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Bipartisan Policy Center

COVID-19: Impact on Small Business Workforce

April 2020

Background & Methodology

BACKGROUND

The research conducted by Morning Consult on behalf of the Bipartisan Policy Center among small business executives seeks to understand:

- 1 *The impact of COVID-19 on the workforce of small businesses*
- 2 *Challenges small business are facing during COVID-19*
- 3 *Small business employees response and use of expanded unemployment benefits*
- 4 *The impact of the Families First Coronavirus Response Act on small businesses*

AUDIENCE

Survey respondents were screened on the following criteria:

- Own a business of 2-500 employees
- Or be a director, vice president, or c-level executive of business with 2-500 employees

For simplicity, throughout the report, this audience is referenced as ‘small business executives.’

METHODOLOGY

The survey was conducted from April 8-12 2020, among a national sample of 502 small business executives (371 small business owners, 131 director+ executives at small business with 2-500 employees). The interviews were conducted online. Results from the full survey have a margin of error of plus or minus 4 percentage points.

Key Points

1 Small business executives are making multiple employment decisions in response to COVID-19.

- Among small business executives who have decreased hours for their employees due to COVID-19, over 80% have also or furloughed (89%) employees or laid off (86%) employees.
- And a decrease in business revenue was a **major factor** in their decision to lay off (79%) or furlough (82%) employees.

2 Decline in business revenue and additional caregiving responsibility to employees are challenges top-of-mind to small business executives.

- 74% of small business executives say a decline in revenue has been a challenge for their business amidst COVID-19, including 45% who say it has been *very challenging*.
- And 74% are concerned about their employees who have children at home because of school or child care closures due to COVID-19.

3 Small business executives are split on what is the most significant challenge to having employees working remotely because of COVID-19.

Most significant challenge to having staff working remotely:

- 29% lack of regular personal interaction among staff
- 23% family, child care needs, homeschooling needs
- 22% technology, computer internet barriers

4 The expanded unemployment benefits is impacting the workforce decisions small business executives are making.

- A third of small business executives (32%) say the expanded unemployment benefits have made it **more difficult** to their business's work force during COVID-19.
- Over half of small business executives who have laid off or furloughed employees say the expanded unemployment benefits played a major or minor role in their decision.

5 Small business executives are split on the impact of the Families First Coronavirus Response Act.

- A slight plurality of small business executives (44%) say the Families First Coronavirus Response Act (FFCRA) helps their business, although 37% say it hurts their business.
- While small business executives with 20 or less employees are slightly more likely to say the FFCRA **hurts** their business, businesses with 21-500 employees are more likely to say the Act **helps** their business.

6 While a plurality of small business executives are not using any federal provisions in response to COVID-19, 29% are using the Paycheck Protection Program, 28% using tax credits for required emergency paid leave, and 18% using economic industry disaster loans.

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Employee Response To Expanded Unemployment Benefits



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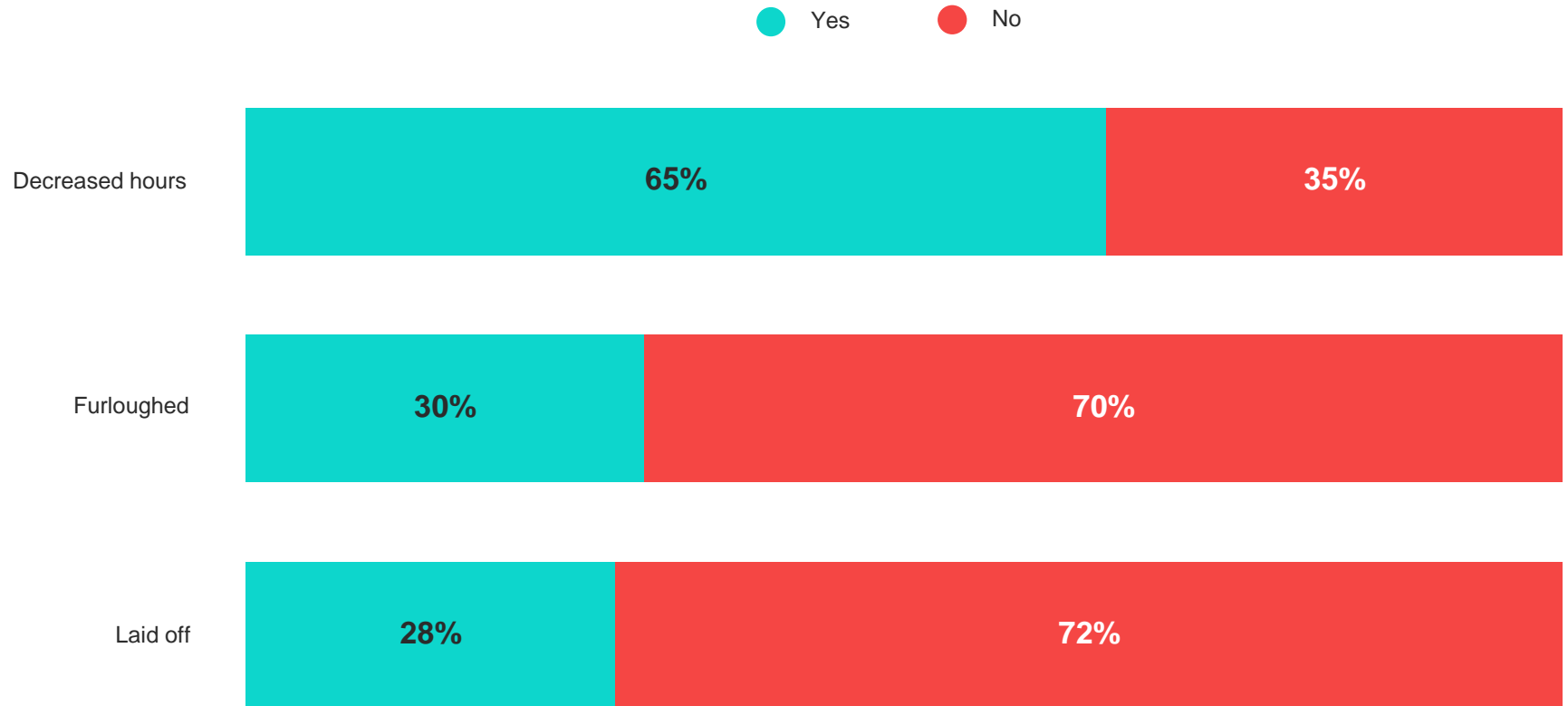
Use of Federal Provisions for Small Businesses



Respondent Profile

Two-thirds of small business executives (65%) have decreased hours for their employees due to COVID-19.

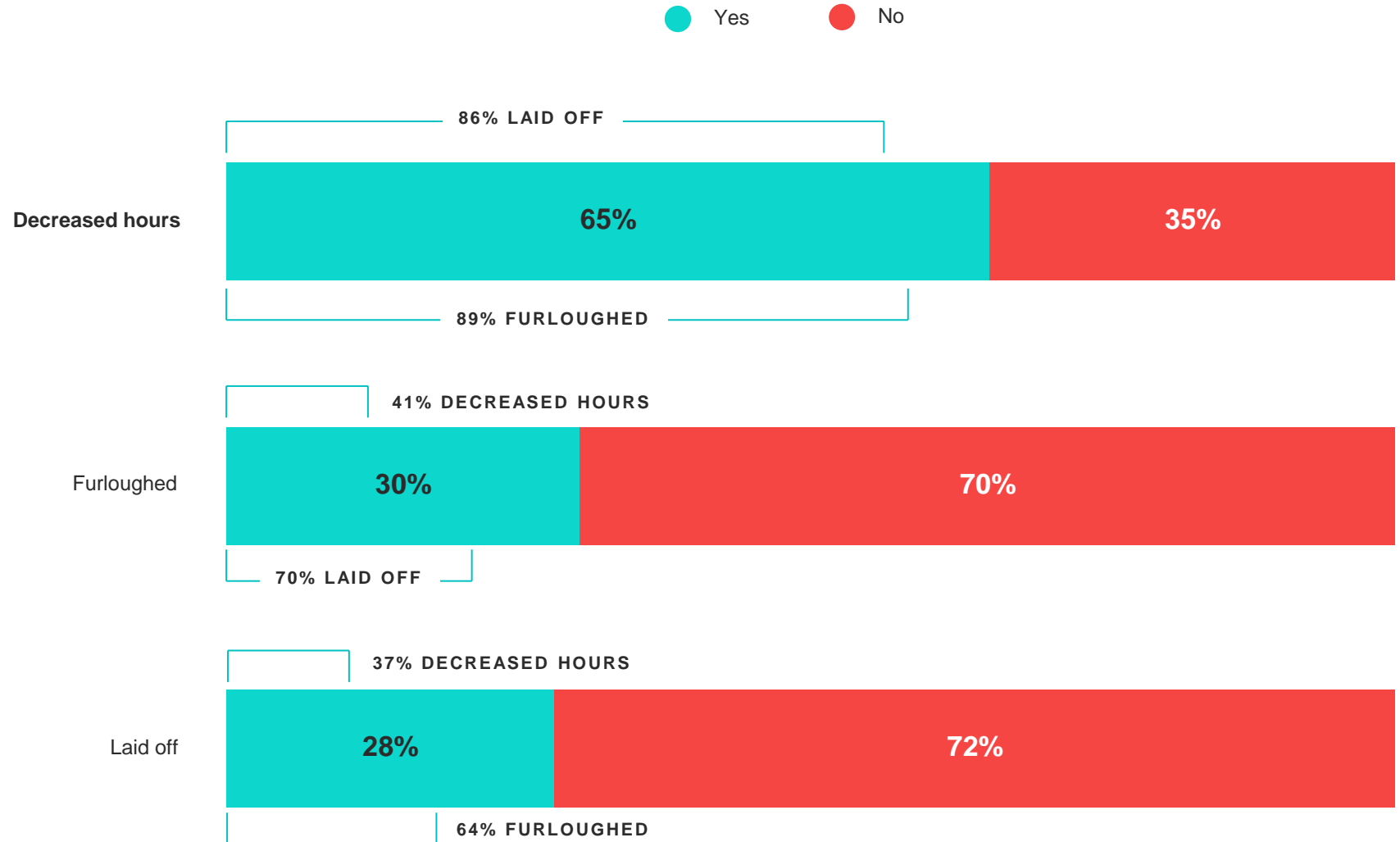
Has your business laid off, furloughed, or decreased hours of any workers for reasons related to the COVID-19 crisis?



Impact of COVID-19 on Workforce

Among small business executives who have decreased hours for their employees, over 80% have also laid off (86%) or furloughed (89%) employees due to COVID-19.

Has your business laid off, furloughed, or decreased hours of any workers for reasons related to the COVID-19 crisis?



Impact of COVID-19 on Workforce

While three quarters of employers with 5-50 employees are most likely to have decreased hours for employees, two-fifths of businesses with 101-200 employees have furloughed (40%) or laid off employees (36%).

Has your business laid off, furloughed, or decreased hours of any workers for reasons related to the COVID-19 crisis?

Changing Hours Of Employees Due To COVID-19 By Business Size

	<i>Small Business Executives</i>	<i>2-4 employees</i>	<i>5-10 employees</i>	<i>11-20 employees</i>	<i>21-50 employees</i>	<i>51-100 employees</i>	<i>101-200 employees</i>	<i>201-500 employees</i>
Decreased hours	65%	54%	75%	72%	72%	66%	66%	59%
Furloughed	30%	20%	29%	26%	39%	31%	40%	32%
Laid off	28%	22%	22%	36%	30%	28%	36%	27%

Impact of COVID-19 on Workforce

Small business executives in the Midwest and South region are more likely than other regions in the U.S. to say they have laid off employees due to COVID-19.

Has your business laid off, furloughed, or decreased hours of any workers for reasons related to the COVID-19 crisis?

<u>Changing Hours Of Employees Due To COVID-19 By Region</u>					
	<i>Small Business Executives</i>	<i>4-Region: Northeast</i>	<i>4-Region: Midwest</i>	<i>4-Region: South</i>	<i>4-Region: West</i>
Decreased hours	65%	67%	64%	68%	61%
Furloughed	30%	22%	36%	33%	27%
Laid off	28%	18%	35%	32%	23%

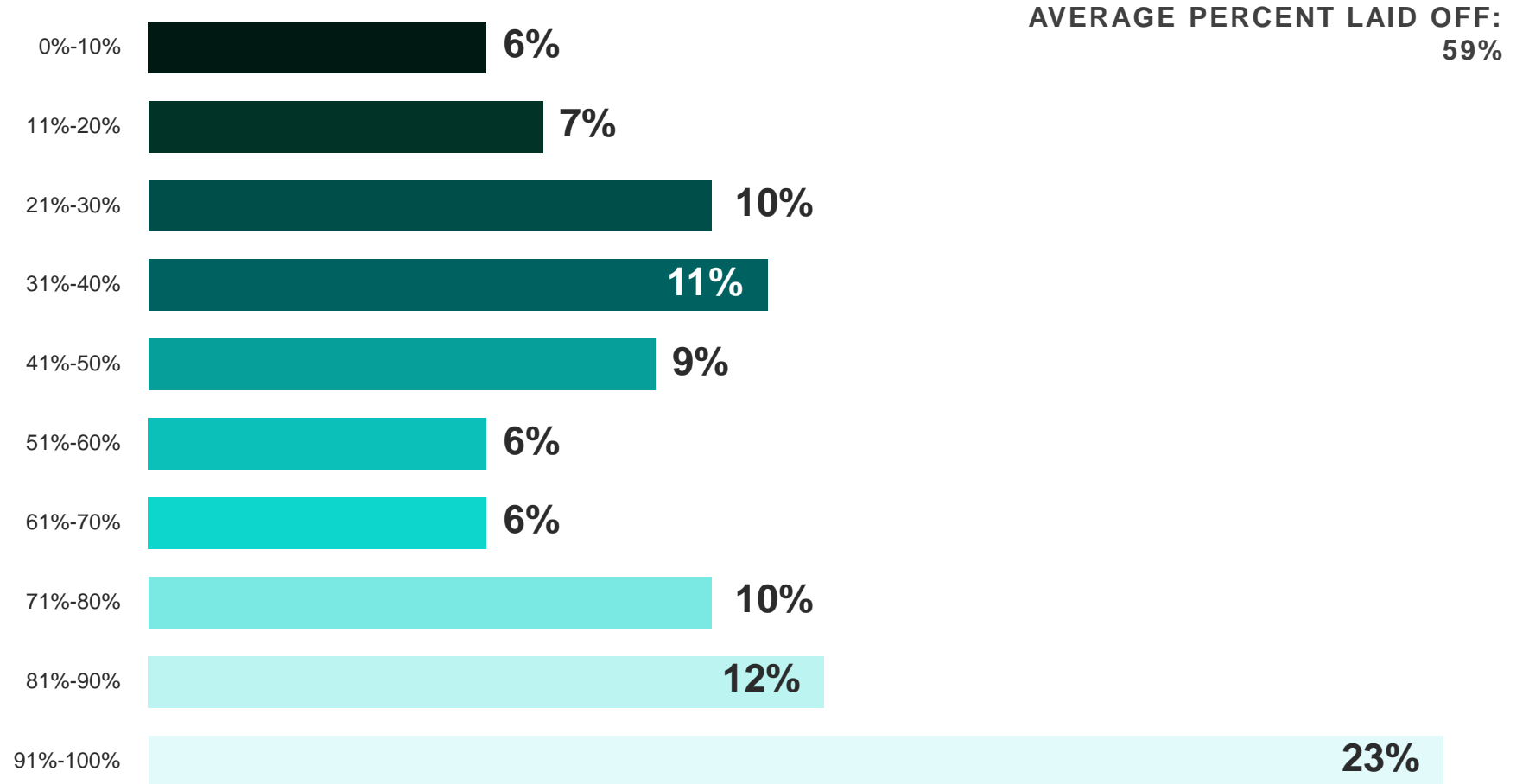
Impact of COVID-19 on Workforce

Impact of COVID-19 on Workforce

LAYING OFF EMPLOYEES

Among small business executives who have laid off employees due to COVID-19, 23% report laying off 91%-100% of their workforce

Approximately what percentage of workers has your business laid off due to COVID-19?

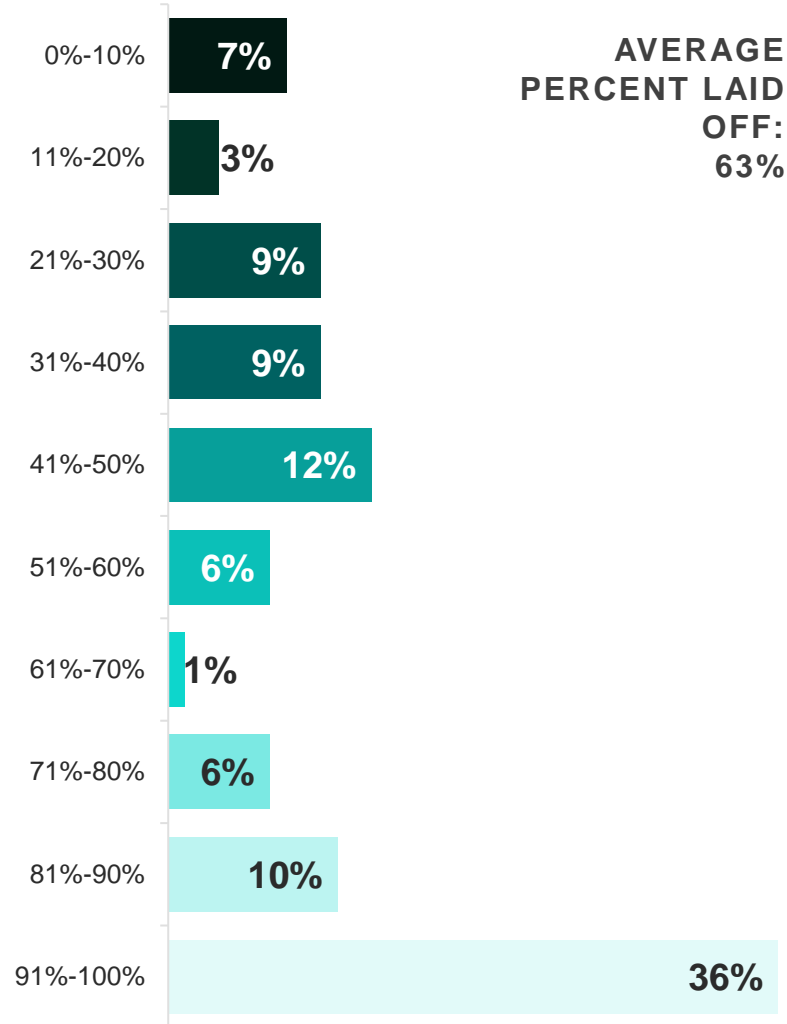


*Among those who have laid off employees due to COVID-19, n=141

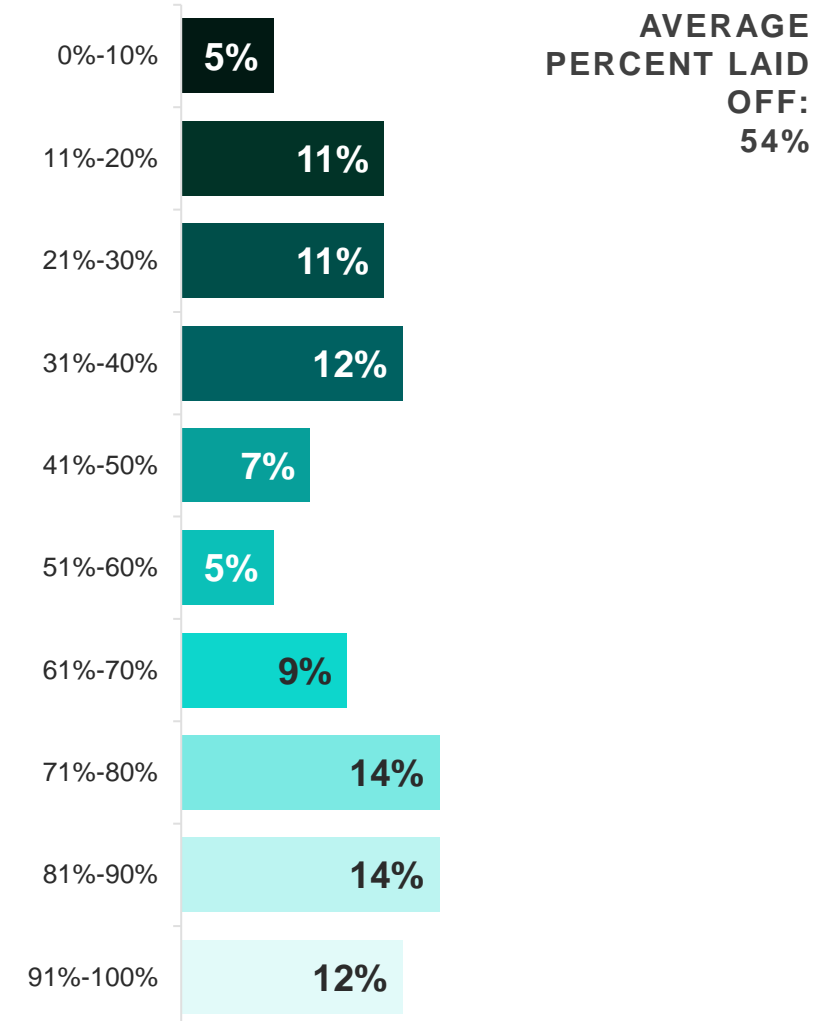
Small business executives with 2-49 employees are 3x more likely than businesses with 50-500 employees to have laid off 91%-100% of their workforce (36% vs. 12%)

Approximately what percentage of workers has your business laid off due to COVID-19?

Business size: 2-49 employees



Business size: 50-500 employees



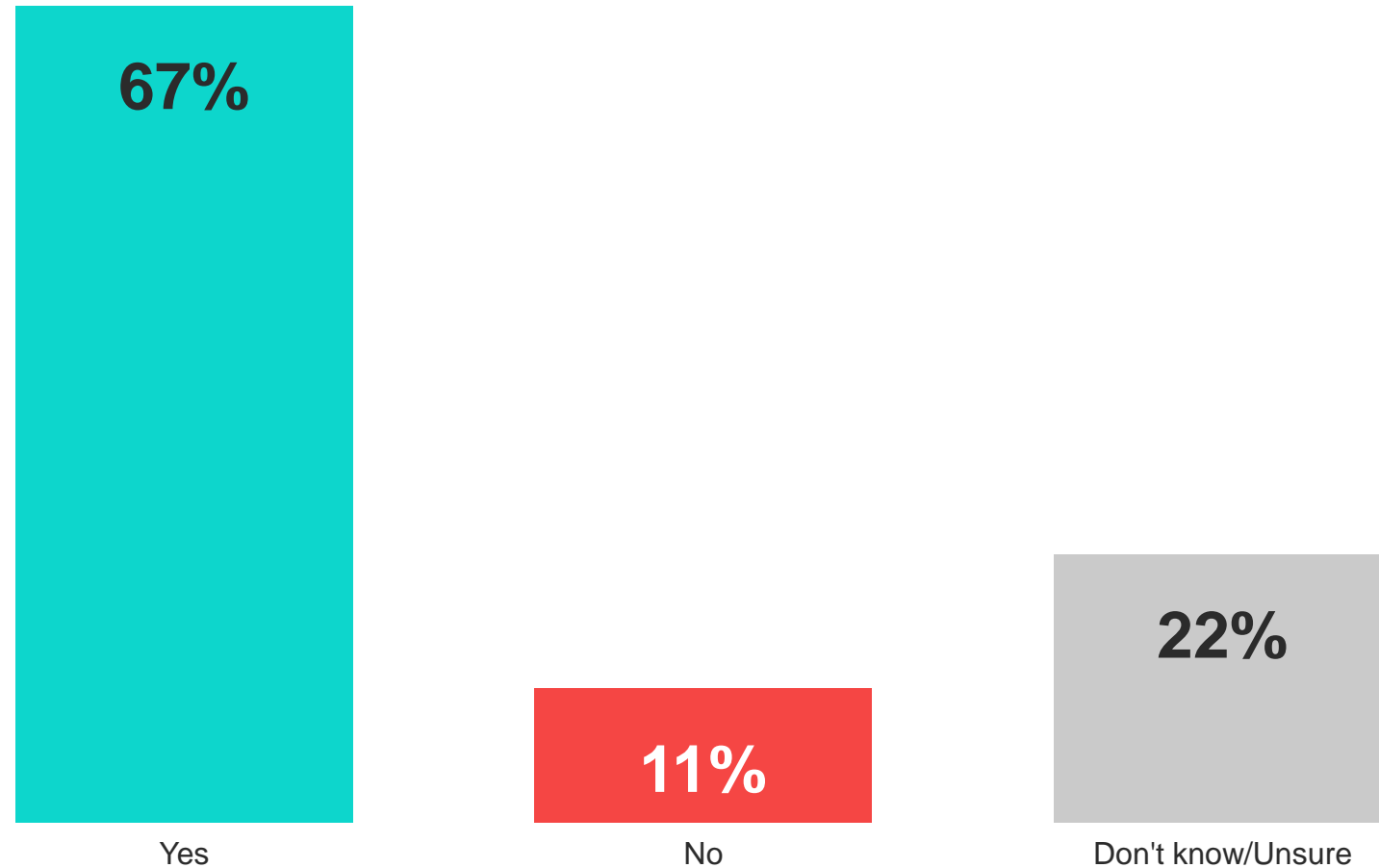
Impact of COVID-19 on Workforce

LAYING OFF EMPLOYEES

*Among those who have laid off employees due to COVID-19, n=141

Two thirds of small business executives (67%) have plans to rehire employees they have laid off due to COVID-19.

Does your business currently have any plans to rehire employees that have been laid off due to COVID-19?



Impact of COVID-19 on Workforce

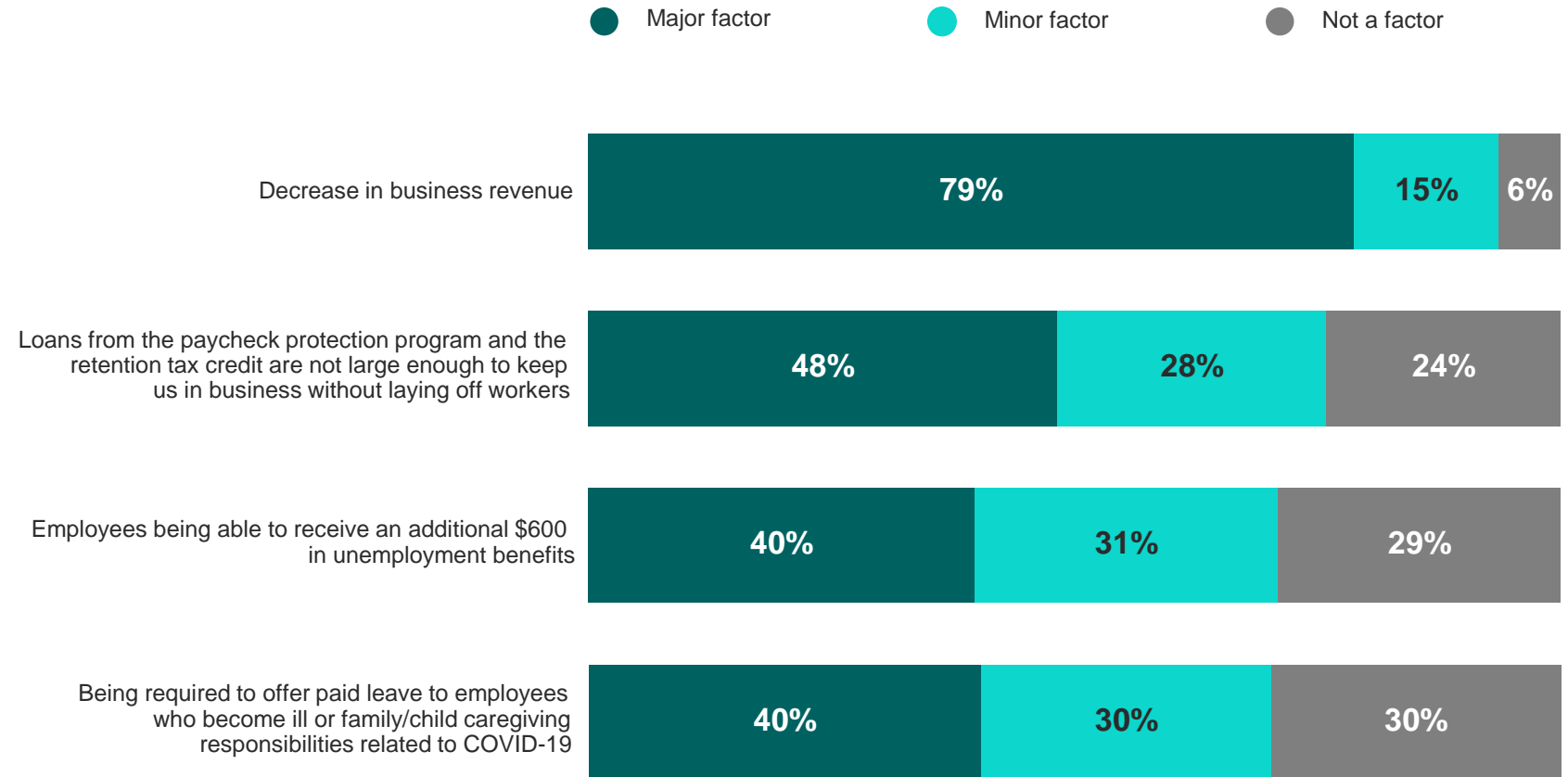
LAYING OFF EMPLOYEES

Impact of COVID-19 on Workforce

LAYING OFF EMPLOYEES

Among small business executives who have laid off employees due to COVID-19, 79% say a decrease in business revenue was a *major factor* in their decision to lay off employees.

To what extent were the following a factor, if at all, in your decision to lay off employees at your business due to COVID-19?



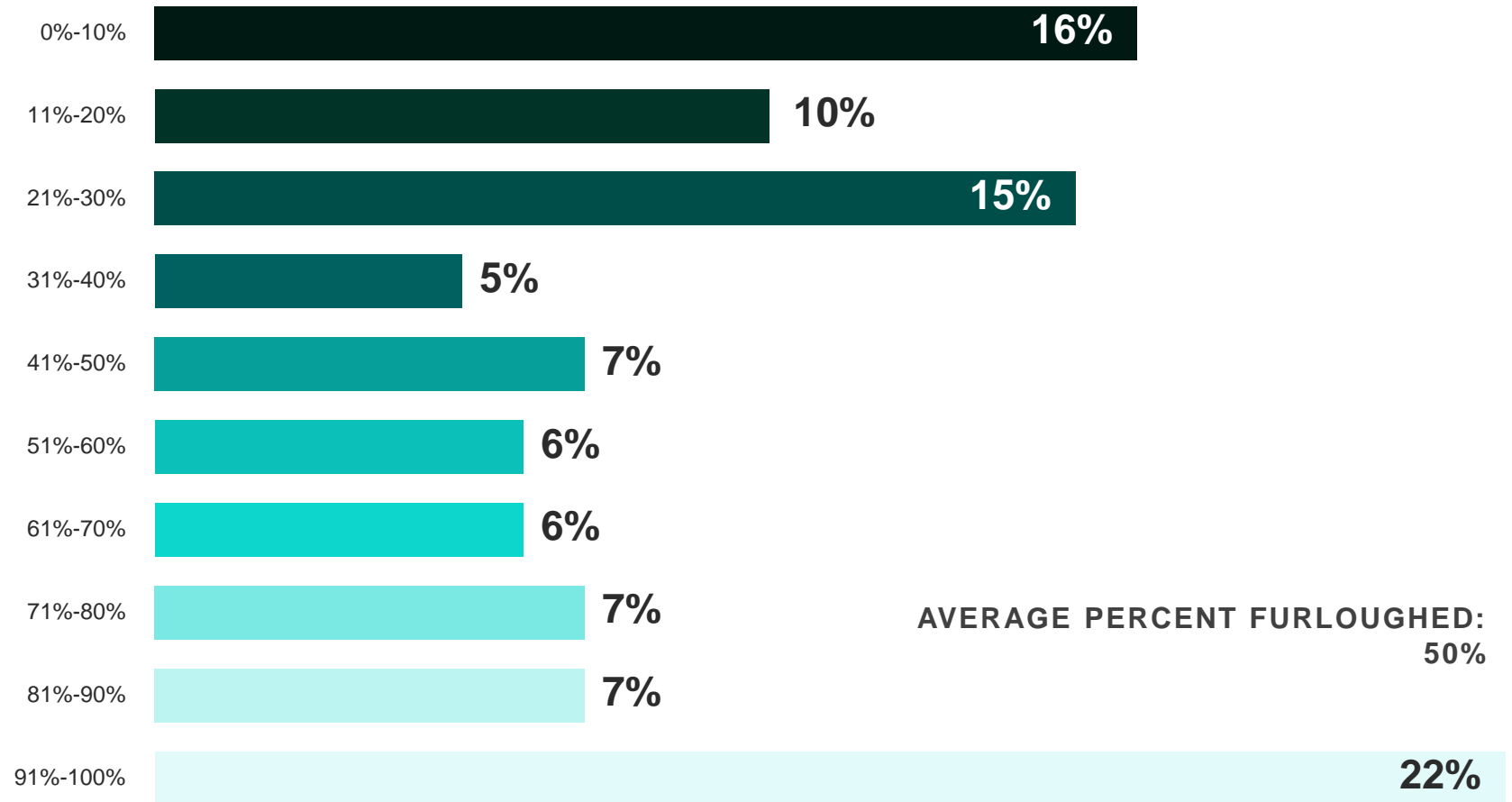
*Among those who have laid off employees due to COVID-19, n=141

Impact of COVID-19 on Workforce

FURLOUGHING EMPLOYEES

Among those who have furloughed employees due to COVID-19, on average, small business executives have furloughed half of their workforce.

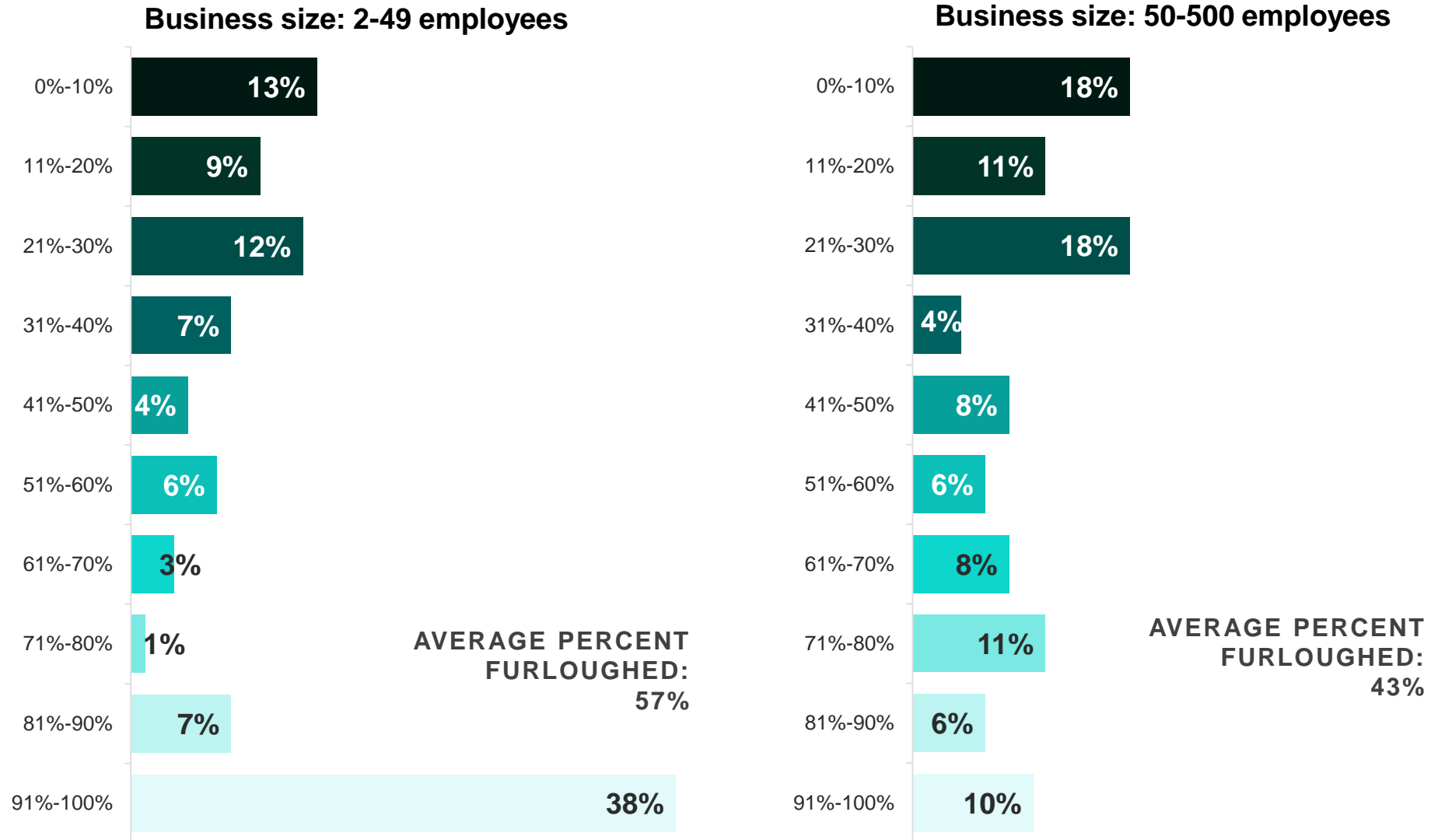
Approximately what percentage of workers has your business furloughed due to COVID-19?



*Among those who have furloughed employees due to COVID-19, n=152

Among small business executives with 2-49 employees, 38% have furloughed 91-100% of their employees.

Approximately what percentage of workers has your business furloughed due to COVID-19?



*Among those who have furloughed employees due to COVID-19, n=152

Impact of COVID-19 on Workforce

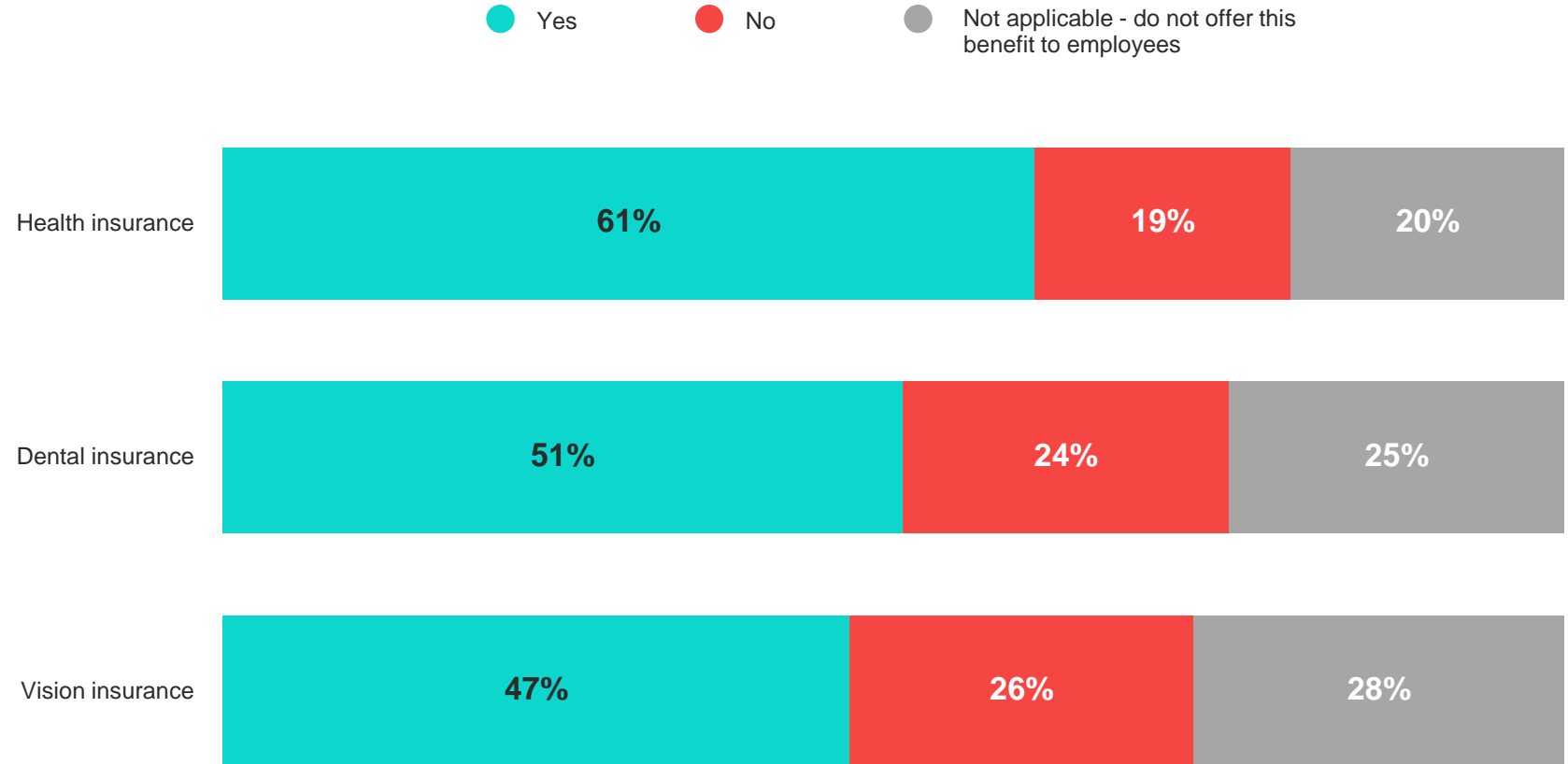
FURLOUGHING EMPLOYEES

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FURLOUGHING EMPLOYEES

Among employers who have furloughed employees, about half continue to provide health (61%), dental (51%), and vision (47%) insurance.

Does your business continue to provide any of the following employer-sponsored, non-wage benefits to workers who have been furloughed at your business due to COVID-19?



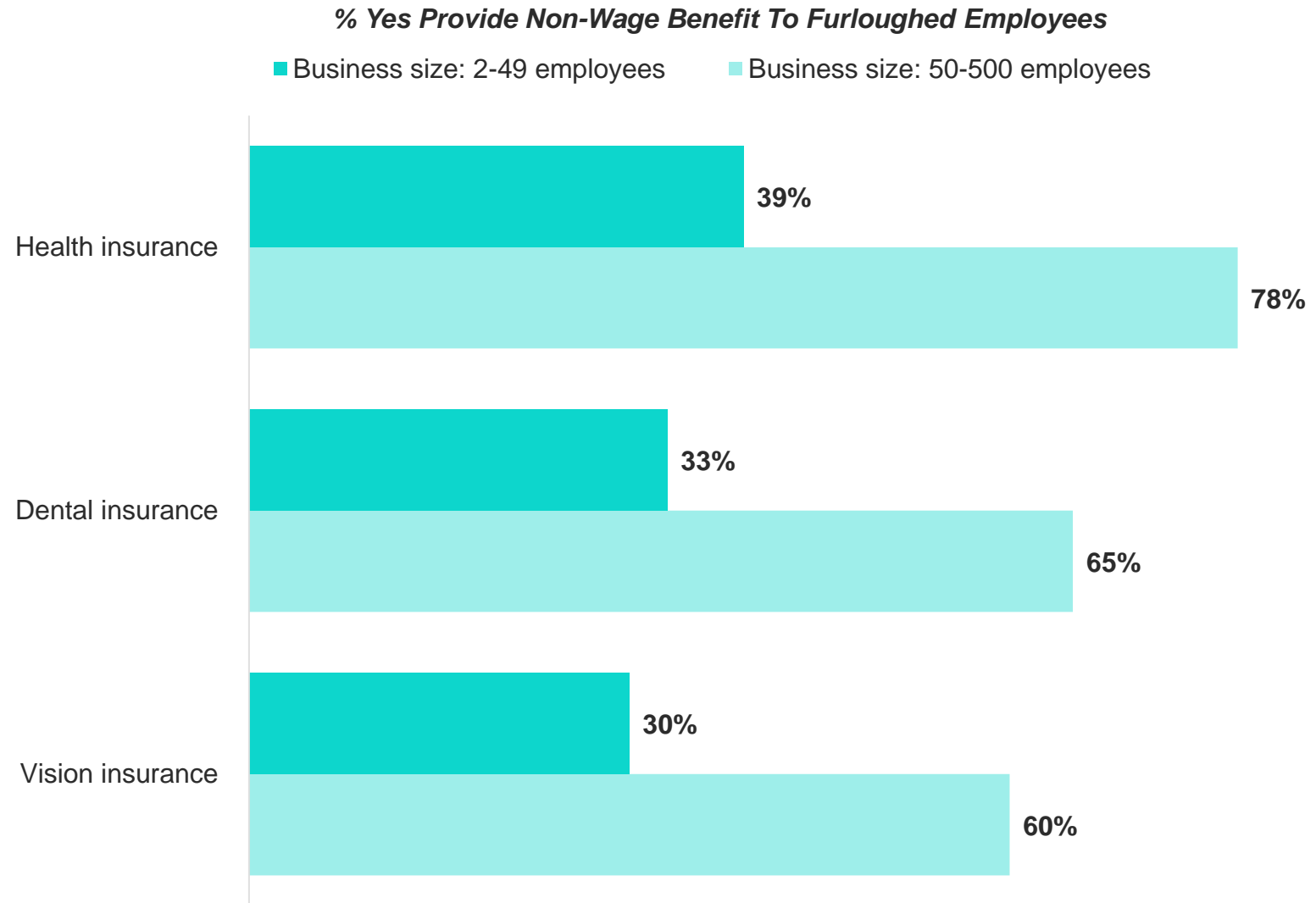
*Among those who have furloughed employees due to COVID-19, n=152

Impact of COVID-19 on Workforce

FURLOUGHING EMPLOYEES

Small business executives with 50-500 employees are nearly twice as likely as small businesses executives with 2-49 employees to continue offering furloughed employees the tested types of insurance.

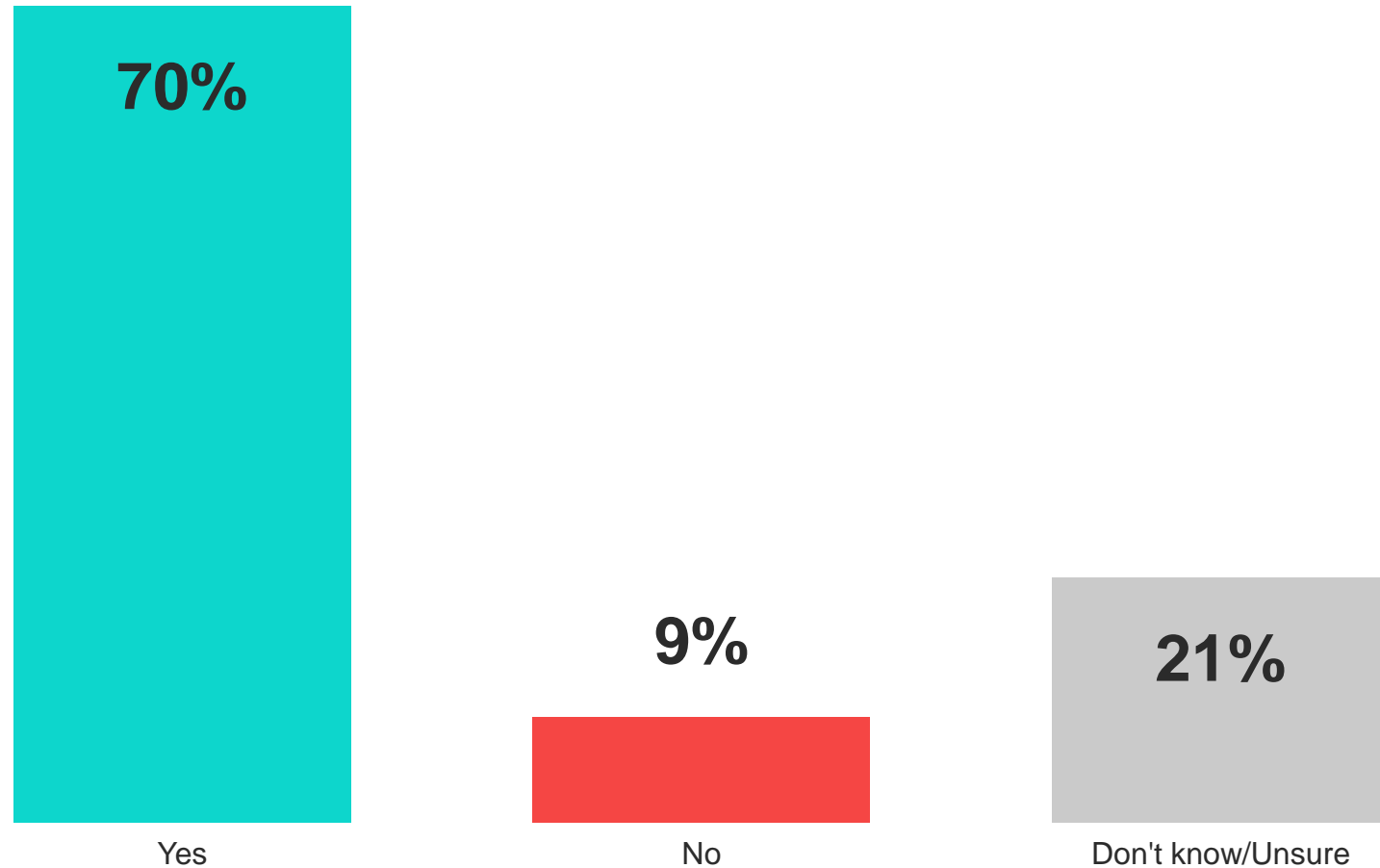
Does your business continue to provide any of the following employer-sponsored, non-wage benefits to workers who have been furloughed at your business due to COVID-19?



Among those who have furloughed employees due to COVID-19, n=152

Among those who have furloughed employees due to COVID-19, 70% have plans to bring furloughed employees back to work.

Does your business currently have any plans to bring employees back to work and pay those that have been furloughed due to COVID-19?



Impact of COVID-19 on Workforce

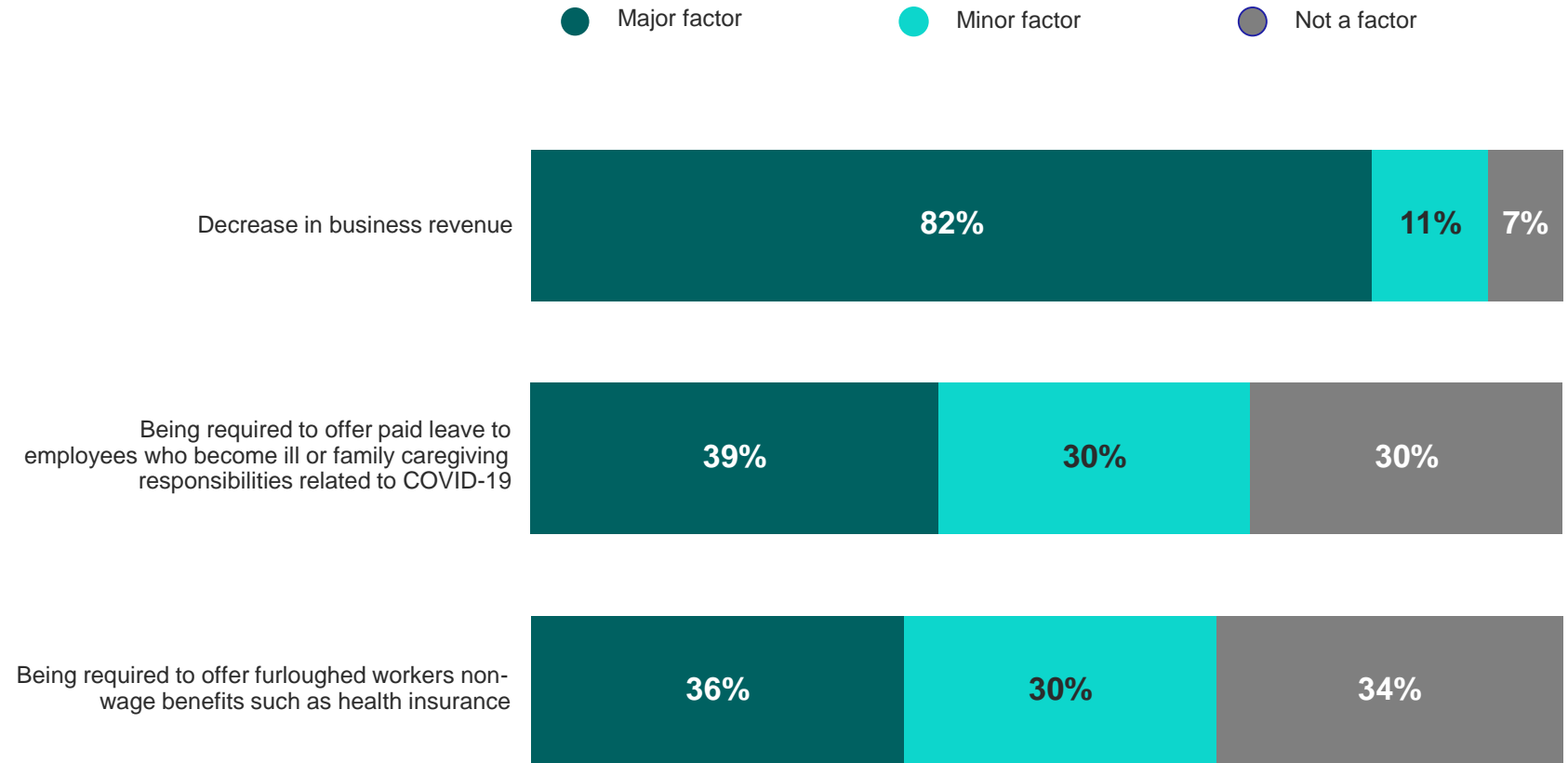
FURLOUGHING EMPLOYEES

Impact of COVID-19 on Workforce

FURLOUGHING EMPLOYEES

Among those who have furloughed employees due to COVID-19, two-thirds say being required to offer furloughed employees non-wage benefits played a major (36%) or minor (30%) factor in their decision.

To what extent were the following a factor, if at all, in your decision to furlough employees at your business due to COVID-19?



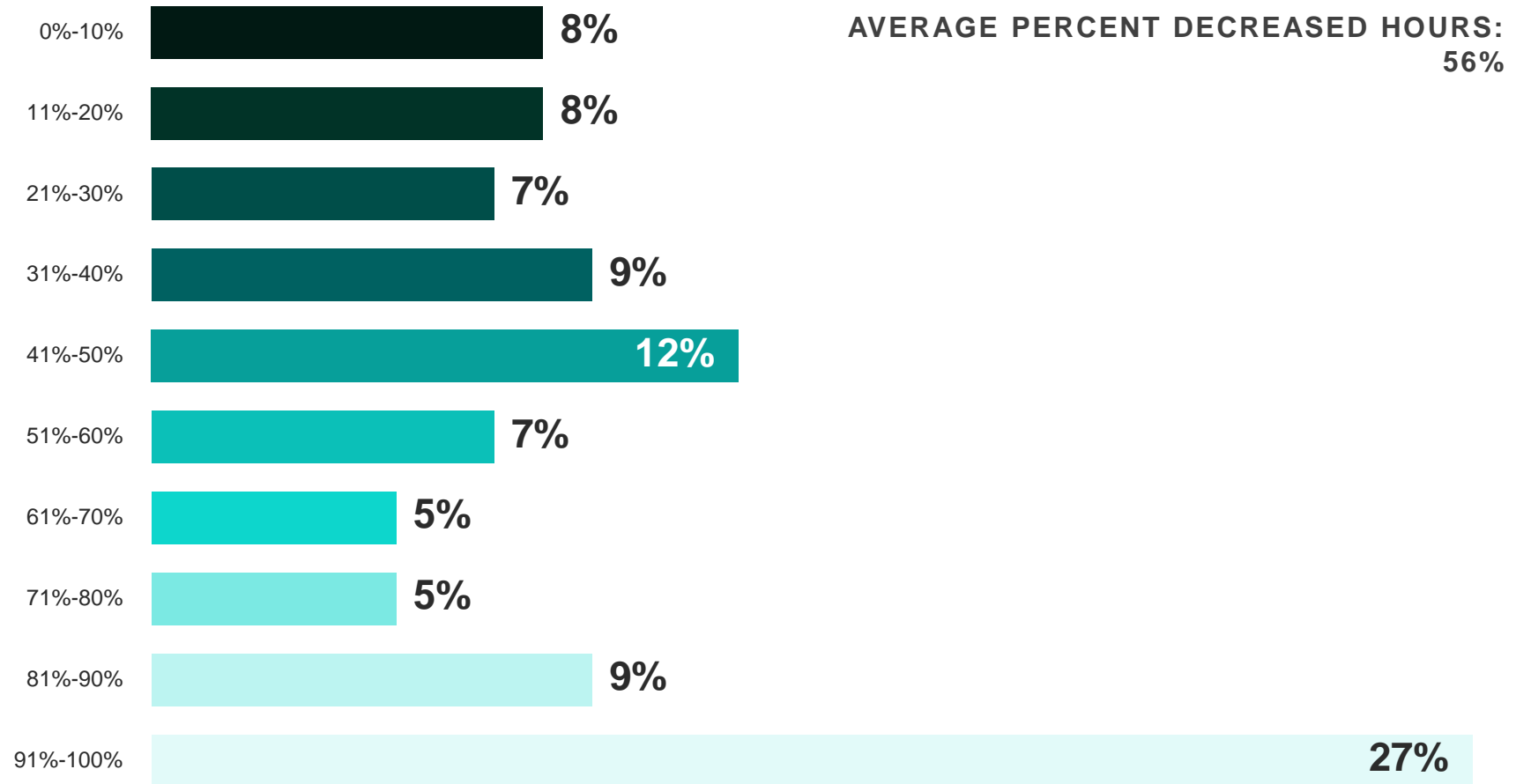
*Among those who have furloughed employees due to COVID-19, n=152

Impact of COVID-19 on Workforce

DECREASING HOURS
FOR EMPLOYEES

Among those who have decreased hours for employees due to COVID-19, 27% have decreased hours for 91%-100% of their workforce.

Approximately what percentage of workers has your business decreased hours of due to COVID-19?



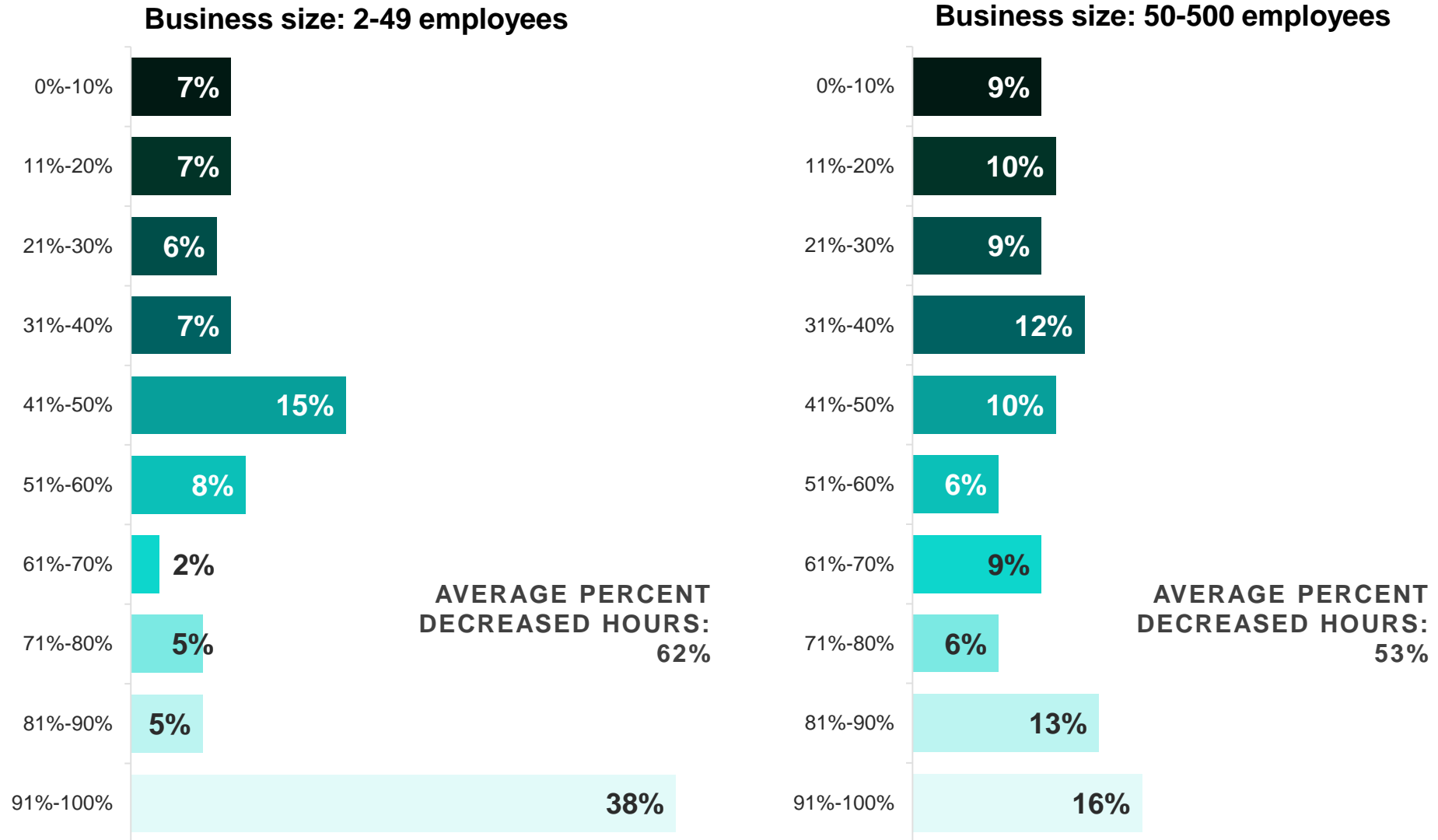
*Among those who have decreased hours for employees due to COVID-19, n=328

Impact of COVID-19 on Workforce

DECREASING HOURS
FOR EMPLOYEES

Small businesses executives with 2-49 employees are more likely than small business executives with 50-500 employees to say they have decreased hours for nearly all of their workforce (38% vs. 16%).

Approximately what percentage of workers has your business decreased hours of due to COVID-19?



*Among those who have decreased hours for employees due to COVID-19, n=328

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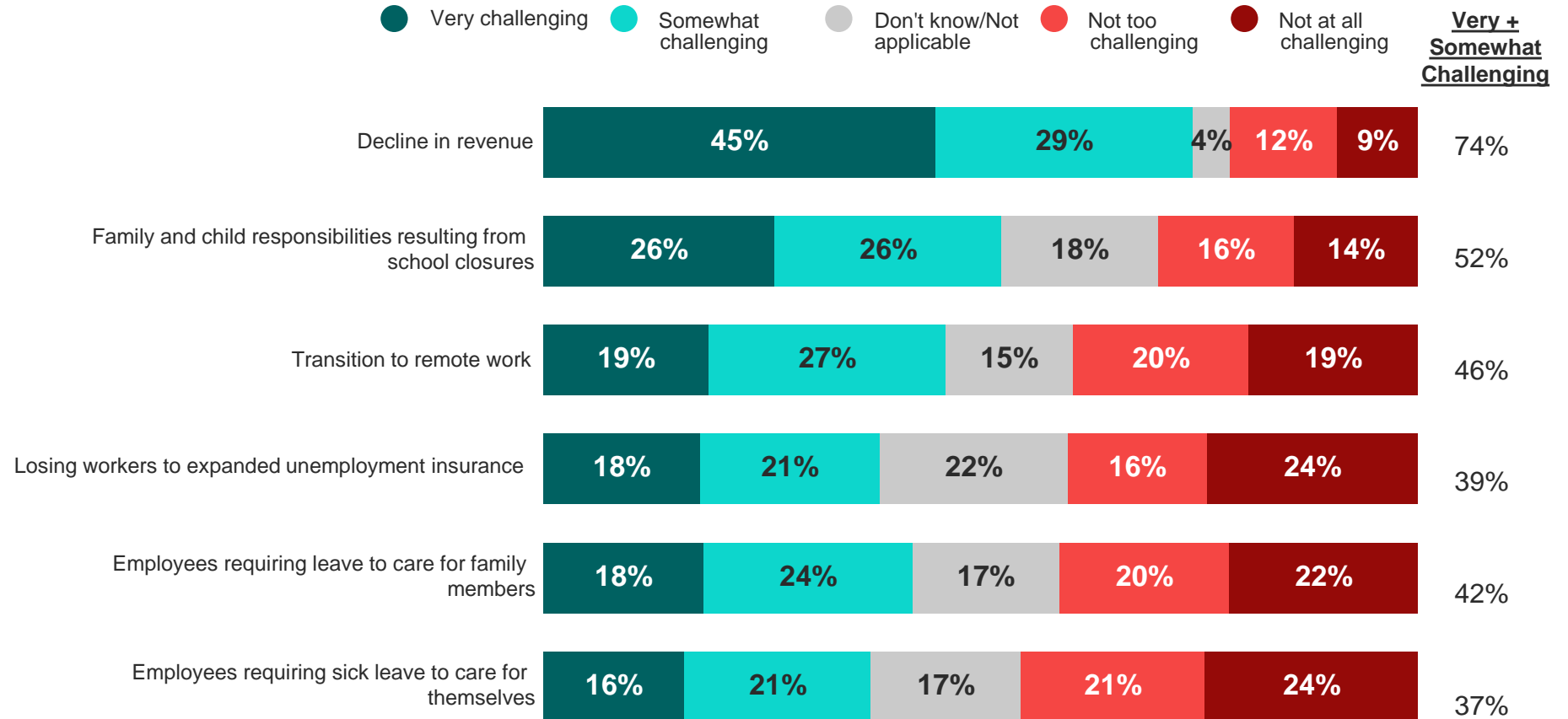
5 Use of Federal Provisions for Small Businesses



6 Respondent Profile

Three-quarters of small business executives (74%) say a decline in revenue has been a challenge for their business amidst COVID-19, including 45% who say it has been *very challenging*.

How challenging, if at all, have each of the following for your business been amidst COVID-19?



Small Business Challenges Amidst COVID-19

Employees requiring leave to care for family members or care for themselves is particularly challenging for small business executives with 201-500 employees.

How challenging, if at all, have each of the following for your business been amidst COVID-19?

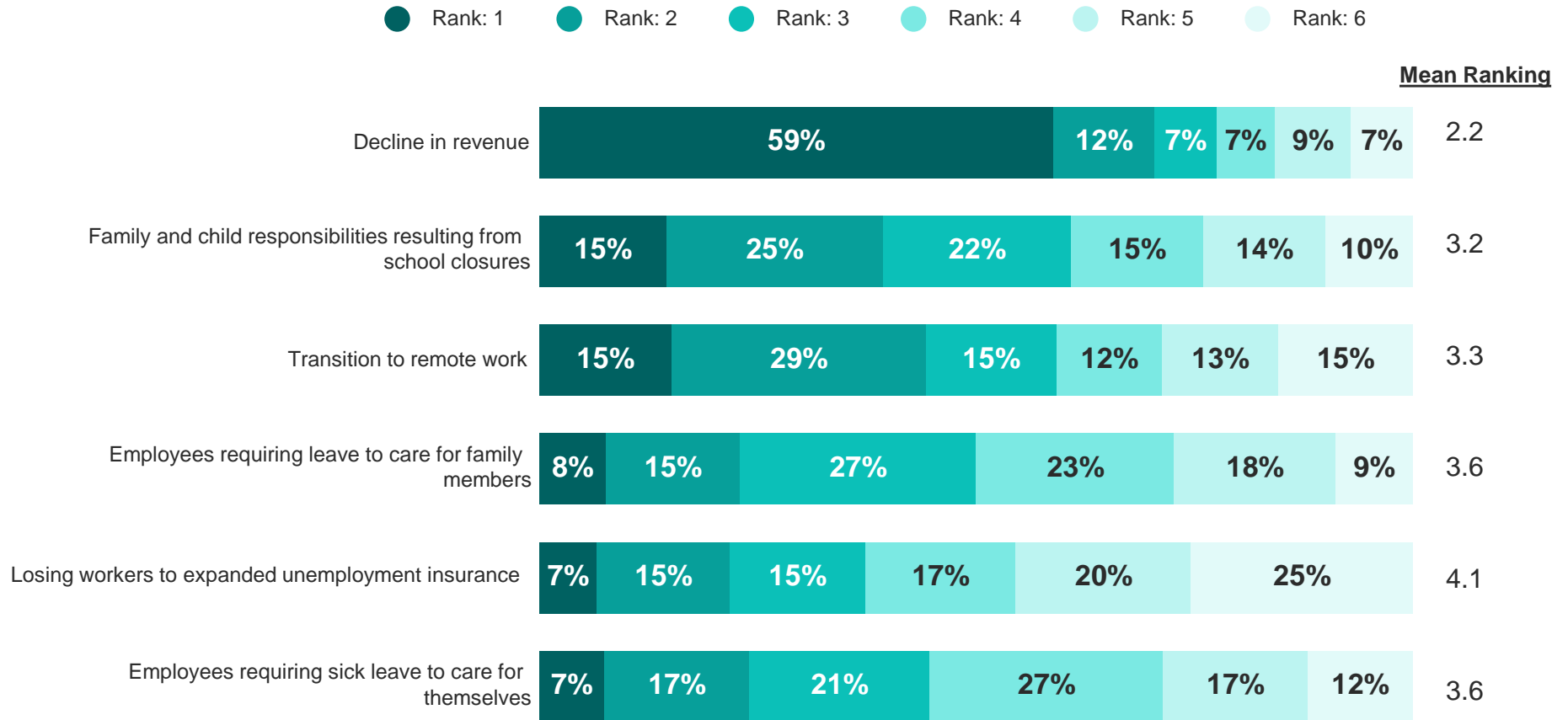
Challenges To Small Businesses Amidst COVID-19 By Business Size								
	Small Business Executives	2-4 employees	5-10 employees	11-20 employees	21-50 employees	51-100 employees	101-200 employees	201-500 employees
Decline in revenue	74%	72%	81%	72%	76%	79%	82%	59%
Family and child responsibilities resulting from school closures	52%	28%	44%	48%	56%	59%	70%	63%
Transition to remote work	46%	30%	41%	40%	50%	53%	62%	47%
Losing workers to expanded unemployment insurance	39%	17%	32%	30%	44%	49%	45%	49%
Employees requiring leave to care for family members	42%	18%	30%	36%	48%	50%	62%	54%
Employees requiring sick leave to care for themselves	37%	9%	32%	30%	46%	45%	54%	50%

Small Business Challenges Amidst COVID-19

Small Business Challenges Amidst COVID-19

Similarly, over half of small business executives (59%) rank a decline in revenue as the most challenging thing their business has faced amidst COVID-19.

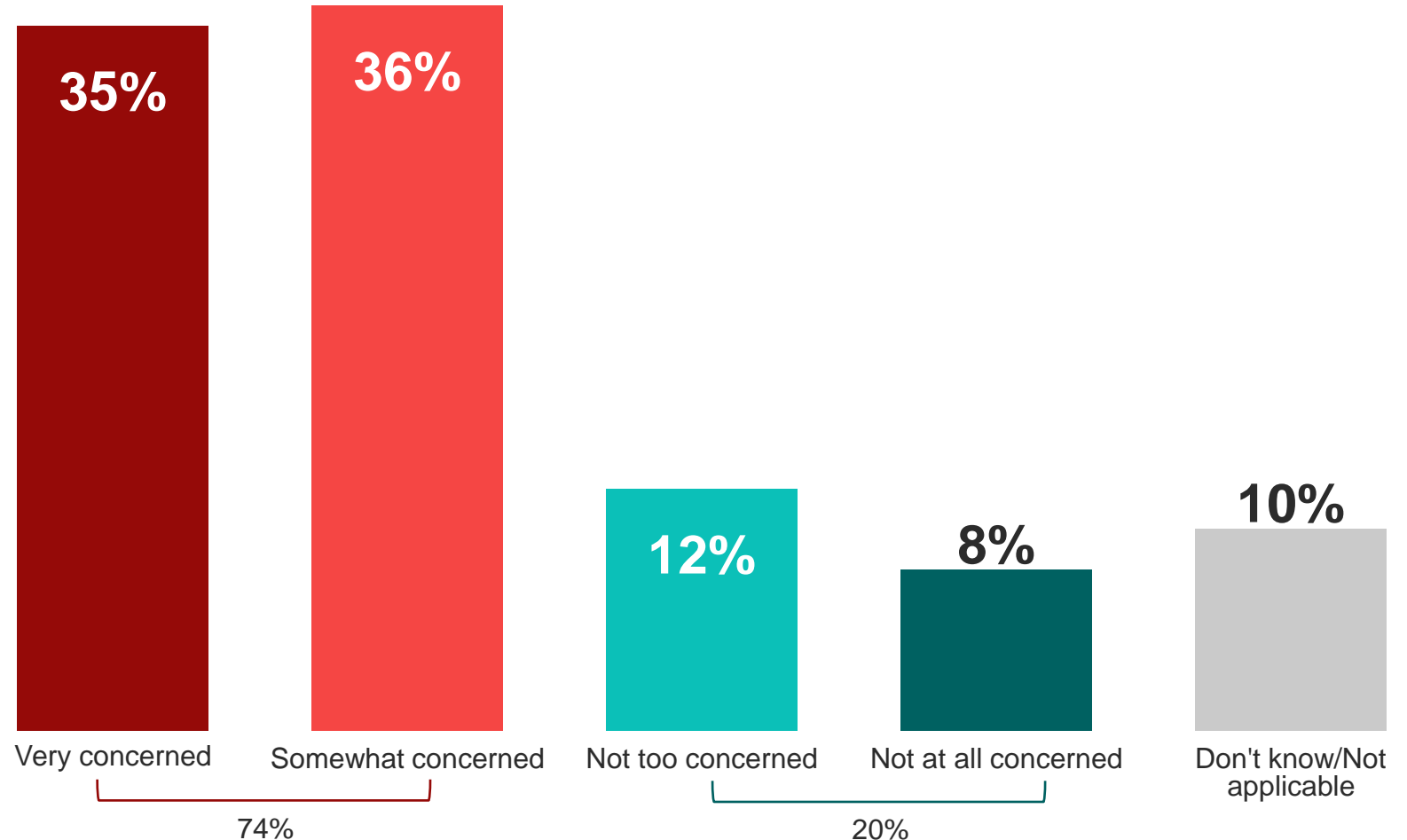
Of the following, please rank how challenging each of the following have been for your business amidst COVID-19? Please rank from most challenging (1) to least challenging.



Small Business Challenges Amidst COVID-19

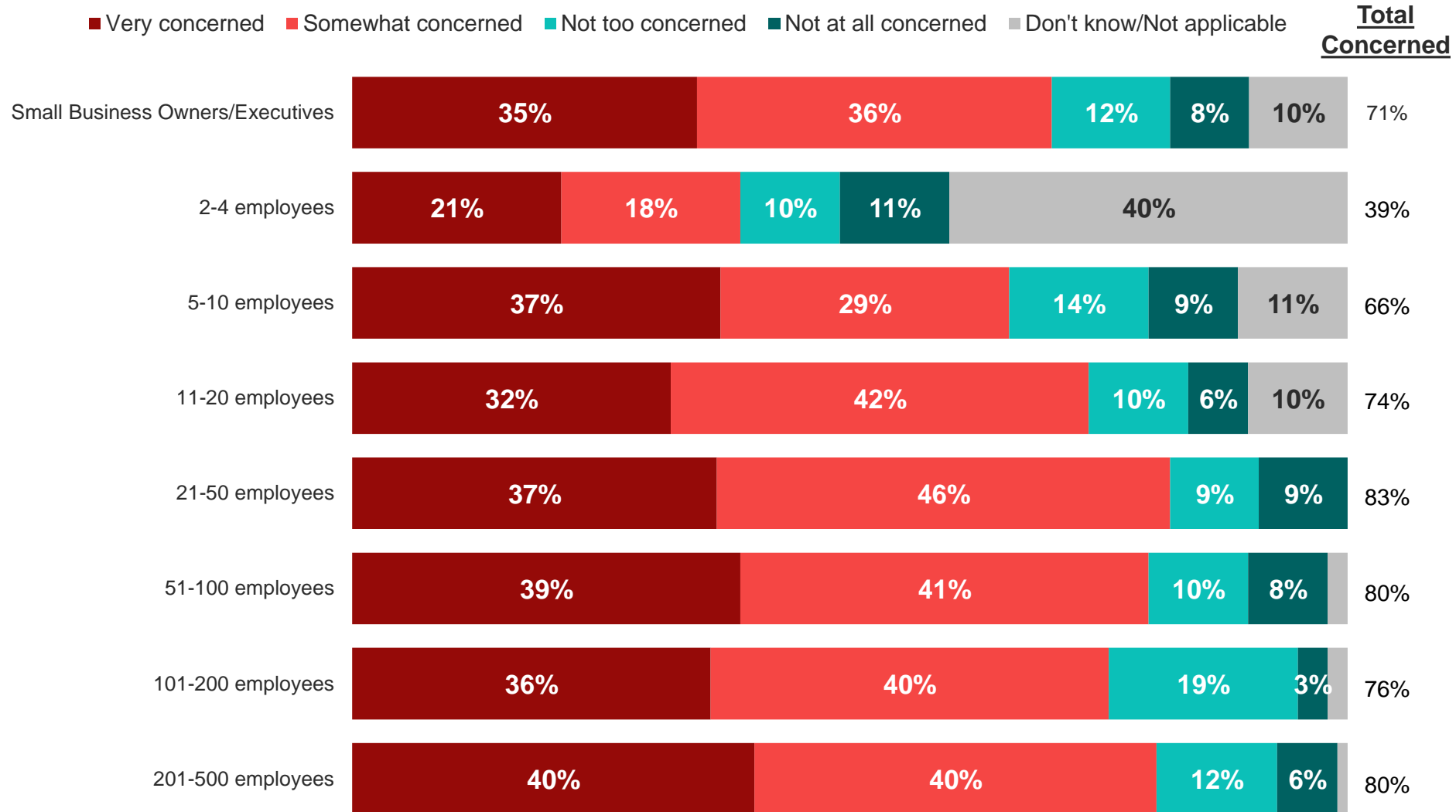
Three-quarters of small business executives (74%) are concerned about their employees who have children at home because of school or child care closures due to COVID-19.

How concerned are you, if at all, about employees at your business who have children at home because of school or childcare closures due to COVID-19?



Concern about employees who have children at home spans the various sizes of small businesses, excluding those with 2-4 employees.

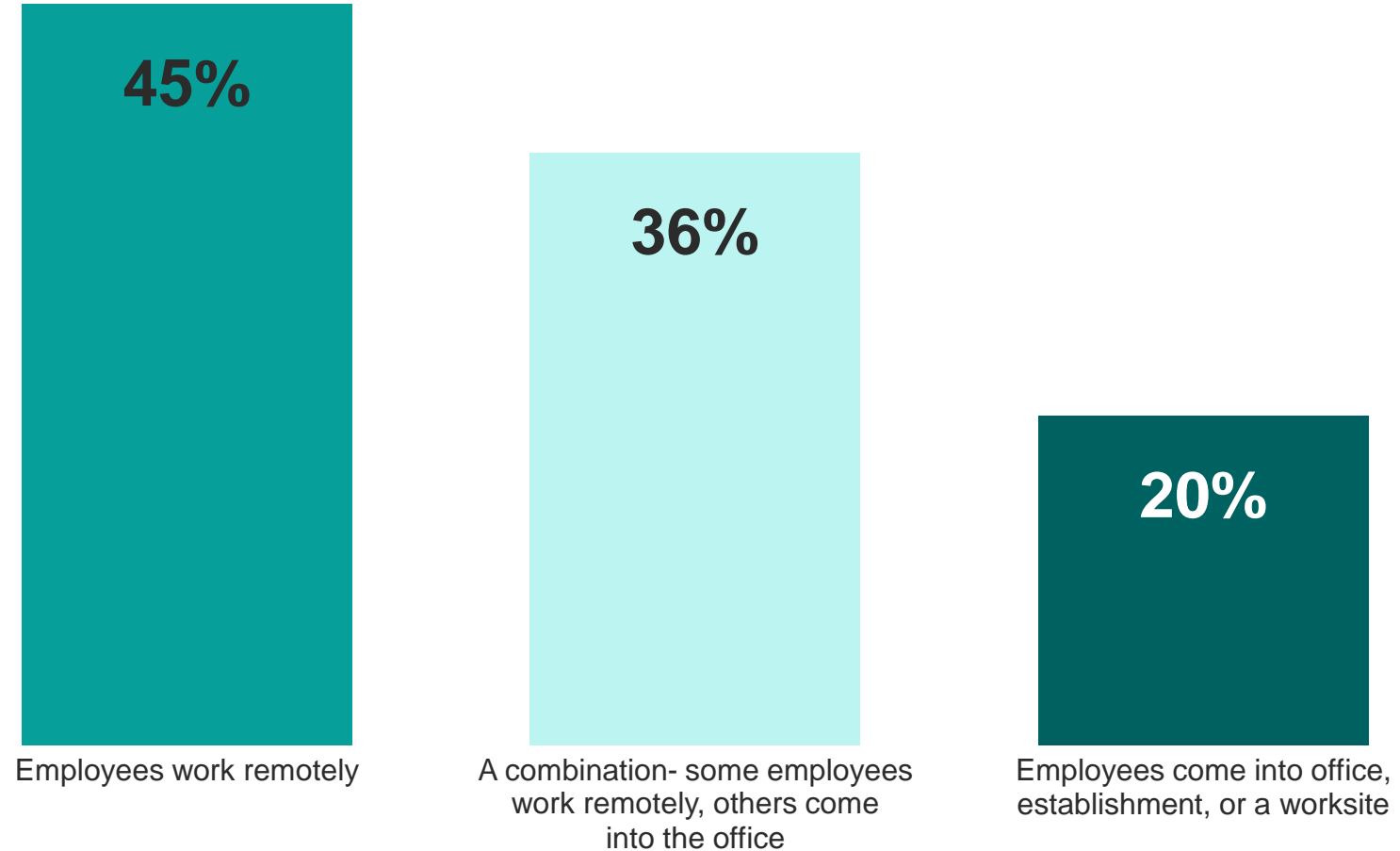
How concerned are you, if at all, about employees at your business who have children at home because of school or childcare closures due to COVID-19?



Small Business Challenges Amidst COVID-19

A plurality of small business executives (45%) say all their employees are working remotely. On the other hand, 20% say their employees are coming into an office, establishment, or worksite.

Currently, does your business require employees to come into work at an office, establishment, or worksite, do employees work remotely, or is it a combination?

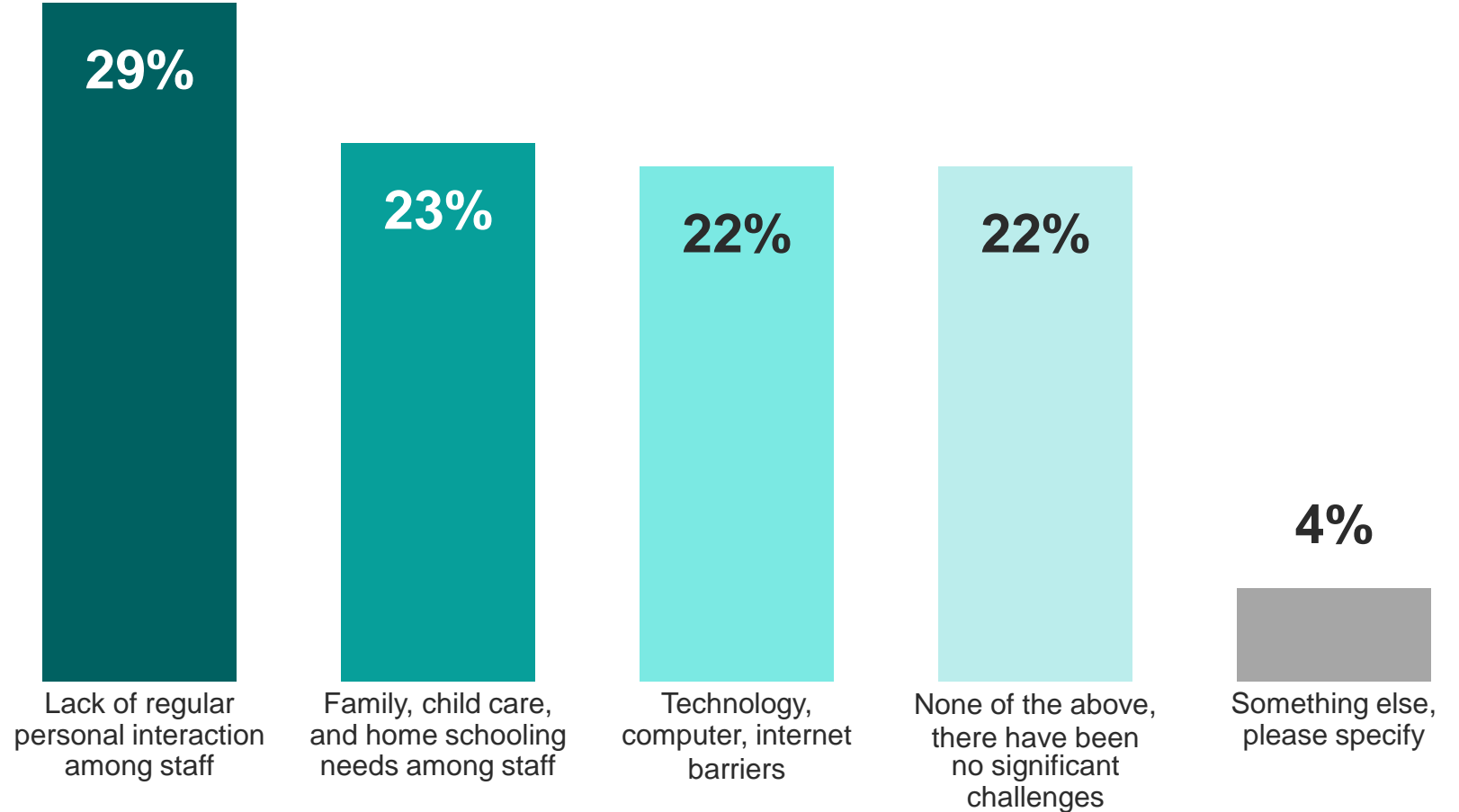


Small Business Challenges Amidst COVID-19

Small Business Challenges Amidst COVID-19

Small business executives are split on what is the most significant challenge to having employees working remotely because of COVID-19.

*Which of the following, if any, is the **most significant challenge** to having employees working remotely during the COVID-19 crisis?*



*Among those who have all or some employees working remotely because of COVID-19, n=404

Smaller size business executives are more likely to say they have *not* had any significant challenges to employees working remotely during COVID-19.

*Which of the following, if any, is the **most significant challenge** to having employees working remotely during the COVID-19 crisis?*

Significant Challenges To Employees Working Remotely By Business Size								
	Small Business Executives	2-4 employees	5-10 employees	11-20 employees	21-50 employees	51-100 employees	101-200 employees	201-500 employees
Lack of regular personal interaction among staff	29%	23%	27%	31%	38%	29%	22%	34%
Family, child care, and home schooling needs among staff	23%	8%	15%	31%	28%	21%	33%	31%
Technology, computer, internet barriers	22%	11%	25%	15%	20%	29%	22%	24%
None of the above, there have been no significant challenges	22%	48%	25%	15%	15%	16%	22%	10%

*Among those who have all or some employees working remotely because of COVID-19, n=404

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Small Business Challenges Amidst COVID-19



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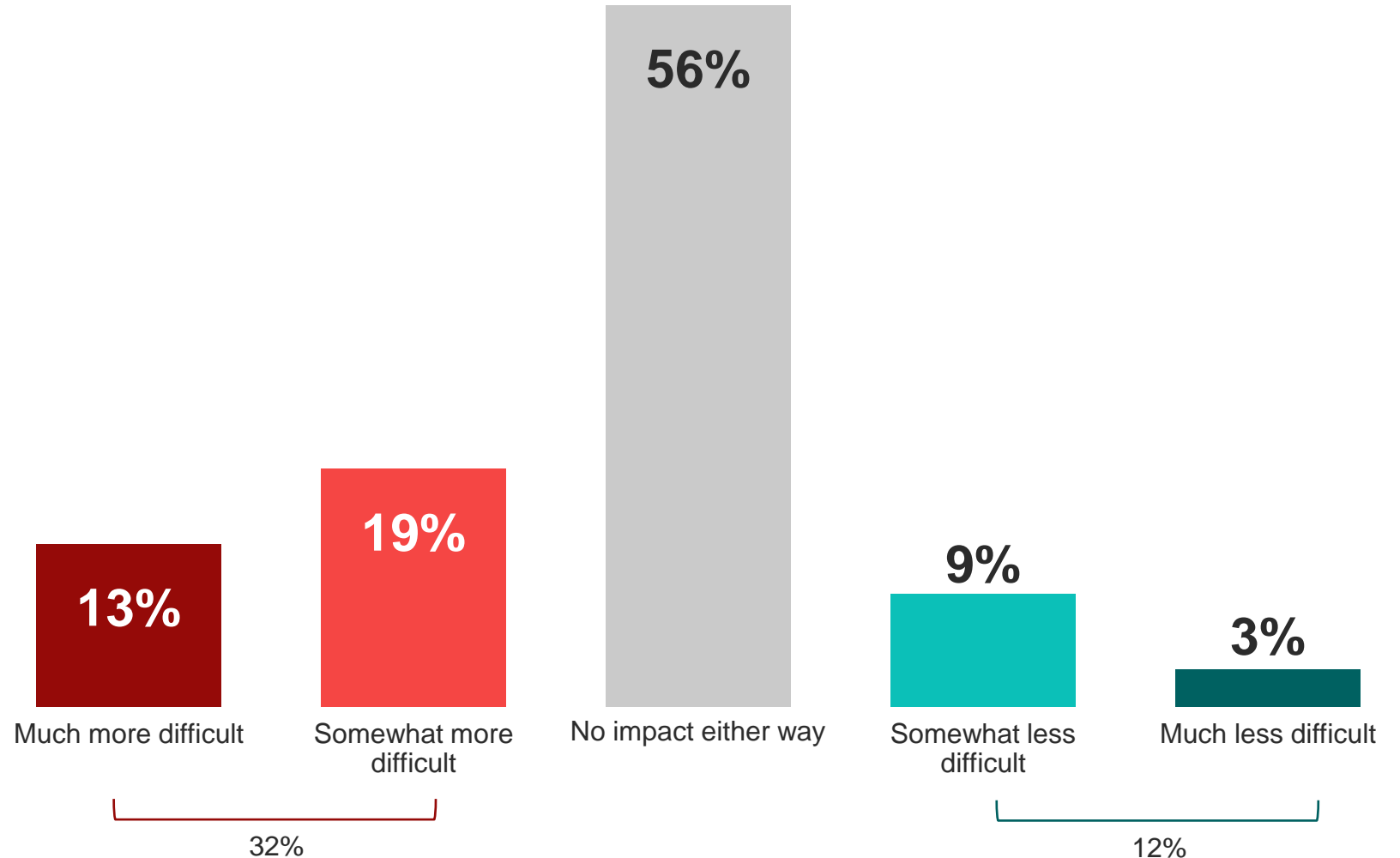


Respondent Profile

Half of small business executives (56%) say the expanded unemployment benefits have had no impact on maintaining their work force during COVID-19, although a third (32%) say the expanded benefits made it more difficult to maintain their workforce.

As you may know, in response to COVID-19, Congress passed new federal law that increased available unemployment benefits by \$600 per week. Additionally, lawmakers expanded benefit eligibility so furloughed workers can still receive non-wage benefits from their employers, like health insurance. Have the expanded unemployment benefits made it more or less difficult to maintain your business's work force during COVID-19?

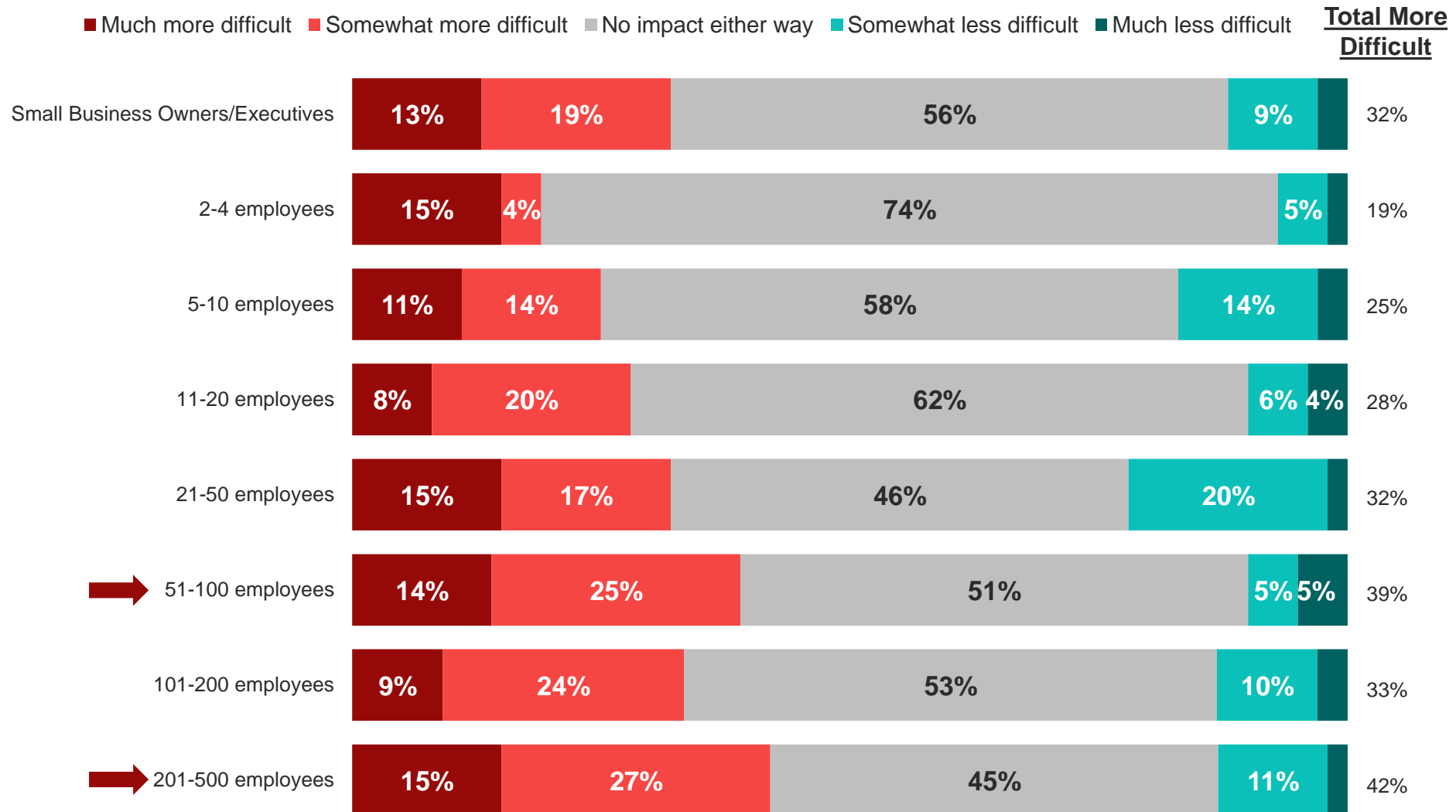
Employee Response To Expanded Unemployment Benefits



Employee Response To Expanded Unemployment Benefits

About two-fifths of small business executives with 51-100 employees (39%) and 201-500 employees (42%) say the expanded unemployment benefits have made it more difficult to maintain their work force during COVID-19.

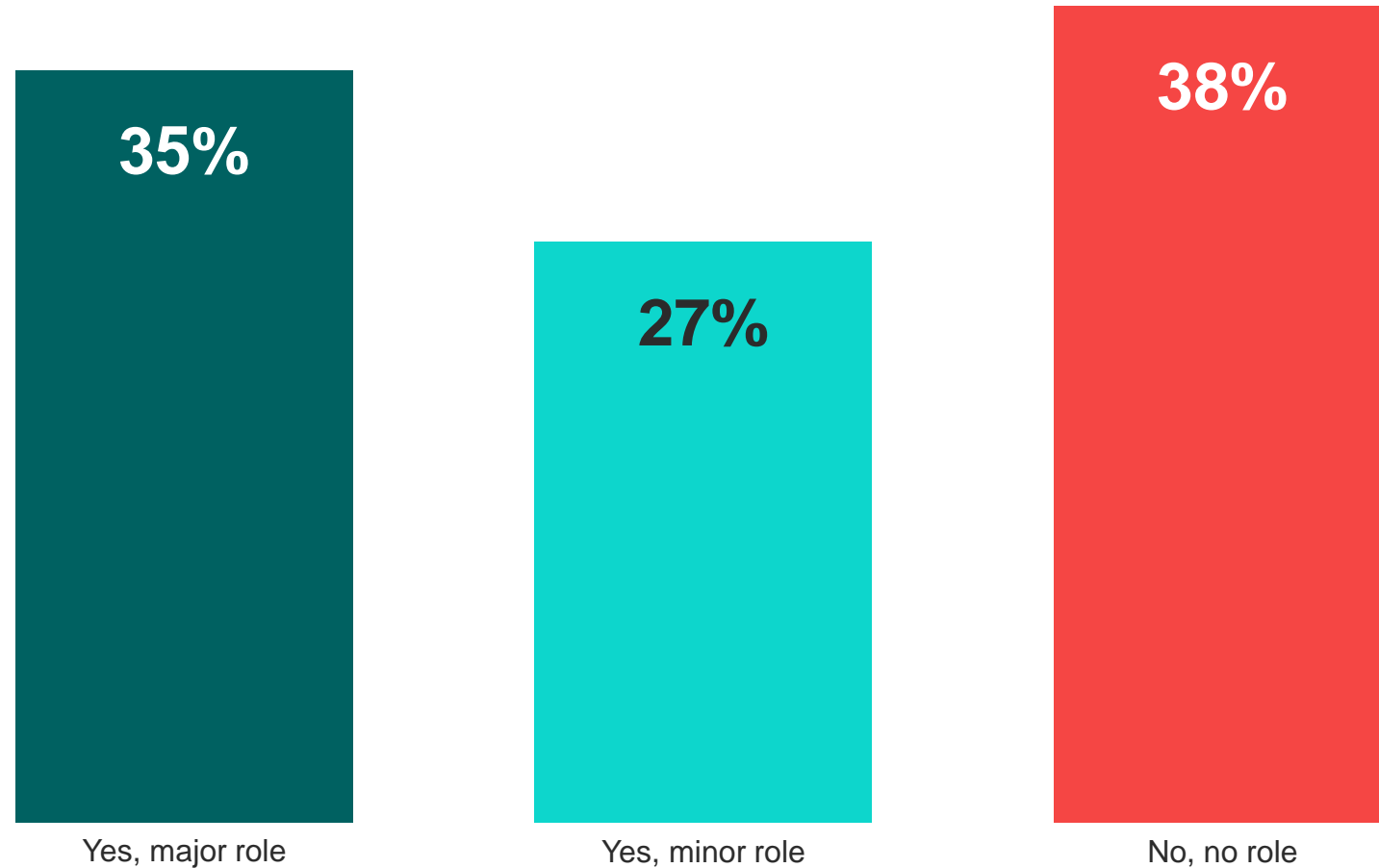
Have the expanded unemployment benefits made it more or less difficult to maintain your business's work force during COVID-19?



Employee Response To Expanded Unemployment Benefits

Over half of small business executives who have laid off employees say the expanded unemployment benefits played a major (35%) or minor (27%) role in their decision to lay-off employees.

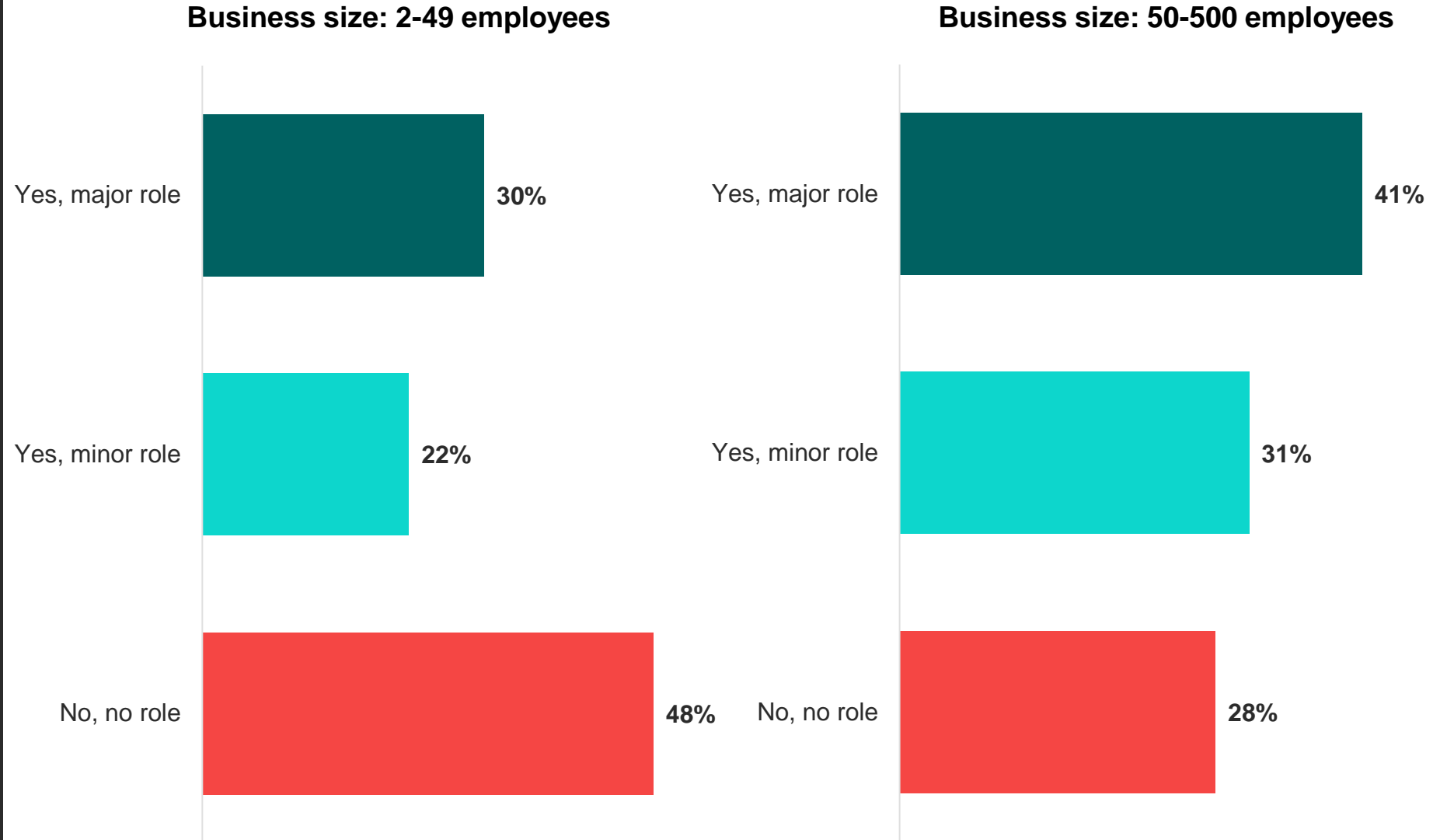
Did the expanded unemployment benefits play a role in your business's decision to lay-off employees?



Employee Response To Expanded Unemployment Benefits

Small business executives with 50-500 employees are more likely to say the expanded unemployment benefits played a major (41%) or minor (31%) role in their decision to lay-off employees.

Did the expanded unemployment benefits play a role in your business's decision to lay-off employees?

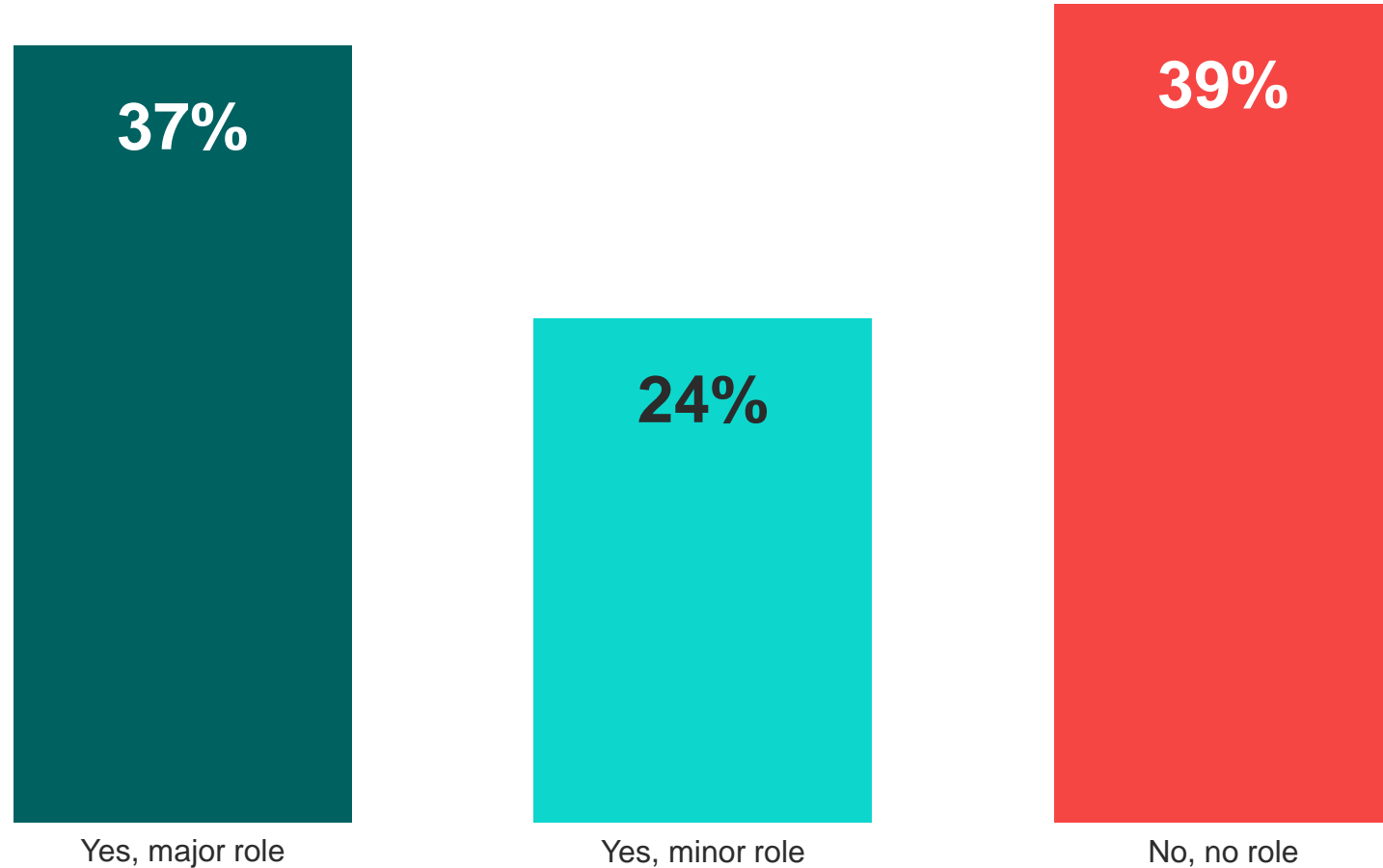


*Among those who have laid off employees due to COVID-19, n=141

Employee Response To Expanded Unemployment Benefits

Similarly, over half of small business executives who have furloughed employees say the expanded unemployment benefits played a major (37%) or minor (24%) role in their decision to furlough employees.

Did the expanded unemployment benefits play a role in your business's decision to furlough employees?

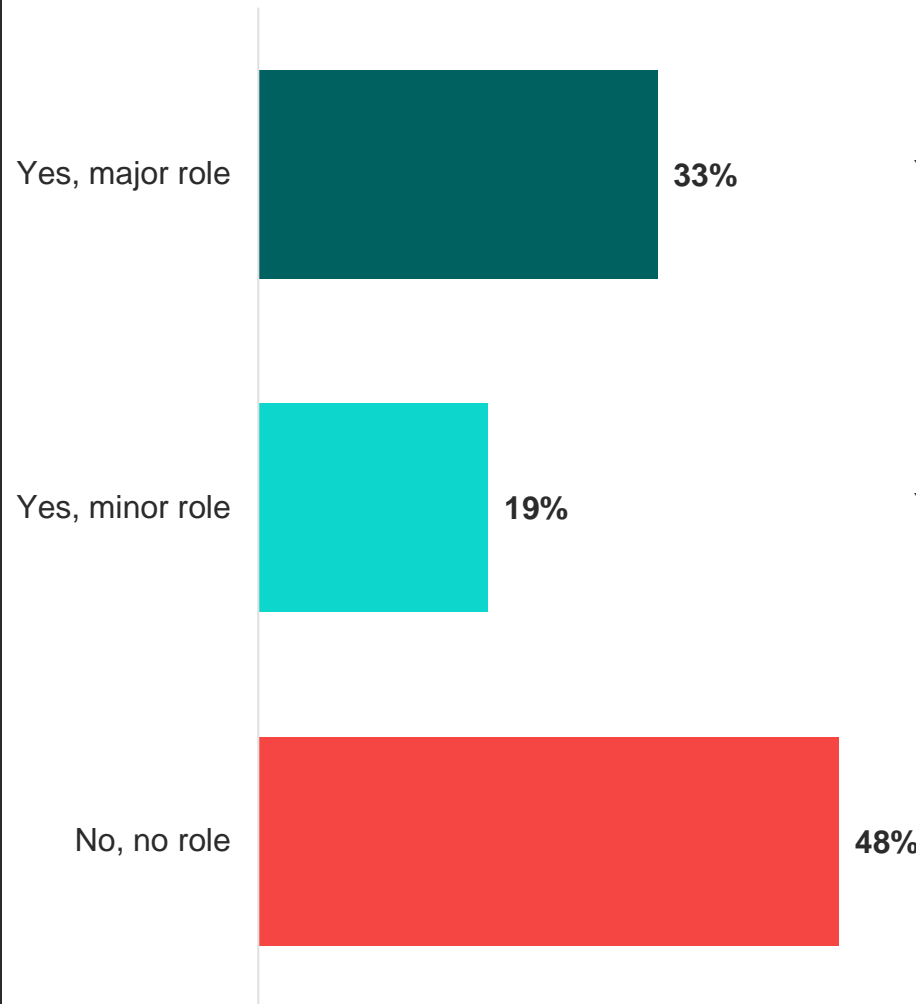


*Among those who have furloughed employees due to COVID-19, n=152

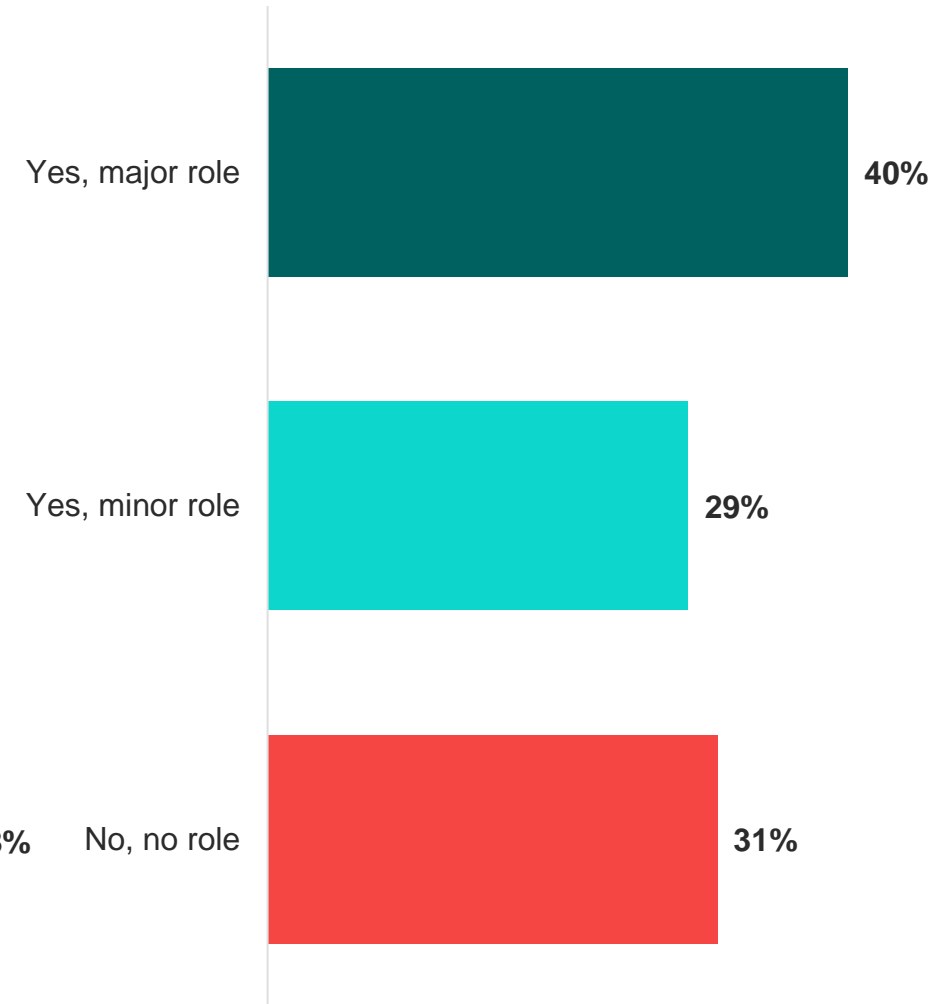
Small business executives with 50-500 employees are more likely to say the expanded unemployment benefits played a major (40%) or minor (29%) roll in their decision to lay-off employees.

Did the expanded unemployment benefits play a role in your business's decision to furlough employees?

Business size: 2-49 employees



Business size: 50-500 employees

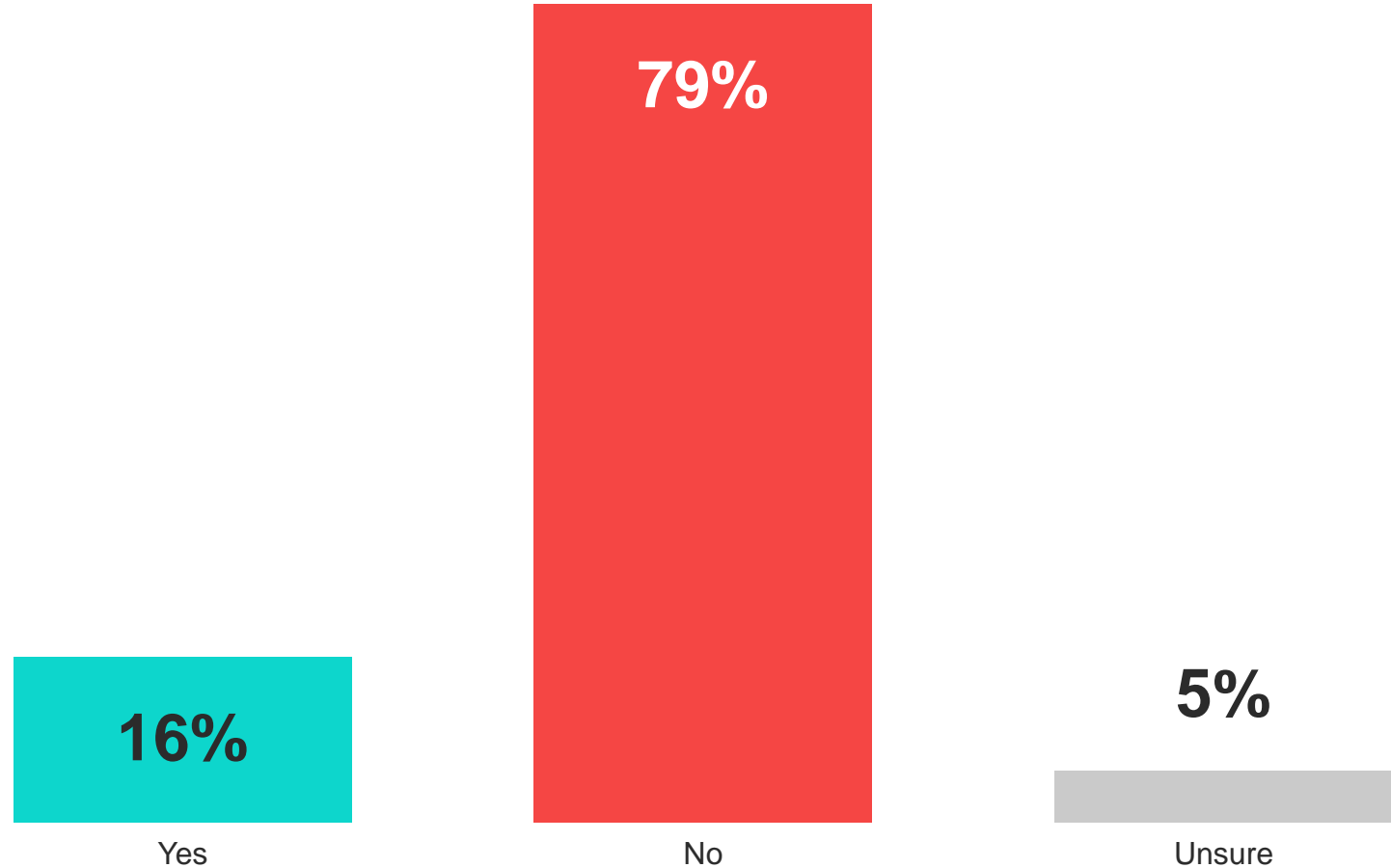


**Among those who have furloughed employees due to COVID-19, n=152*

Employee Response To Expanded Unemployment Benefits

16% of small business executives say employees at their business have quit their job due to COVID-19.

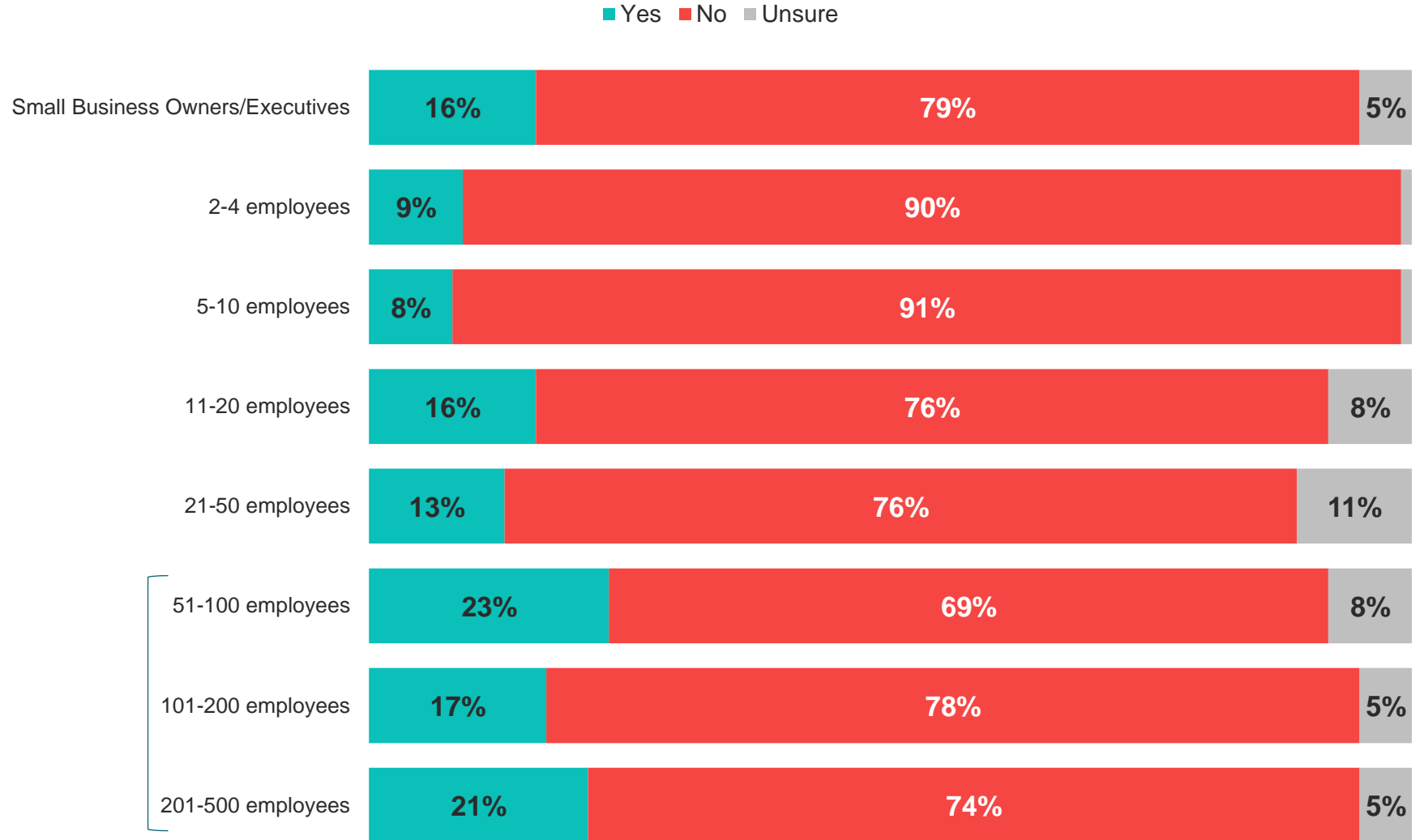
Have employees at your business quit their job due to COVID-19?



Employee Response To Expanded Unemployment Benefits

Small businesses with 51+ employees are more likely to have employees who have quit their job due to COVID-19.

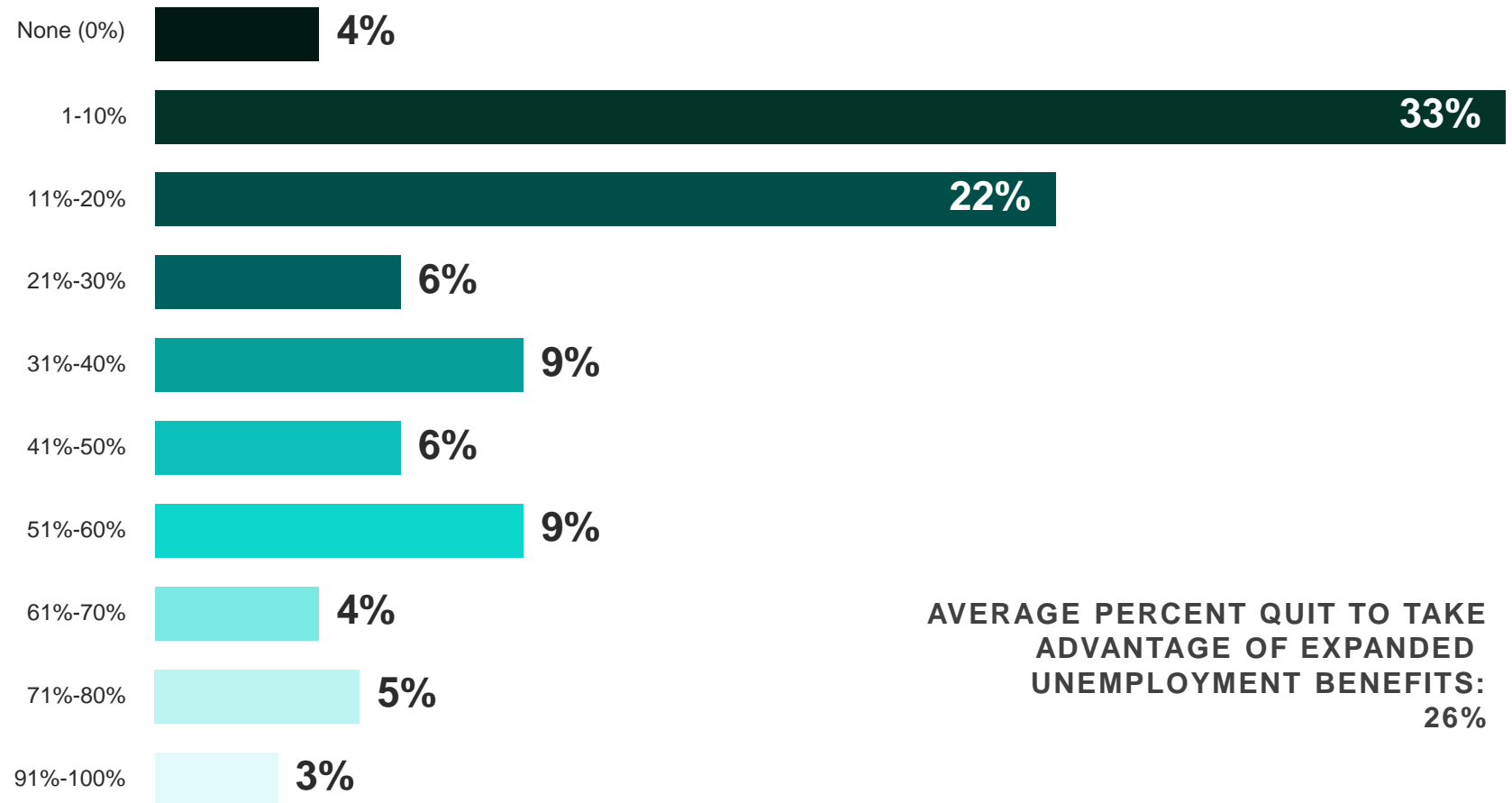
Have employees at your business quit their job due to COVID-19?



Employee Response To Expanded Unemployment Benefits

Among those who say employees of their business have quit their job due to COVID-19, a majority (59%) say 20% of their workforce or less has quit to take advantage of the expanded unemployment benefits.

Approximately what percentage of workers at your business do you think have quit to take advantage of the expanded unemployment benefits?



Employee Response To Expanded Unemployment Benefits

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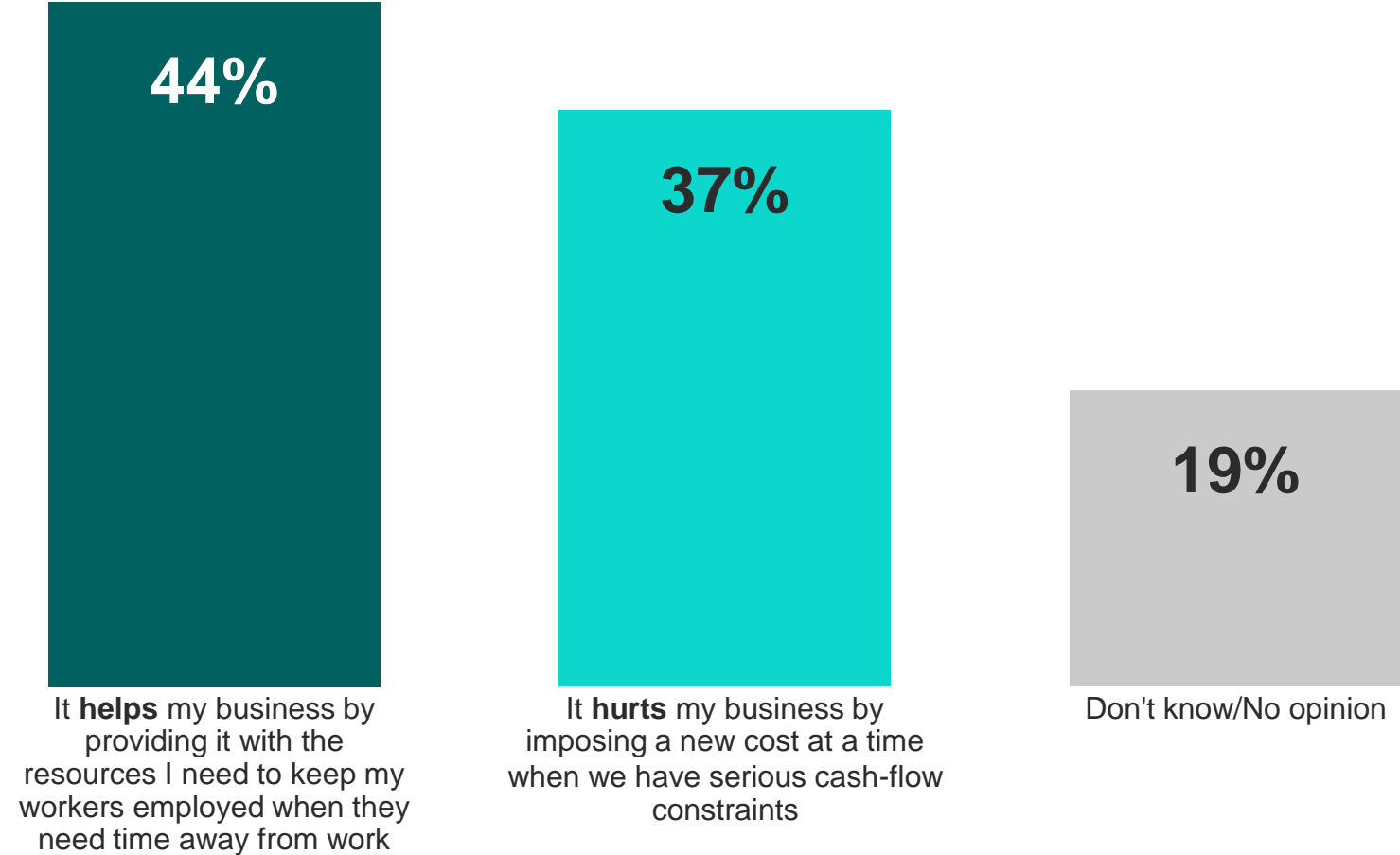


6 Respondent Profile

The Impact of Families First Coronavirus Response Act on Small Businesses

A slight plurality of small business executives (44%) say the Families First Coronavirus Response Act (FFCRA) helps their business, although 37% say it hurts their business.

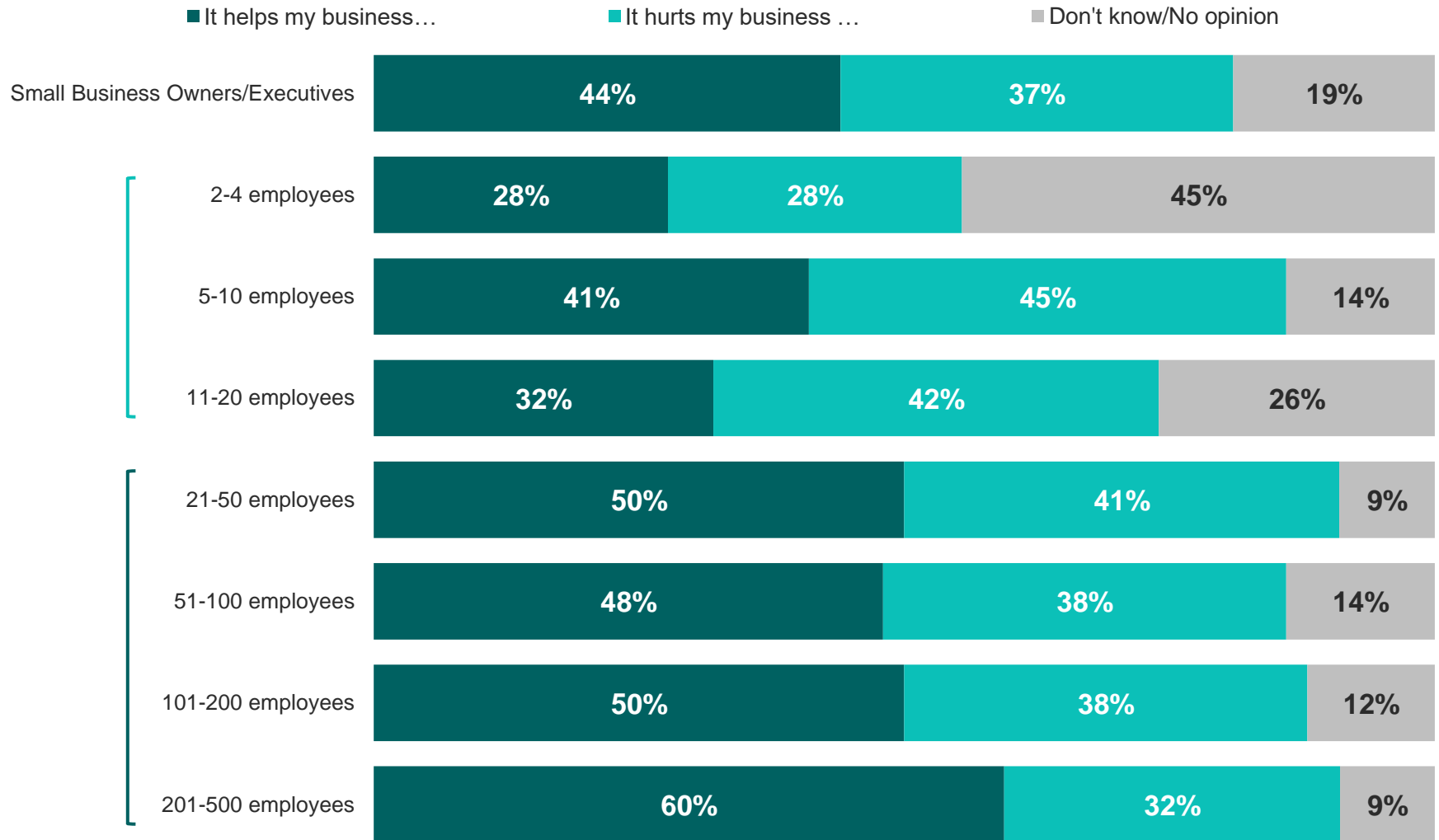
A new federal law requires businesses with 500 or fewer employees to provide paid leave for employees who become ill or have family caregiving responsibilities related to COVID-19. Under this law the federal government will recompensate businesses for these paid leave costs with tax credits. Which statement more accurately reflects how this new law impacts your business?



The Impact of Families First Coronavirus Response Act on Small Businesses

While small business executives with 20 or less employees are slightly more likely to say the FFCRA *hurts* their business, businesses with 21-500 employees are more likely to say the Act *helps* their business.

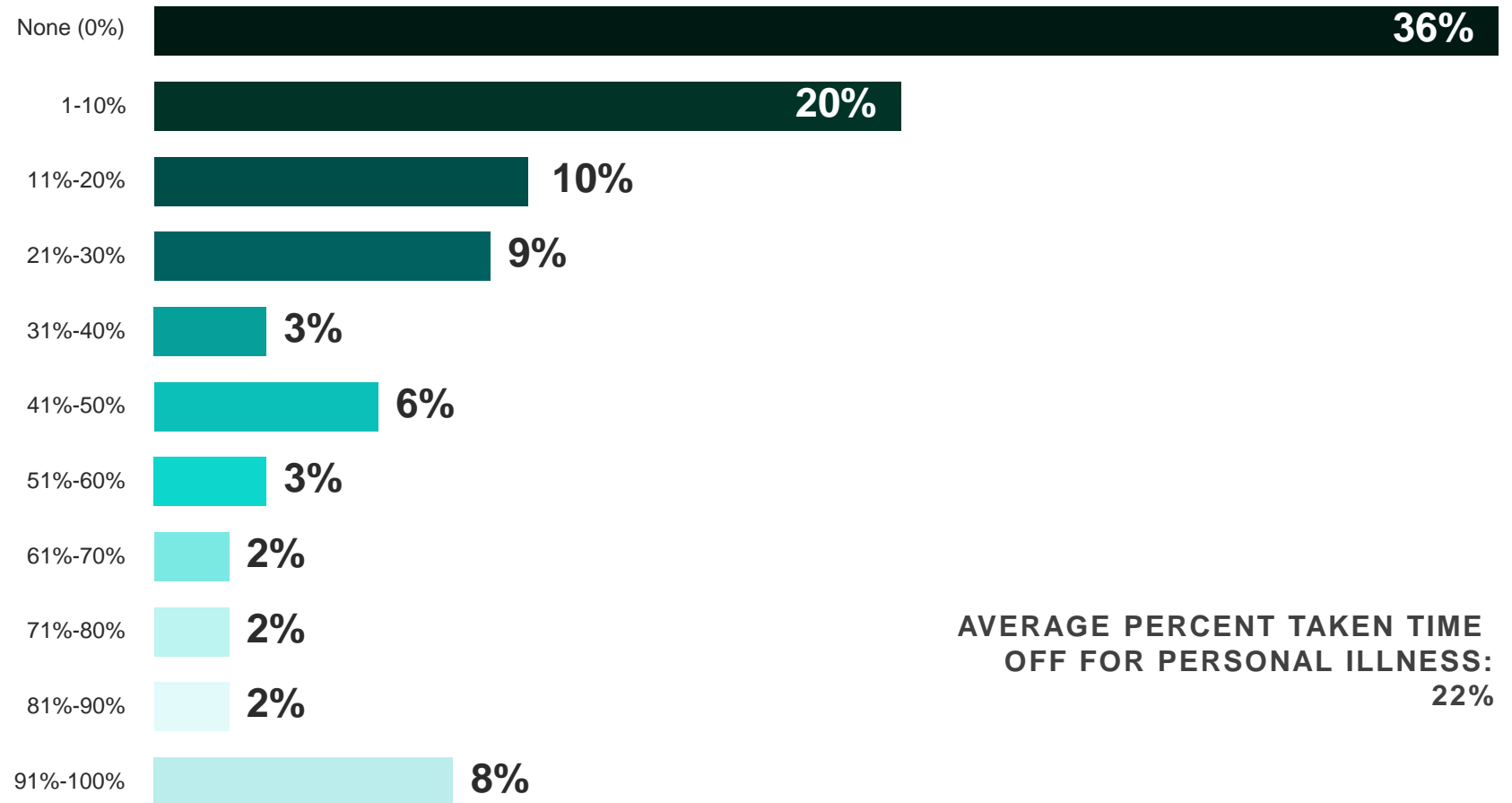
Which statement more accurately reflects how this new law impacts your business?



The Impact of Families First Coronavirus Response Act on Small Businesses

A plurality of small business executives (36%) report none of their employees taking days off due to personal illness because of COVID-19.

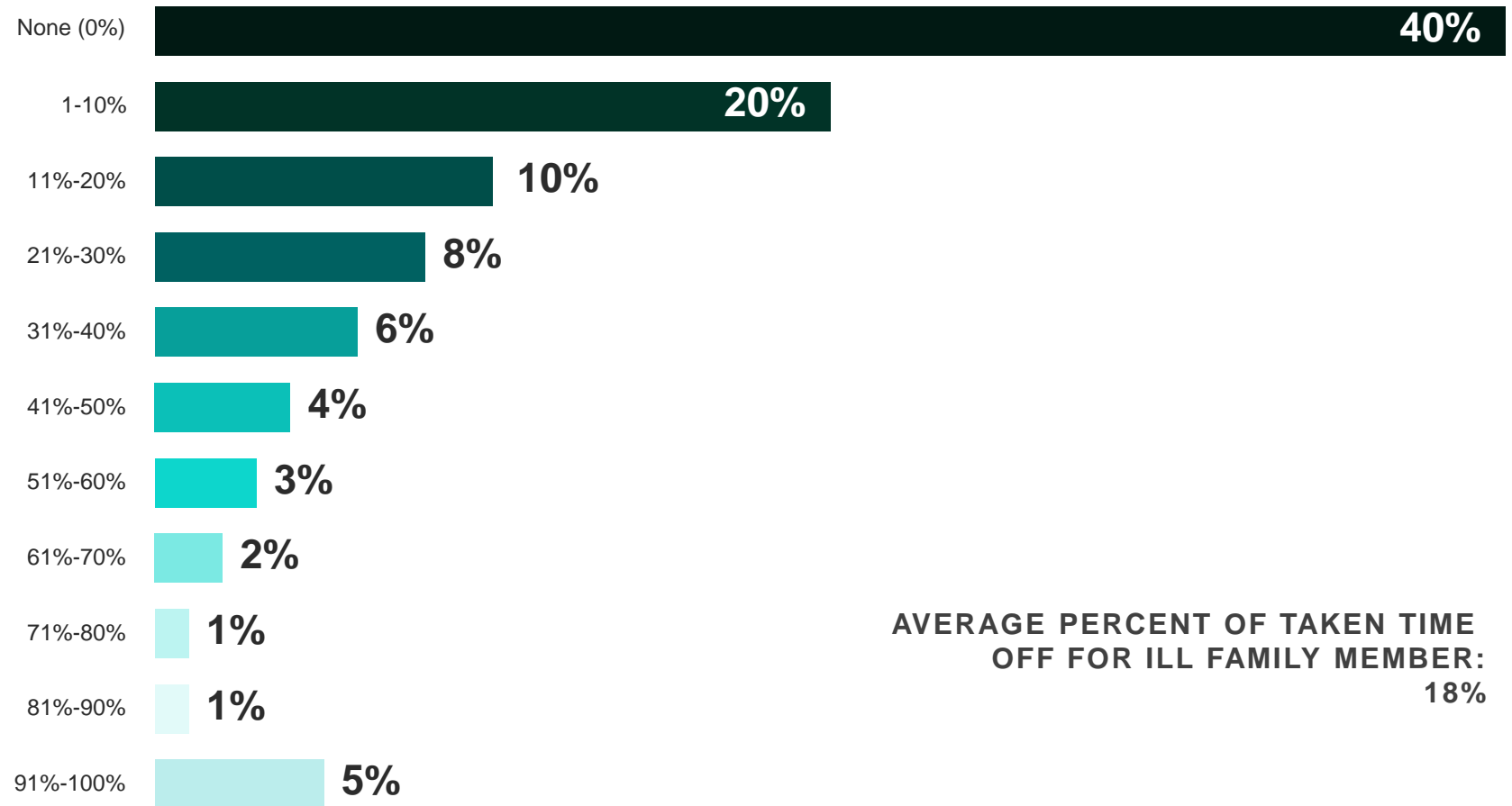
Approximately what percentage of employees at your business have taken days off due to personal illness because of COVID-19?



The Impact of Families First Coronavirus Response Act on Small Businesses

Similarly, 40% of small business executives report none of their employees have taken days off to care for a child or family member because of COVID-19.

Approximately what percentage of employees at your business have taken days off to care for a child or ill family member because of COVID-19?



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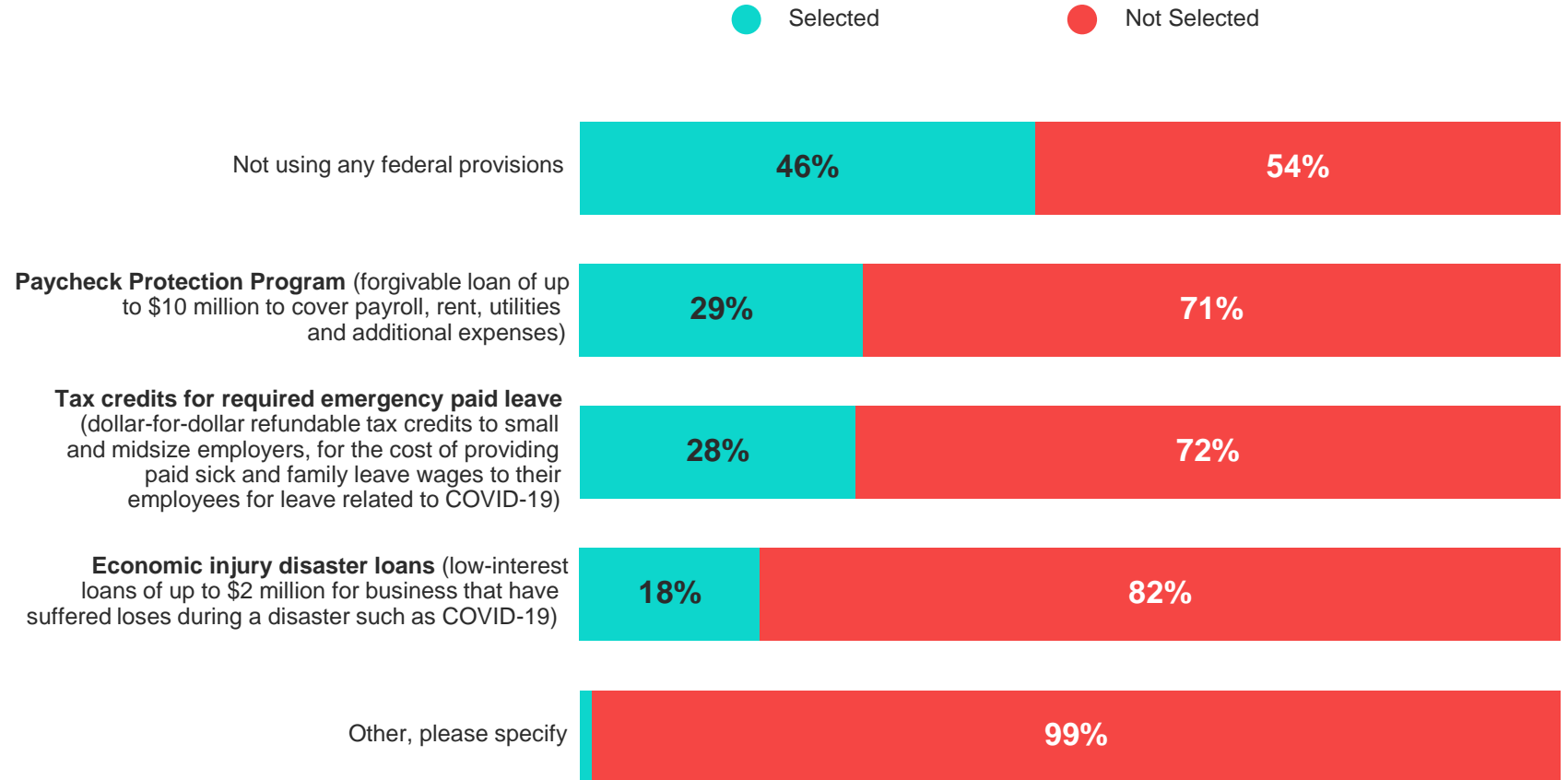


6 Respondent Profile

Use of Federal Provisions for Small Businesses

While a plurality of small business executives (46%) are not using any federal provisions in response to COVID-19, 29% are using the Paycheck Protection Program, 28% using tax credits for required emergency paid leave, and 18% using economic industry disaster loans.

Is your business using any of the following federal provisions in response to COVID-19? Please select all that apply.



Over half of small business executives with 2-20 employees say they have not used any federal provisions in response to COVID-19.

Is your business using any of the following federal provisions in response to COVID-19? Please select all that apply.

Use Of Federal Provisions For Small Business By Business Size								
	Small Business Executives	2-4 employees	5-10 employees	11-20 employees	21-50 employees	51-100 employees	101-200 employees	201-500 employees
Not using any federal provisions	46%	75%	62%	62%	28%	32%	38%	30%
Paycheck Protection Program	29%	9%	21%	26%	37%	43%	36%	29%
Tax Credits for required emergency paid leave	28%	10%	20%	22%	33%	38%	28%	41%
Economic injury disaster loans	18%	6%	13%	20%	24%	17%	22%	29%

Use of Federal Provisions for Small Businesses

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2 Small Business Challenges Amidst COVID-19



3 Employee Response To Expanded Unemployment Benefits



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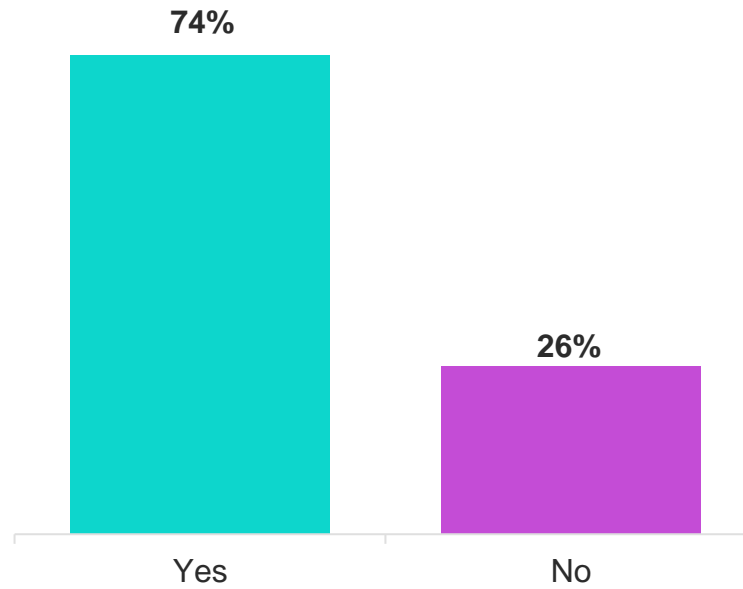
5 Use of Federal Provisions for Small Businesses



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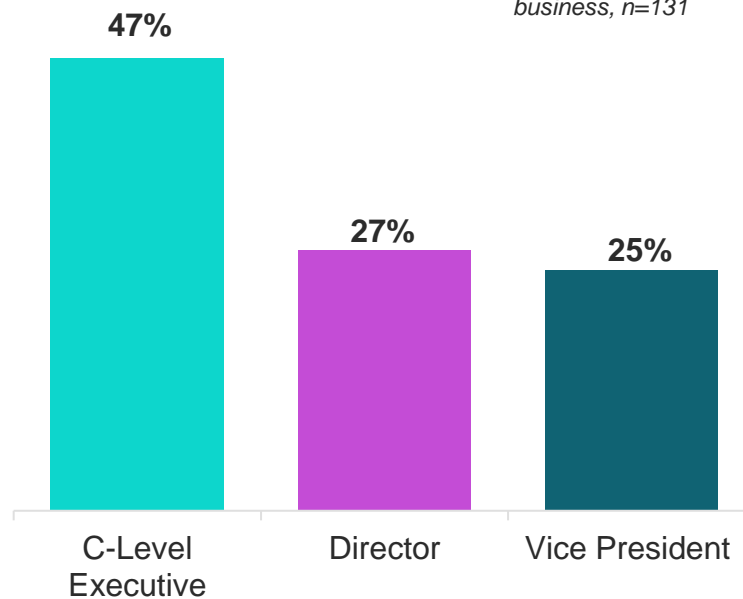
Respondent Profile

Business Owner



Small Business Executives

Asked among those who do not own a business, n=131



Number of Employees at Small Business

