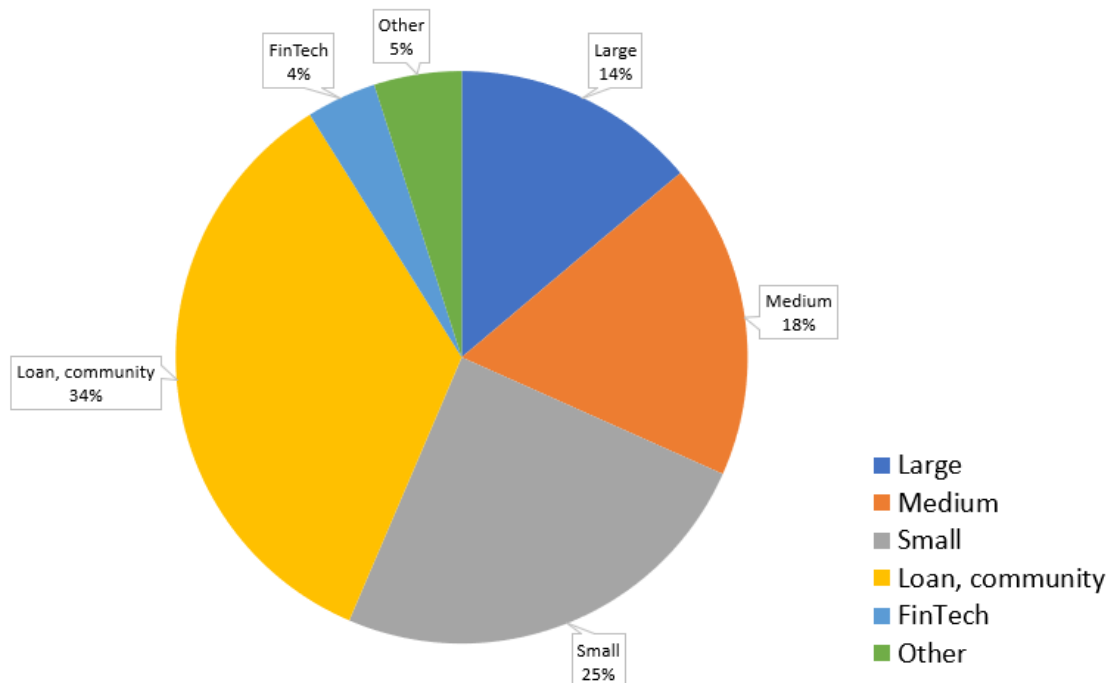
# The Small Business Loan Programs and Re-Opening

## NFIB Research Center

The Paycheck Protection Program (PPP) and the Economic Injury Disaster Loan (EIDL) program are the two primary loan arrangements, and for many, the only loan programs available to small business owners in need of financial assistance. After a brief lapse in funding, the PPP loan program is back online, facilitating loans and accepting new applicants. The EIDL program is also back online and processing loans with new funding, but currently closed to new applicants other than businesses in the agriculture industry.

The terms and conditions of a PPP loan are, on its surface, very attractive to most small business owners. If spent correctly, the loan turns into a forgivable grant given certain conditions. Not surprisingly, the loan program is very popular among small business owners with 77% of NFIB members having successfully submitted a PPP loan application. Most of the applications were submitted before the program was suspended for lack of funding on April 16. About 84% of the applications were submitted before April 17 and 16% of applications were submitted after April 17. Half of applicants submitted their application through a small or local, community bank. Another 18% submitted their application through a medium size bank and 14% through a large bank. Approximately 4% submitted their application through a financial technology (FinTech) lender.

### Percent of PPP Loan Submissions by Size of Financial Institution

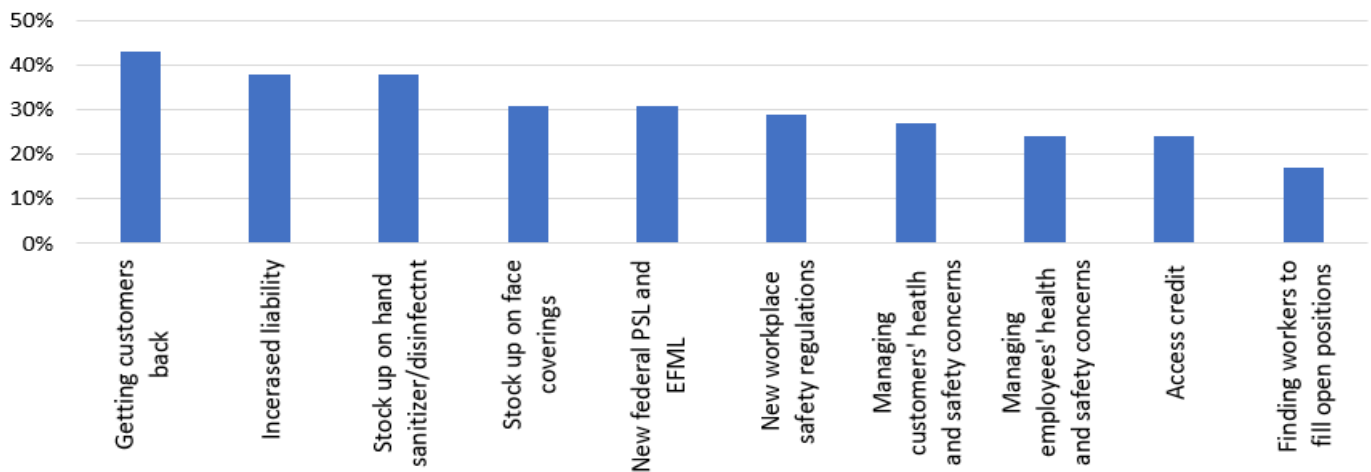


About 61% of PPP loan applicants have received their loan. This is a significant increase from the last survey conducted on April 16 when 20% of applicants had received their loan. Forty percent of applicants are still waiting, but just under half of those waiting (45%) have received notice that their loan is approved. Once the loan is approved, the bank is required to close the loan within 10 days. Presumably, these applicants will receive their loan within the next week or so. However, just over half (55%) of applicants who have not received a loan are still waiting to hear from their financial institution about their loan status. About 9% of small business owners who have not submitted a PPP loan application were in the process of applying. The remaining small businesses that have not applied, or are in the process of applying, might be on the sideline for a variety of reasons. Such reasons may include lack of interest in a loan, do not or do not believe they qualify, or cannot find a financial institution to submit their application.

About 40% of respondents have submitted a loan application for an EIDL and 60% of them applied before April 1. The other 40% applied in April before the program closed to new applicants on April 16. The vast majority (75%) of EIDL applicants also requested the EIDL Emergency Grant. However, 18% of applicants were not sure whether they had or not. Almost half of those who requested the EIDL Emergency Grant have received the funds, many more than the 10% who had received the grant as of April 16. But still, very few EIDL applicants have received the loan itself. Ten percent have received the EIDL and 90% of applicants are still waiting.

About three-fourths of respondents are classified as an essential business and 22% classified as non-essential. Five percent of respondents were not sure which category they fell into. However, even though essential businesses are permitted to operate, many are restricted to limited operations, restaurants open only for pick-up and delivery, for instance. Re-opening the economy will involve many challenges including general health risks, supply shortages of personal protective equipment (PPE) products, and regaining consumer confidence.

### Percent “Very Concerned” About the Following when State Re-opens and Lifts Business Restrictions



Small business owners have many concerns about re-opening despite half favoring an immediate lifting of non-essential business restrictions and stay-at-home orders. Owners are most concerned with getting customers back to their business with 43% saying they are very concerned, and another 30% moderately concerned. Another significant concern for many small business owners is increased liability. Virtually all small business owners are, to some degree, concerned about increases in liability claims with 38% very concerned about increased liability when re-opening their businesses. Only 6% are not at all concerned.

Thirty-eight percent of small business owners are very concerned about their ability to stock up on hand sanitizer and disinfectant supplies, and 31% are very concerned about their ability to adequately supply face coverings. Thirty-one percent are also very concerned about their ability to comply with new federal paid sick leave and emergency family medical leave mandates. The health and safety of employees and customers are also significant concerns with about two-thirds of owners “very” or “moderately” concerned about managing both as the economy re-opens.

Fewer small business owners are concerned about finding workers to fill open positions or accessing credit or loan programs as many have likely already applied to either the PPP or EIDL program.

While most small business owners want the non-essential and stay-at-home orders lifted immediately or in the next 30 days, most are not expecting the economy to fully rebound until sometime in 2021 or later.

The PPP and EIDL Emergency Grants are finally starting to reach the small business sector in large numbers. Small business owners have been eagerly waiting for financial assistance and many are now starting to receive it. However, the EIDL has yet to be widely disbursed in any meaningful way as most applicants are still waiting. These loans will continue to be crucial for small businesses in offering much needed help getting to the other side of the economic disruption. For most small business owners, the move towards re-opening the economy in many states is a welcome development. However, as state governments slowly start re-opening their economies, officials should pay close attention to the concerns of small businesses who are on the front lines of the transition.

## **Methodology**

This survey was conducted with a random sample of NFIB’s membership database of about 300,000 small business owners. The survey was conducted by email on May 1, 2020. NFIB collected 842 usable responses.

## **Questionnaire**

1. Have you submitted an application for a Paycheck Protection Program (PPP) loan?

77% 1. Yes

23% 2. No

2. Approximately when did you submit your application?

17% 1. Before April 3<sup>rd</sup>

54% 2. April 3-10<sup>th</sup>

13% 3. April 11-17<sup>th</sup>

- 9% 4. April 18-24<sup>th</sup>
- 7% 5. After April 24<sup>th</sup>

3. What type of financial institution did you submitted your application?

- 14% 1. Large size bank (e.g., BoA, Citi, Chase, Wells Fargo)
- 18% 2. Medium size bank (e.g., Fifth-Third, BB&T, Capital One, SunTrust)
- 25% 3. Small size bank (e.g., Bank of California, Bank of the Ozarks, etc.)
- 35% 4. Local, community bank (1 to 5 branches)
- 4% 5. PayPal, Kabbage, Intuit QuickBooks (or similar)
- 5% 6. Other

4. Has the loan been deposited to your bank account yet?

- 61% 1. Yes
- 40% 2. No

5. If not, have you received confirmation that your loan has been approved?

- 45% 1. Yes
- 55% 2. No

6. If you have not submitted an application yet, are you in the process of applying for a PPP loan?

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

7. Have you submitted an application for an SBA Economic Injury Disaster Loan (EIDL)?

- 40% 1. Yes
- 60% 2. No

8. Approximately when did you submit your application?

- 2% 1. Before March
- 16% 2. March 1-15<sup>th</sup>
- 42% 3. March 16-31<sup>st</sup>
- 32% 4. April 1-10<sup>th</sup>
- 8% 5. April 11-16<sup>th</sup>

9. Did you request the Emergency Grant when you applied for the EIDL loan?

- 75% 1. Yes
- 7% 2. No
- 18% 3. I don't know.

10. Has the EIDL Emergency Grant been deposited to your bank account yet?

- 48% 1. Yes
- 52% 2. No

11. Has the EIDL loan been deposited to your bank account yet?

10% 1. Yes

90% 2. No

12. Is your business considered a non-essential or essential business as it relates to the state's Covid-19 order?

73% 1. Essential

22% 2. Non-essential

5% 3. I don't know.

13. How concerned are you about the following when your state re-opens the economy and lifts business restrictions?

a. Managing employees' health and safety concerns

24% 1. Very concerned

40% 2. Moderately concerned

26% 3. Not too concerned

11% 4. Not at all concerned

b. Managing customers' health and safety concerns

27% 1. Very concerned

39% 2. Moderately concerned

25% 3. Not too concerned

10% 4. Not at all concerned

c. Getting customers back

43% 1. Very concerned

30% 2. Moderately concerned

19% 3. Not too concerned

8% 4. Not at all concerned

d. New workplace safety regulations

29% 1. Very concerned

37% 2. Moderately concerned

27% 3. Not too concerned

8% 4. Not at all concerned

e. Increased liability

38% 1. Very concerned

30% 2. Moderately concerned

26% 3. Not too concerned

6% 4. Not at all concerned

f. Being able to stock up on hand sanitizer and disinfectant supplies

- 38% 1. Very concerned
- 34% 2. Moderately concerned
- 20% 3. Not too concerned
- 8% 4. Not at all concerned

g. Being able to stock up on face coverings

- 31% 1. Very concerned
- 30% 2. Moderately concerned
- 27% 3. Not too concerned
- 12% 4. Not at all concerned

g. Finding workers to fill open positions

- 17% 1. Very concerned
- 20% 2. Moderately concerned
- 30% 3. Not too concerned
- 33% 4. Not at all concerned

h. Accessing credit or loan programs

- 24% 1. Very concerned
- 24% 2. Moderately concerned
- 32% 3. Not too concerned
- 20% 4. Not at all concerned

i. Complying with the new federal paid sick leave and emergency family medical leave mandates

- 31% 1. Very concerned
- 27% 2. Moderately concerned
- 24% 3. Not too concerned
- 18% 4. Not at all concerned

14. When do you think is the appropriate time to lift the non-essential business and stay-at-home restrictions in your state or city?

- 46% a. Immediately
- 31% b. In the next 30 days
- 7% c. 1-2 months
- 1% d. 3-4 months
- 17% e. Whenever health experts believe it's safe

15. How long do you think it will take before your local economy is back to near pre-crisis levels of economic activity?

- 1% 1. It is now
- 13% 2. By July
- 20% 3. By December
- 40% 4. Sometime in 2021
- 19% 6. Between 2022-2024

2% 7. After 2024

5% 8. Other \_\_\_\_\_

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

12% 1. Construction (general contractor, painting, carpentry, plumbing, electrical, etc.)

9% 2. Manufacturing and mining (dairy processor, printer, publisher, etc.)

5% 3. Transportation, communication, public utilities (truckers, movers, broadcasters, etc.)

5% 4. Wholesale (grain elevator, equipment distributor, manufacturer's rep., etc.)

22% 5. Retail and Restaurants (restaurant, bar, drug store, apparel, etc.)

5% 6. Agriculture (veterinarian, forestry, landscaping, fisheries, etc.)

5% 7. Financial, insurance, real estate

23% 8. Services (auto repair, house cleaning, salon, etc.)

12% 9. Professional services (attorney, physician, skilled nursing, etc.)

2% 10. Other (please describe) \_\_\_\_\_

17. Number of Employees

7% 1. No employees

14% 2. 1-2 employees

25% 3. 3-5 employees

20% 4. 6-9 employees

17% 5. 10-19 employees

12% 6. 20-49 employees

5% 7. 50-199 employees

1% 8. 200-499 employees