



COVID-19 IMPACT ON SMALL BUSINESSES IN CHICAGO

RESULTS FROM A POVERTY LAB SURVEY

AUGUST 2020

Alexander W. Bartik
Marianne Bertrand
Guglielmo Briscese
Zoe B. Cullen
Edward Glaeser
Michael Luca
Christopher Stanton
Patricia van Hissenhoven
Jamil Mirabito
Manal Saleh

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About the Poverty Lab

Founded in 2015, The University of Chicago Poverty Lab conducts rigorous experimental studies that lead to greater economic opportunity for communities that have been harmed by disinvestment and segregation. The lab partners with policymakers, community-based organizations and others to identify their most urgent and pressing challenges, co-generate evidence about what works, and translate findings into policy changes that reduce urban poverty and improve people's lives. One of five Urban Labs based at the Harris School of Public Policy, the Poverty Lab is led by Pritzker Director Marianne Bertrand, Chris P. Dyalynas Distinguished Service Professor of Economics at the Booth School of Business.

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Executive Summary

In partnership with several governmental and agency partners and other business-serving organizations, the University of Chicago Poverty Lab fielded a survey to understand the impact of COVID-19 on small businesses and how those business owners responded to the various federal and local loan and grant programs available. We collected responses from 911 business owners in Chicago between April 21st and May 21st who responded to an invitation they received via email. Key findings are summarized below.

SUMMARY OF KEY FINDINGS:

- **Half of all responding businesses between April 21st and May 21st reported they were temporarily closed due to COVID-19**, and of those businesses, one in three were not certain they could reopen.¹ The average business reported losing half of their employees, driven by a reduction in hourly workers. Service industries, Retail stores, Restaurants/Bars, and Leisure/Hospitality/Entertainment businesses were particularly impacted by closures, while Professional Services and Manufacturing were the least impacted industries.
- **37 percent of commercial renters had missed a rent payment and another 36 percent expected to miss one soon** if revenues do not recover. This is higher among Restaurants/Bars (53 percent) and Retail businesses (51 percent). On average, businesses report having access to one month's expenses. The Restaurants/Bars industry reported being particularly financially vulnerable, with enough cash on hand to cover only 3 weeks of expenses on average.
- **Minority-owned businesses are particularly at risk.** While these businesses were similarly impacted by COVID-19 in terms of closures and hourly employee losses, they were more likely to report losing a greater share of their salaried employees (44 percent, compared to 35 percent for White-owned businesses). They also had less access to cash on average (one month compared to ~5 weeks of expenses among White-owned businesses) and were at higher risk of missing a rent payment on their commercial property (82 percent had missed or expected to miss a rent payment, compared to 67 percent for White-owned businesses). Despite this disproportionate financial need, Minority business owners were slightly less likely to successfully apply to or be approved for the Paycheck Protection Program (PPP) loan compared to White business owners.
- **Business owners indicated a need for assistance in finding resources and understanding their options.** Many of those who tried but were unable to apply for the PPP struggled to find a bank that was still accepting applications or did not have the required verification paperwork, and would benefit from advice on applying to programs with similar requirements or on finding alternative options. Additionally, most business owners are not aware of private loan and grant programs, and many are not aware of the SBA's Economic Injury Disaster Loan or Emergency Advance program. About half indicated they would benefit from a centralized website of resources and information. These findings indicate that business owners are struggling to navigate the myriad of constantly changing resources available.

¹ Because responses were collected before Chicago began the Be Safe Chicago phased reopening plan, rates of operational status are not current.

DISCUSSION AND RECOMMENDATIONS

While the City of Chicago's Be Safe Chicago reopening plan is now well underway, customers are still cautious about resuming their daily shopping and other in-person activities, and small businesses are experiencing depressed revenues compared to the period prior to the closures caused by the pandemic, consistent with national trends.² As coronavirus case rates have recently increased in the city, some customer-facing businesses have already faced new restrictions to combat the spread, and businesses continue to operate in an uncertain public health environment where another wave of shutdowns is a constant possibility.³ Business owners need enough capital to pay their staff, utility bills, and rent, and to sustain their business on lower revenues over an extended period of time. Below are several recommendations for local policymakers aiming to assist small business owners:

- **Ease the commercial rent burden on small businesses.**
 - **Assist business owners in negotiating rent with landlords.** Help business owners navigate conversations with commercial landlords to renegotiate rent, set up a payment plan, or otherwise understand the legal options available to them given their specific lease agreement.
 - **Consider other options for easing commercial rent burden,** including direct aid, targeted and contingent tax abatement, and changes to commercial landlord-tenant law, among other strategies.
- **Increase awareness of (and encourage engagement with) available resources.**
 - **Invest in making websites an up-to-date one-stop shop of resources and support.** Business owners indicate a desire for a more centralized portal of resources given the constantly changing resources and funding availability across local and national or public and private channels. Investing in centralizing guidelines and resources can help those business owners who are confused about navigating the many loan and grant programs available, or who have had trouble applying successfully and need direct support but are not sure where to find it.
 - **Increase awareness of private loans/grants available.** Several organizations have created compilations of private grants and loans. On websites or in direct communication with business owners, link to a thorough resource compiling alternative options.
 - **Support crowdfunding efforts.** As grants and loans may not be accessible to everyone, consider partnering directly with businesses to support their fundraising efforts, providing coaching or other assistance, or increasing awareness of external initiatives to support crowdfunding efforts like the Chicago Business Support Network.

² Small business revenue and consumer spending trends in Chicago retrieved from <https://www.tracktherecovery.org/>.

³ Office of the Mayor, City of Chicago. *Mayor Lightfoot, CDPH and BACP Reinstate Targeted COVID-19 Restrictions to Help Combat Recent Rise in Community Cases* [Press Release]. (2020, July 20).

https://www.chicago.gov/city/en/depts/mayor/press_room/press_releases/2020/july/BACPCOVIDRestrictions.html

Executive Summary

- **Continue to invest in public health measures to reduce the risk of further community transmission.** As more businesses are now open with increased capacity, including indoor seating, the risk of community transmission has heightened along with the subsequent risk of another wave of closures in response to spikes in cases. Consider subsidizing PPE and other safety supplies for business owners to reduce the risk of transmission in their establishments. As PPE may be limited, concentrate supports on “super-spreader” businesses that attract more visitors and longer stays, like restaurants, salons, and gyms.⁴ In addition to the life-saving public health benefits, these investments may help stave off another wave of closures, and reduced coronavirus cases may help increase consumer confidence and encourage spending safely to help businesses recover their revenues.
- **Continue to collect data to inform policy.** Business owners are currently operating in a reactive environment, and establishing consistent touchpoints via surveys or other direct feedback methods could ensure that policymakers are aware of the many considerations and risk-benefit analyses being made at a given time.

⁴ University of Chicago researchers analyzed 2019 cell phone data to measure which industries were most at risk of being “super-spreaders” based on weekly visits, average length of each visit, and self-reported average interactions with people or surfaces. More information can be found here: <https://www.nytimes.com/interactive/2020/05/06/opinion/coronavirus-us-reopen.html>

Detailed Findings from the Small Business Survey

INTRODUCTION

The coronavirus pandemic and the subsequent public health measures instituted to contain the spread, as well as general anxiety about maintaining physical distance to avoid the contagion, have led to unprecedented and widespread economic disruption across the country. These disruptions left many business owners in precarious positions, not knowing how long they would have to shut down or adapt their business model, not able to access loans and grants as funding ran dry quickly, and not knowing if and when additional financial support would be made available.

This report summarizes Chicago business owners' responses to a survey about COVID-19's impact on their small business in light of these circumstances. This research sought to answer the following questions:

1. How has the COVID-19 crisis affected small businesses?
2. What local and federal relief measures have small business owners accessed? How does this vary by minority business owners or by industry?
3. What could be modified in these programs to make them more useful for small business owners? What barriers are non-applicants facing?

This report is divided into four sections. The first section describes the survey methodology and general characteristics of survey respondents. In the second section, we describe the impact of COVID-19 on small businesses in terms of their operations, employment levels, ability to pay their commercial rent, and access to cash and credit. In the third section, we describe business owners' awareness and application of loan and grant programs, and in the fourth section we describe potential barriers and improvements to assistance programs.

SECTION 1: METHODOLOGY AND SAMPLE MAKE-UP

SECTION 1: METHODOLOGY AND SAMPLE MAKE-UP

The survey was distributed by government and private agencies serving small business owners across Illinois (see Acknowledgements for a comprehensive list of organizations who graciously supported this effort). In the majority of cases, our partners emailed a brief description of the survey as part of other communications related to small business recovery options and programs and shared a link to an online survey hosted in Qualtrics. As incentive for completing the survey, we held a lottery for ten \$500 cash prizes.

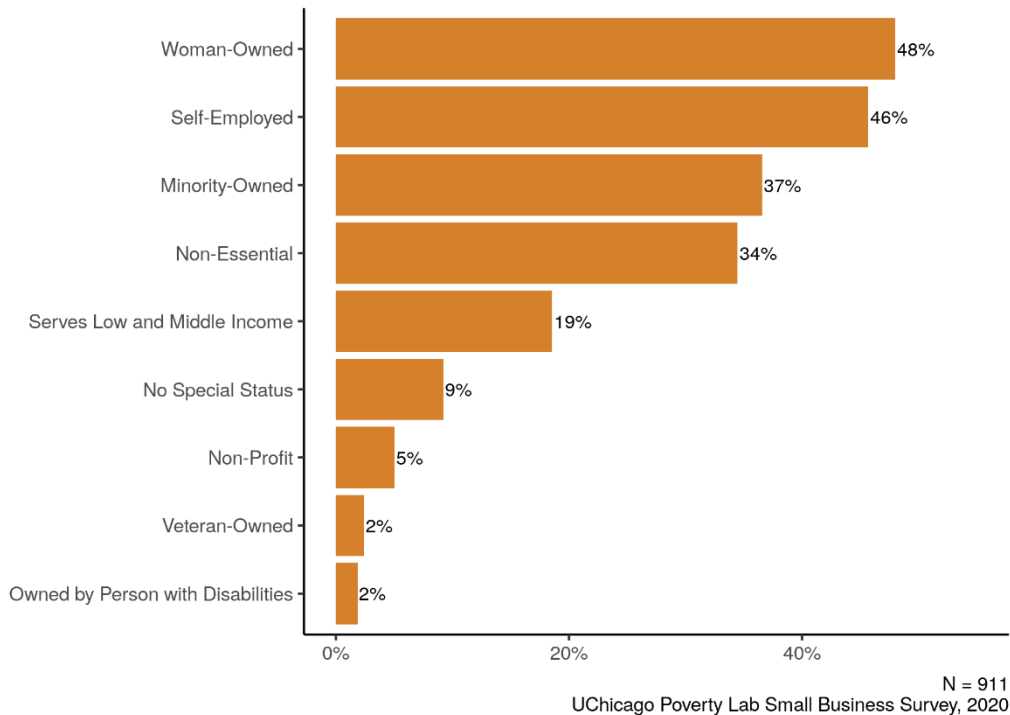
Note that results may not be representative of all small businesses in Chicago, as business owners had to be part of a mailing list or other network of small business owners whom our partners were able to reach with an invitation to take our survey. Sample comparisons to Cook County businesses in terms of industry and business size are shown in Section 1 and Appendix A.

Sample Composition by Business Owner

The largest shares of survey responses are from Woman-owned businesses (48 percent), self-employed / sole proprietors (46 percent), and Minority-owned businesses (37 percent). These categories are not mutually exclusive.

One-third of responses came from owners whose businesses were considered Non-Essential, which we defined in the survey as businesses which “shut down during [the] Stay at Home order.”

Figure 1. Firm Composition by Owner / Business Type



Respondents were asked “Which of the following describes this business? Select all that apply.”

SECTION 1: METHODOLOGY AND SAMPLE MAKE-UP

Sample Composition by Business Size

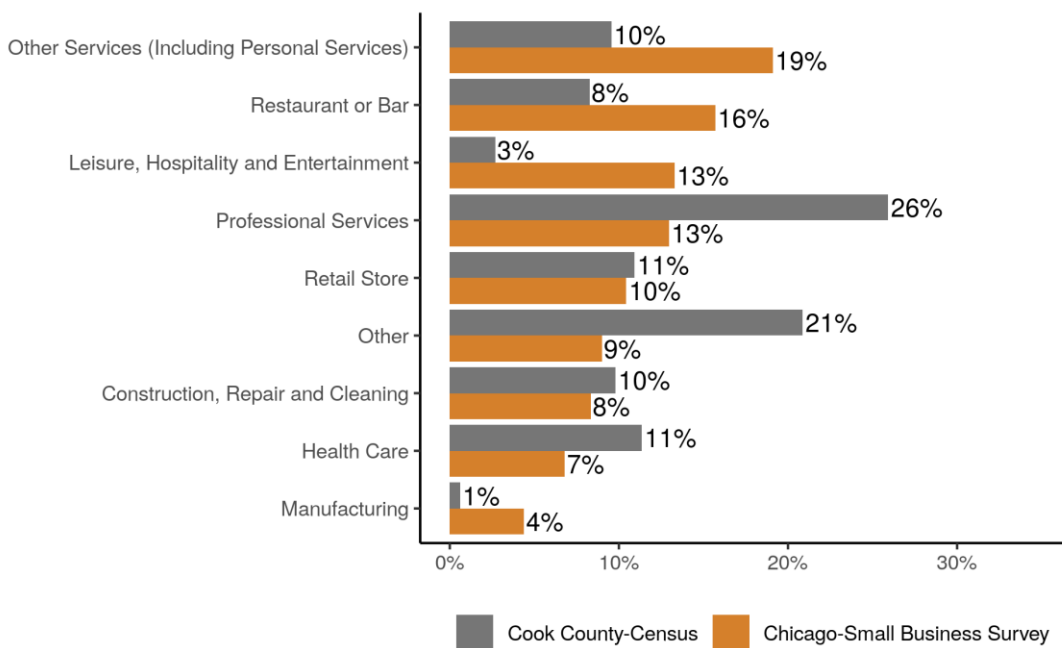
Among small business survey respondents, 49 percent have fewer than 5 employees and nearly all (98 percent) have fewer than 100 employees (see Appendix A).⁵

Compared to the Census Bureau’s County Business Patterns (CBP) distribution of employer establishments across Cook County in 2017 (the most recent granular data available), this sample is slightly underrepresented among businesses with less than 5 employees and overrepresented among businesses with 5 to 9 employees (Appendix A). (The CBP distribution does not account for “nonemployer” businesses like independent contractors or other small businesses with no paid employees.)

Sample Composition by Industry Type

Some of the most well represented industries are those providing Other Services⁶ (19 percent), Restaurants/Bars (16 percent), and the Leisure, Hospitality, and Entertainment industry (13 percent). Compared to Cook County businesses, our sample is underrepresented among Professional Services and overrepresented among Other Services, Restaurants/Bars, and Leisure, Hospitality, and Entertainment.

Figure 2. Industry Distribution Compared to Census



SBS N = 911
 Census N = 133591
 County Business Patterns, Census Bureau, 2017
 UChicago Poverty Lab Small Business Survey, 2020

⁵ To gauge pre-COVID-19 employment levels, we asked respondents to report how many employees they had on their payroll on January 31st, 2020.

⁶ Industries were consolidated to ensure a readable sample size per group. *Other Services (including Personal Services)* includes Education, Social Assistance, Childcare, and personal service businesses like fitness centers, barber shops, and salons. *Leisure, Hospitality, and Entertainment* include Travel/Tourism, Lodging/Hotel/Motel, Catering, and Arts and Entertainment. *Professional Services* include Banking / Finance / Accounting / Consulting, Media, and Insurance / Real Estate / Rental / Leasing businesses. Similarly, we consolidated industries in the County Business Patterns dataset to match the survey-based groupings as closely as possible for comparability.

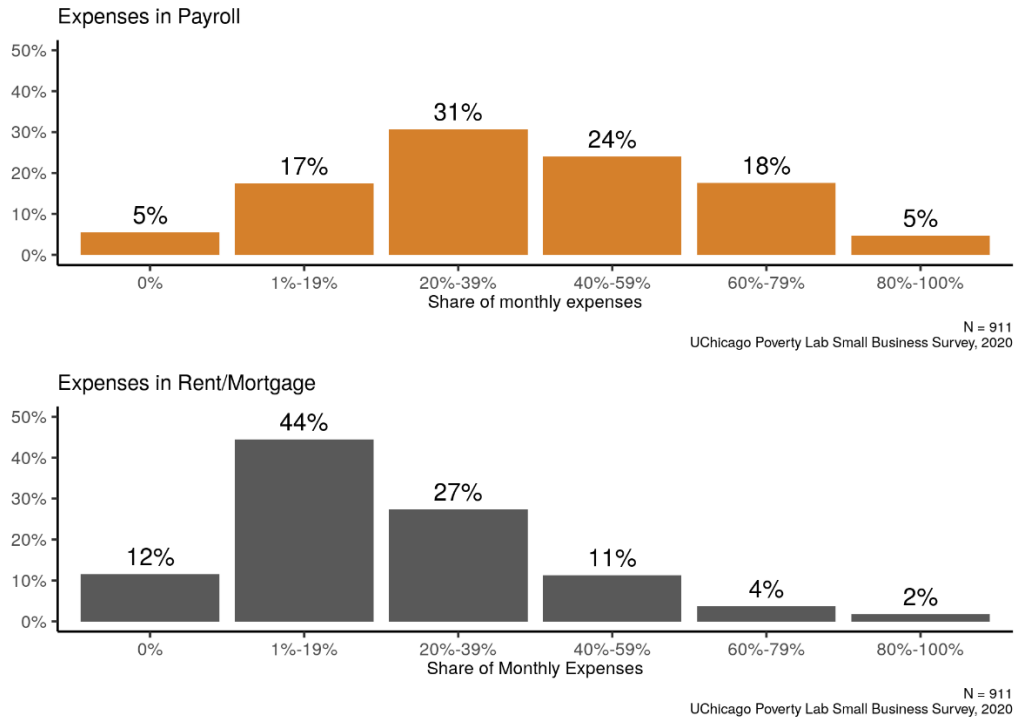
SECTION 1: METHODOLOGY AND SAMPLE MAKE-UP

Monthly Operating Expenses

On average, 59 percent of responding businesses said they spend at least \$10,000 on operating expenses during a typical month (Appendix B). Nearly one-fourth spend at least \$50,000.

The majority of small business owners say that payroll makes up at least one-fifth of their typical monthly operating expenses, and 44 percent say rent/mortgage costs make up at least one-fifth of expenses.

Figure 3. Share of Expenses Spent on Payroll and Rent / Mortgage



Respondents were asked to report their typical monthly business expenses prior to COVID-19 disruptions, and then asked what share of typical monthly business expenses was spent on payroll and rent, lease, or mortgage payments on a property (those who operate their business from their home were instructed to enter 0%).

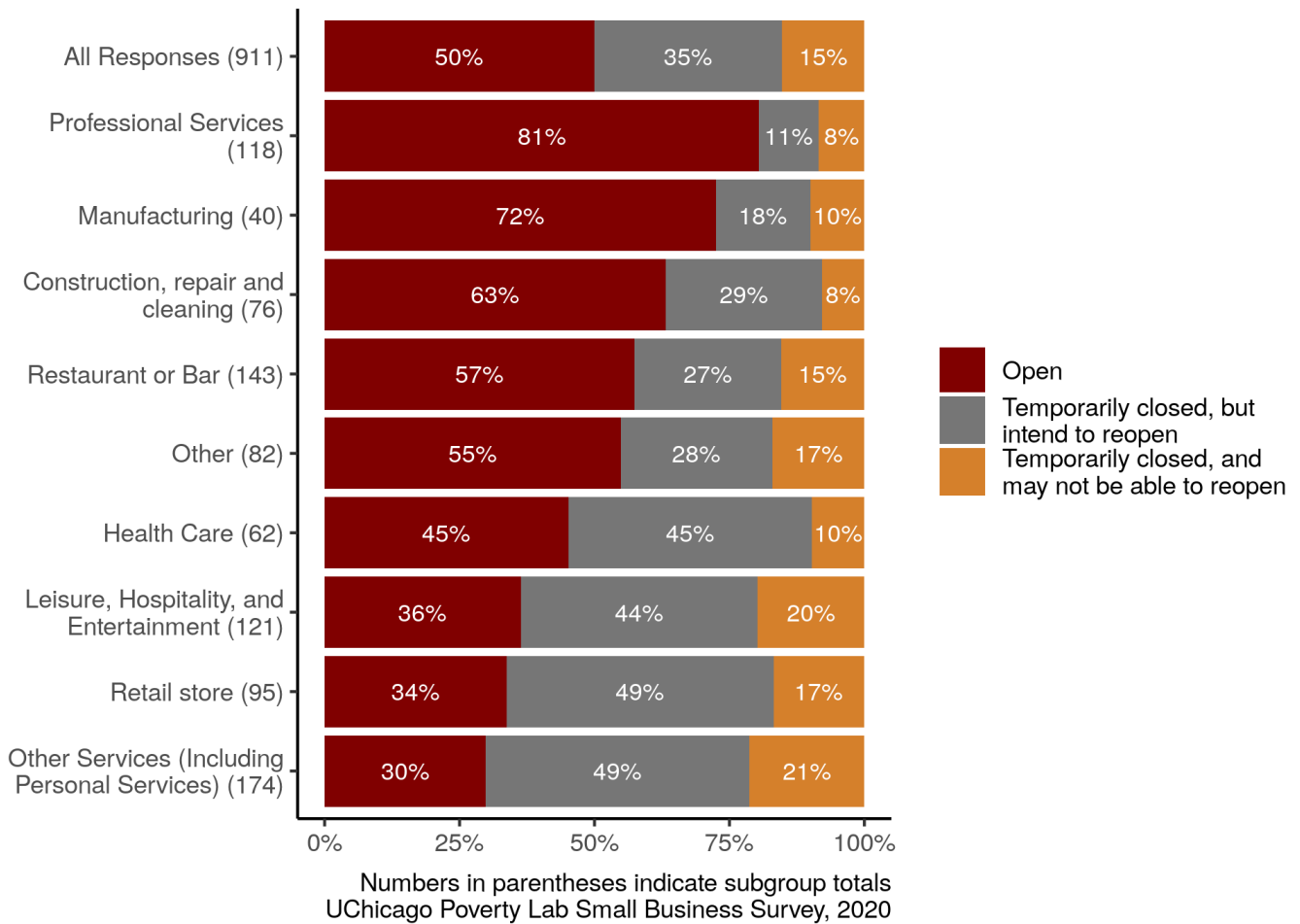
SECTION 2: COVID-19 IMPACT ON BUSINESSES

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Half of all businesses were temporarily closed due to COVID-19. Of these businesses, one in three owners said they were not certain they would eventually be able to re-open. (Of those businesses which were open, the majority were open at reduced capacity and hours).

Other Services (Including Personal Services) (70 percent), Retail (66 percent), and Leisure/Hospitality/Entertainment (64 percent) were most likely to be closed due to COVID-19. Professional Services (19 percent) and Manufacturing (28 percent) were least likely to be closed.

Figure 4. Current Operational Status - Industry

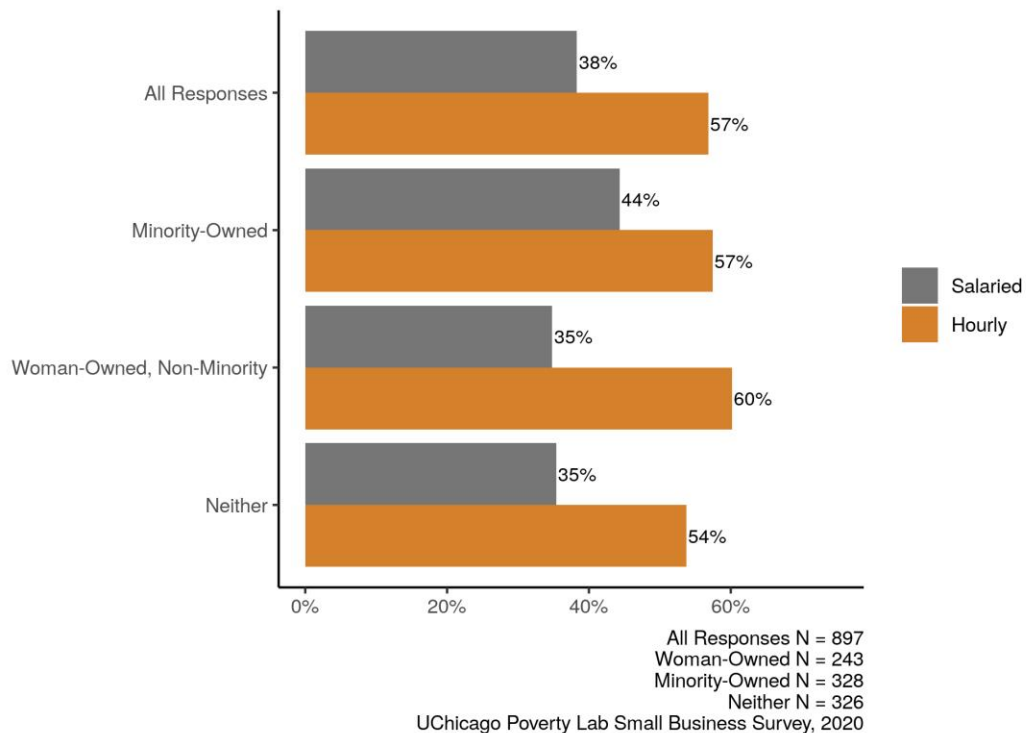


SECTION 2: COVID-19 IMPACT ON BUSINESSES

The average business in Chicago reported losing 51 percent of their employees as a result of COVID-19, driven by a loss in hourly workers. Most industries reported losing at least half of their employees, though Restaurants / Bars were particularly impacted, reporting an average 63 percent employee decline. Professional Services (24 percent) and Manufacturing (28 percent), which were most likely to remain operational, had the lowest overall employee reductions (Appendix C).

While Minority-owned businesses remained open at similar rates as White-owned businesses, they reported losing a higher share of their salaried employees than White-owned businesses. (Note: Minority-owned businesses were slightly more likely than White-owned businesses in this sample to have under 5 employees – see Appendix A).

Figure 5. Loss of Employees (Salaried vs. Hourly) since January - Special Status

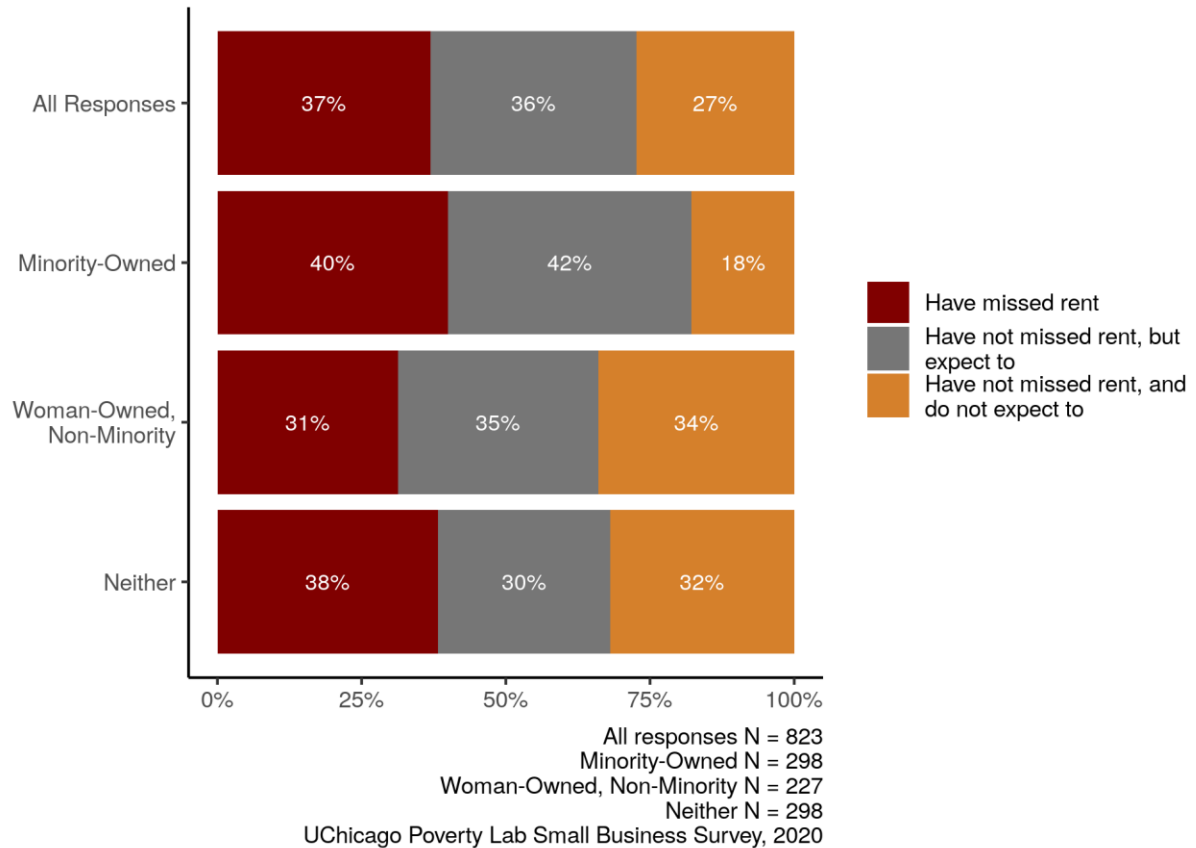


Respondents were asked: “How many of each of the following types of workers, including yourself, did this business employ on January 31st, and how many do you employ today? (We are trying to understand how many people, if any, have been permanently or temporarily laid off as a result of the disruptions caused by COVID-19.) Please include full-time, part-time, temp-workers, contractors, and paid interns who are working more than 0 hours. Do not include furloughed employees / anyone temporarily assigned 0 hours.”

SECTION 2: COVID-19 IMPACT ON BUSINESSES

37 percent of renting business owners had missed a rent payment, and another 36 percent expected to miss a payment within the next few months if their revenue does not recover. Minority-owned businesses were particularly more likely to say they had missed or expected to miss a rent payment (82 percent vs. 67 percent of White-owned businesses).

Figure 6. Missed Commercial Rent/Mortgage - Special Status

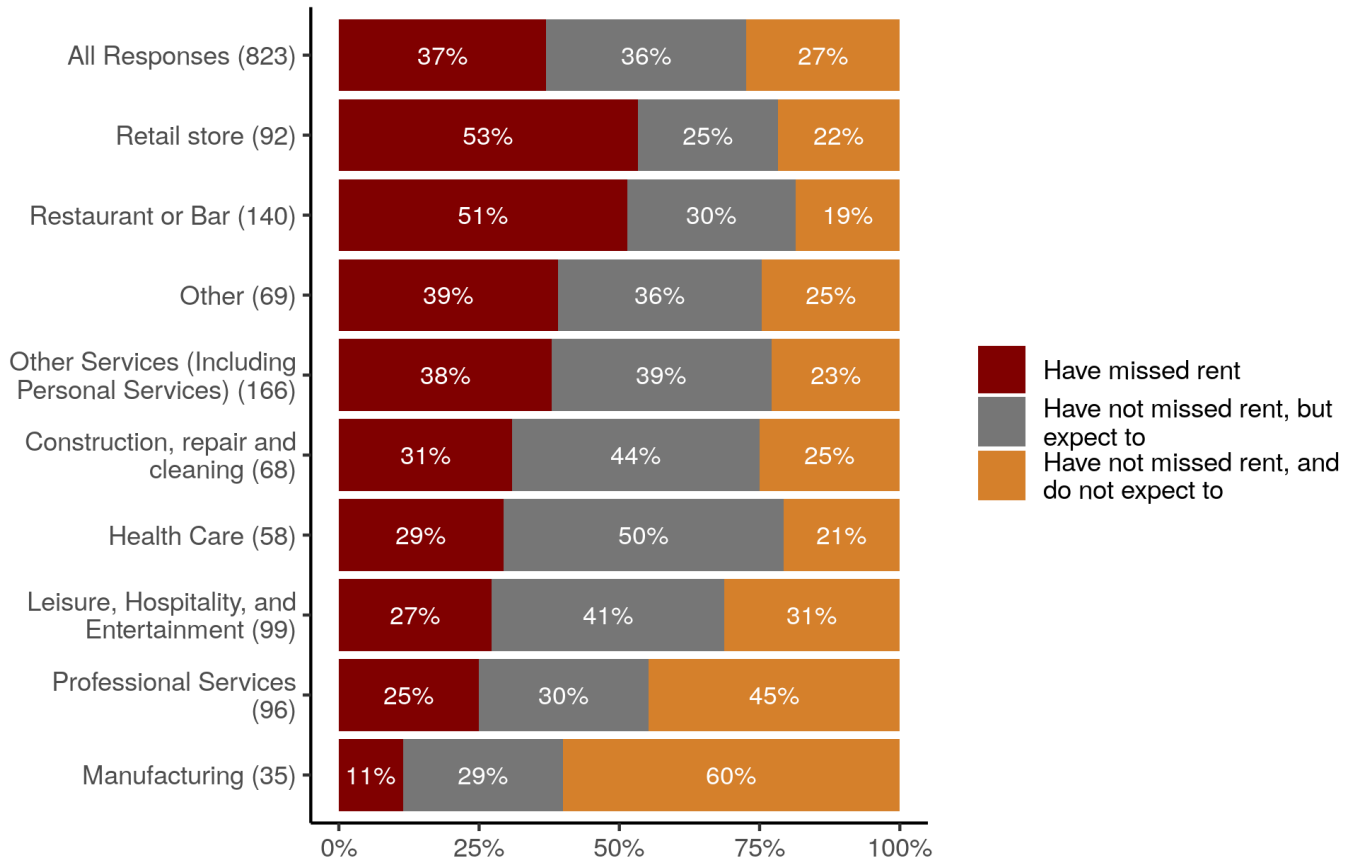


Respondents were asked: “Since January 31st, have you missed any mortgage or rent payments on your business property because of COVID-19’s impact on your business?” 10 percent of responding businesses said they do not pay rent/mortgage to operate their business. These percentages are based on the 90 percent who pay rent or mortgage on a commercial property.

SECTION 2: COVID-19 IMPACT ON BUSINESSES

Retail (53 percent) and Restaurants/Bars (51 percent) were particularly likely to say that they had missed a rent payment. Manufacturing and Professional Services, least affected by COVID-19 closures, were least likely to indicate they had missed or were at risk of missing a rent payment.

Figure 7. Missed Commercial Rent/Mortgage - Industry



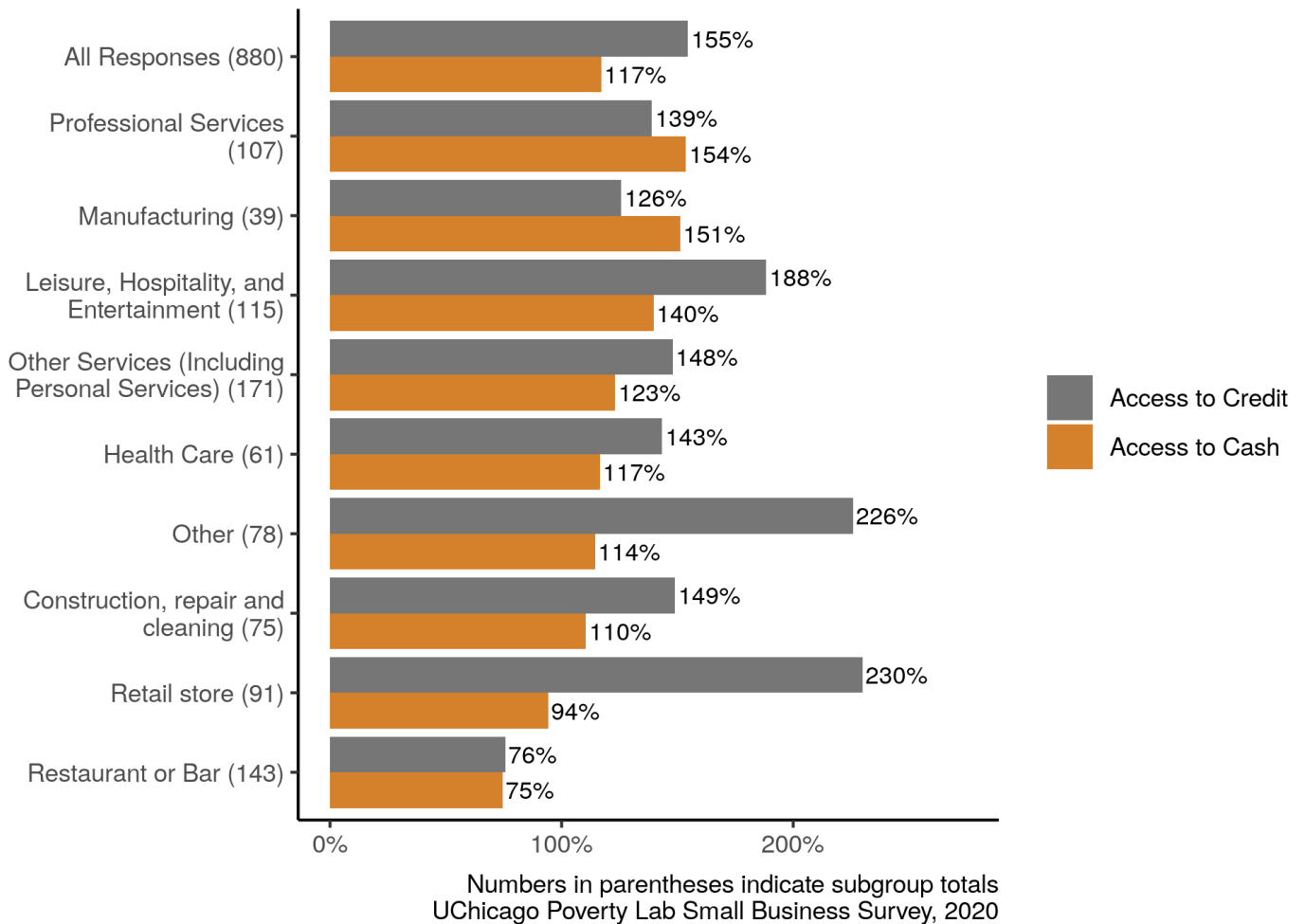
90% of businesses reported paying rent or a mortgage
 Numbers in parentheses indicate subgroup totals
 UChicago Poverty Lab Small Business Survey, 2020

SECTION 2: COVID-19 IMPACT ON BUSINESSES

On average, business owners indicated that they had enough cash to cover one month's expenses. White-owned businesses had slightly more cash on hand to cover about 5 weeks of operating expenses on average (Appendix C).

Restaurants/Bars have the least financial runway, with cash to cover roughly 3 weeks' expenses.

Figure 8. Average Access to Cash and Credit as Factor of Monthly Expenses - Industry



Note: Respondents select their monthly expenses from a dropdown of ranges and we use these categorical breaks to approximate each firm's average monthly operating expenses and their average access to cash or credit. We then divide the average access to cash/credit by the average monthly business expenses to report the cash on hand as a factor of monthly expenses. We exclude businesses with cash greater than one year's expenses on hand.

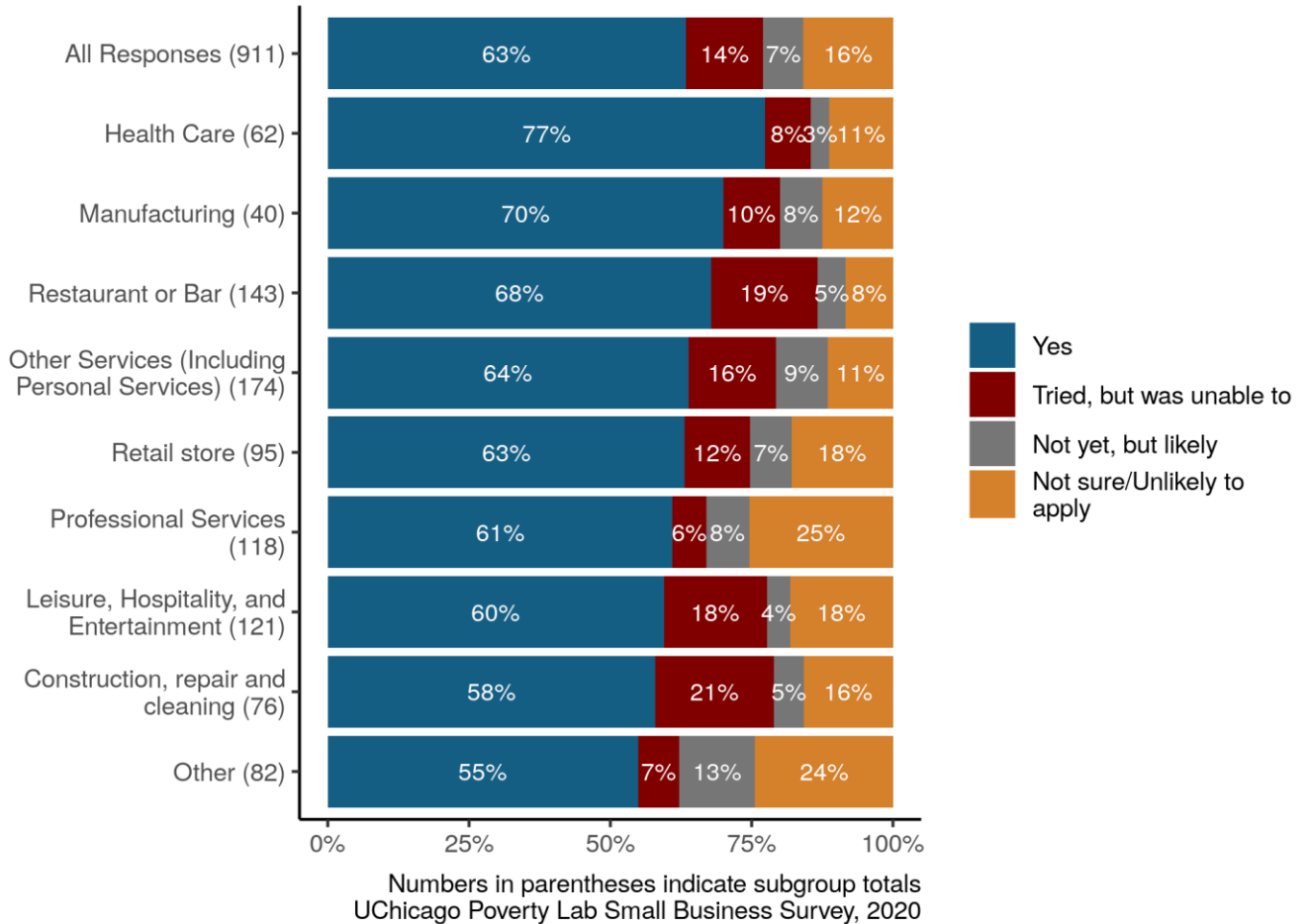
SECTION 3: APPLICATION TO ASSISTANCE PROGRAMS

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Paycheck Protection Program (PPP)

63 percent of small business owners successfully applied to the PPP loan program with businesses in the Health Care, Manufacturing, and Restaurant/Bar industries completing applications at the highest rates – 77 percent, 70 percent, and 68 percent, respectively. Construction, Repair, and Cleaning, Restaurant / Bar, and Leisure, Hospitality, and Entertainment business owners were more likely than others to say that they tried, but were unable to successfully apply.

Figure 9. PPP Application or Intention - Industry



Moreover, Minority-owned business respondents were less likely than White-owned business respondents to say they had applied or tried to apply to the PPP (73 percent vs. ~80 percent of White-owned businesses – see Appendix D).

SECTION 3: APPLICATION TO ASSISTANCE PROGRAMS

Of all PPP applicants, 70 percent were approved to receive loan funding for their small business at the time of this survey, 26 percent indicated their applications were still pending, and 4 percent said their applications were denied. **Minority-owned businesses were less likely to be approved** (59 percent) and more likely to have a pending application (34 percent) or to be denied (7 percent).

Table 1. PPP Application Status

| PPP Application Status (Among Applicants) | All Responses ^a | Minority-Owned ^b | Woman-Owned, Non-Minority ^c | Neither ^d |
|--|----------------------------|-----------------------------|--|----------------------|
| Approved | 70% | 59% | 75% | 76% |
| <i>Approved received funds</i> | 52% | 41% | 56% | 60% |
| <i>Approved, not yet received funds</i> | 18% | 18% | 19% | 16% |
| Application is pending | 26% | 34% | 23% | 22% |
| Application was denied | 4% | 7% | 2% | 2% |

^aAll Responses N = 577

^bMinority-Owned N = 195

^cWoman-Owned, Non-Minority N = 169

^dNeither N = 213

UChicago Poverty Lab Small Business Survey, 2020

Emergency Injury Disaster Loan

Only 64 percent of business owners reported being aware of the SBA's Economic Injury Disaster Loan (Appendix D). Of those respondents, 66 percent had applied for the loan. A similar share (62 percent) were aware of the EIDL Emergency Advance Grant, which is an option that applicants can request as part of the EIDL loan application. Of those aware, 77 percent had requested the grant.

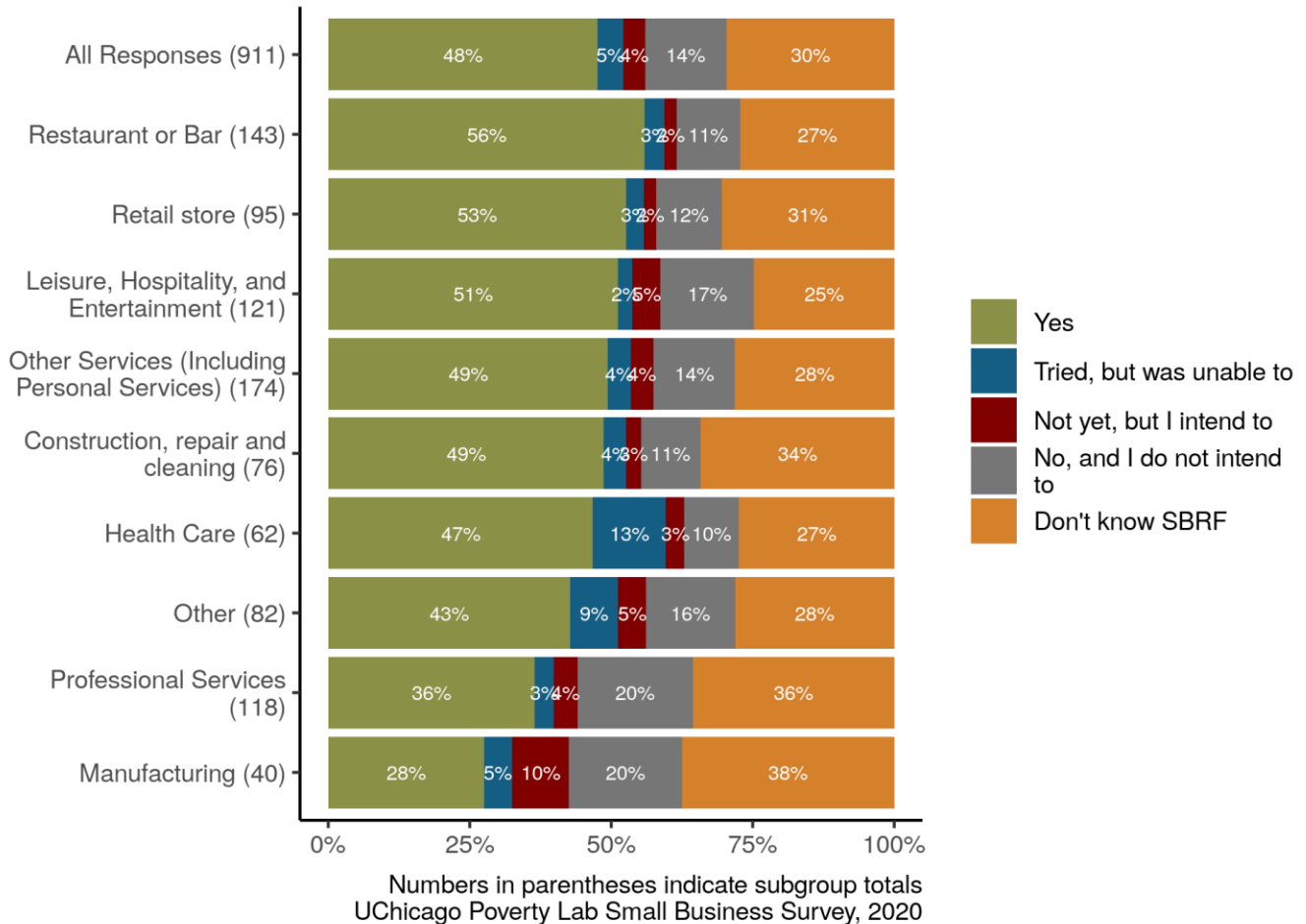
The SBA stopped accepting EIDL applications in mid-April, which may explain these low rates of awareness and application. As of June 15th, however, applications are being accepted again, and it may be beneficial to emphasize that this option provides a guaranteed grant of up to \$10,000 (\$1,000 per employee) which does not have to be repaid and does not hinge on being approved for a loan, no collateral is required for loans below \$25,000, and no personal guarantee is required for loans below \$200,000, which may appeal to those who avoid loans because they are wary of defaulting if their revenues do not recover.

SECTION 3: APPLICATION TO ASSISTANCE PROGRAMS

Chicago Small Business Resiliency Fund (SBRF)

70 percent of respondents reported being aware of the SBRF. 48 percent of all respondents said they successfully applied. Industries with the highest rates of SBRF application include Restaurants/Bars (56 percent), Retail stores (53 percent), and Leisure/Hospitality/Entertainment (51 percent).

Figure 10. Awareness and Intention to Apply to SBRF - Industry



Note: Respondents were first presented with a list of nine loan or grant programs and asked which they were aware of. Results are shown among all Chicago business owners. Those that did not select the Chicago Small Business Resiliency Fund are captured in the “Don’t know SBRF” data point.

Minority-owned businesses were more likely to say they successfully applied to the SBRF (54 percent compared to an average 44 percent of White-owned businesses – see Appendix D).

Most business owners are not seeking out private grants/loans. Only 38 percent said they were aware of private loans and grants they could access, and of those business owners, 59 percent said they had applied for them. Additionally, only 44 percent said they were aware of crowdfunding, and only 13 percent of those respondents have done so. More generally, 37 percent of survey respondents did not agree that they understood which resources were available to help their business, or that they knew where to go to find those resources (Appendix D).

SECTION 4: BARRIERS TO APPLICATION

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When asked why they did not intend to apply to the Small Business Resiliency Fund (14 percent of respondents) or the PPP (16 percent of respondents), the most common reason cited was a reluctance to take on additional debt, especially for the SBRF which does not include a forgiveness component. One-fifth of respondents who did not intend to apply to the SBRF said they had already applied to other loans or grants.

Table 2. Reasons for Not Applying to PPP and SBRF

| Reasons for not wanting to apply to loans | Reasons for PPP ^a | Reasons for SBRF ^b |
|--|------------------------------|-------------------------------|
| Reluctance to take on debt | 41% | 40% |
| Business does not qualify | 30% | 25% |
| Other | 27% | 18% |
| Don't trust the government will forgive my loan ^d | 19% | NA |
| Unsure if fund ran out ^d | 17% | NA |
| Confusing loan terms | 14% | 8% |
| Don't trust the bank will forgive my loan ^d | 13% | NA |
| Don't need the funds ^d | 12% | NA |
| Unappealing terms/conditions | 10% | 17% |
| Applying is a hassle | 10% | 9% |
| Won't receive the loan quickly enough | 6% | 5% |
| Applied to other loans/grants ^c | NA | 19% |
| Considering other loans/grants ^c | NA | 8% |
| Don't know how to apply ^c | NA | 5% |
| Considering other options ^c | NA | 4% |
| Don't have required tax documents | NA | 2% |
| Don't know how to answer some questions | NA | 1% |

^aN = 145

^bN = 131

^cThese options were not asked about the PPP

^dThese options were not asked about the SBRF

SECTION 4: BARRIERS TO APPLICATION

Of the 14 percent of business owners who had tried to apply to the PPP but were not able to do so, the top reason cited was that their bank stopped taking applications (30 percent), or that they did not have the required documentation verifying their payroll or business expenses (24 percent).

Table 3. Explanation for Being Unable to Successfully Apply to the PPP

| Reasons why respondents were unable to apply to PPP ^a | Percent |
|--|---------|
| Bank stopped taking applications | 30% |
| Don't have the required verification documents | 24% |
| Business does not qualify | 19% |
| Other | 19% |
| Technical issues with online application | 16% |
| Didn't receive a response | 15% |
| Don't have the required tax documents | 12% |
| Bank rejected application | 11% |
| Don't have a checking account with the bank I applied to | 10% |
| Don't know how to apply | 9% |
| Don't have a lending relationship with the bank I applied to | 9% |
| Can't prove that it's necessary to keep operations | 6% |
| Bank doesn't have these loans | 4% |

^aN = 125

UChicago Poverty Lab Small Business Survey, 2020

When asked what would make the PPP more useful, 47 percent of business owners said they wanted more non-payroll costs forgiven, and 43 percent said they wanted more than 8 weeks' expenses forgiven.⁷

Table 4. Opportunities to Improve PPP

| Opportunities to improve PPP ^a | Percent |
|---|---------|
| Forgive more non-payroll costs | 47% |
| Forgive more than 8 weeks' expenses | 43% |
| Lend more than 2.5 times monthly payroll costs | 34% |
| Waive requirement to maintain full-time headcount / pay level for the first 8 weeks | 29% |
| Approve and fund loan more quickly | 27% |
| Longer repayment period | 17% |
| None of these options | 9% |
| Lower interest rate | 9% |
| Deferring payments longer than 6 months | 8% |

^aN = 911

UChicago Poverty Lab Small Business Survey, 2020

⁷ On June 5th, the Paycheck Protection Flexibility Act became law and key terms of the PPP were modified to ease the requirements on small business owners. This act extends the coverage of the loan from 8 weeks to 24 weeks of expenses, and reduces the minimum share spent on payroll from 75% to 60% to qualify for forgiveness, among other changes. More information can be found here: <https://www.jdsupra.com/legalnews/paycheck-protection-flexibility-act-of-47383/>

SECTION 4: BARRIERS TO APPLICATION

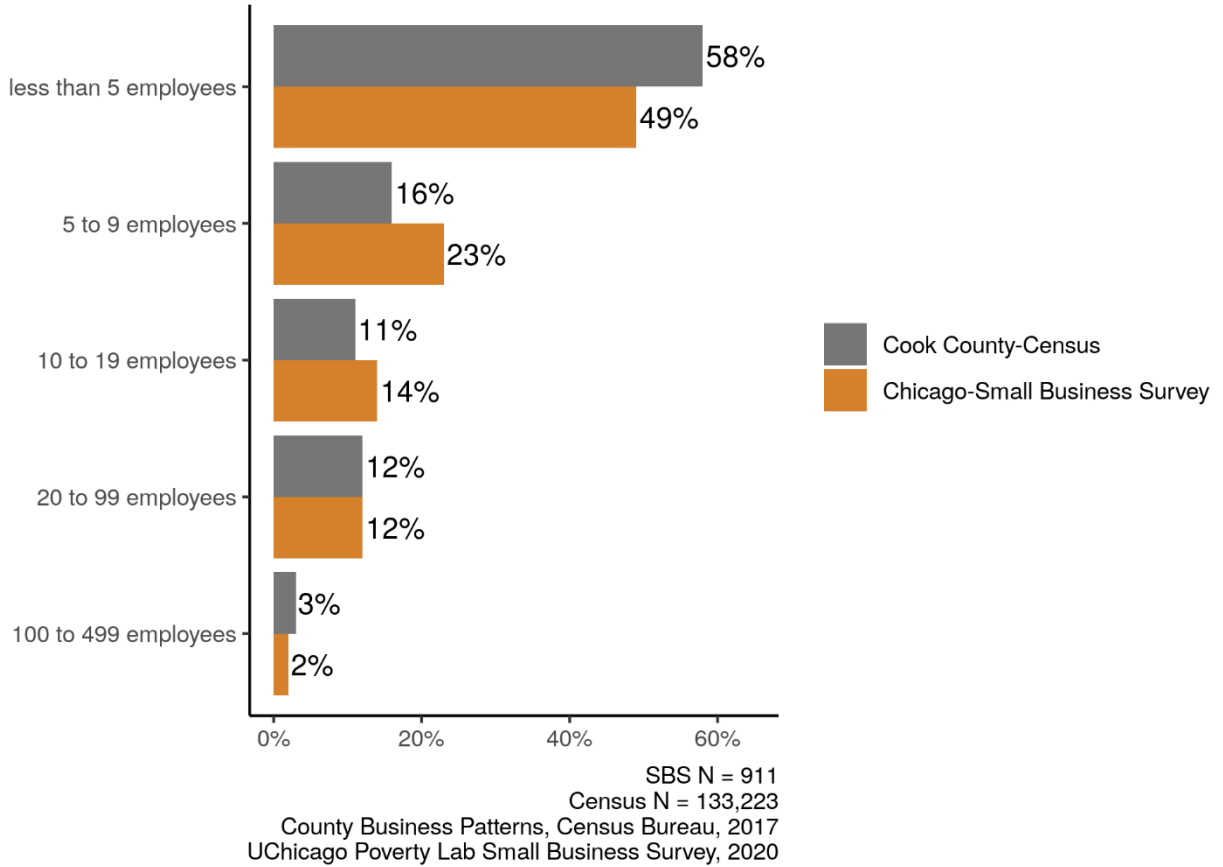
When asked about which additional forms of financial and non-financial assistance would be helpful to small businesses, the most popular recommendations were as follows (see Appendix D for full list):

- **Financial assistance:** deferring commercial rent/mortgage payments (52 percent) and covering the cost of utilities (42 percent)
- **Non-financial assistance:** making loan/grant applications easier and quicker to fill out (49 percent) and having a central website with resources to help small businesses (48 percent)

Appendix

APPENDIX A: DISTRIBUTION OF RESPONSES

Figure A.1. Firm Size Distribution Compared to Census



Compared to the Census Bureau’s County Business Patterns (CBP) distribution of employer establishments across Cook County in 2017 (the most recent granular data available), this sample is slightly underrepresented among businesses with less than 5 employees and overrepresented among businesses with 5 to 9 employees. (The CBP distribution does not account for “nonemployer” businesses like independent contractors or other small businesses with no paid employees .)

APPENDIX A: DISTRIBUTION OF RESPONSES

Table A.1. Crosstabulation- Special Status and Woman-, Minority-Ownership

| | All Responses | Minority-Owned | Woman-Owned, Non-Minority | Neither |
|-------------------------------------|---------------|----------------|---------------------------|------------|
| Total | 911 (100%) | 333 (100%) | 247 (100%) | 331 (100%) |
| Woman-Owned | 437 (48%) | 190 (57%) | 247 (100%) | 0 (0%) |
| Minority-Owned | 333 (37%) | 333 (100%) | 0 (0%) | 0 (0%) |
| Veteran-Owned | 22 (2%) | 16 (5%) | 2 (1%) | 4 (1%) |
| Owned by Person w/Disability | 17 (2%) | 10 (3%) | 3 (1%) | 4 (1%) |
| Serves Low Income | 169 (19%) | 104 (31%) | 32 (13%) | 33 (10%) |
| Non-Essential Firm | 314 (34%) | 120 (36%) | 87 (35%) | 107 (32%) |
| Self-Employed | 416 (46%) | 167 (50%) | 111 (45%) | 138 (42%) |
| Non-Profit | 46 (5%) | 14 (4%) | 8 (3%) | 24 (7%) |
| None | 84 (9%) | 0 (0%) | 0 (0%) | 84 (25%) |

Table A.2. Crosstabulation- Industry and Woman-, Minority-Ownership

| | All Responses | Minority-Owned | Woman-Owned, Non-Minority | Neither |
|---|---------------|----------------|---------------------------|------------|
| Total | 911 (100%) | 333 (100%) | 247 (100%) | 331 (100%) |
| Construction, repair and cleaning | 76 (8%) | 34 (10%) | 17 (7%) | 25 (8%) |
| Health Care | 62 (7%) | 21 (6%) | 26 (11%) | 15 (5%) |
| Leisure, Hospitality, and Entertainment | 121 (13%) | 43 (13%) | 40 (16%) | 38 (11%) |
| Manufacturing | 40 (4%) | 10 (3%) | 9 (4%) | 21 (6%) |
| Other | 82 (9%) | 28 (8%) | 19 (8%) | 35 (11%) |
| Other Services (Including Personal Services) | 174 (19%) | 61 (18%) | 55 (22%) | 58 (18%) |
| Professional Services | 118 (13%) | 44 (13%) | 26 (11%) | 48 (15%) |
| Restaurant or Bar | 143 (16%) | 52 (16%) | 33 (13%) | 58 (18%) |
| Retail store | 95 (10%) | 40 (12%) | 22 (9%) | 33 (10%) |

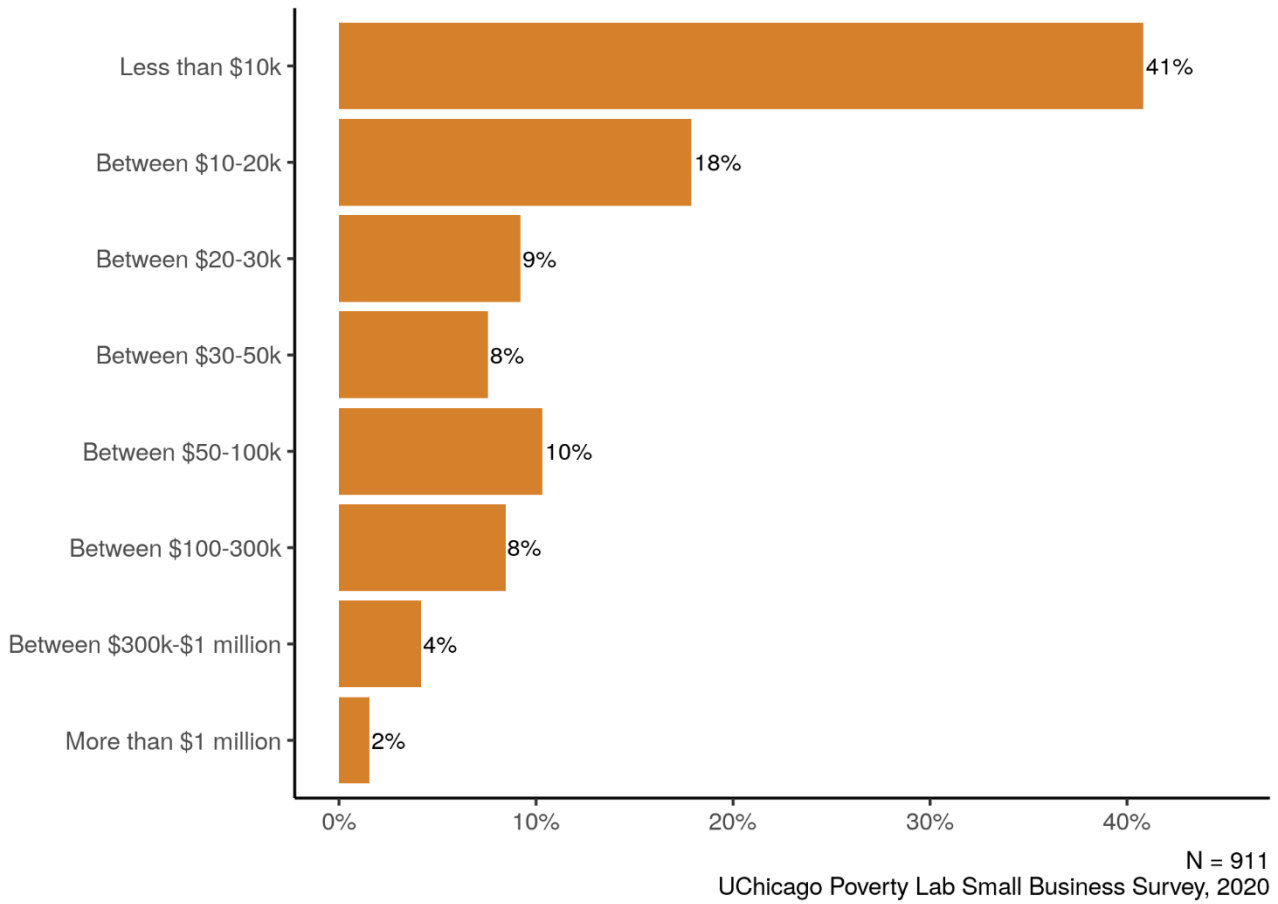
Table A.3. Crosstabulation- Firm Size and Woman-, Minority-Ownership

| | All Responses | Minority-Owned | Woman-Owned, Non-Minority | Neither |
|-----------------------------|---------------|----------------|---------------------------|------------|
| Total | 911 (100%) | 333 (100%) | 247 (100%) | 331 (100%) |
| 0 employees | 7 (1%) | 3 (1%) | 2 (1%) | 2 (1%) |
| Up to 4 employees | 445 (49%) | 181 (54%) | 119 (48%) | 145 (44%) |
| 5 to 9 employees | 205 (23%) | 75 (23%) | 63 (26%) | 67 (20%) |
| 10 to 19 employees | 126 (14%) | 42 (13%) | 32 (13%) | 52 (16%) |
| 20 to 99 employees | 112 (12%) | 29 (9%) | 29 (12%) | 54 (16%) |
| 100 to 499 employees | 16 (2%) | 3 (1%) | 2 (1%) | 11 (3%) |

APPENDIX B: DISTRIBUTION OF BUSINESSES' MONTHLY EXPENSES

APPENDIX B: DISTRIBUTION OF BUSINESSES' MONTHLY EXPENSES

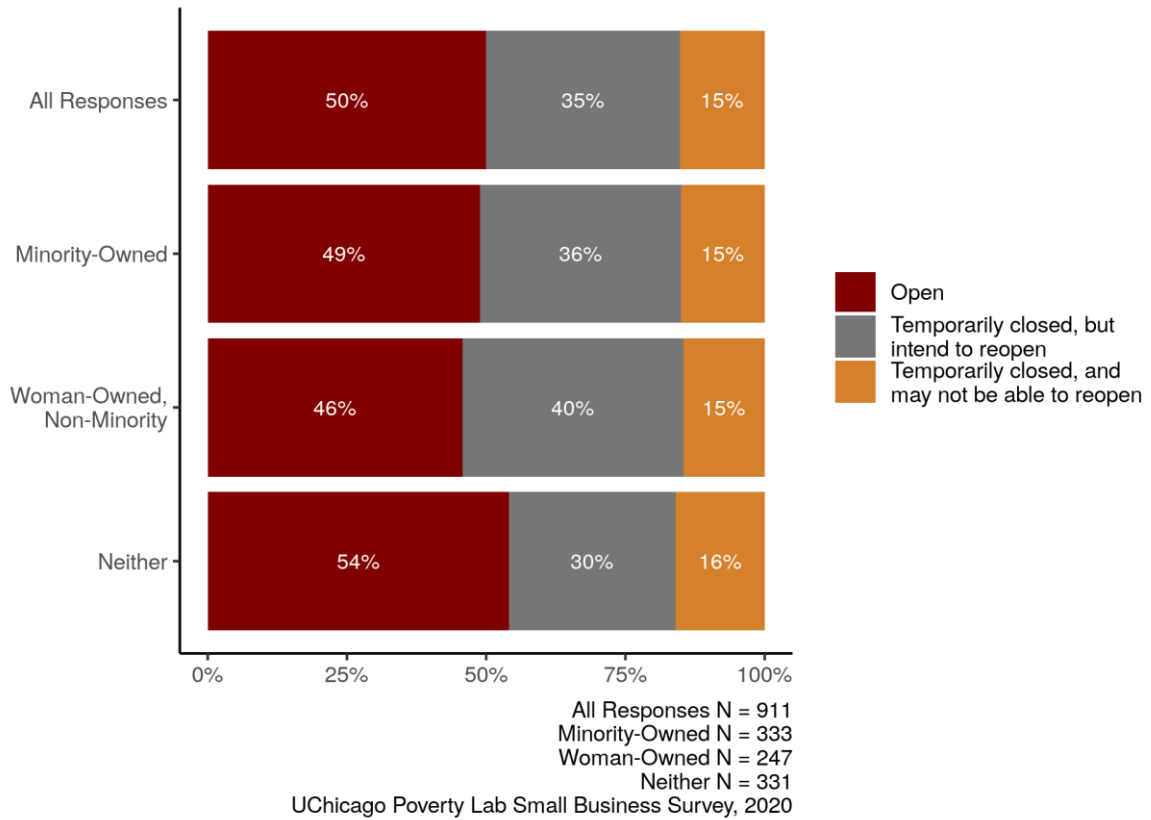
Figure B.1. Distribution of Monthly Expenses Before COVID-19



APPENDIX C: COVID-19 IMPACT ON SMALL BUSINESSES

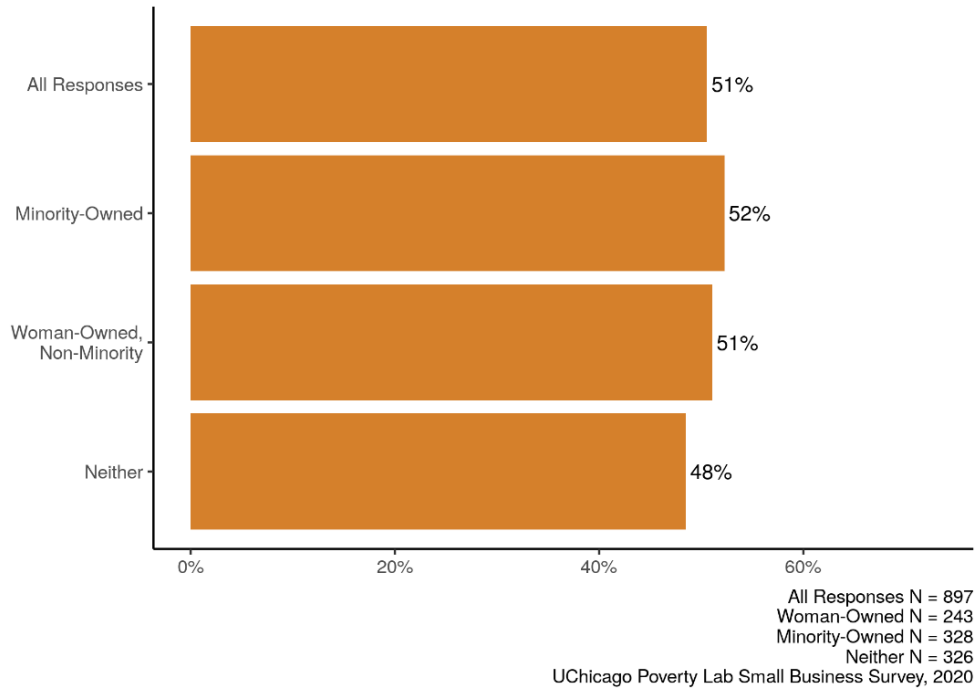
APPENDIX C: COVID-19 IMPACT ON SMALL BUSINESSES

Figure C.1. Current Operational Status - Special Status



APPENDIX C: COVID-19 IMPACT ON SMALL BUSINESSES

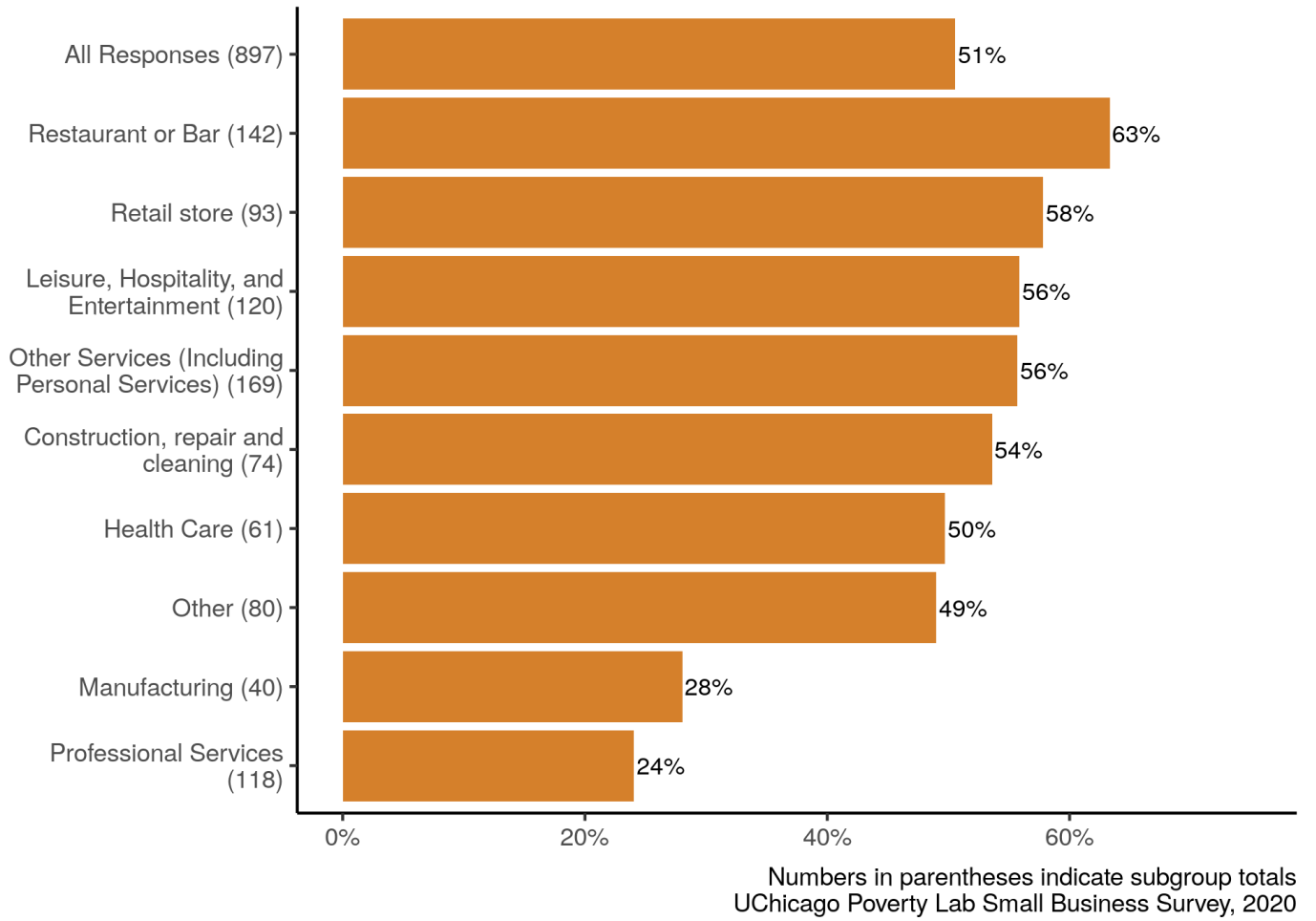
Figure C.2. Loss of Employees since January – Special Status



Respondents were asked: “How many of each of the following types of workers, including yourself, did this business employ on January 31st, and how many do you employ today? (We are trying to understand how many people, if any, have been permanently or temporarily laid off as a result of the disruptions caused by COVID-19.) Please include full-time, part-time, temp-workers, contractors, and paid interns who are working more than 0 hours. Do not include furloughed employees / anyone temporarily assigned 0 hours.”

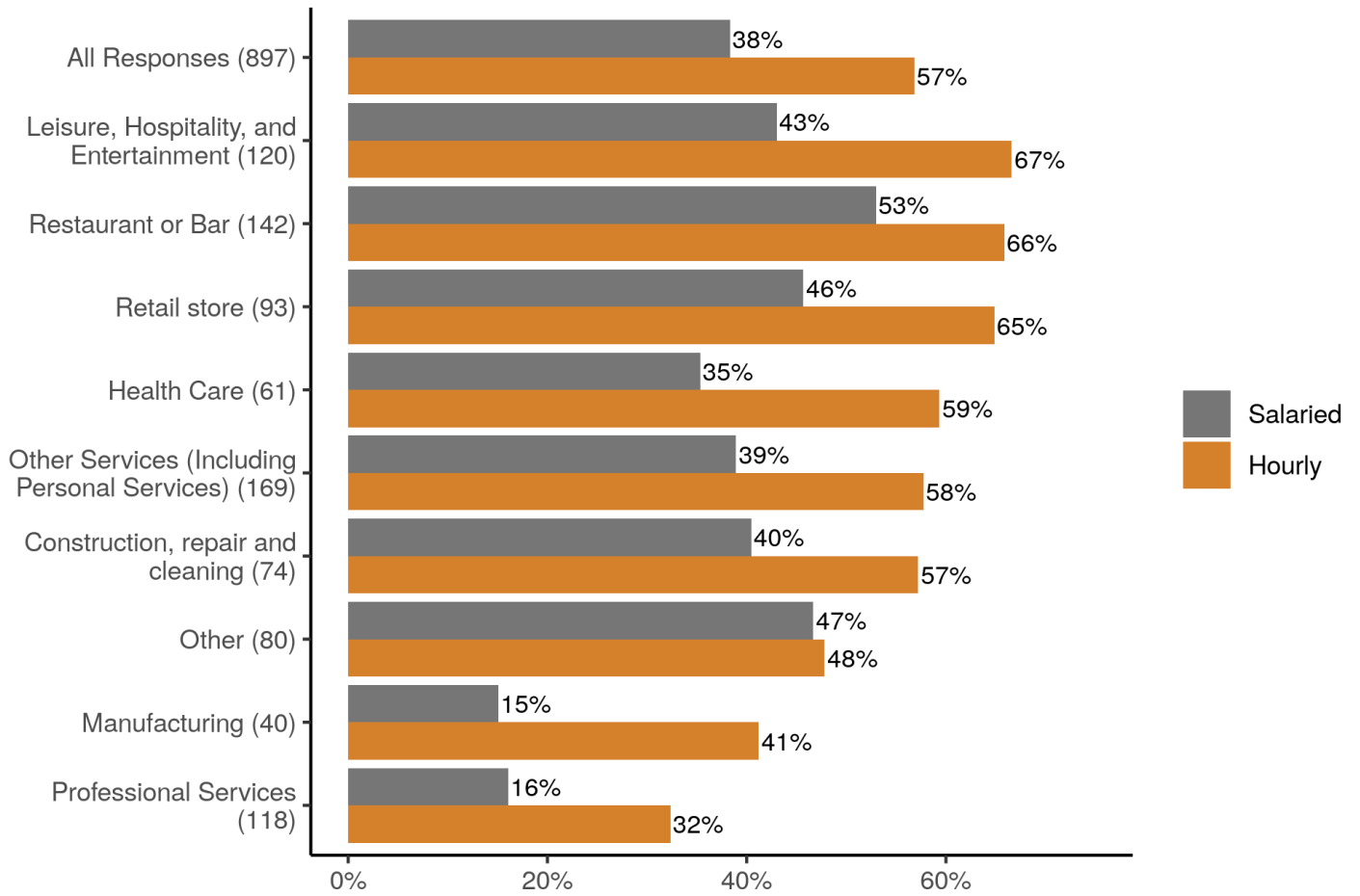
APPENDIX C: COVID-19 IMPACT ON SMALL BUSINESSES

Figure C.3. Loss of Employees since January - Industry



APPENDIX C: COVID-19 IMPACT ON SMALL BUSINESSES

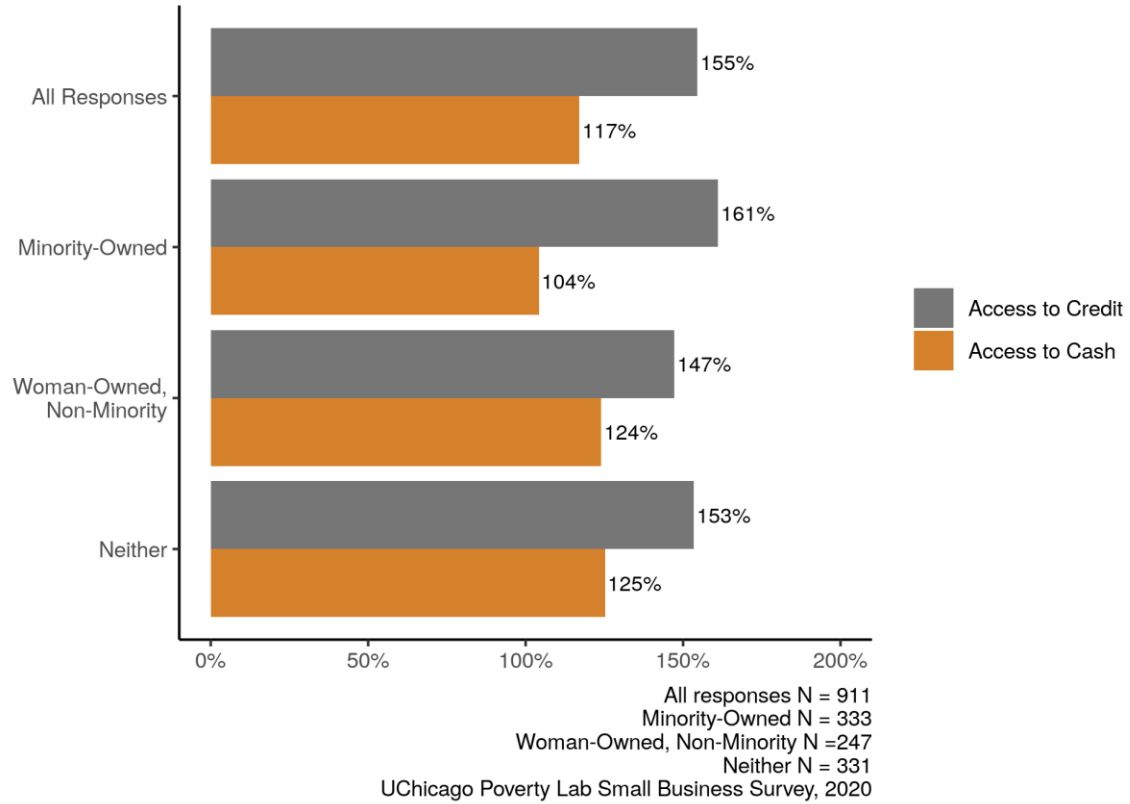
Figure C.4. Loss of Employees (Salaried and Hourly) since January - Industry



Numbers in parentheses indicate subgroup totals
 UChicago Poverty Lab Small Business Survey, 2020

APPENDIX C: COVID-19 IMPACT ON SMALL BUSINESSES

Figure C.5. Average Access to Cash and Credit as Factor of Monthly Expenses - Special Status

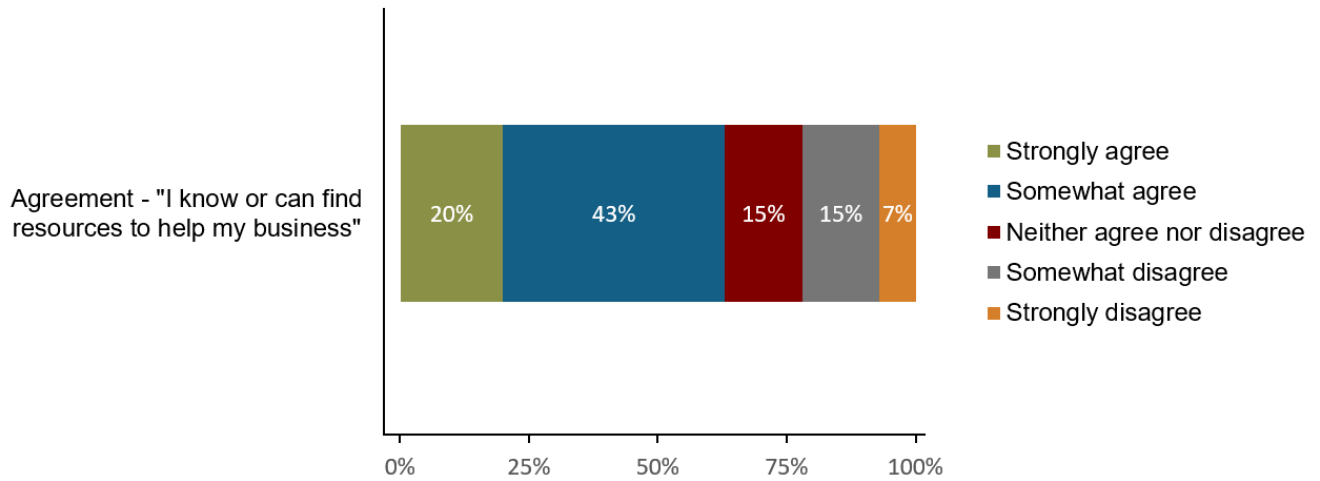


Note: Respondents select their monthly expenses from a dropdown of ranges and we use these categorical breaks to approximate each firm's average monthly operating expenses and their average access to cash or credit. We then divide the average access to cash/credit by the average monthly business expenses to report the cash on hand as a factor of monthly expenses. We exclude businesses with cash greater than one years' expenses on hand.

APPENDIX D: BARRIERS TO APPLICATION

APPENDIX D: APPLICATION TO ASSISTANCE PROGRAMS

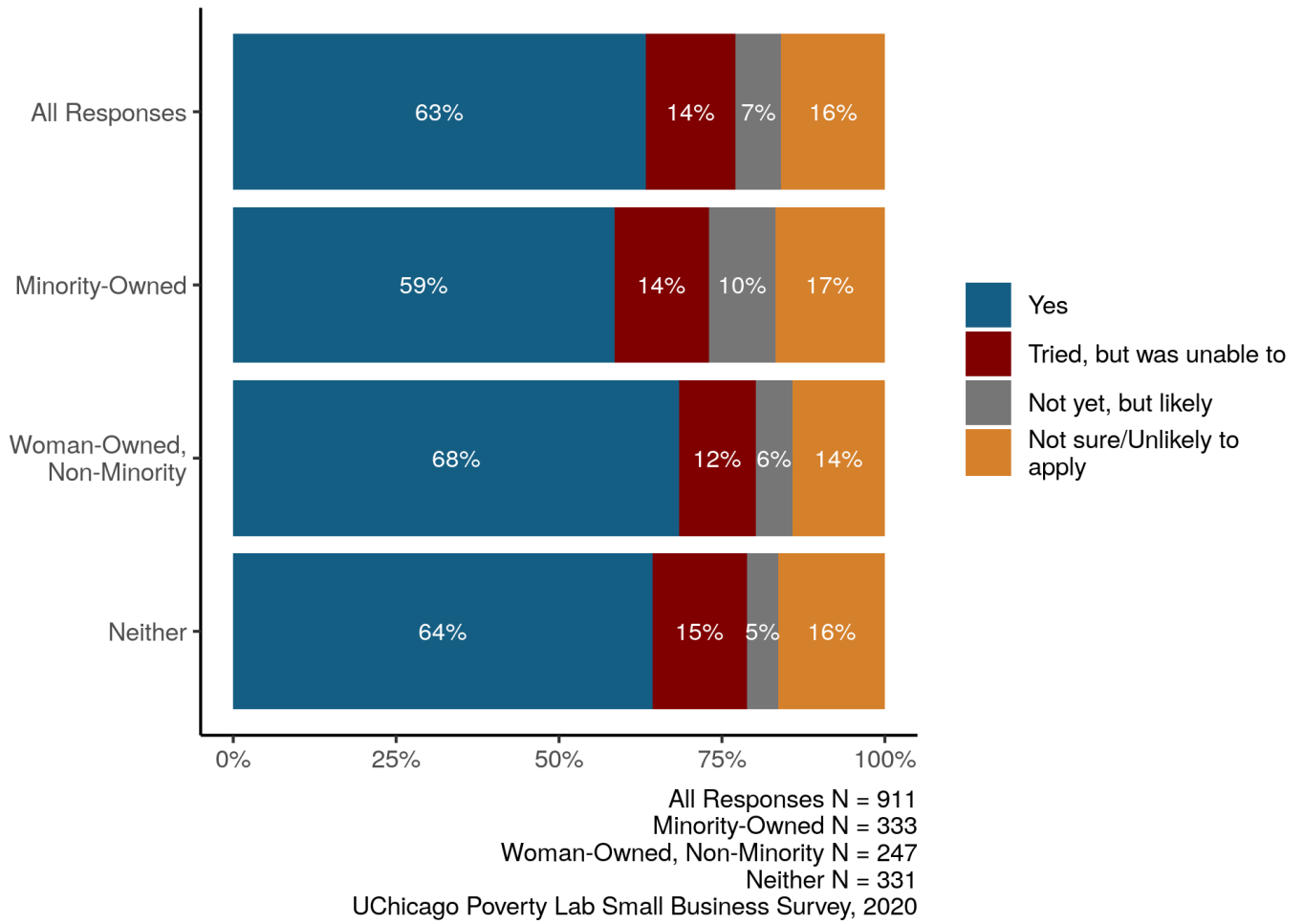
Figure D.1. Agreement: I Know or Can Find Resources to Address COVID-19 Impact



Respondents were asked how much they agreed (on a 5-point scale) with the following statement: "I have a good understanding of the programs/resources (both private and public/government) available to help my business, or I know where to go/which websites to visit to find those resources."

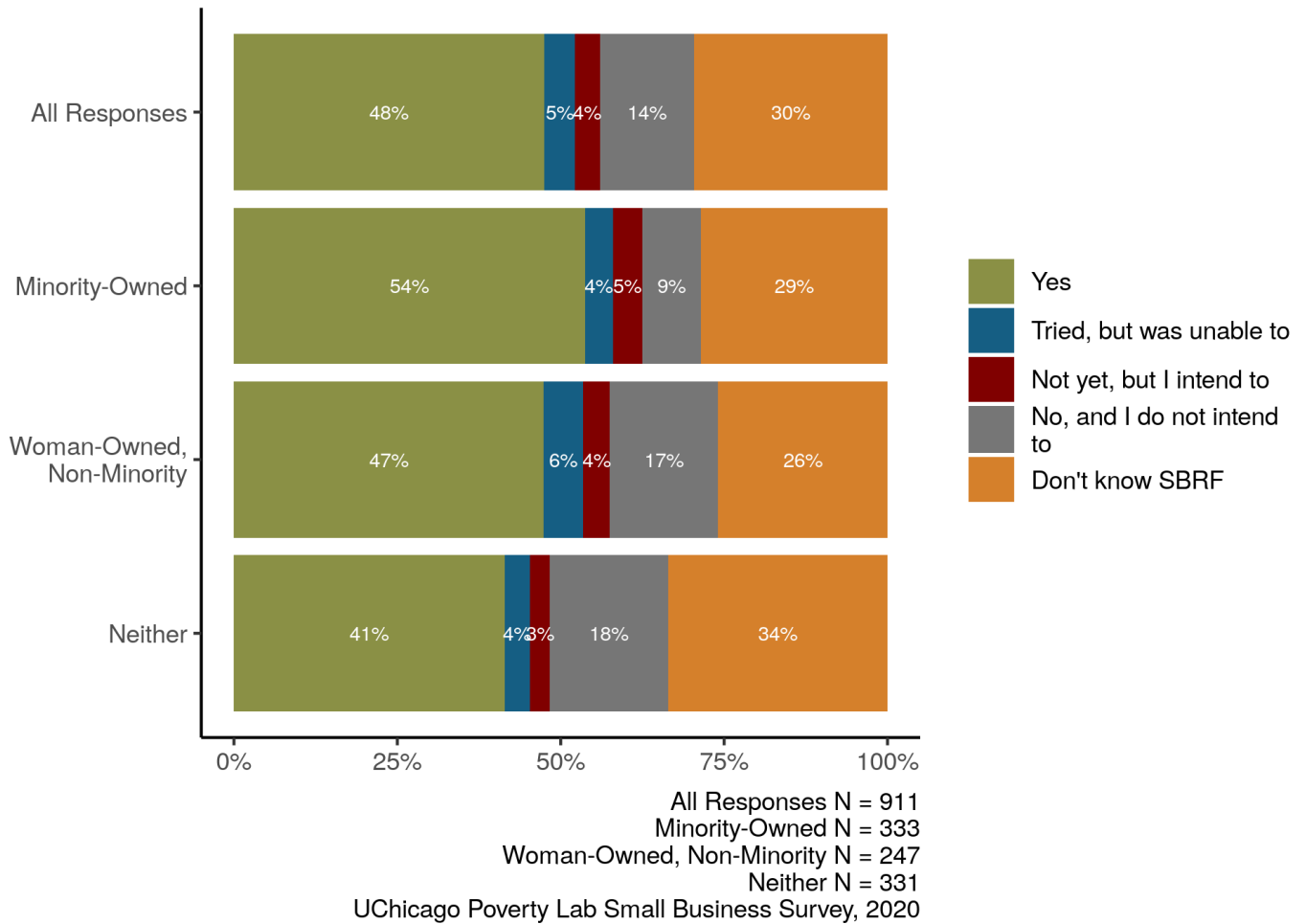
APPENDIX D: BARRIERS TO APPLICATION

Figure D.2. PPP Application or Intention - Special Status



APPENDIX D: BARRIERS TO APPLICATION

Figure D.3. Awareness and Intention to Apply to SBRF - Special Status



Note: Respondents were first presented with a list of nine loan or grant programs and asked which they were aware of. Results are shown among all Chicago business owners. Those that did not say they were aware of the Chicago Small Business Resiliency Fund are captured in the “Don’t know SBRF” data point.

APPENDIX D: BARRIERS TO APPLICATION

Table D.1. Awareness and Intention to Apply to Other Resources, Loans or Grants

| Loans or Grants | Aware % ^a | Applied % ^b |
|--|----------------------|------------------------|
| Chicago Small Business Resiliency Fund | 70% | 68% |
| SBA Economic Injury Disaster Loan | 64% | 66% |
| SBA EIDL Emergency Advance Grant | 62% | 77% |
| Crowd Funding | 44% | 13% |
| Private loans/grants (not offered by government, e.g. Facebook, Verizon) | 38% | 59% |
| Small Business Emergency Loan Fund (DCEO) ^c | 30% | 34% |
| Loans/grants offered by my community (e.g. through Small Business Development Centers, Community Trusts, etc.) | 21% | 24% |
| Loans/grants offered by firm's county (e.g. Cook County Community Recovery Fund) ^c | 20% | 25% |
| Hospitality Emergency Grant Program | 17% | 35% |
| Downstate Small Business Stabilization Program (DCEO) ^c | 10% | 10% |
| Business Invest Linked Deposit Program loans | 2% | NA |

^aParticipants were asked to select which funding streams they knew about. Percentages of awareness are calculated over all respondents (911)

^bThe percentages of applications are conditioned on respondents being aware of the program.

^cThese grants/loans were only available to businesses located outside of Chicago at the time of this survey

Table D.2. Preferred Financial and Non-Financial Assistance Tools

| Type of assistance | Resources | Percent |
|---------------------------------------|--|---------|
| Financial Assistance ^a | Deferring business property rent/mortgage payments until the crisis is over | 52% |
| | Covering the cost of utilities until the crisis is over | 42% |
| | Funding to help me transition to a different business model | 23% |
| | Waiving sales tax payments until the crisis is over | 19% |
| | None of these options | 13% |
| | Capping service / delivery fees (e.g. credit cards, delivery services, etc.) | 10% |
| | Government or other organization purchasing my unused supplies / products | 5% |
| Non-Financial Assistance ^b | Making loan/grant applications easier and quicker to fill out | 49% |
| | Find resources that can help my business in one central website | 48% |
| | Assistance developing a plan to maintain social distancing at work/return-to-work procedures | 22% |
| | Technical assistance to improve online website/operations | 17% |
| | Assistance understanding the differences between loans/grants | 16% |
| | None of these options | 11% |

^aN = 911

Respondents were asked to select up to 2 options that would be most useful to them from each list.

APPENDIX E: SMALL BUSINESS RESILIENCY FUND APPLICANTS COMPOSITION

APPENDIX E: SMALL BUSINESS RESILIENCY FUND APPLICANTS COMPOSITION

Table E.1. SBRF Applicants by Special Status

| SBRF Applicants' Special Status ^a | Percent |
|--|---------|
| Woman-Owned | 52% |
| Self-Employed | 44% |
| Minority-Owned | 41% |
| Non-Essential | 40% |
| Serves Low and Middle Income | 22% |
| No Special Status | 8% |
| Non-Profit | 5% |
| Veteran-Owned | 3% |
| Owned by Person with Disabilities | 2% |

^aN = 433

Table E.2. SBRF Applicants by Firm Size

| SBRF Applicants' Size ^a | Percent |
|------------------------------------|---------|
| 1 to 4 employees | 46% |
| 5 to 9 employees | 24% |
| 10 to 19 employees | 16% |
| 20 to 99 employees | 12% |
| 100 to 499 employees | 1% |

^aN = 429

Table E.3. SBRF Applicants by Industry

| SBRF Applicants' Industry ^a | Percent |
|--|---------|
| Other Services (Including Personal Services) | 20% |
| Restaurant or Bar | 18% |
| Leisure, Hospitality and Entertainment | 14% |
| Retail Store | 12% |
| Professional Services | 10% |
| Construction, Repair and Cleaning | 9% |
| Other | 8% |
| Health Care | 7% |
| Manufacturing | 3% |

^aN = 433

APPENDIX F: BARRIERS TO SMALL BUSINESS RESILIENCY FUND APPLICATION

APPENDIX F: BARRIERS TO SMALL BUSINESS RESILIENCY FUND APPLICATION

Table F.1. Intend to Apply for SBRF but Not Yet - Reasons

| Reasons for not wanting to apply to SBRF yet ^a | Percent |
|---|---------|
| Waiting to see what other options would be available | 51% |
| Considering other loans / grants | 29% |
| Confused about the terms of the loan | 26% |
| Do not know how or where to apply | 23% |
| Other | 20% |
| Do not have the required tax documentation or bank statements | 11% |
| Need someone to help me fill out the application | 9% |
| Do not know how to answer some of the questions | 0% |

^aN = 35

Respondents were asked whether they had applied to the SBRF. The 4% who said “Not yet, but I intend to” were asked. “You indicated you have not yet applied for the Chicago Small Business Resiliency Fund. Why have you not yet applied?”

Table F.2. Tried but Unable to Apply to SBRF - Reasons

| Reasons why respondents were unable to apply to SBRF ^a | Percent |
|---|---------|
| Business does not qualify | 69% |
| Other | 29% |
| Technical issues with online application | 12% |
| Don't have the required tax documents | 10% |
| Don't know how to answer some of the questions | 2% |
| Business partner already applied | 0% |

^aN = 42

Respondents were asked whether they had applied to the SBRF. The 5% who said 'Tried, but was unable to' were asked: 'You indicated you were unable to apply for the Chicago Small Business Resiliency Fund. Why were you unable to apply for this loan? (Select all that apply)'

APPENDIX F: BARRIERS TO SMALL BUSINESS RESILIENCY FUND APPLICATION

Table F.3. Do Not Intend to Apply to SBRF – Reasons

| Reasons for not applying to SBRF ^a | Percent |
|--|---------|
| Reluctance to take on debt | 40% |
| Business does not qualify | 25% |
| Applied to other loans or grants | 19% |
| Other options | 18% |
| Unappealing terms/conditions | 17% |
| Applying is a hassle | 9% |
| Looking at other loans or grants | 8% |
| Confusing loan terms | 8% |
| Don't know how to apply | 5% |
| Won't receive the loan quickly enough | 5% |
| Looking at other options | 4% |
| Don't have required tax documents | 2% |
| Don't know how to answer some of the questions | 1% |

^aN = 131

Respondents were asked whether they had applied to the SBRF. The 14% who said 'No, and I do not intend to' were asked: 'You indicated you do not intend to apply for the Chicago Small Business Resiliency Fund. Why will you not apply? (Select all that apply)'