

From Pandemic to Prosperity: Bipartisan Solutions to Support Today's Small Businesses

The issues focused on in this report emerged from conversations with small business owners, national surveys conducted by Goldman Sachs 10,000 Small Businesses Voices, and discussions with current and former government officials. Policy options derive from these conversations and discussions, as well as consultations with policy experts, and members of Congress and their staff.

Key Takeaways

- The COVID-19 pandemic created many obstacles for American small businesses—but it also exacerbated preexisting challenges.
- Millions benefited from emergency government assistance, yet many continue to struggle with inflation, hiring, child care, access to capital and supply chain challenges.
- To help small businesses recover and grow, policymakers should focus on four key areas.

4 in 10 small business owners said they were struggling due to the continued impact of the pandemic. 86% said broader economic trends (such as inflation, workforce challenges, and supply chain delays) were negatively affecting their business. - Goldman Sachs 10,000 Small Businesses Voices national survey

Policy Focus Areas



Access to Capital

Future policy action should seek ways to increase access to flexible and affordable sources of external capital.



Workforce & Competitiveness

Support small businesses in hiring, training, and retaining workers.



Procurement & Government Contracting

Take steps to expand small business participation in federal procurement.



Child Care

Support small businesses seeking to help workers with child care and address challenges in the business model faced by small business child care providers.



SBA Reauthorization

Reauthorize the Small Business Administration to modernize and enhance the work done by the agency.

Access to Capital

Key Takeaways

- Finding flexible sources of external credit is a consistent challenge for small businesses—and a priority for policymakers seeking to help small businesses.
- The emergency loans and grants the federal government made available during the pandemic helped keep many small businesses afloat—but small businesses continue to need access to capital.
- Online lenders and CDFIs play an important role in helping decrease the gap in capital access among business owners of color.



"48% of Black small business owners said they expect to take out a loan or line of credit for their business in 2022—yet just 19% were “very confident” in their businesses’ ability to access capital." - Goldman Sachs 10,000 Small Businesses Voices national survey

Policy Options

- Renew the COVID-19 Economic Injury Disaster Loan program
- Streamline, structure, and clarify loan application processes for small businesses.
- Continue to extend—and consider making permanent—the Community Advantage program.
- Consider ways to broaden the base of lender participation in the 7(a) loan guarantee program.

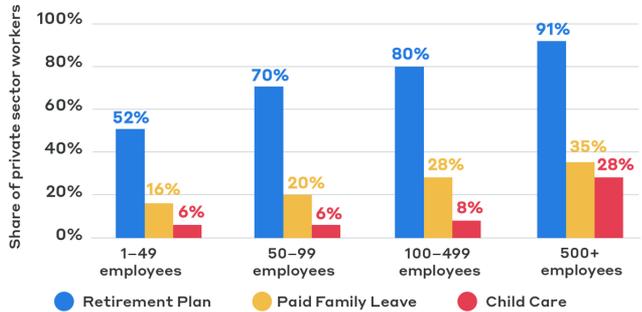
Workforce & Competitiveness

Key Takeaways

- Hiring and retention have been cited by small businesses as their top challenges in seeking to escape the effects of the pandemic.
- Existing policy incentives often don't work for small businesses, or are underutilized, due to administrative burdens and low awareness.
- Federal policymakers should seek to support greater access to workplace benefits, such as retirement and paid leave, at small businesses. They can do this through creation of new incentives (such as tax credits) and changes to existing policies.

“Small businesses don’t take advantage of certain paid leave credits, not because they don’t want to, but because they can’t afford to have an employee be out.” - Small business owner

Employee access to benefits by business size



Source: Bureau of Labor Statistics, "National Compensation Survey: Employee Benefits in the United States," September 2021. Employment size categories pertain to establishments.

Policy Options

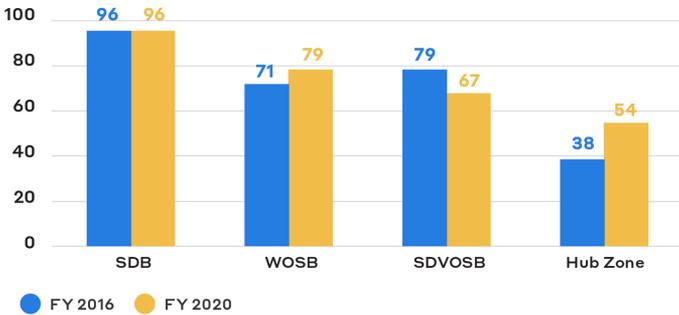
- Renew the employee retention credit or create a similar incentive for small businesses.
- Support the ability of small businesses to offer retirement plans and leverage student debt repayments for retirement contributions.
- Subsidize the costs of workforce-related training and certification for small business owners.
- Create a clear and concise resource guide for small businesses to navigate the tax credits available to them for workplace benefits.

Procurement & Government Contracting

Key Takeaways

- The federal government spends billions of dollars each year on goods and services from the private sector. While procurement spending has risen steadily, the number of small businesses participating as government contractors has shrunk considerably.
- Barriers to procurement include burdensome and confusing processes and misaligned incentive structures.
- Expanding small business opportunities in federal procurement is an important way to strengthen resilience and growth among small businesses.

Share of federal agencies meeting contracting goals (%)



← The federal government has only met its women-owned small businesses (WOSB) contracting goal twice since it was established in 1994 →

Source: Small Business Administration Note: Federal agencies are expected to award a certain share of contracts to specific types of small businesses each year.

SDB = Small Disadvantaged Business

WOSB = Woman Owned Small Business

SDVOSB = Service Disabled Veteran Owned Small Business

HUB Zone = Historically Underutilized Business Zone

Policy Options

- Improve training and technical assistance for contracting officers and small business contractors.
- Raise the simplified acquisition threshold.
- Enforce prompt pay for small business contractors across agencies.
- Improve information collected in the Electronic Subcontracting Reporting System and Contractor Performance Assessment System.

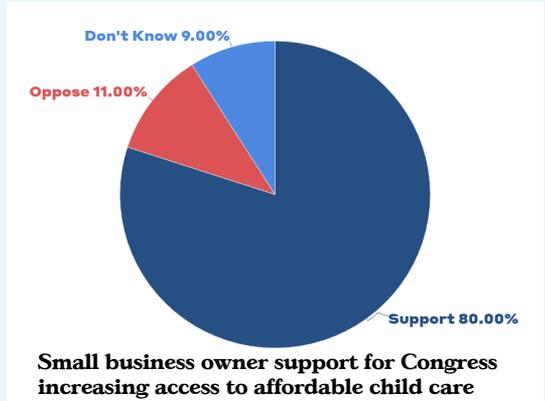
Child Care

Key Takeaways

- COVID-19 underscored the essential nature of child care and the difficulties in ensuring that high quality care is accessible and affordable. For small child care providers, the pandemic also highlighted the deficiencies in the basic business model of child care.
- Small business owners who want to help their employees with child care face a complex policy landscape that often doesn't work for small businesses. Existing policies aren't used by many because of low awareness, high cost, or market gaps.
- Federal policymakers should consider ways to help small businesses support their employees' child care needs while addressing the flaws in the child care business model.

Source: Goldman Sachs 10,000 Small Business Voices national survey, January 2022.

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"I've had a desire to provide child care for years. For now, it doesn't make any sense financially." - Small Business Owner
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Policy Options

- Incentivize and support pooling among small businesses to contract with child care providers.
- Provide greater assistance to small businesses and small business child care providers in understanding what benefits are available.
- Enhance existing tax credits for small businesses to access and sponsor child care.
- Decouple Dependent Care Assistance Plans and the Child and Dependent Care Tax Credit.