



Communities Speak

Rebuilding NYC Small Business

After the Pandemic

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02	INDEX OF TABLES AND FIGURES
03	EXECUTIVE SUMMARY
09	INTRODUCTION
12	THE COVID-19 POLICY CHALLENGE
16	RESEARCH PURPOSE AND STUDY DESIGN
19	SURVEY DATA
20	Who are the Small Businesses in the Survey?
25	Impact of the Shutdown
44	Small Businesses Rate the Government Response to the Pandemic
45	Most Important Needs Identified by Small Businesses
46	POLICY RECOMMENDATIONS
52	CONCLUSION
54	APPENDICES

INDEX OF TABLES AND FIGURES

Table 1	Small Business Type	20
Table 2	Top Needs Identified by Small Businesses	45
Table 3	Business Type: Original Distribution	58
Table 4	Business Type: Recoded	59
Figure 1	Distribution of Small Businesses by Borough	21
Figure 2	Small Business Distribution by Zip Code	21
Figure 3	Distribution of Small Businesses by M/WBE Status	22
Figure 4	Distribution of Small Businesses by BID Membership	22
Figure 5	Status of Businesses During Lockdown	23
Figure 6	Status of Small Businesses in October/November 2020 During Phased Reopening	24
Figure 7	Status of Restaurants vs. Other Businesses During Lockdown	26
Figure 8	Status of Restaurants vs. Other Businesses in Oct/Nov 2020 After Lockdown Regulations were Lifted	26
Figure 9	Restaurants vs. Other Small Businesses: Revenue Loss if Remained Open During the Lockdown	28
Figure 10	Restaurants vs. Other Small Businesses: Revenue Loss if Closed During Lockdown	29
Figure 11	Restaurants vs. Other Small Businesses: Furloughed Employees	30
Figure 12	Restaurants vs. Other Small Businesses: Reduced Hours of Employees During Lockdown	31
Figure 13	Restaurants vs. Other Small Businesses: Percentage of Establishments that Laid Off Employees	31
Figure 14	Restaurants vs. Other Small Businesses: Type of Received Rental Assistance	32
Figure 15	BID Businesses Distribution by Zoned Land Use	33
Figure 16	BID Businesses Open vs. Closed Status During Lockdown	34
Figure 17	BID Businesses Revenue Loss	34
Figure 18	M/WBEs & Other Businesses Closed vs. Open Status During Lockdown	35
Figure 19	M/WBEs vs. Other Small Businesses: Amount of Financial Assistance Received Amongst Those Which Received Assistance	37
Figure 20	Tech vs. Other Small Businesses: Open vs. Close Status	38
Figure 21	Tech vs. Other Small Businesses: Revenue Loss if Remained Open During Lockdown	39
Figure 22	Tech vs. Other Small Businesses: Percentage of Businesses Who Furloughed Employees	40
Figure 23	Tech vs. Other Small Businesses: Percentage of Businesses Who Laid Off Employees	41
Figure 24	Tech vs. Other Small Businesses: Different Types of Rental Assistance	42
Figure 25	Tech vs. Other Small Businesses: Distribution of Amount of Financial Assistance Received	43
Figure 26	Rating of City, Federal and State Responses by Small Businesses	44

EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Small businesses are an essential part of New York City's economy, according to every report issued since the onset of COVID-19. Before the pandemic began, New York City boasted over 200,000 small businesses, employing more than 3 million people and accounting for more than half of private sector jobs in New York City.¹ In July 2020, it was estimated that a third of the City's small businesses could close permanently.² If that happens the job loss would be disastrous. As of February 2021, 47 percent of small businesses in the New York City metropolitan area were still closed.³ This extraordinary loss has been felt in neighborhoods across the City and has touched the lives of every New Yorker. New York City is not alone in experiencing this loss. Small businesses across the country faced declining demand, lost revenue and even temporary closures, while trying to maintain employee payrolls, pay rent, and keep up with utility bills. COVID-19 mandated public health restrictions have created an existential crisis for small businesses. In December 2020, the U.S. Chamber of Commerce reported that only 40 percent of small business owners believed their business could continue to operate without having to shut down permanently.⁴

While the pandemic is not yet fully controlled, effects of the vaccine and other public health measures indicate that this is the time the City should be planning its economic recovery. Moreover, new resources to support small businesses are now becoming available directly from the federal government's American Rescue Plan;⁵ the New York State government's FY 2021-2022 budget allocation for its small business recovery programs;⁶ and the City budget allocation from its FY2021-2022 budget direct aid to support small business recovery;⁷ while the Small Business Network⁸ continues to provide resources and support services through its public-private partnership.

How can we ensure that city small businesses are most effectively served by these opportunities for assistance? The first step is to listen to what small businesses are saying they need. Small businesses have made it clear that stabilizing their financial condition is their greatest priority. Second, city government and its Department of Small Business Services (SBS) and/or Economic Development Corporation (EDC) must take an active role in coordinating this support and making it easily accessible to the City's small businesses in every community. Working with the organizations that represent the small business community as well as the Small Business Network is key to making this support available quickly. Third, accessibility to new grants and resources will also ensure equitable distribution of funds, especially to New York's minority and women owned businesses, immigrant owned business and smaller businesses in the City's residential business districts. Finally, small businesses need policies that target resources and assistance based on the differential impacts of the pandemic. This will also require the City to engage small business organizations and speak directly to business owners about their experiences and needs and, in turn, learn from those who proved most resilient during the mandated closure period.

The Communities Speak: Small Business Survey begins the process of listening to the small business community. The survey was developed and disseminated by a partnership between Columbia University's School of International and Public Affairs (SIPA) and the Medical Center's Department of Bioinformatics and a network of community organizations across New York City's five boroughs. We consulted our partners from the business community and government in the design of the survey and they were critical to our outreach efforts. This report uses the survey data to document the severity of COVID-19's impact on New York's small businesses; the specific problems they have been confronting as a consequence of the early lockdown; the efforts by many small businesses to stay open; and identifies their needs to become, once again, economically viable. Specific policy recommendations are also offered, based on the data we collected.

Key Findings

Economic Viability

Almost all small businesses faced significant challenges to their economic viability as a consequence of the pandemic in the form of significant revenue loss, staff reduction and a loss of their clients and customers.

During lockdown, 35 percent of small businesses closed.

During phased reopening, only 14 percent reopened fully, while 72 percent opened at limited capacity.

Small businesses that closed completely during lockdown had more financial difficulty during phased reopening than those small businesses that remained open with reduced capacity or remote management of operations.

Restaurants faced greater challenges than other small businesses during lockdown and the phased reopening period; and a significant percent (76 percent) of non-restaurant small businesses that closed during lockdown had total revenue loss.

No restaurants were able to stay fully open during lockdown. Restaurants closed at significantly great rates than other small businesses during lockdown, and restaurants that were able to stay open during lockdown did so by reducing their capacity more than other businesses.

Approximately 20 percent of non-restaurant small businesses reopened fully after lockdown ended.

When restaurants reopened, it was more likely to be with more limited capacity (less than 50 percent) compared to other small businesses (above 50 percent capacity).

The cumulative impact of lockdown and phased reopening regulations are clearly visible in the significant loss of restaurant revenue and the number of laid off or furloughed employees.

Restaurant owners furloughed, reduced hours, and laid off employees at higher rates than other types of small business owners.

Restaurants were more likely to receive rental or financial assistance than other small businesses.

Most of the **small businesses in Business Improvement Districts (BIDs)** in our survey were located in commercial or mixed-use zoning districts and were hit hard by the COVID-19 shutdown. They appear to have had a similar experience to other small businesses and have

similar needs.

Minority and Women-owned Business Enterprises (M/WBEs) reported a different experience than other small businesses during lockdown. Fewer M/WBEs reported closing compared to other small businesses, but they stayed open with limited capacity or a different business model.

Rental assistance was less common for M/WBEs than other small businesses.

M/WBEs and other small businesses were likely to receive some form of financial assistance. However, financial assistance to M/WBEs was mostly at lower levels of assistance.

Technology companies were more likely to remain open and fiscally stable and some even increased their revenue during lockdown by changing their business model and continuing to work remotely.

Small Business Needs

The most important immediate needs identified by small businesses was by far cash flow or loan assistance (63 percent) and rental assistance was second with (48 percent).

When it comes to identifying needs, restaurants tend to speak in one voice. Restaurants identified rental assistance as their greatest need (73 percent), but cash flow and loan assistance were identified by nearly the same percentage of restaurants (71 percent).

A majority of M/WBEs also identified cash flow assistance as their greatest need (61 percent), but there was also a significant percentage that needed rent help and compliance assistance.

The tech small businesses are significantly different than other businesses. While they also need cash flow and rental assistance, it is not at the same rate as other businesses.

Policy Recommendations

- **Small businesses need immediate assistance in stabilizing their revenue. This means assistance in accessing t low-interest loans or direct grants, with minimum debt burdens and maximum flexibility in determining how to spend the revenue. Rent relief and legal assistance in negotiating new leases must also be made available free or at low cost.**
- **Government should work with the small business organizations in targeted promotions and advertising campaigns to get customers and clients back to small**

businesses in every neighborhood.

- **Restaurants need specialized and targeted assistance accessing the federal government's Restaurant Relief Fund.** Public health mandates have created a unique set of challenges for restaurants. Many have shown their resiliency, but reduced capacity, increased regulatory compliance expenses, employee training, and increased capital expenses for outdoor dining have created added and unique economic burdens for both cash flow assistance, loans, and rent relief.
- **Aid must be easily accessible and equitable, whether it is access to private lenders like banks, philanthropy, or government programs;** and should not impose a financial or administrative burden on businesses.
- **Government must assist small businesses in complying with new regulations through education and support, offering regulatory relief where feasible.**
- **Long-term sustainability for many small businesses will mean modernizing their technology. Direct assistance must be made available free or at low cost.**
- **How can city government implement policy changes that are responsive to the needs of small businesses?**

A Coordinated & Cross-Sector Recovery Process must be initiated immediately.: The City's **Economic Development Corporation and/or Department of Small Business Services** must immediately initiate a cross-sector small business recovery planning process, involving the City's extensive and effective network of business associations, business improvement districts (BIDs), and chambers of commerce.

Government agencies must coordinate their lending process and develop an on-line portal that integrates all available information and resources from every level of government and philanthropy. Full advantage should be taken of the **Partnership for New York City's Small Business Network** which is already doing much of this work.

Systematic data must be collected from government agencies (New York City Department of Finance, Consumer Affairs and New York State Department of Labor) and directly from the small business community through periodic surveys. This will ensure effective and relevant program design and knowledge about what's both needed and working so that programs can change as needs change.

Best practices must be shared. The City must work with the most resilient small businesses in each sector to document their successful business strategies, in order to share best practices.

INTRODUCTION

INTRODUCTION

New York City, like the rest of the nation and the world, has been devastated by the global COVID-19 pandemic. Individuals, communities and businesses continue to suffer even as vaccination efforts are contributing to a slow and tentative recovery. Small businesses, an essential part of the nation's and New York City's economy were particularly hard hit, due to required closures, social distancing measures, and other mandated public health and safety protocols. An early study of the pandemic's impact on small businesses in the United States reported that the number of employed small business owners plummeted from 15 million in February 2020 to 11.7 million in April 2020, a 22 percent decline due to COVID-19 mandates and demand shifts.⁹ In December 2020, the U.S. Chamber of Commerce reported that 50 percent of small business owners think they will have to shut down permanently within a year if the business climate does not change.¹⁰

It has been difficult to assess small business losses in New York City. The actual pre-pandemic number of small businesses in New York City varies depending upon the source of data and definition of a small business.¹¹ The City's Department of Small Business Services (SBS) and the *Small Business First* report each identified close to 220,000 businesses across the City in 2015 and 2017 respectively, 98 percent of which were defined as small.¹² These small businesses employed over half of the City's workforce, about 3 million people.¹³ A more recent report from the Partnership for New York City estimates closer to 240,000 small businesses, although their reporting included businesses with up to 500 employees.¹⁴ An August 2020 New York City Comptroller report identified 66,133 "Main Street" businesses, defined as small businesses in industries such as personal services, restaurants, bars and retail.¹⁵ The number of small businesses in New York State is estimated at 610,765, according to a 2019 Empire State Development Report, but it does not provide numbers for New York City.¹⁶



Within New York City, 48 percent of New York City businesses are immigrant-owned.¹⁷ The City has to date certified over 10,000 of local businesses as M/WBEs (minority or women-owned enterprises) as of August 2020. The Comptroller's office estimates closer to half of all businesses in the City are M/WBEs.¹⁸ New York City's small businesses include everything from industry, restaurants, and retail, to technology, personal services and tourism.¹⁹ Prior to the pandemic, the number of small businesses in the City was growing, and between 2008 and

Now is the time for the City to develop a coordinated plan and design policies that reflect the needs of small businesses

2018 that number grew by 10 percent.²⁰ By the height of the pandemic, between March and August 2020, more than 2,800 small businesses in New York City had permanently closed, according to data from Yelp, the business listing and review site. This is a higher number than in any other large American city.²¹ According to a July 2020 report by the Partnership for New York City, approximately one-third of the City's 240,000 small businesses may never reopen. Those small businesses which have closed account for up to 520,000 lost jobs.²² Data from February 2021 showed more than 47 percent of small businesses in the New York City Metro Area were still closed.²³ By any measure, small businesses and their owners and workers have suffered extraordinary loss and the entire city suffers as a consequence of their loss.

While the pandemic is not yet fully controlled, effects of the vaccine and other public health measures indicate that this is the time the City should be actively planning and implementing its economic recovery. The mayor expects the City to be fully reopened by July 2021.²⁴ New resources to support small businesses are now becoming available directly from the federal government's American Rescue Plan (ARP), which includes \$6 billion in direct aid to New York City and additional money for small business relief including a Restaurant Relief Fund (RRF);²⁵ the State government's FY 2021-2022 budget has added \$800 million to its small business recovery programs;²⁶ the City will also be allocating \$155 million in its FY2021-2022 budget to support small business recovery;²⁷ while the Small Business Network²⁸ continues to provide resources and support services through its public-private partnership. Now is the time for the City to develop a coordinated plan, design and implement policies that reflect the specific and pressing needs of small businesses.

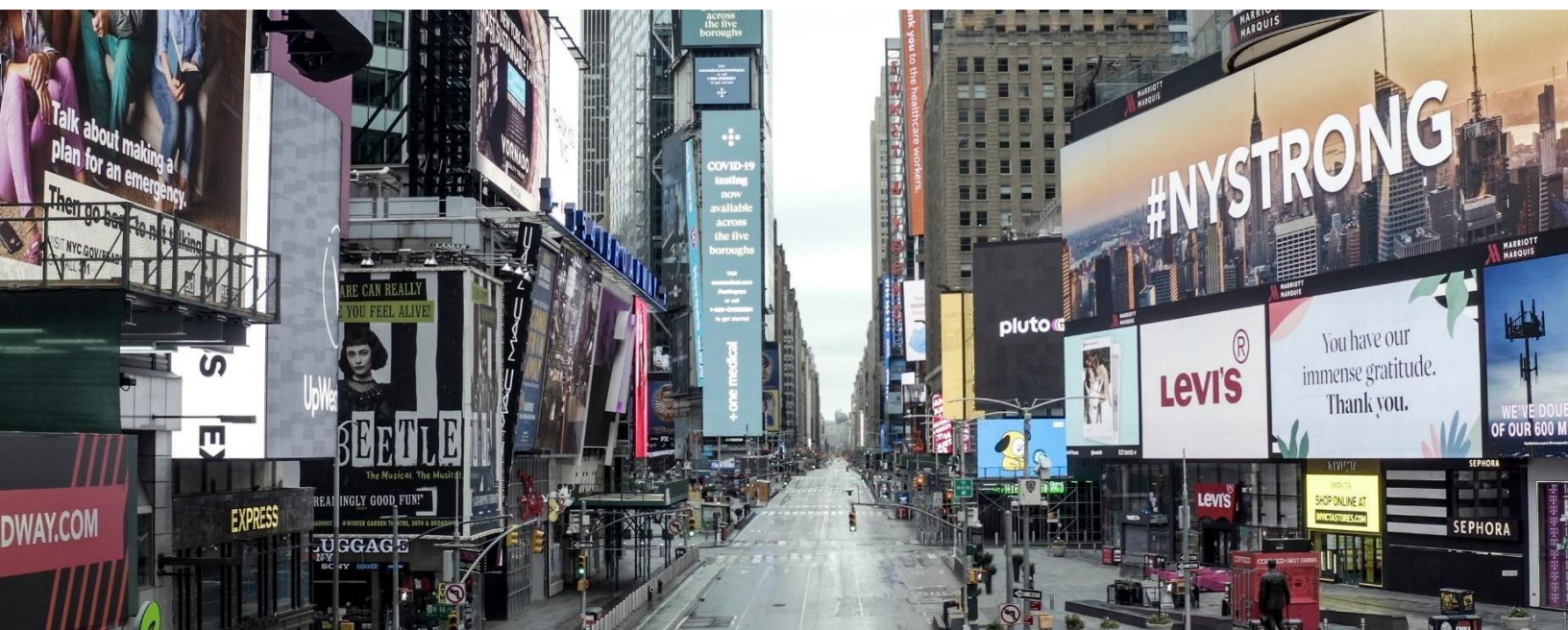
**THE COVID-19
POLICY
CHALLENGE**

THE COVID-19 POLICY CHALLENGE

A crisis is always difficult for policymakers to manage, but the COVID-19 pandemic presented an extraordinary number of challenges for city and state government officials. The problems of the COVID-19 pandemic were not simply the result of a failure to plan or prepare. Most significantly, there was no clear guidance or support from the Federal government to combat the virus and the former president publicly and daily undermined the scientific findings and policy advice of the Center for Disease Control (CDC).²⁹ Consequently, as the COVID-19 virus rapidly turned into a global pandemic, states and cities were left to confront its devastating health and economic impacts on their own.³⁰

The timeline in New York is instructive for understanding why the COVID-19 crisis has been so devastating. As the virus swept the nation and the world, New York City became the epicenter of the virus in the United States.³¹ The pandemic impacted, and continues to impact, all New Yorkers. The entire city, but especially low-income and minority communities, was hard hit by stay-at-home orders, business closures, record unemployment, overcrowded hospitals, and a general sense of fear and anxiety. Small businesses simply did not have the resources or capacity to respond quickly to this ever changing and difficult economic environment. The result has been extraordinary damage to New York's small business community and a need for significant government assistance to return to economic viability.

The pandemic began in New York on March 1, 2020 when New York Governor Andrew Cuomo confirmed the first case of COVID-19 in the State; a woman in New York City had contracted the virus while traveling in Iran.³² On March 20, Governor Cuomo signed the "New York State on PAUSE" executive order which mandated the closure of non-essential businesses statewide.³³ Businesses that were allowed to stay open included laundromats, health care providers, gas stations, utility companies, grocers, restaurants (take-out only), pharmacies, and plumbers. But all other businesses, including many of New York City's small businesses,



mostly retail and restaurants, closed temporarily or indefinitely. The governor said that the closure provisions would be enforced, and that any business that violated the order would be fined or could face closure.³⁴ By April 12, the number of small businesses open in New York City had decreased by 55 percent compared to January 2020.³⁵

A little over three months later, the City began a phased reopening on June 8, 2020.³⁶ At that time and as part of Phase 1 of reopening, some nonessential businesses were allowed to resume including manufacturers and nonessential retail stores (for delivery, curbside, and in-store pickup). As the City moved into Phase 2 on June 22, outdoor dining at restaurants resumed, hair salons and barbershops reopened with waiting areas closed, and offices, in-store retail, and car dealerships re-opened.³⁷ By that time, the number of small businesses open in New York City had decreased 34.8% when compared to just six months earlier.³⁸

The City entered Phase 3 on July 6, 2020 when personal care services like nail salons, massage parlors, spa services, and tanning salons could reopen. And, later that month, the City entered Phase 4 on July 20, 2020. Indoor dining, however, opened much later than it did in the rest of the State; and it was not until September 30 that indoor dining reopened at 25 percent capacity. Since the City's phased reopening began, policies for restaurant dining have changed multiple times, with indoor dining closing in December 2020 and then re-reopening in February 2021.³⁹

New York City continues to reopen. Movie theaters and pool halls reopened on March 5, 2021 and indoor arts and entertainment venues reopened a month later, on April 2, all at limited capacity.⁴⁰ Additional venues and activities will continue to reopen on a to-be-determined basis. By July 1, New York City will be fully reopened when Mayor de Blasio will lift all restrictions on businesses and cultural institutions.⁴¹

The need to understand how these policy changes impact the economic viability of small businesses in New York City remains important. Clearly the \$2 trillion of federal aid provided by the initial 2020 CARES Act stimulus package, of which an estimated \$5.3 billion was directed to New York City, was not enough.⁴² The State and City responses were also insufficient. We are now beginning a new phase of government assistance for small businesses. There is \$6 billion of funding from the federal government's American Rescue Plan (ARP) directed to New York City and \$12.5 billion directed to New York State.⁴³ The ARP also has additional funding for small business relief including a Restaurant Relief Fund (RRF);⁴⁴ the State government's FY 2021-2022 budget has added \$800 million to its small business recovery programs;⁴⁵ the City has proposed allocating \$155 million in its FY2021-2022 budget to support small business recovery, including a \$100 million Small Business Grant Program;⁴⁶ while the Small Business Network⁴⁷ continues to provide resources and support services through its public-private partnership. There is now an important opportunity to improve the City's policies for small business assistance.

How can we ensure that city small businesses are most effectively served by these opportunities for assistance? The first step is to listen to what small businesses are saying they need. Small businesses have made it clear that stabilizing their financial condition is their greatest priority. Second, city government and its Department of Small Business Services (SBS) and/or Economic Development Corporation (EDC) must take an active role in coordinating this support and making it easily accessible to the City's small businesses in every community. Working with the organizations that represent the small business community as well as the Small Business Network is key to making this support available quickly. Accessibility to new grants and resources will also ensure equitable distribution of funds, especially to New York's minority and women owned businesses, immigrant owned business and smaller businesses in the City's residential business districts. Second, small businesses need policies that target resources and assistance based on the differential impacts of the pandemic. This will also require the City to engage small business organizations and speak directly to business owners about their experiences and needs and, in turn, learn from those who proved most resilient during the mandated closure period.

The Communities Speak: Small Business Survey begins the process of listening to the small business community. We consulted our partners from the business community and government in the design of the survey and they were critical to our outreach efforts. This report uses the survey data to document the severity of COVID-19's impact on New York's small businesses; the specific problems they have been confronting as a consequence of the early lockdown; the efforts by many small businesses to stay open; and identifies their needs in order to become, once again, economically viable. Specific policy recommendations are also offered, based on the data we collected.

**RESEARCH PURPOSE
AND
STUDY DESIGN**

RESEARCH PURPOSE AND STUDY DESIGN

Need for the Survey. In July 2020, the Partnership for New York City released a report warning that over one-third of the City's small businesses may never reopen.⁴⁸ It was clear that New York City's small businesses were not only suffering immeasurable harm due to the pandemic, but that policy at every level of government was not effectively addressing their needs. While city and state leaders recognized that economic recovery would depend on the revitalization of its small businesses, there seems to have been a disconnect between policy proclamations and implementation. Consequently, small businesses were growing increasingly frustrated with the lack of government responsiveness to their needs. We developed the Communities Speak Small Business Survey to collect data directly from small business owners.⁴⁹ ***This survey is meant to begin the process of listening to the small business community so that government policy can better respond to their expressed needs.***

Survey Design. The *Communities Speak: Small Business Survey* is part of the Communities Speak: Rebuilding the Post-Pandemic City Through Community Engagement project (formerly CovidWatcher). The project is a collaboration between Columbia University School of International and Public Affairs (SIPA) and the Medical Center's Department of Bioinformatics and a network of community organizations.⁵⁰ This survey was fielded in the Fall of 2020, targeting New York City small businesses with fewer than 100 employees.⁵¹ Our community-based and nonprofit partners collaborated in developing the survey and ensuring that small businesses would respond. The community partners for the *Communities Speak: Small Business Survey* are the 125th Street Business Improvement District (BID); New York City BID Association; NYC Hospitality Alliance, Association for a Better New York (ABNY), Tech:NYC; Partnership for New York City; Manhattan Chamber of Commerce, and the New York City Department of City Planning.⁵²

The survey was designed to capture the impact of COVID-19 on small businesses and the government policy responses, over three time periods. Data on the *pre-lockdown* period (before March 2020) was collected to develop baseline of information. The data collected for the *lockdown period* (March 22-June 7, 2020) and the phased *reopening period* (after June 8, 2020), is critical for understanding what changed for small businesses during the pandemic that impacts their economic viability. These three time periods allow us to track the short and long-term impacts of the COVID-19 lockdown, as well as the phased reopening on small business economic viability. These three distinct time periods also reflect the changing nature of the context in which small businesses are operating, especially the impact of changing government regulations and consumer habits. Since national studies indicated that restaurants and the tech sector had very different experiences during the COVID-19 lockdown and have demonstrated distinctive needs for post-pandemic viability, we have chosen to analyze them separately.⁵³ Since existing data indicate that M/WBEs were severely impacted by the COVID-19 lockdown and were less likely to access government assistance, we also analyze M/WBEs as a distinct group of businesses. We also consider how well small businesses located in Business

Improvement Districts (BIDs) fared during lockdown, specifically whether they were better able to access support services.

Research Purpose. The *Communities Speak: Small Business Survey* has several purposes.

- Document the severity of COVID-19's impact on New York City's small businesses
- Identify the specific problems small businesses have been confronting as a consequence of the early lockdown
- Identify the needs of small businesses considering variation in sector, location, M/WBE status, BID membership and severity of COVID-19 impact
- Determine what small businesses need now and in the long term to be economically viable
- Learn about what small business owners are already doing to ensure their economic viability and the health and safety of their customers and employees
- Specific policy recommendations based on the data collected
- Enable data-driven policymaking that designs programs and targets resources to meet the specific needs of small business based on their experiences during lockdown and current economic challenges

SURVEY DATA

SURVEY DATA

WHO ARE THE SMALL BUSINESSES IN THE SURVEY?

This section provides a snapshot of the small businesses that responded to our survey.⁵⁴ This includes the distributions for types of small businesses, where they are located, whether they are minority or women-owned (M/WBE), whether they are BID members, and whether they stayed open or closed during the lockdown period.

Type of Business. The survey responses come from a diverse group of small businesses (See Table 1). The largest group of respondents are restaurants (32 percent) followed by professional services (17 percent).⁵⁵

Table 1: Small Business Type

Small Business Type	Number	Percent
Restaurant	118	32%
Professional Services	64	17%
Retail	37	10%
Industrial Business	35	10%
Technology	26	7%
Tourism Economy	22	6%
Personal Care, Recreation, Gyms	20	5%
Other	44	12%
Total	366	100%

Location of Business. The majority of businesses (58.6 percent) who responded to the survey are located in Manhattan. The second largest group (23.6 percent) are in Brooklyn (see Figure 1). The zip codes with the most respondents are all located in Manhattan (10027, 10016, 10018, 10013).

Figure 1: Distribution of Small Businesses by Borough

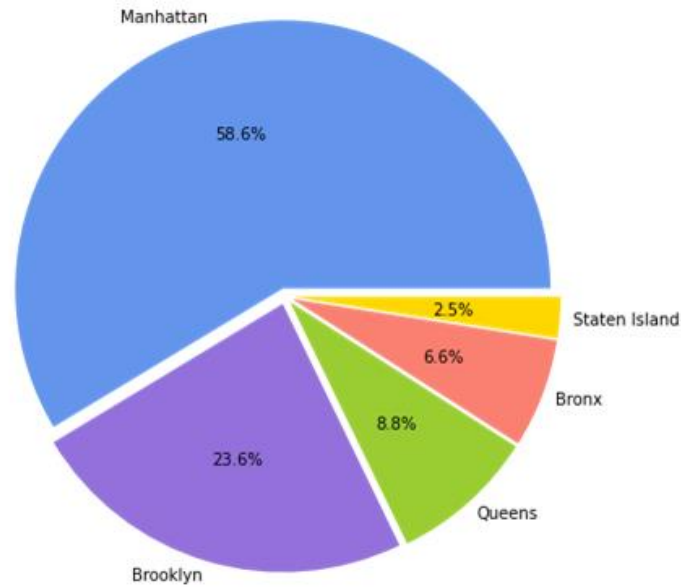
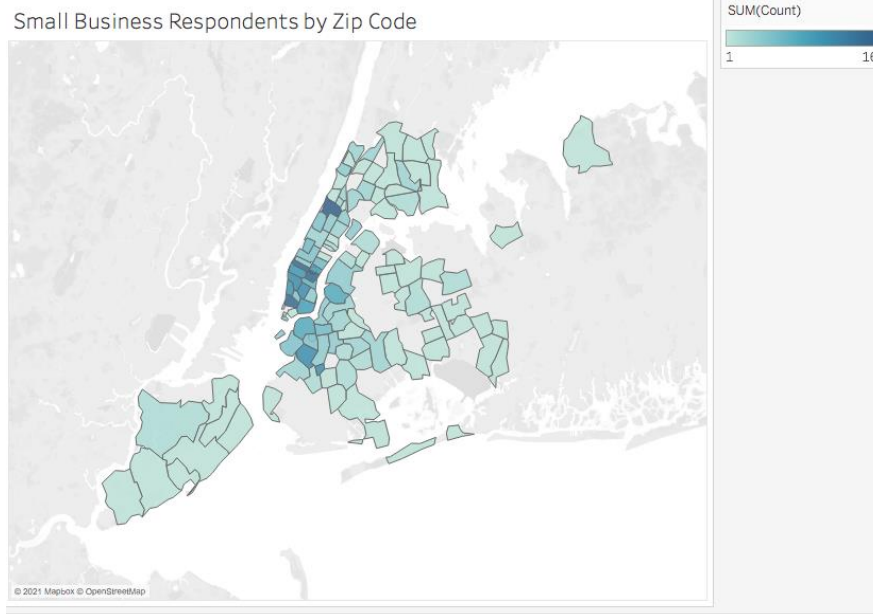
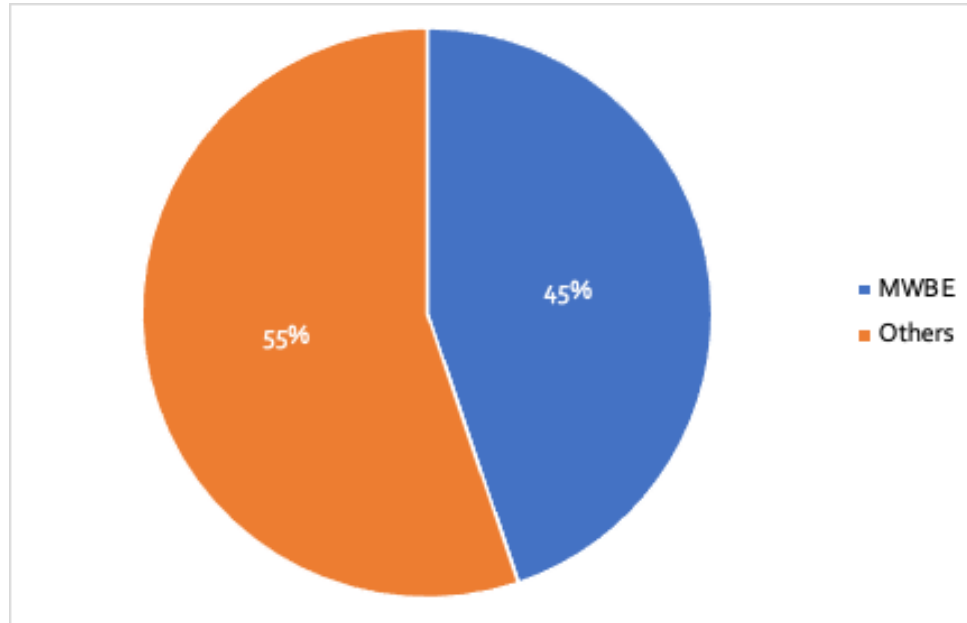


Figure 2: Small Business Distribution by Zip Code



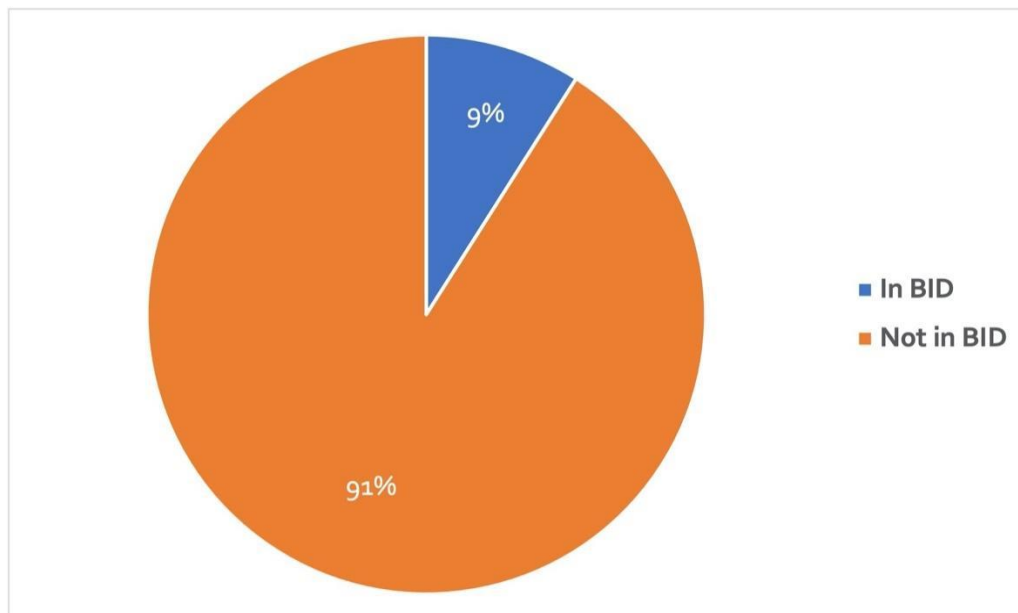
M/WBE Status. 45 percent of respondents indicated that their business is a minority or women-owned business enterprise (M/WBE). This is consistent with the distribution.

Figure 3: Distribution of Small Businesses by M/WBE Status



Business Improvement District (BID) Membership. 9 percent of small businesses were BID members, while 91 percent were not.

Figure 4: Distribution of Small Businesses by BID Membership



Small Business Distribution by Open vs. Closed During Lockdown and Phased Reopening.

Significantly, during lockdown, 56 percent of small businesses stayed open or stayed open with limited capacity on premises, 19 percent worked remotely, and 35 percent closed.

During phased reopening, only 10 percent of small businesses remained closed. While 14 percent opened fully; and 72 percent opened at limited capacity. Clearly most small businesses were figuring out how to adapt in anticipation of fully reopening, although the long-term challenges are different depending upon financial loss, employee loss and level of aid received.

Figure 5: Status of Businesses During Lockdown

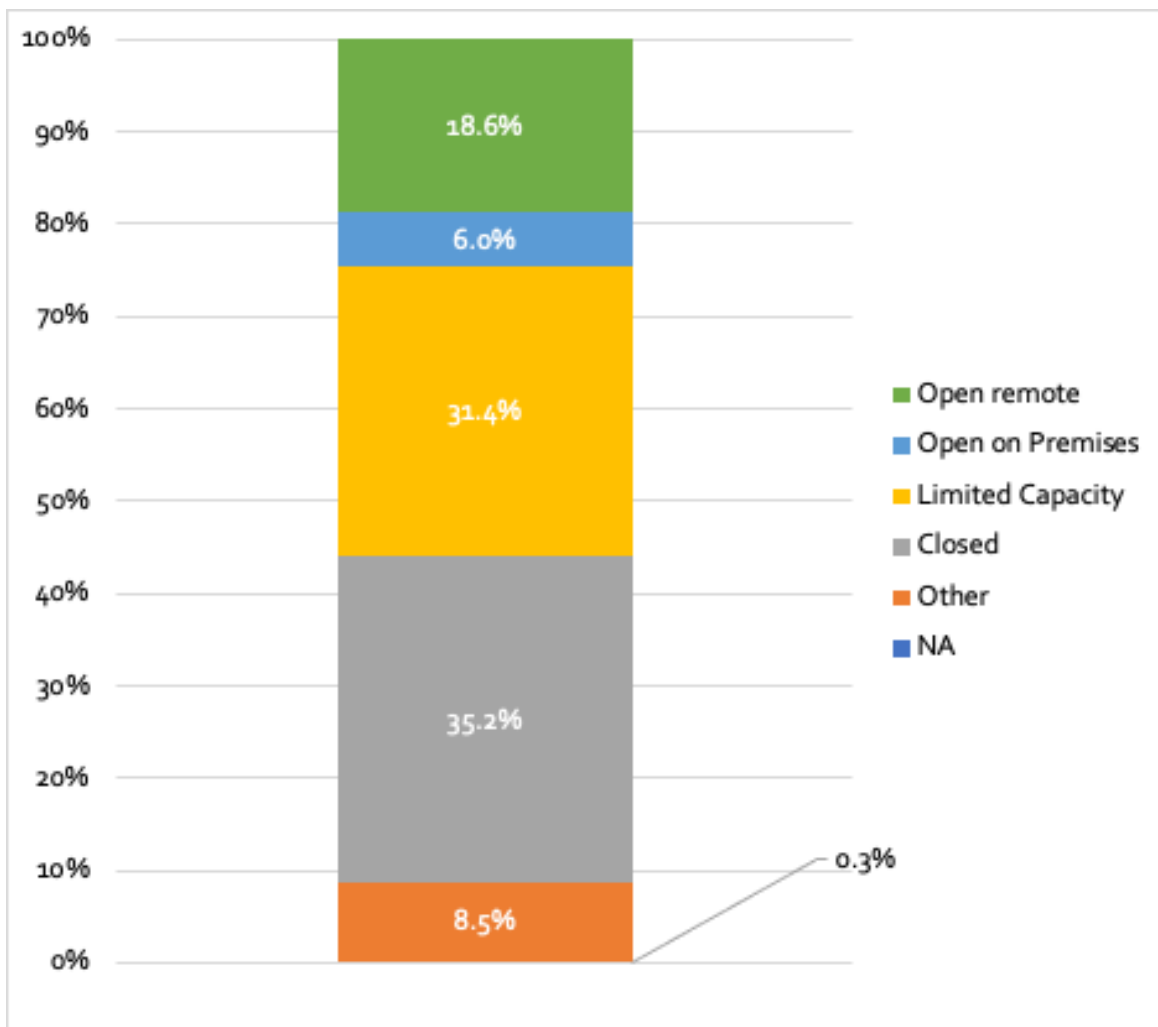
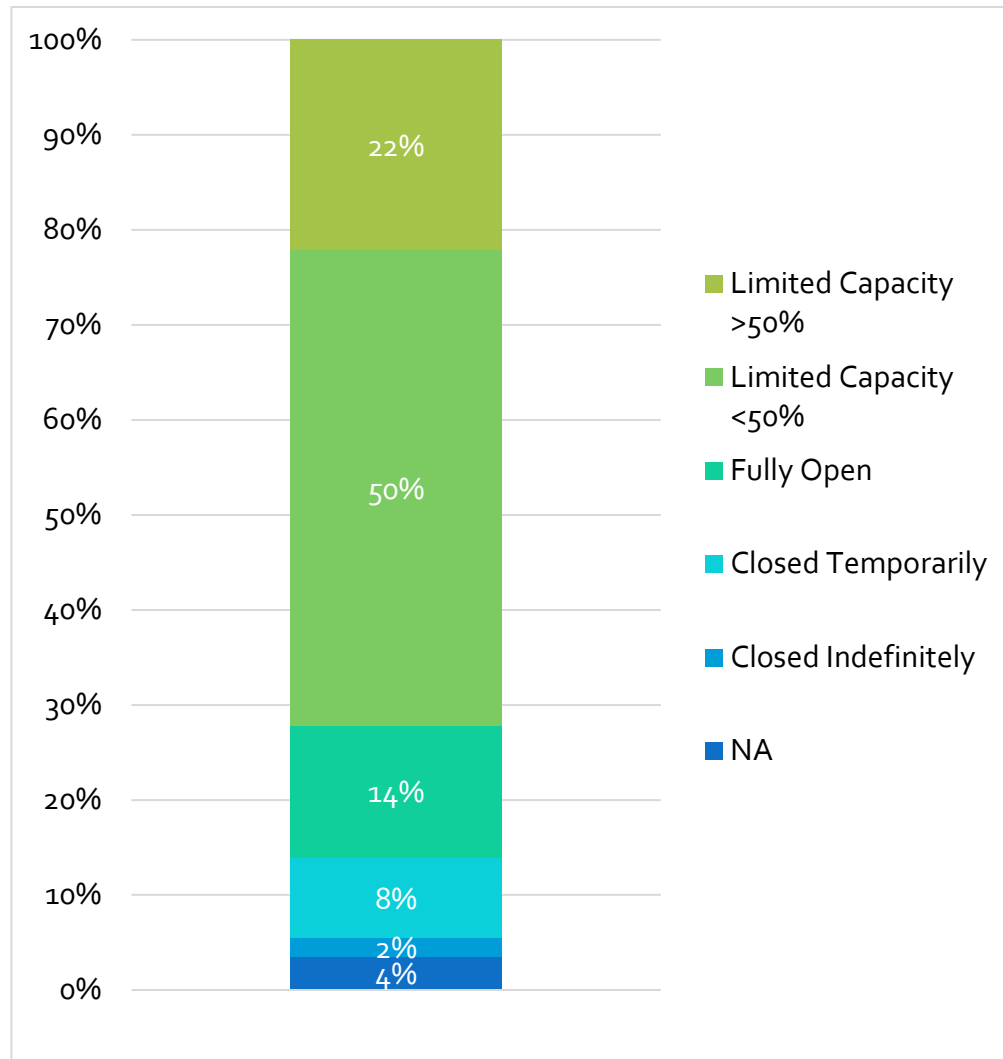


Figure 6: Status of Small Businesses in October/November 2020 During Phased Reopening



IMPACT OF THE SHUTDOWN

Impact of Lockdown and Phased Reopening on Small Businesses Economic Viability

In the following sections, we examine the severity of the impact of the lockdown and the phased reopening period on the economic viability of restaurants, tech businesses, and M/WBEs. We specifically consider the effects of revenue loss and whether or not a business stayed open or had to close during lockdown, level of capacity achieved and maintained during phased reopening, and employee retention.

Impact of Lockdown and Phased Reopening on Restaurant capacity to reopen compared to all other small businesses

Restaurants faced unique challenges during the lockdown. No restaurants were able to stay fully open during lockdown. Restaurants closed at significantly greater rates than other small businesses during lockdown, and restaurants that were able to stay open during lockdown did so by reducing their capacity more than other businesses. Even when lockdown regulations were lifted and phased reopening began, no restaurants reopened at full capacity.

Among small businesses that remained open during lockdown, restaurants experienced greater revenue loss. Restaurants were more likely than other small businesses to experience revenue losses of over 75 percent when they stayed open. Other small businesses that stayed open also experienced serious revenue loss, but it was more likely to be less severe (under 50 percent).

Almost all restaurants that closed during lockdown saw 100 percent reduction in revenue, while other small businesses that closed had less severe revenue losses.



Restaurants faced greater challenges than other small businesses during the phased reopening period. Restaurants were hard hit during the lockdown period. 52 percent of restaurants closed during lockdown, while only 28 percent of other businesses closed (see Figure 7). Even when lockdown regulations were lifted and phased reopening began, no restaurants reopened at full capacity. Approximately 20 percent of other small businesses reopened fully. When restaurants reopened, it was more likely to be with more limited capacity (less than 50 percent) compared to other small businesses (above 50 percent capacity).

Figure 7: Status of Restaurants vs. Other Businesses During Lockdown

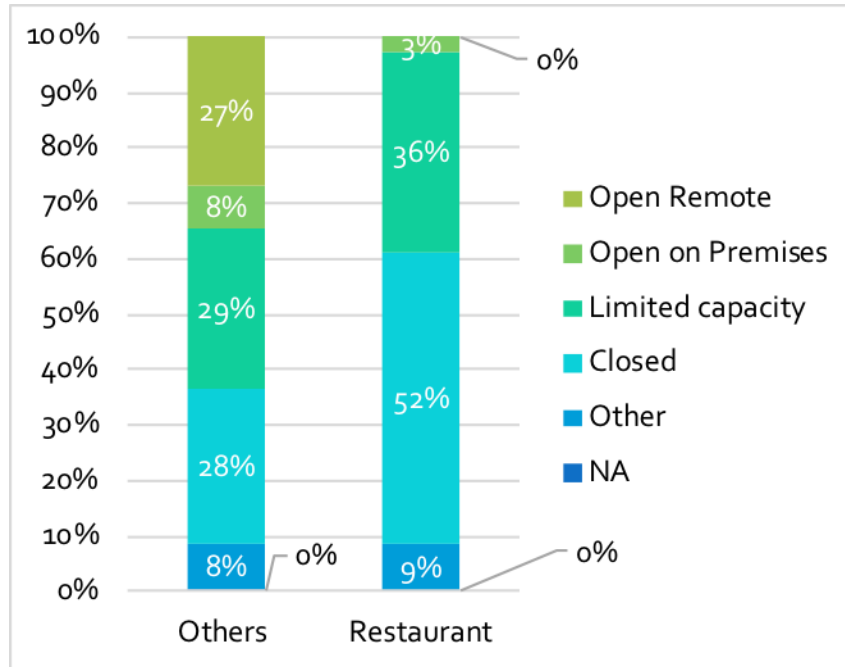
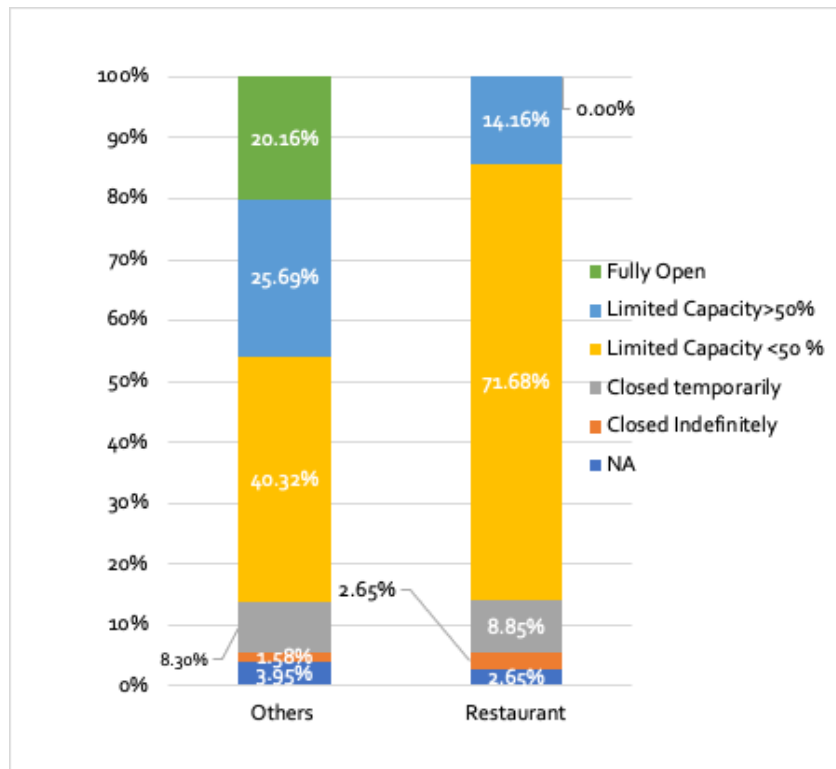


Figure 8: Status of Restaurants vs. Other Businesses in Oct/Nov 2020 After Lockdown Regulations were Lifted



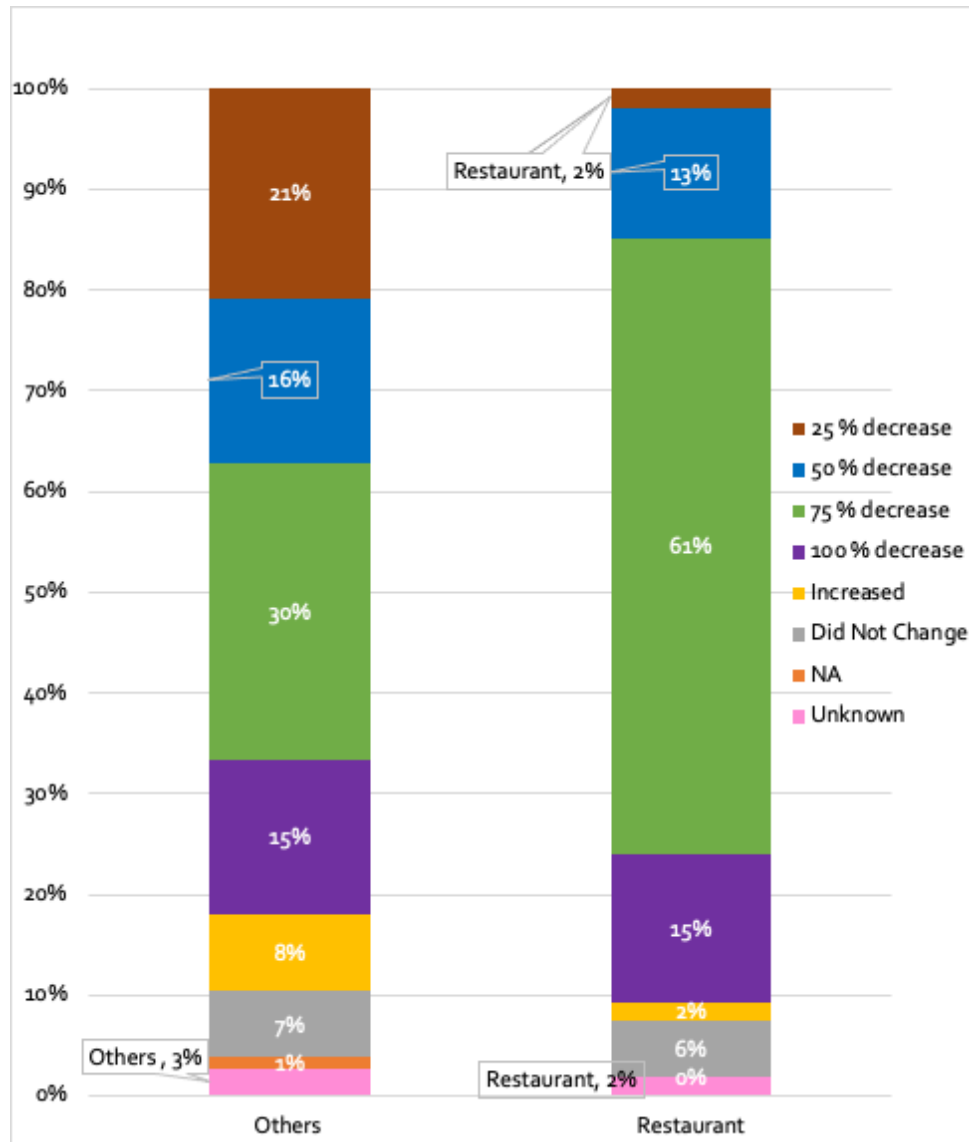
Restaurant Revenue Loss Compared to All Other Small Businesses

The cumulative impact of lockdown and phased reopening regulations are clearly visible in restaurant revenue. Restaurants lost revenue at a higher rate than other small businesses. Significantly, 61 percent of restaurants who kept their business open during lockdown reported losing 75 percent of their revenue. Only 30 percent of other small businesses who kept their businesses open reported losing more than 75 percent of their revenue. An additional 13 percent of restaurants and 16 percent of other small businesses faced losses of 50 percent of their revenue (see Figure 9).

When we consider the businesses that were doing relatively well (less than 25 percent revenue loss), restaurants who stayed open did not do as well as other small businesses. Only 2 percent of restaurants who kept their establishments open reported this low rate of revenue loss, while 14 percent of other small businesses experienced this rate. At the same time, only 7 percent of restaurants indicated no loss or an increase in revenue, compared to 14 percent of other open small businesses. Figure 9 shows revenue loss comparing restaurants with other small businesses that were able to remain open in some capacity during the lockdown.

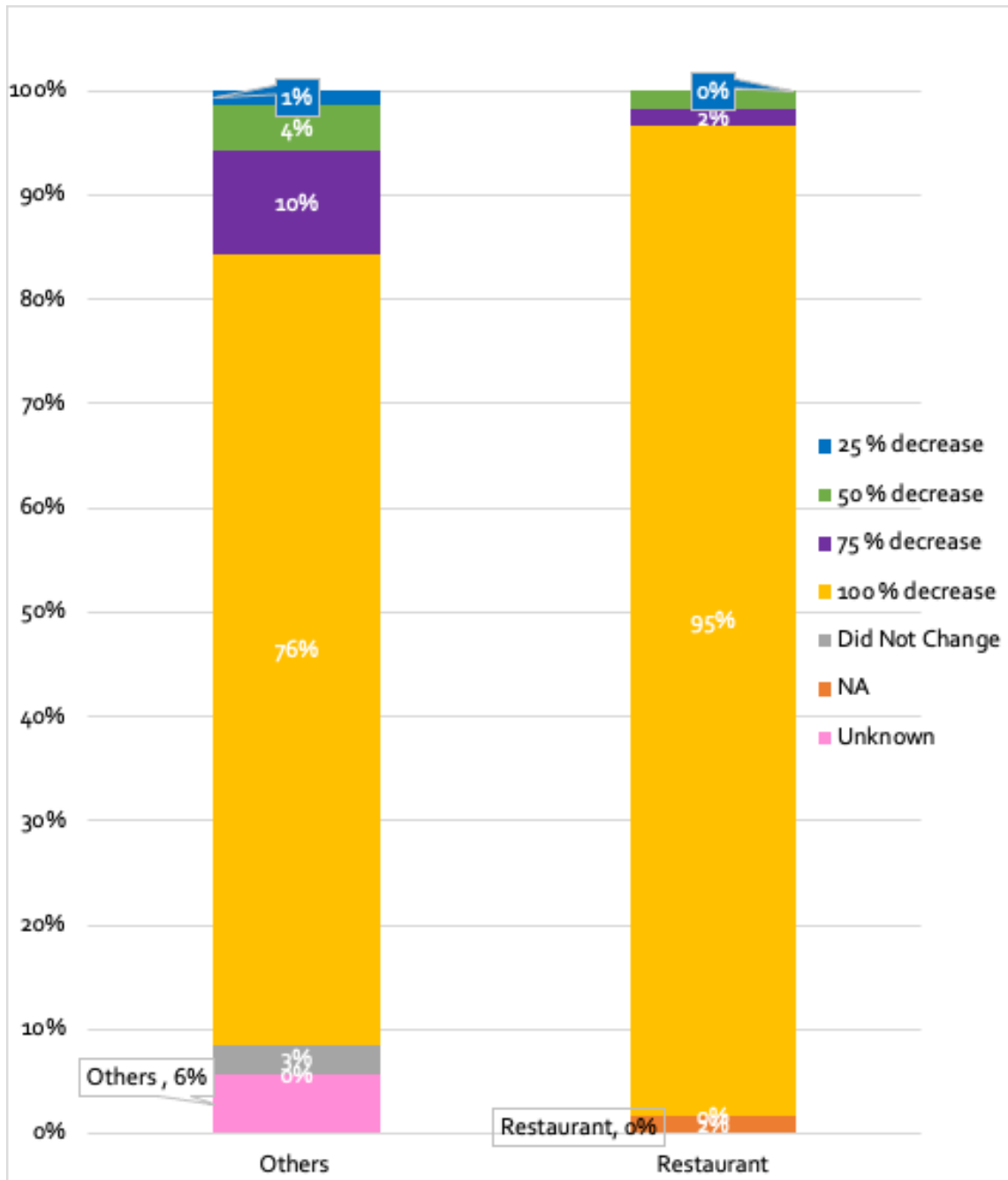


Figure 9: Restaurants vs. Other Small Businesses: Revenue Loss if Remained Open During the Lockdown



As we mentioned earlier, 27 percent of other small businesses and 52 percent of restaurants closed during lockdown. Restaurants that closed experienced greater revenue loss than other small businesses. If your restaurant closed during lockdown, you were likely to experience 100 percent revenue loss. Of the restaurants that closed during lockdown, 95 percent indicated they lost 100 percent of their revenue. At the same time, 76 percent of other small businesses that closed during lockdown had total revenue loss. Figure 10 shows the extraordinary revenue loss for all small businesses that closed during the lockdown period. Restaurants that closed were hit the hardest with revenue losses.

Figure 10: Restaurants vs. Other Small Businesses: Revenue Loss If Closed During Lockdown



Restaurant Employee Retention Compared to All Other Small Businesses

Restaurant owners furloughed, reduced hours, and laid off employees at higher rates than other types of small business owners. While many business owners were forced to close or partially close their businesses, they were also forced to lay off or furlough employees. In particular, restaurant owners furloughed employees at higher rates than other types of small businesses. Approximately 35 percent of business owners reported furloughing employees during lockdown, compared to only 18 percent of other small business owners (see Figure 11). Restaurant owners also reported reducing employee hours more frequently than other types of small businesses. The majority of other small businesses (79 percent) **did not** reduce hours for employees, while only 6 percent of restaurants **did not** reduce employee hours (see Figure 12). Further, restaurants laid off employees at a much higher rate than other types of small businesses (see Figure 13).

Figure 11: Restaurants vs. Other Small Businesses: Furloughed Employees

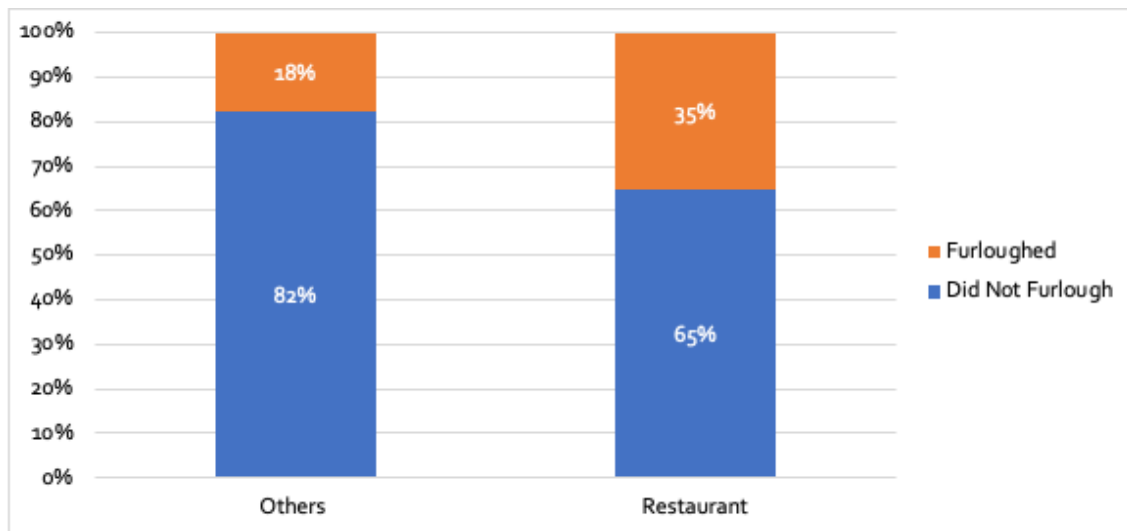


Figure 12: Restaurants vs. Other Small Businesses: Reduced Hours of Employees During Lockdown

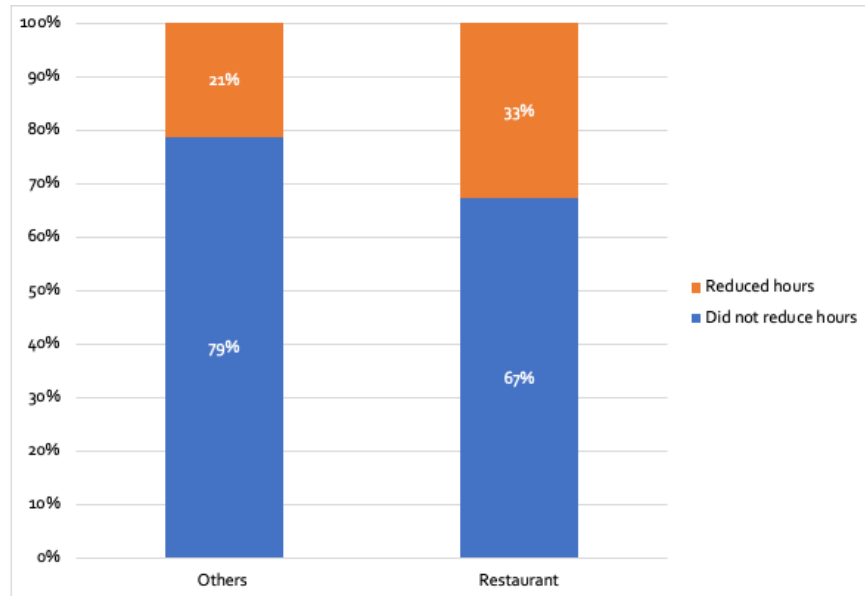
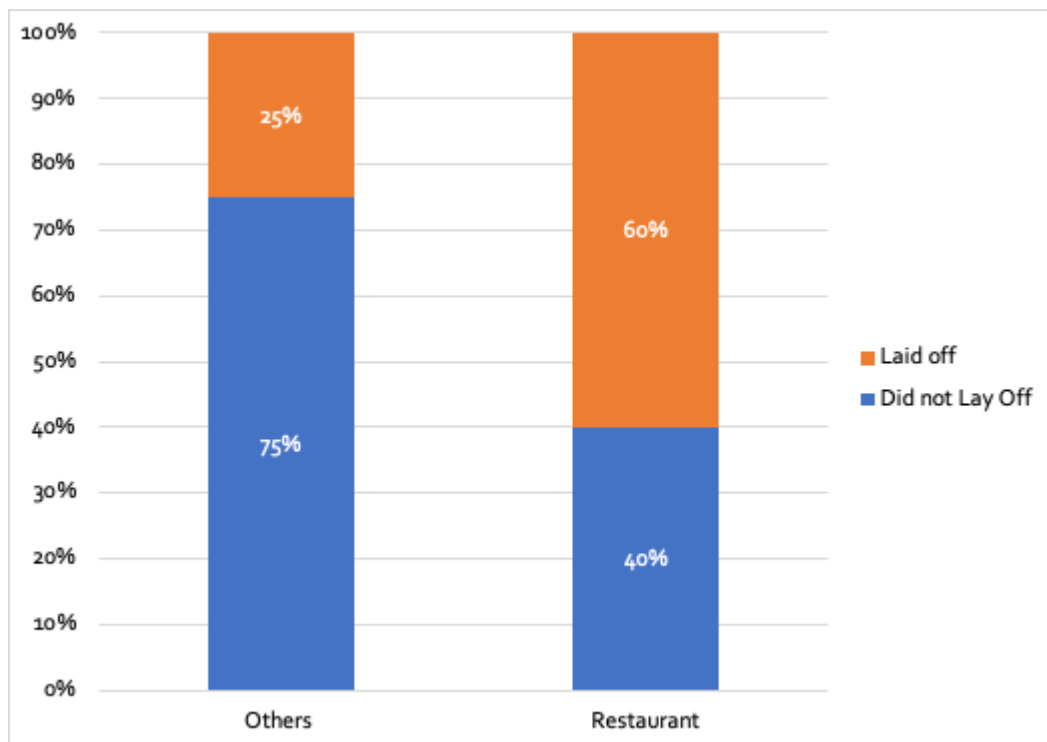


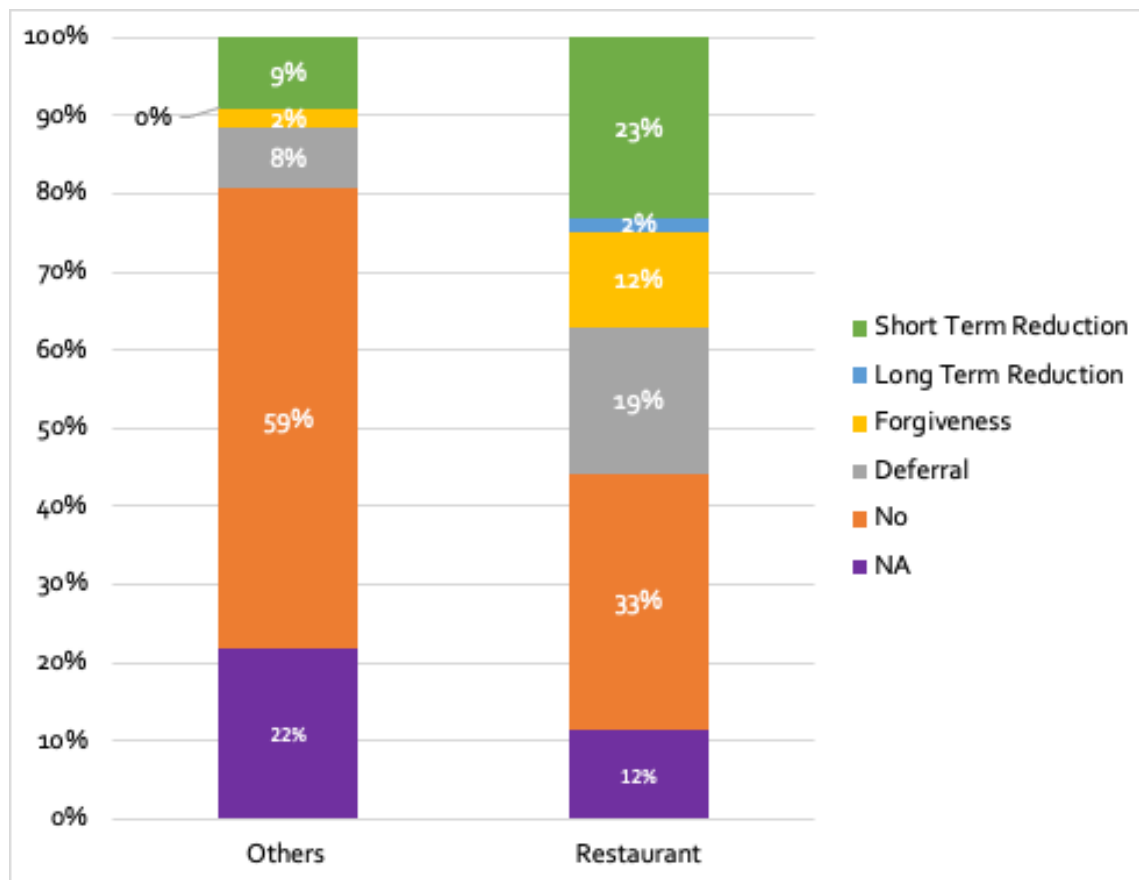
Figure 13: Restaurants vs. Other Small Businesses: Percentage of Establishments that Laid Off Employees



Financial and Rental Assistance to Restaurants Compared to All Other Small Businesses

Restaurants were more likely to receive rental or financial assistance than other small businesses. Many government agencies, nonprofits as well as business organizations offered financial and rental assistance to businesses facing hardship, during the pandemic. The majority (59 percent) of non-restaurant small businesses received no form of rental assistance, compared to only 33 percent of restaurants. 12 percent of restaurants received rent forgiveness and 19 percent rent deferral, compared to less than 3 percent and 8 percent of other small businesses. 23 percent of restaurants received short-term rent reduction and less than 2 percent long-term rent reduction. Only 9 percent of other small businesses reported short-term rent reductions. See Figure 14 for a comparison of different types of rental assistance received by restaurants and other small businesses.

Figure 14: Restaurants vs. Other Small Businesses: Type of Received Rental Assistance



Impact of Lockdown and Phased Reopening on Small Business Members of Business Improvement Districts

Business Improvement Districts (BIDs) have been important to the economic vitality of New York City's small businesses and to the resilience of its neighborhood and large commercial business districts. Initially developed as Special Assessment Districts in 1977, the first BID was created in the City in 1984, after enabling legislation was passed by both the State and City in 1982.⁵⁶ BIDs are formed in a defined geographic area and funded by a special assessment billed to the property owners in the district. In New York City, BID services do not substitute for those provided by the City; but target their activities to specific needs identified by their members. Services and improvements typically include street cleaning and maintenance, public safety, hospitality, marketing and events, capital improvements, beautification, advocacy, and development. Currently, New York City has 76 BIDs serving more than 85,000 businesses (not all small businesses).⁵⁷

Our sample of BID businesses was small, so it is difficult to draw any firm conclusions. Since most of the BID small businesses in our survey were located in commercial or mixed-use zoning districts (See Figure 15), they were hit hard by the COVID-19 shutdown. They appear to have had a similar experience to other small businesses and have similar needs.

Figure 15: BID Businesses Distribution by Zoned Land Use

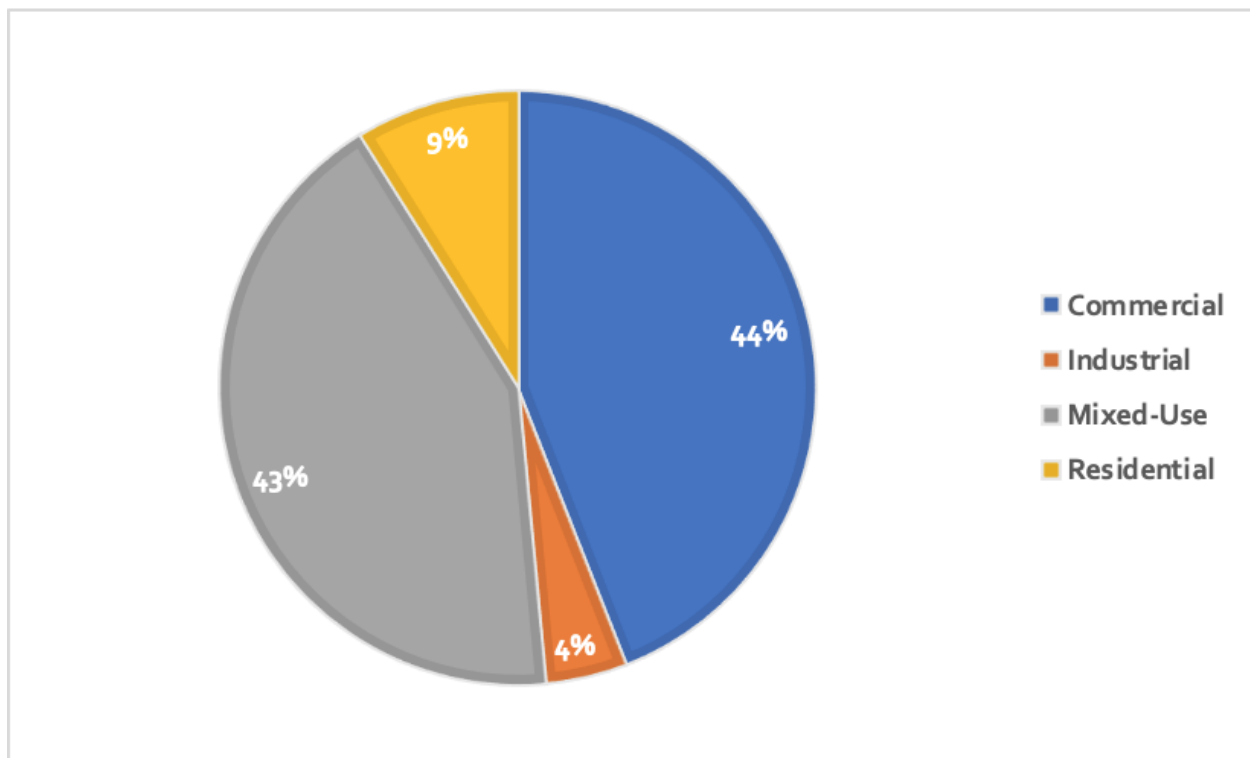
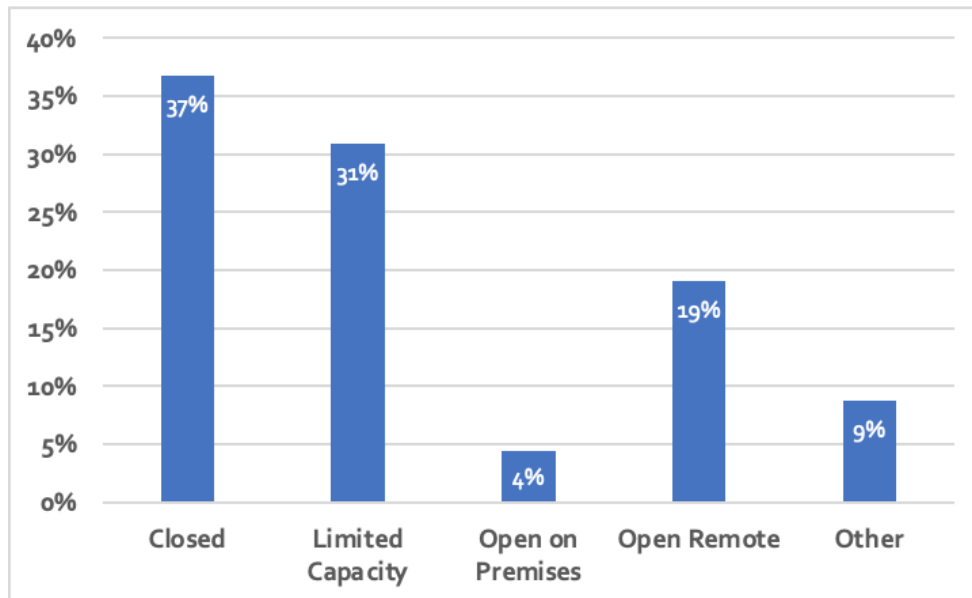
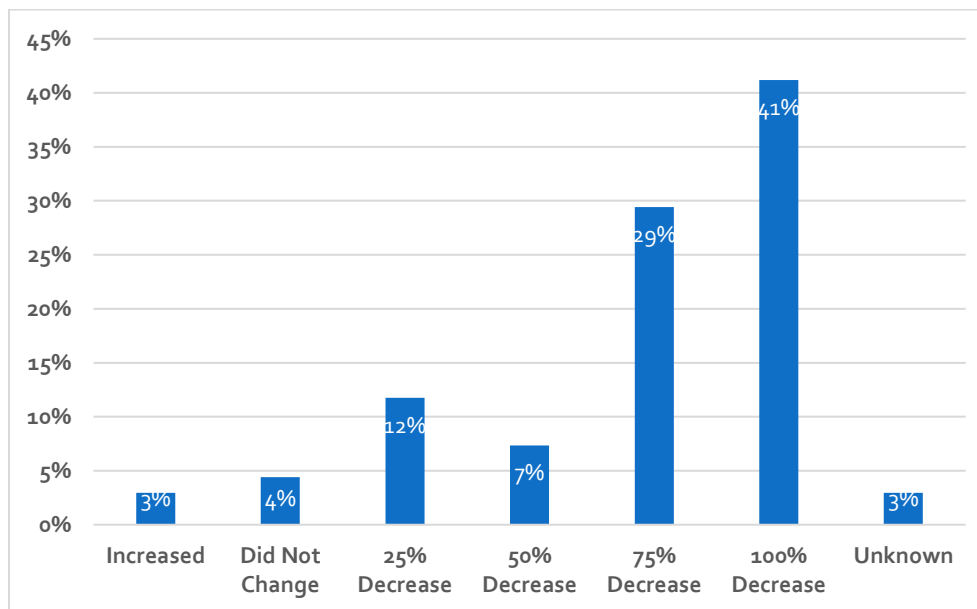


Figure 16: BID Businesses Open vs. Closed Status During Lockdown



Significantly, during lockdown, 37 percent of BID small businesses closed, similar to the closure rate for all small businesses in the survey.

Figure 17: BID Businesses Revenue Loss



During shutdown, 41 percent of BID small businesses saw a 100 percent decrease in revenue and 40 percent of BID businesses had to lay off employees.

Impact of Lockdown and Phased Reopening on Minority and Women-Owned Small Businesses

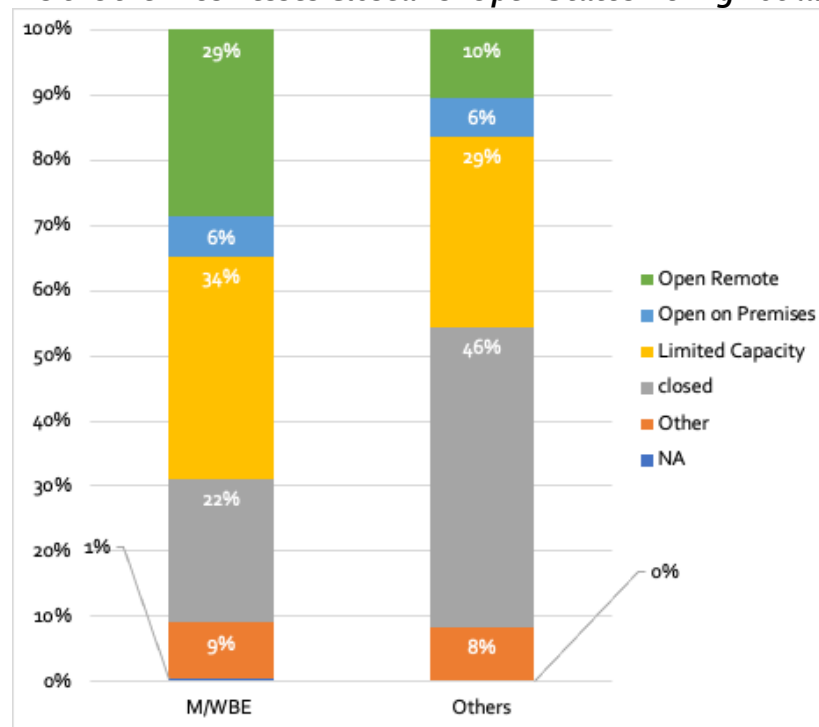
This section outlines the unique situation of M/WBEs during the lockdown period. **M/WBEs fared better than other small businesses during the lockdown period, but still have considerable challenges.** ⁵⁸

M/WBEs reported a different experience than other small businesses during lockdown. Fewer M/WBEs reported closing compared to other small businesses. Rental assistance was less common for M/WBEs than for other small businesses and M/WBEs reported fewer rent reductions or deferrals than other small businesses.

M/WBE capacity to remain open compared to all other small businesses

During the lockdown, more M/WBEs stayed open compared to other small businesses, but with limited capacity or a different business model. Only 22 percent of M/WBEs closed during the lockdown. At the same time, of those M/WBEs that remained open, only 6 percent remained fully open on premises. Another 34 percent of M/WBEs stayed open at limited capacity and 29 percent were open remotely. When comparing this data with other small businesses, we see significantly different impacts. Other small businesses were more likely to close during lockdown (46 percent). Other small businesses that were open had limited capacity (less than 30 percent). 10 percent opened remotely, and 6 percent were open on the premises.

Figure 18: M/WBEs & Other Businesses Closed vs. Open Status During Lockdown



M/WBE Revenue Loss Compared to Other Small Businesses

M/WBEs lost somewhat less revenue than other small businesses, but revenue losses were high. About 15 percent of both M/WBEs and other small businesses that remained open reported a 100 percent reduction in revenue. 32 percent of M/WBEs who stayed open sustained revenue losses of 75 percent, compared to 42 percent of other small businesses. Only 22 percent of M/WBEs reported losses of less than 25 percent compared to 10 percent of other small businesses.

M/WBE Employee Retention compared to other small businesses

M/WBEs reported fewer furloughs and layoffs than owners of other small businesses. Only 18 percent of M/WBEs furloughed employees during lockdown compared to 27 percent of other small businesses. 31 percent of M/WBEs laid off employees compared to 40 percent of other small businesses. At the same time, M/WBE owners reduced employee hours at similar rates to other small businesses (24 percent of M/WBEs compared to 27 percent for other small businesses).

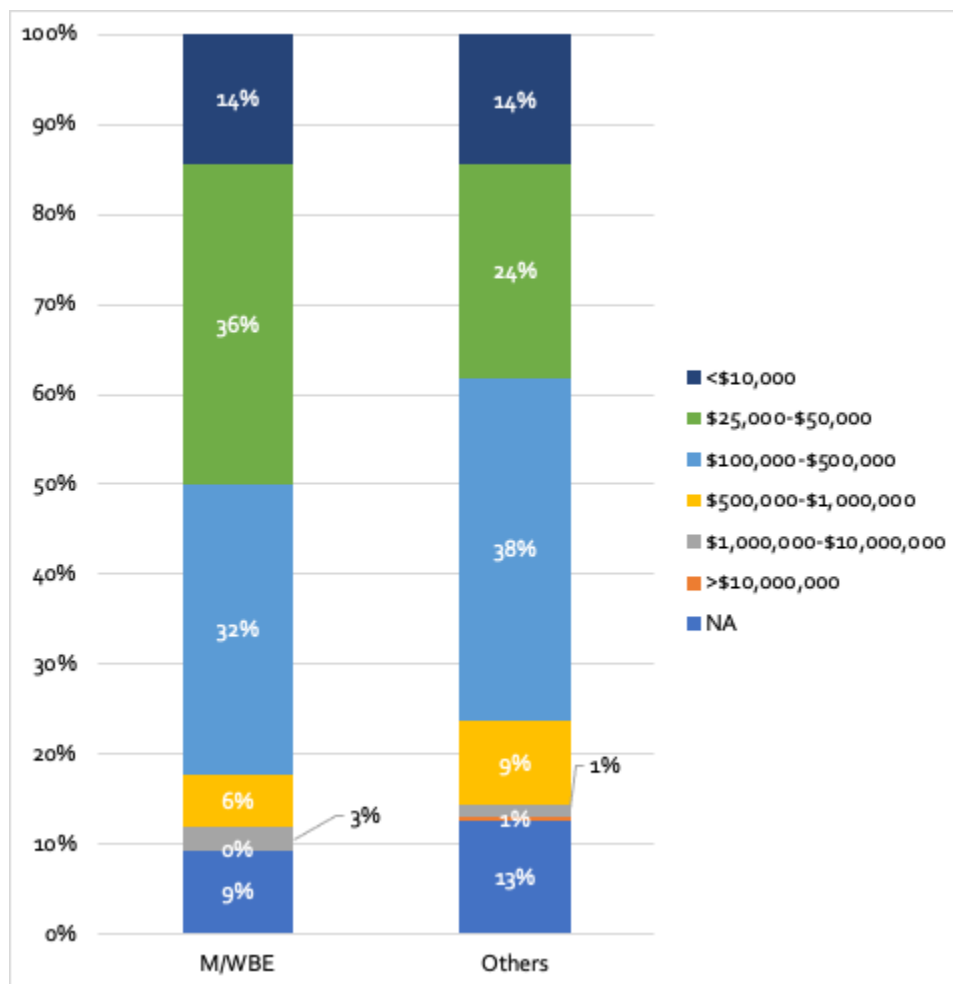
M/WBE Financial and Rental Assistance compared to Other Small Businesses

Far fewer M/WBEs received rental assistance compared to other small businesses. During the pandemic, 63 percent of M/WBEs received no rental assistance compared to 41 percent of other small businesses. Only 7 percent of M/WBEs received rent deferrals and 4 percent received rent forgiveness. At the same time, 14 percent of non-M/WBEs received rent deferrals and 6 percent received rent forgiveness. 17 percent of other small businesses and 9 percent of M/WBEs received short-term rent reduction.



High percentages of M/WBEs and other small businesses received some form of financial assistance, 72 percent and 75 percent respectively. Figure 19 shows a similar distribution for the amount of financial assistance received by M/WBEs and other businesses. Although, **M/WBEs were more likely to receive financial assistance in the lower range**, between \$25,000 to \$50,000, compared to other small businesses.

Figure 19: M/WBEs vs. Other Small Businesses: Amount of Financial Assistance Received For Those That Received Assistance



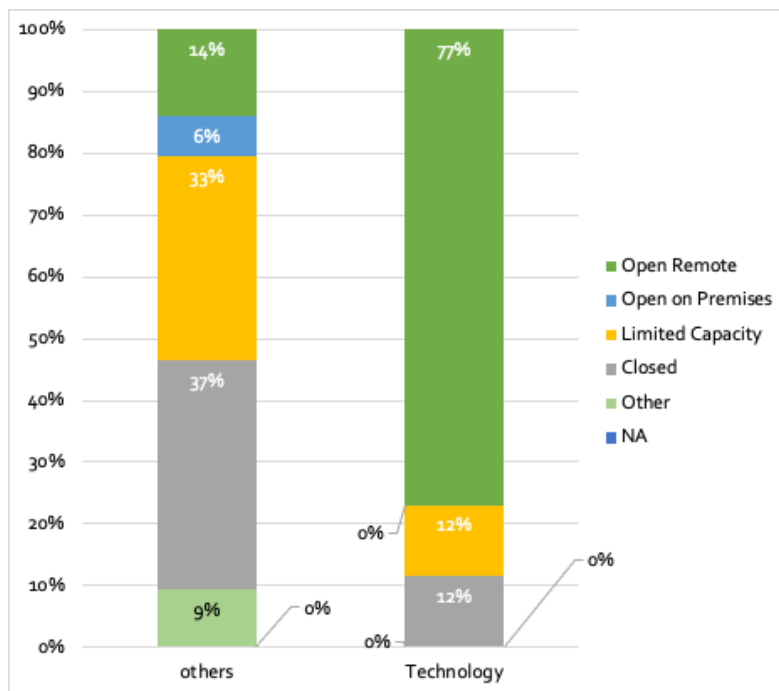
Impact of Lockdown and Phased Reopening on Technology Companies

Technology companies fared better than other types of small businesses during the pandemic. Only 7 percent of small businesses in the survey are classified as technology companies (i.e., website design and computer sales and repair). Their experiences during the pandemic differed significantly from other types of small businesses. Most significantly, over 77 percent of tech businesses stayed open during lockdown. It is worth exploring how they fared during lockdown and why they were generally more resilient than other small businesses.

Tech businesses capacity to remain open compared to all other small businesses

Technology companies were easily able to pivot and work remotely during lockdown. It may be considered obvious that the work of tech companies can be done remotely. What is not obvious is how tech companies took advantage of this capacity during lockdown. There were no tech businesses that stayed open on premises, while 6 percent of other small businesses reported being open on their premises. Instead, over three-quarters (77 percent) of technology businesses were open remotely, compared to 14 percent of other small businesses. 12 percent of technology businesses were open at limited capacity, and only 12 percent closed, compared to 33 percent and 37 percent of other small businesses, respectively. Figure 20 shows the extent to which technology businesses were able to change their business model and remain open compared to other types of small businesses.

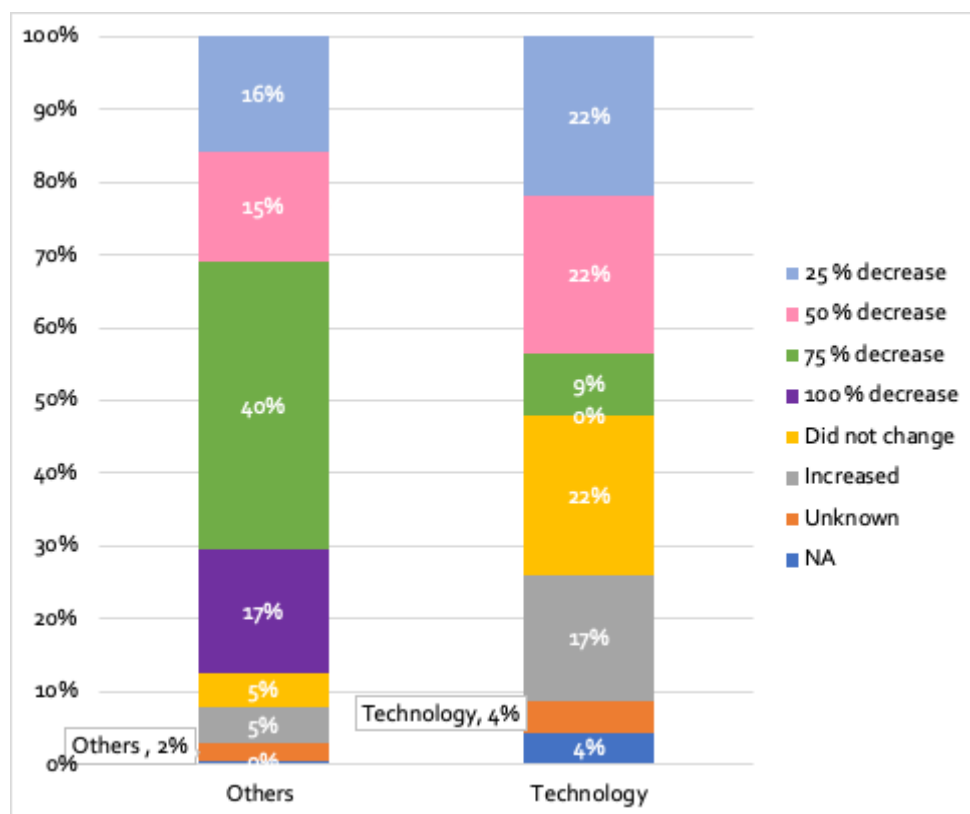
Figure 20: Tech vs. Other Small Businesses: Open vs. Close Status



Technology Businesses Revenue Loss Compared to Other Small Businesses

Technology businesses were less likely to lose revenue compared to other types of small businesses and some even increased revenue. Among technology businesses that remained open, nearly 22 percent indicated no revenue loss and 17 percent indicated they increased revenues. This is in stark contrast to other businesses, where only 5 percent indicated no revenue loss and 5 percent increased revenue. When tech businesses experienced revenue loss, it was generally less severe than other businesses. There were no technology companies that remained open and lost all their revenue, while 17 percent of other businesses that remained open faced a 100 percent reduction in revenue. When tech businesses reported revenue loss, it is generally at the low end. Of the open technology companies, 22 percent indicated a 50 percent reduction in revenue and another 22 percent a reduction of 25 percent. Figure 21 shows revenue losses for technology businesses that remained open during the lockdown period compared to other types of small businesses.

Figure 21: Tech vs. Other Small Businesses: Revenue Loss if Remained Open During Lockdown



Technology Businesses Employee Retention Compared to Other Small Businesses

Technology businesses were less likely to furlough employees compared to other types of small businesses during lockdown. More than 70 percent of technology businesses did not lay off any employees, compared to 64 percent of other small businesses (see Figure 23). Only 15 percent of technology businesses furloughed employees, compared to 24 percent of other small businesses (see Figure 22). Only one technology business owner reported having to reduce hours of their employees.

Figure 22: Tech vs. Other Small Businesses: Percentage of Businesses Who Furloughed Employees

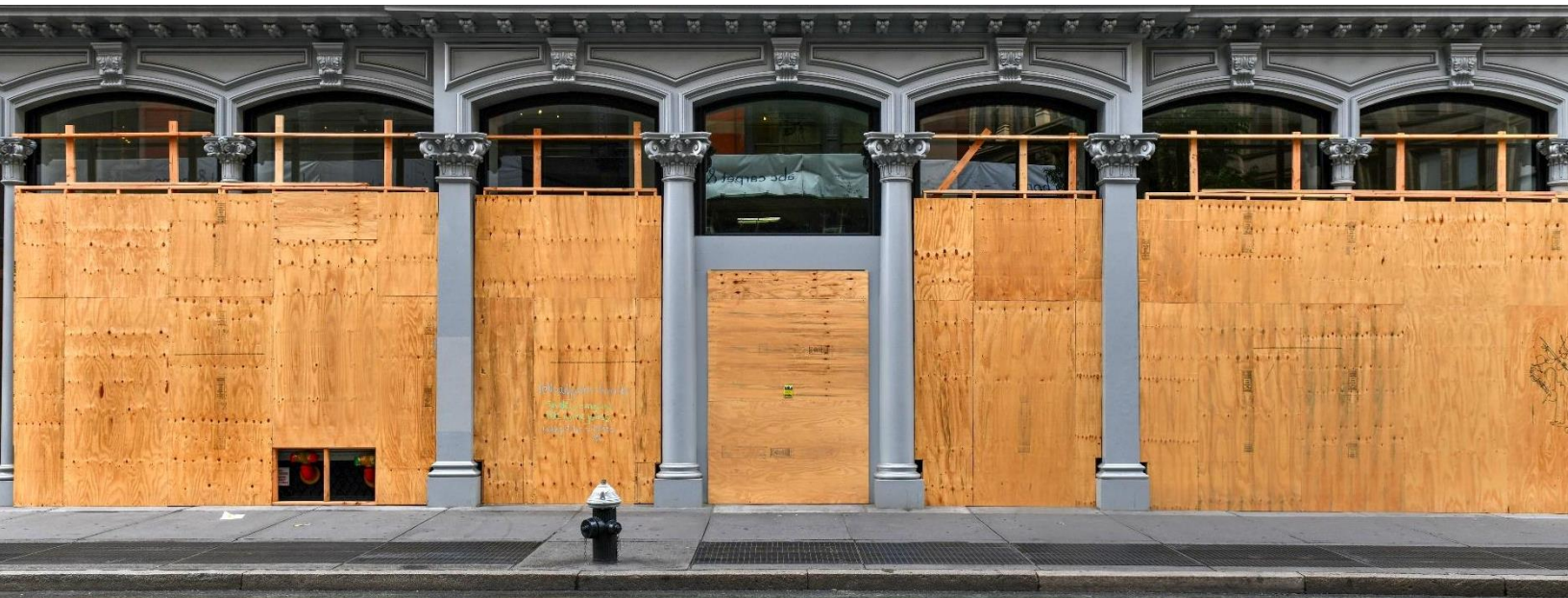
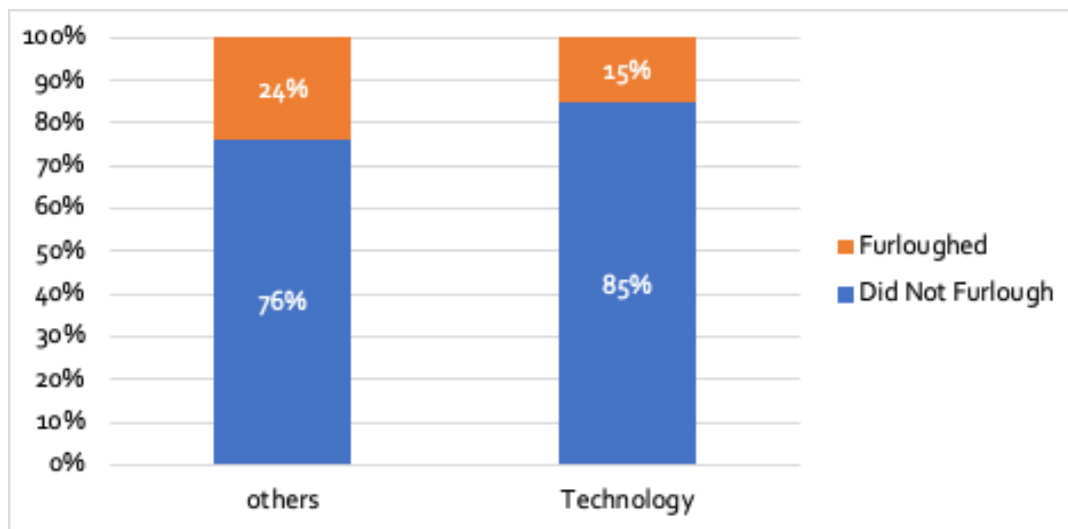
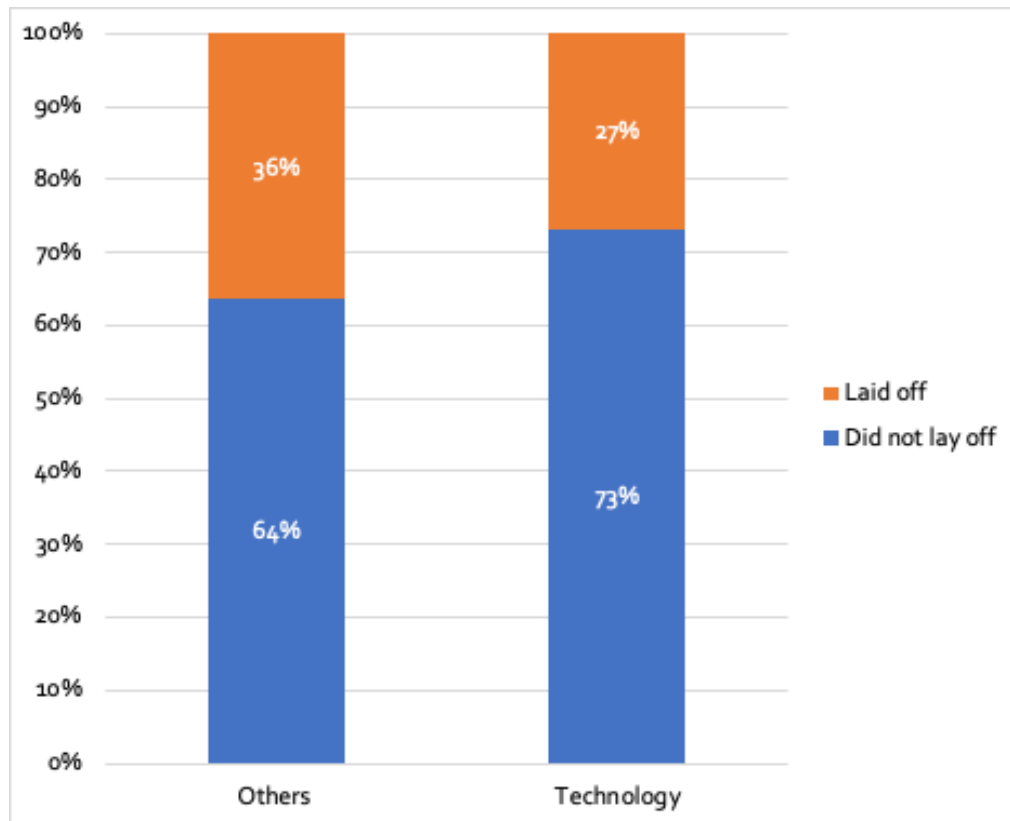


Figure 23: Tech vs. Other Small Businesses: Percentage of Businesses Who Laid Off Employees

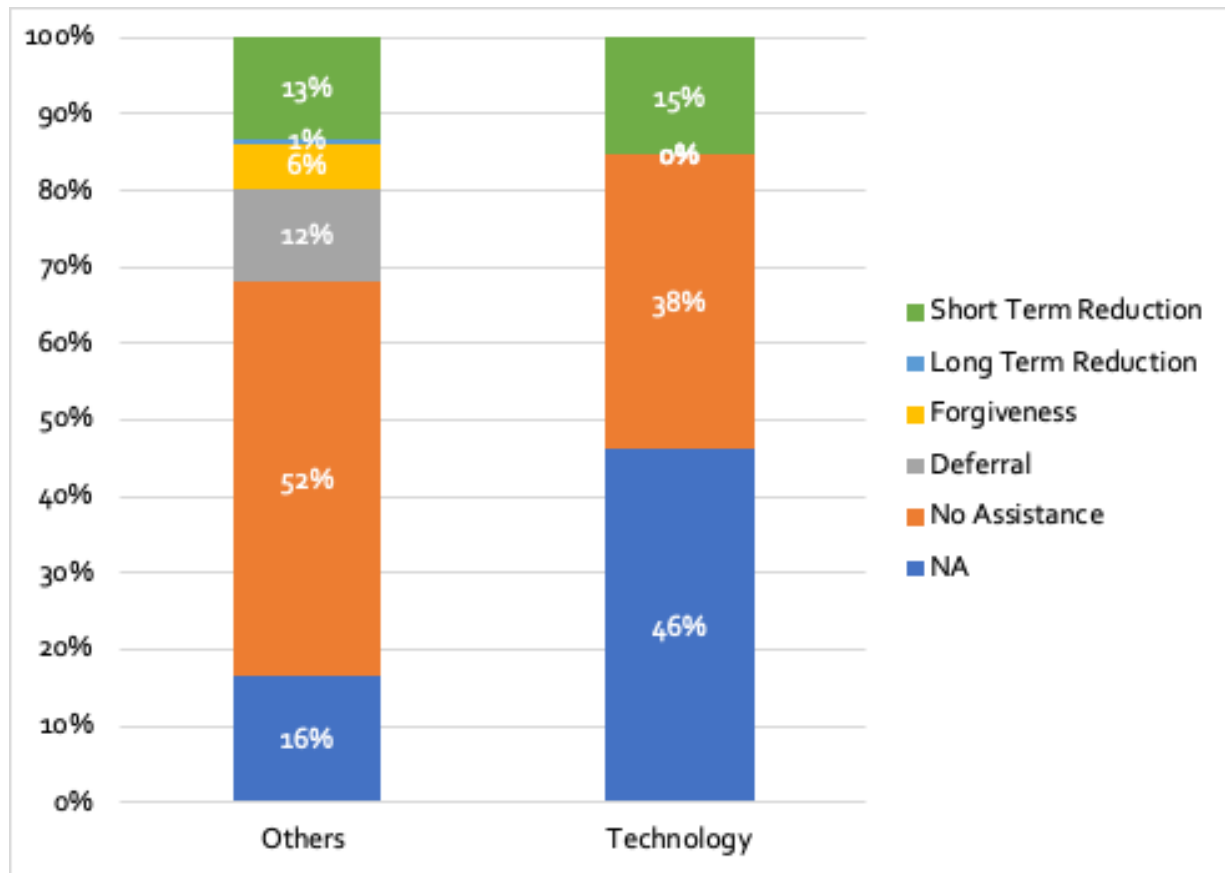


Technology Businesses Financial and Rental Assistance Compared to Other Small Businesses

Most technology businesses received financial assistance, but proportionately fewer than other types of small businesses. When considering financial assistance, proportionately fewer technology businesses received financial assistance compared to other types of small businesses. 62 percent of technology businesses received financial assistance as compared to 75 percent of other small businesses. The rental assistance situation for technology businesses is difficult to determine from the data, since 46 percent did not respond.

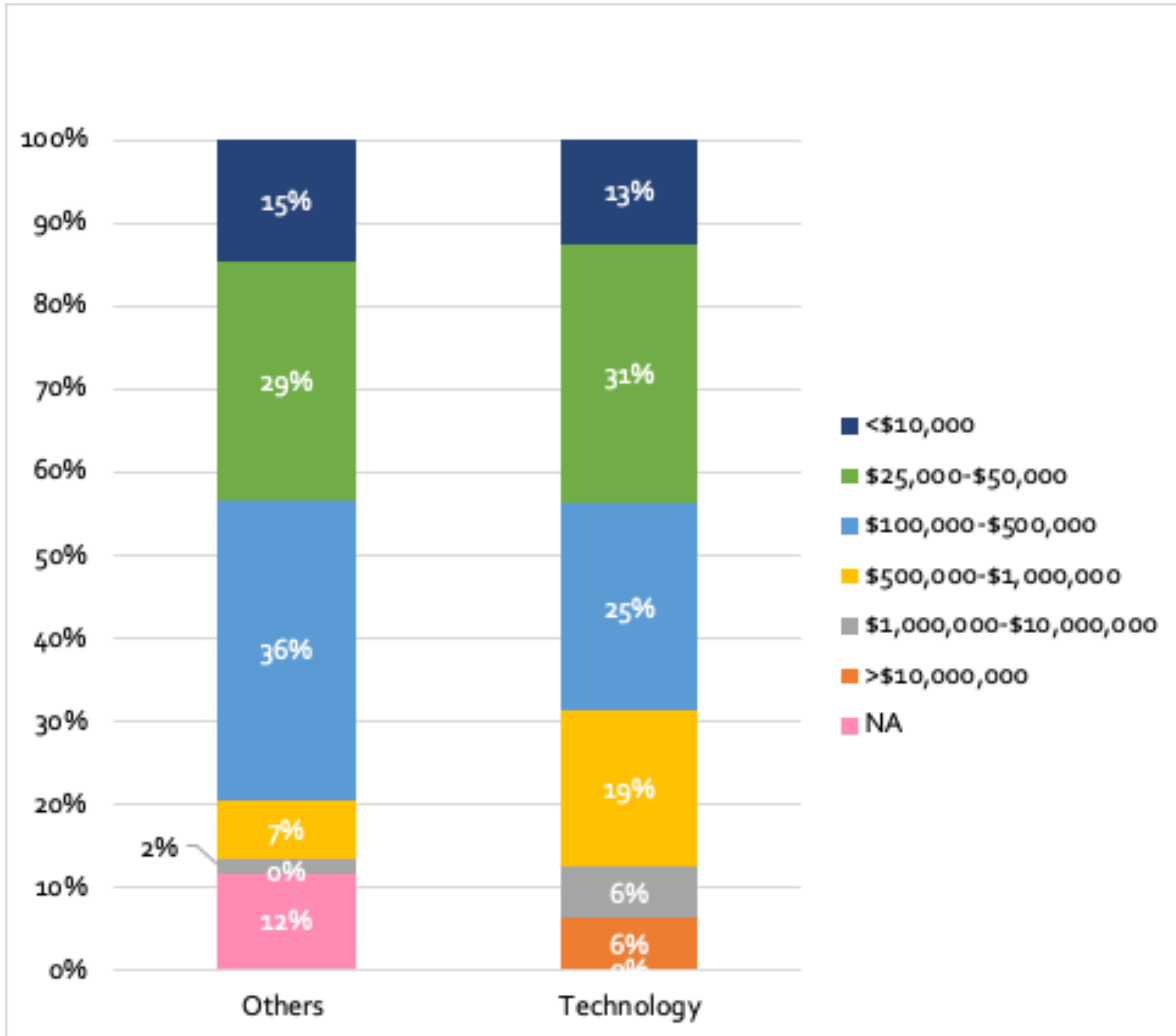
Among those tech businesses who responded, the only form of rental assistance reported was short-term rental reduction (15 percent). Figure 24 shows the different types of rental assistance received by owners of technology businesses versus owners of other types of small businesses.

Figure 24: Tech vs. Other Small Businesses: Different Types of Rental Assistance



The data for financial assistance (see Figure 24) is instructive. Higher proportions of technology businesses reported receiving financial assistance at the higher ends of the distribution as compared to other small businesses.

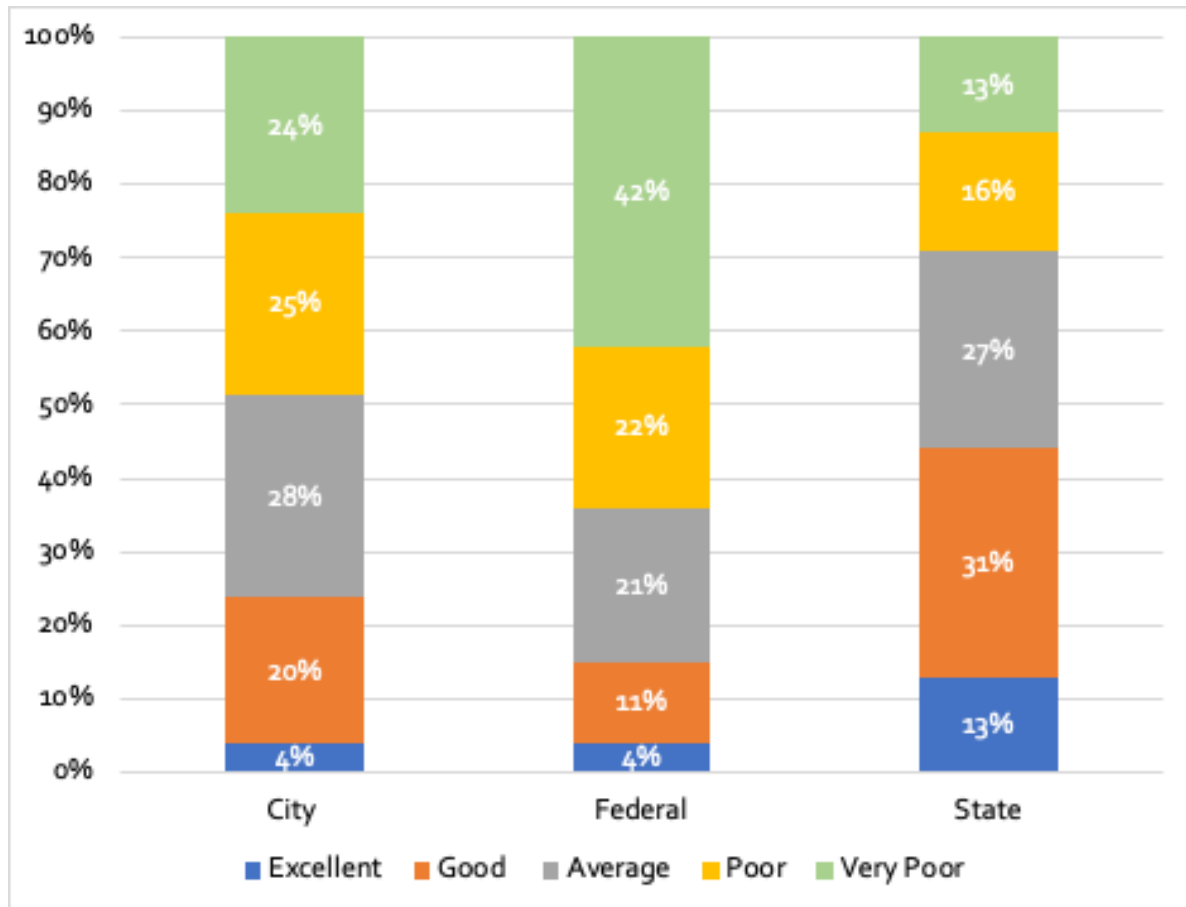
Figure 25: Tech. vs. Other Small Businesses: Distribution of Amount of Financial Assistance Received



SMALL BUSINESSES RATE GOVERNMENT RESPONSE TO THE PANDEMIC

Small business owners in New York City had a mixed view of how the government performed during the pandemic. Opinion was more favorable towards the State, compared to a largely negative reaction to the federal government's pandemic response.

Figure 26: Rating of City, Federal and State Responses by Small Businesses



The majority of respondents were not satisfied with the city and federal government's response to the pandemic. 64 percent of small business owners said the federal government did a "poor" or "very poor" job, compared to 49 percent for the State and 29 percent for the City. The State performed best in the eyes of small business owners, with 44 percent of respondents rating the State's response as "excellent" or "good." Meanwhile, only 24 percent said the same for the City's response and a mere 15 percent for the federal government as seen in Figure 26.

MOST IMPORTANT NEEDS IDENTIFIED BY SMALL BUSINESSES

When asked to rank their three most critical and immediate needs, by far the largest percentage of small businesses ranked cash flow or loan assistance as their greatest need (63 percent) and rental assistance was second with (48 percent). 73 percent of restaurants identified rental assistance as their greatest need, but cash flow and loan assistance were identified as their greatest need by nearly the same percentage of restaurants (71 percent). The largest percentage of M/WBEs also identified cash flow assistance as their greatest need (61 percent), but there were substantial percentages who indicated they needed rent help and compliance assistance as a top priority. The tech small businesses are significantly different from other businesses. While they indicated a need for cash flow and rental assistance, it was not at the same rate as other businesses.

When small businesses were asked to elaborate on their challenges and most important lessons learned in an open-ended question, their responses were consistent. Small business owners emphasized the need to prioritize cash flow and be prepared for the worst so as to be adaptable throughout the changing conditions of the pandemic. However, despite this need, many respondents also noted the importance of patience and avoiding making significant changes, considering constantly changing guidelines and shifting government regulations. Businesses stayed open during different stages of the pandemic when they perceived demand, which they measured by incoming revenue. It was also considered important for businesses to try remote work and use creative marketing techniques, when possible.

Adapting to constantly changing safety protocols proved difficult for many businesses, especially when their clients and customers had to adjust, as well. Respondents stressed that government assistance could not be relied upon, and several went on to detail the way federal disaster loans were administered further complicated their potential for survival. Overall, small businesses did not hesitate to reinforce that circumstances were largely out of their control, regardless of what preparation and changes they were able to make.

Table 2: Top Needs Identified by Small Businesses

Types of Businesses	Cash Flow	Rent Help	Compliance	Loan Application
All Businesses (n=366)	62.6%	48.1%	20.8%	13.9%
Restaurant (n=113)	70.8%	73.5%	29.2%	13.3%
Technology (n=26)	46.2%	38.5%	11.5%	15.4%
W/MBE (n=164)	61.0%	42.7%	20.7%	15.2%

POLICY

RECOMMENDATIONS

POLICY RECOMMENDATIONS

Small businesses in New York City and their professional associations have made extraordinary efforts to adapt to the difficult economic conditions caused by the COVID-19 pandemic. Despite many businesses having to close, the data captured in the *Communities Speak: Small Business Survey* demonstrates the creativity and resiliency of small businesses. As the City begins its economic recovery, with significant revenue from the State and federal government to assist small businesses, New York City government must get its policies right. This is an opportunity to make policy that will address the immediate needs of our small business community and help small businesses become more resilient when future economic, environmental and public health crises inevitably occur.

These data enable us to make policy recommendations that address the basic needs of most small businesses; target those small businesses which have been hurt by the pandemic but have demonstrated resilience; and target those which have been the hardest hit and are currently most vulnerable to ongoing economic uncertainty. These policy recommendations are designed to be flexible and responsive to the specific needs of the small business community as indicated in the survey data. The federal and state governments have already passed legislation and allocated resources, while the private and philanthropic sectors have also committed support. It is now the responsibility of the City to coordinate these responses and ensure that revenues and other resources are quickly and equitably distributed. The pandemic has taught us many lessons about the vulnerability of our health system, social safety net and economy, but the overriding lesson seems to be that when communities are impacted so cataclysmically as they were by the COVID-19 pandemic, that swift decisive policy and action are needed. The policies put in place as the City emerges from the pandemic must be expansive and flexible enough to reach as many small businesses in the City as possible.

BUSINESSES NEED MONEY NOW

The data from *the Communities Speak: Small Business Survey* clearly shows that those businesses that received financial support either through loans or grants were able to either keep their businesses from closing temporarily or permanently, and were less likely to layoff and furlough staff than businesses who did not. While not unexpected, this data supports the need for policy which will provide immediate financial assistance to small businesses. The burdens of small businesses to retain and maintain their storefronts or offices, keep and support their staff, as well as cover other financial overhead in the face of massive revenue loss over an extended time period simply cannot be weathered without financial support from every level of government, the private sector, and the philanthropic sector. *The Communities Speak: Small Business Survey* data suggests that a majority of small businesses have received between \$25,000 and \$500,000 in aid (through loans and direct assistance) and have been able to remain open, although still clearly experiencing revenue and staff losses. This would

suggest that financial aid packages for small businesses should be targeted to ensure that losses during COVID-19 do not become permanent liabilities. Many small businesses that have held on during the pandemic will need a combination of direct assistance, loan forgiveness and restructured debt.

Loans made to small businesses must be structured to minimize debt and payback burdens, which will require the development of a new type of credit scoring. Further, there is a need for aid to small businesses to be diversified to be truly effective. For a majority of small businesses (approximately 70 percent), using PPP loans for any purpose other than payroll support⁵⁹ has created new financial challenges and burdens. All small businesses identified two major categories of costs 1) payroll and related taxes; and 2) operational overhead and maintenance. Financial support provided to businesses must either provide a necessary level of flexibility for businesses to direct the money where it is most needed, or the aid packages should be targeted for both overhead costs and payroll costs. That allows businesses to cover both operating expenses and maintain maximum available staff levels. Flexibility must be a key component in distributing aid.

AID MUST BE ACCESSIBLE

A significant number of small businesses who participated in the Communities Speak: Small Business Survey *did* receive financial assistance. Stabilizing their revenue is the number one priorities of the largest majority of small businesses This means assistance in accessing low-interest loans or direct grants, with minimum debt burdens and maximum flexibility in determining how to spend the revenue. Rent relief and legal assistance in negotiating new leases must also be made available free or at low cost. There is also no question that the availability of that first round of aid to many small businesses has enabled them to survive the severe impacts of the pandemic. However, there is currently concern regarding those businesses which indicated they had applied for loans early in the pandemic, but had not received them, as well as a larger problem for all small businesses that they continue to struggle to access and receive aid. Their problems accessing aid are both technological barriers, as well as difficulty navigating the financial system itself.⁶⁰ In order for financial assistance for small businesses to be successful in alleviating burdens and staving off closures, aid must not only be made available and flexible, but must also be accessible with minimal financial or administrative burdens.

This will require a complimentary set of policies or procedural shifts in order to ensure that barriers such as technological access to loan and grant application systems are removed; terms, language and restrictions are clearly understood; and the overall process does not become too lengthy, causing businesses to incur further financial hardship as they await outcomes. For small businesses especially, equal and

streamlined access to credit lenders is vital – it should not depend on existing relationships with banks (private lending, PPP) and the length of public lending application processes should be shortened and simplified as executed by government agencies i.e., SBA: EIDL, PPP. This is not simply a matter of providing tech support to small businesses, although some still have that need; the administration of assistance and loans is simply too burdensome and overly complex. We can and must simplify this process.

RESTAURANTS, IN PARTICULAR, NEED SPECIALIZED AND TARGETED ASSISTANCE

The Communities Speak: Small Business Survey makes clear that among the hardest hit during this pandemic were restaurants. This data should come as no surprise to anyone who spent the last year in New York City. Among small business types, restaurants have one of the least flexible business models, which made it difficult if not impossible to pivot during a crisis like the COVID-19 pandemic. A restaurant must remain in its brick-and-mortar location in order to maintain health code compliance, when total shutdown of indoor service occurs, or social distancing restrictions limit the use of indoor space, the number of patrons they can serve is severely limited and, subsequently, profit margins disappear. Some restaurants were able to introduce or expand their takeout or delivery service, but that for many was untenable. And finally, in order for restaurants to offer any form of service, they must keep sufficient staff to source and prepare food, conduct transactions, and provide customer service, all while maintaining a safe and sanitary environment in accordance with a new set of health regulations.

Taken all together, this points to a nexus of challenges which left restaurants among the most vulnerable of small businesses; a reality which is born out in the data of their having lost more revenue than any other type of small business. Restaurants also had to lay off and furlough employees at a higher rate than other types of small business. Both previous policy recommendations clearly apply to small business restaurants, but for restaurants, policy must go further and target the specific needs and higher risks of restaurants through separate and tailored aid packages.

FOCUS ON BUSINESS SECTORS THAT COULD NOT EASILY MODIFY THEIR BUSINESS MODELS DURING LOCKDOWN

In considering the status, revenue, and employment data collected in the *Communities Speak: Small Business Survey*, it is clear that while no small business was free from some pandemic-related impact, some businesses experienced much less severe impacts than others. One of the critical fault lines among this group are those businesses who have a business model which allows for more flexibility in when, where, and how they can offer service to customers while adhering to lockdown regulations and health and safety

guidelines. One such sector which was readily apparent in the data was the technology sector. These businesses saw far less loss of revenue than any other sector in the dataset, and experienced some of the absolute minimal (or none at all) furloughs and layoffs of employees from the start of the pandemic through lockdown. This is most likely due to the ability of these businesses who work in web and application design, digital marketing, and hardware and software sales and repair to easily pivot to remote work, remote access, and other variations to operating procedures while still being able to serve essentially the same customer base and maintain close to pre-pandemic level revenues. Specifically, 77 percent of technology small businesses indicated they were open remotely, while only 6 percent of other types of small businesses were able to operate remotely.

The City has an opportunity to make policy that will address the immediate needs of our small business community and help small businesses become more resilient when future economic, environmental, and public health crises inevitably occur.

These businesses are to be celebrated as true small business successes during the pandemic, and they should be looked at more closely to share their knowledge with the larger small business community both during this time of recovery, as well as in preparation for the next crisis. These businesses also offer a contrast which reinforces the previous policy recommendation and offers a further one which expands on the same principle: support for businesses should be targeted first at those businesses which have the least ability to pivot their business models and will therefore incur the greatest revenue and employ costs (such as restaurants), followed by those which have some ability to modify or pivot their businesses or offerings (such as breweries and distilleries who turn to making sanitizer⁶¹), and then lastly to those businesses and sectors which have already shown their resiliency through the inherent nature of their sector, their customer needs, and the flexibility of their business model. While it is clear and has been said in this report that the small business community as a whole has deep needs to survive and recover from the pandemic, as we look to the future resiliency of small businesses through other such crises, we must learn from COVID-19 and policy for small business aid must reflect the need to support the most vulnerable first, while continuing to encourage those businesses already built for greater resiliency in the face global events.

CITY GOVERNMENT MUST INITIATE A COORDINATED CROSS-SECTOR RECOVERY PROCESS THAT ADDRESSES THE IMMEDIATE AND LONG-TERM NEEDS OF SMALL BUSINESSES

How can city government implement policy changes that are responsive to the needs of small businesses?

The City's Economic Development Corporation and/or Department of Small Business Services must immediately initiate a cross-sector small business recovery planning process, involving the City's extensive and effective network of business associations, Business Improvement Districts (BIDs), and chambers of commerce. It should first focus on addressing the immediate needs identified by small businesses.

Government agencies must coordinate their lending processes and develop an on-line portal that integrates all available information and resources from every level of government and philanthropy. Full advantage should be taken of the Partnership for New York City's Small Business Network which is already doing much of this work. The Small Business Resource Network has a system set up with the borough Chambers of Commerce and the BIDs. They already reached over 13,000 small business and over 4,000 small businesses have substantially participated in their programs. Their network has a large staff that includes expert private sector volunteers who provide tech, marketing, legal and business development assistance.⁶²

Systematic data must be collected from government agencies (New York City Department of Finance, Consumer Affairs and New York State Department of Labor) and directly from the small business community through periodic surveys. In 2017, the New York City Council passed LL 209-2017 and LL 210-2017, which required the SBS to complete a survey and plan to address the needs of small businesses. The survey was done in 2018 and results were released in 2019. Unfortunately, the survey does not provide baseline data, as it was not a representative sample.⁶³ The survey was also conducted during a period of economic growth and small business expansion, so there are very few questions that are relevant to the current challenges of the small businesses. The *Communities Speak* project is prepared to work with the City and the small business community to provide the micro-level data that will ensure effective and relevant program design and knowledge about what's both needed and working. The City must also be able to monitor policy implementation to determine what is working and to change programs as needs change. Survey data will also enable the City to work with the most resilient small businesses in each sector to document their successful business strategies and to share best practices.

CONCLUSION

CONCLUSION

Small businesses are vital to the economic survival of New York City. Small businesses are essential to the quality of life in our neighborhoods, they create jobs at every level of the economic ladder, and they provide taxes which support the public services we all depend upon. Unfortunately, the COVID-19 pandemic and associated lockdown gutted the small business sector, and many owners continue to struggle to keep their businesses viable. We must appreciate the moment of unparalleled crisis for our community, as well as look to the longer-term lessons of survival and the importance of resiliency for small businesses in these unique and challenging times.

The survival of this essential component of New York City's economy needs aggressive, swift, and targeted policy interventions. We think the *Communities Speak: Small Business Survey* helps to point the way towards identifying and crafting these policy interventions. The data shows just how much has been lost in revenue, employment, and that the struggle to overcome the pandemic is ongoing for New York City's small business community.. The report has identifies some new ways the City can help small businesses and supports some proposals that have already been made. By getting needed cash to businesses quickly, making aid more accessible, targeting restaurants, and focusing on business sectors that cannot easily pivot during a lockdown or other situation of forced restrictions, the City's small business sector has a better chance of surviving the COVID-19 pandemic, recovering in its aftermath, and building resiliency for whatever challenges are yet to come. The City government must coordinate these efforts and ensure that policy reflects the expressed needs of small businesses.

One final note. There have been extraordinary efforts by business associations, the private sector and philanthropy to assist small businesses during the pandemic. All these efforts have been hampered by a lack of basic data about small businesses and their immediate and ongoing needs. No one seems to know or agree on how many small businesses there are in the City, let alone how to categorize them for the purposes of policy. We need to undertake a yearly census of small businesses and systematic data must be collected directly from the small business community through periodic surveys. Without this basic data, it is difficult to design effective programs, monitor implementation to better understand what is working and make the necessary changes when programs are not working.

APPENDICES

APPENDICES

APPENDIX A: Communities Speak: Rebuilding the Post-Pandemic City Through Community Engagement Project

The Communities Speak: Small Business Survey is part of the *Communities Speak: Rebuilding the Post-Pandemic City Through Community Engagement* project (formerly *CovidWatcher*). The project is a collaboration between Columbia University School of International and Public Affairs (SIPA) and the Columbia University Irving Medical Center's (CUIMC) Department of Biomedical Informatics and a network of community partners.⁶⁴ The *Communities Speak* project was designed to fill the gaps in knowledge about the impacts of COVID-19, by surveying NYC residents. In addition to tracking the health impacts of COVID-19, *Communities Speak* tracks and assesses the secondary impacts of the virus, including economic, social, public education and emotional well-being. Our community organizations network advises on survey design and is critical in ensuring that the survey reaches New Yorkers in high needs communities.

Communities Speak is a research, advocacy, and policy tool. Data from the surveys are shared with all University partners to enable policymakers, community organizations and medical institutions to:

- Determine what resources are needed to combat the virus and its secondary impacts
- Improve coordination among government, business medical institutions, and community organizations
- Target resources to high needs communities across New York City
- Inform equitable policy solutions that support recovery and resiliency in all the City's communities

APPENDIX B: RESEARCH DESIGN AND METHODOLOGY

Survey scope and development

The Communities Speak: Small Business Survey was designed through a collaborative process among Columbia University researchers, academics, and small business industry leaders and advocates in the public and private sector. Specifically, the following partners helped us develop and refine the survey: New York City Business Improvement District (BID) Association, 125th Street BID, NYC Hospitality Alliance, Association for a Better New York (ABNY), Tech:NYC, the Partnership for New York City, the Manhattan Chamber of Commerce, and the New York City Department of City Planning.

The survey was intended to capture the activities of small businesses over three time periods: pre-lockdown, during lockdown (March 22-June 7), and the phased reopening, which began on June 8, 2020. We broke down the survey into these three time periods to track the short- and long-term impacts of the COVID-19 lockdown, as well as after phased reopening. By collecting

data for these three distinct time periods, we can begin to assess the changing nature of the context in which small businesses are operating, especially amid changing government regulations and consumer habits.

In this study we defined “small business” as any business that is independently owned and operated with fewer than 100 employees per New York State law and the New York City Department of Small Business Services.⁶⁵ In New York City, this comprises a diverse range of businesses including retail, restaurants, personal care, professional services, and technology services, among others.

We conducted a survey for this study, as it was considered the most effective way to gather data directly from local small businesses. Studies which have used macro-economic data, while potentially useful for federal policy are unable to capture the unique challenges that New York City’s diverse business community face or the complexity of the policy challenge that was created by the public health and economic crisis.⁶⁶

Survey questions covered basic demographics of small businesses, including type of business, the overall impact of COVID-19 on business operations, finances, and staffing and a needs assessment. Additional questions were designed to analyze the changes that small businesses were forced to make throughout the pandemic, including phased reopening, and their projected future needs including human capital, financial, and technical, as well as the health and safety of both customers and employees. A complete list of survey questions is included in Appendix C.

Key partners helped us refine the survey questions based on sectors and familiarity with small business needs. We also conducted a pretest of the survey with restaurant owners and one technology company owner, who submitted written feedback that was incorporated into the final survey design.

Survey Recruitment

The survey was live on the Communities Speak (formerly *CovidWatcher*) website and available for responses from September 24, 2020 through December 7, 2020. We relied primarily on project partners to disseminate the survey. These organizations posted the survey to their social media and websites and shared the survey via email to their members and/or associated networks. The survey was distributed to local restaurants, retail stores, and New York City Community Boards.

Communities Speak (formerly *CovidWatcher*) also posted the survey to its own social media channels and the *CovidWatcher* website. In addition, we shared the survey directly with a list of over 6,000 minority and women-owned businesses (M/WBEs) using Campaign Monitor. This contact list was procured from a directory published on the NYC SBS website.

Survey respondents were shown a disclosure statement and consent protocol. No payments were offered, and participation was completely voluntary.

The Sample

The greatest challenge for this type of on-line survey is obtaining a sample that is representative of the population and having a sufficient number of responses for reliable multivariate analysis. While our sample size was sufficient for our purposes, there are no publicly available databases that we could use as benchmarks to compare accurately the distributions city-wide on key measures. Our final N of 366 small businesses is not a representative sample but provides adequate numbers for particular types of businesses to report on and compare some of their experiences.

The baseline questions in our survey were business location using borough, zip code and cross streets; type of business; membership in a Business Improvement District (BID); minority and women-owned businesses (M/WBE) status; and opened v. closed status during the pandemic locked down periods. Had baseline data been available this would have allowed us to assess the representativeness of the sample along key observable dimensions. Even without benchmarking data, it was clear that our sample is not representative of small businesses across the City, but heavily skewed to Manhattan. We also have a disproportionate number of restaurants represented, though this allows us to examine them more fully. The proportion of M/WBEs and our finding, however, seem to track well with other studies.⁶⁷ If we could have compared our survey data for several of these business characteristics to the Census that would have been optimum. But the data does not exist for small businesses at the city level. The sample captured by our survey has limitations, but it does allow for important insight into the overall small business ecosystem during the pandemic and does allow us to identify needs generally and within the largest business type, restaurants.

627 small business owners responded to the *Communities Speak: Small Business Survey*. In cases where owners had multiple locations, we asked that they fill out one survey per location. Survey responses were excluded due to missing information or unanswered questions. 261 survey responses were excluded for the following reasons: The respondent was not a small business owner (53 excluded); the respondent completed less than 16 percent of the survey, indicating that a respondent completed one or two basic questions but none of the substantive questions in the survey (149 excluded); the respondent completed 16 percent of the survey indicating the respondent completed only the basic questions and none of the remaining questions (54 excluded); and the respondent did not include location information and thus could not be verified as a New York City small business (4 excluded). The total number of valid survey responses after these exclusions was 366. While we had hoped for a larger number of responses, this response rate compares favorably with SBS' small business survey administered by CeleritasSolutions LLC, and released in 2019. They received 543 responses with 343 valid responses.⁶⁸

Our survey, like most on-line surveys where there is no benchmark data, is a convenience (or purposive) sample. Once this survey is repeated, we will then better understand whether the results truly represent the population. Given these limitations, our analytical approach had two goals; first, analyzing the data we had collected and communicating it back to our partner organizations and their communities in hopes of beginning the discussion of what the data could reveal about the needs of those small businesses who did response; second, demonstrating the need for microdata when allocating resources and making policy that impact a diverse and complex population in the City.

Coding Business Location and Type of Business

Business Location. A new variable was created to indicate the location of the business by New York City borough (this was done through an aggregation of the zip code data (question 3) and the zip code maps found on the Official Website for the City of New York GIS Center.⁶⁹ Another new variable was created to capture the zoning designation of the business using both the zip code and location intersection data on Google Maps to obtain a proximate address (or direct one if an address or business name was voluntarily supplied), which was then entered into the New York City Zoning and Land Use Map public information website⁷⁰ to obtain a zoning designation system.

Coding Type of Business

Businesses were asked to identify type of business in the survey. The final version of this variable was recoded to capture information from those respondents who designated their business type as “other.” This recoding was done in collaboration with New York City’s Planning Department using the North American Industry Classification coding and sub-coding system.⁷¹

Respondents could choose from the categories identified in Table 3. Those who selected “other” could provide a free text response. 187 respondents selected “other” as their business sector. Table 3 shows the original response distribution.

Table 3: Business Type: Original Distribution

Small Business Sector	Number	Percent
Other	187	51.1%
Restaurants	113	30.9%

Technology	26	7.1%
Retail	22	6%
Personal Care	9	2.5%
Gym	6	1.6%
Grocery	3	0.8%
Pharmacy	0	0%
Total	366	100%

Table 4 shows the business types categories after re-coding the “other” responses based on the open-ended responses provided in the survey.

Table 4: Business Type: Recoded

Small Business Sector	Number	Percent
Restaurant (bars, cafes)	118	32.2%
Professional Services/Offices	60	16.4%
Industrial Business (wholesale, manufacturing, construction, transportation)	35	9.6%
Retail (clothing, cleaning, consumer goods)	28	7.7%

Other	26	7.1%
Technology	26	7.1%
Tourism Economy (arts, entertainment)	22	6.0%
Personal Care, Recreation, Gyms	20	5.5%
Repair and Maintenance (auto shops, janitorial)	9	2.5%
Health Care and Social Assistance	8	2.2%
Education Services & Childcare	6	1.6%
Real Estate (such as Rental and Leasing)	4	1.1%
Grocery	4	1.1%
Total	366	100.0%

APPENDIX C: Small Business Survey

Columbia University Communities Speak (Formerly CovidWatcher) - Small Business Survey

1. Please confirm that you are a small business owner or have been tasked to answer this survey on behalf of a small business owner. We define small business as fewer than 100 employees.
 - Yes, I am a small business owner
 - No, I am not a small business owner

Skip To: End of Survey If business_owner = No, I am not a small business owner

2. What is your zip code?

3. What is the closest intersection to where your business is located (for example, Wythe Ave and Metropolitan Ave)?

4. Do you belong to a business improvement district?
 - Yes
 - No

*Display This Question:
If business_improvement_district_yn = Yes*

5. What business improvement district do you belong to?

Section 0: Small Business Demographics

If you have more than one retail business location, please fill out a separate survey for each location.

6. What type of business do you own? (choose one)
 - Retail (clothing, cleaning, consumer goods)
 - Restaurant (including bar, cafe)
 - Technology
 - Grocery
 - Pharmacy
 - Gym/Fitness/Dance/Yoga
 - Personal Care (Salon, Barbershop, Cosmetic, Eyebrow, Nail)
 - Other (describe) _____

7. In what borough is your business located? (choose one)
- Manhattan
 - Queens
 - Brooklyn
 - Bronx
 - Staten Island
8. Does your business have an MWBE certification with New York City or New York State? (choose one)
- Yes
 - No

Section 1: Overall Impact

9. During New York State's lockdown (March 22 - June 7), your business:
- Closed, completely stopped operating
 - Remained fully open, on premises
 - Remained fully open, but remote
 - Operated in limited capacity
 - Other (Please describe) _____

Display This Question:
If lockdown_status = Operated in limited capacity

10. How did your business operate in limited capacity during the lockdown? (Select one)
- Online only
 - Curbside pickup and/or delivery
 - A combination of the above
 - Other _____
11. Estimate how long it will take for your business to return to its normal level of operations relative to one year ago.
- Before the end of 2020
 - In the first half of 2021
 - In the second half of 2021
 - There has been little or no effect on normal level of business operations relative to one year ago
 - Will not reopen
12. Before the pandemic, what was your business' average monthly operating revenues, not including any financial assistance or loans? Select only one:

- \$0 - \$5,000 per month
- \$5,001 - \$50,000 per month
- \$50,001 - \$200,000 per month
- \$200,001 or more per month
- Don't know

13. During the lockdown period (March 22 to June 7), estimate the percent increase or decrease in your business' average monthly operating revenues reported above. Please do not include any financial assistance or loans.

- Revenue increased
- Revenue did not change
- 25 percent decrease in revenue
- 50 percent decrease in revenue
- 75 percent decrease in revenue
- 100 percent decrease in revenue
- I don't know

14. Since the beginning of the stay-at-home order (March 22), has your business' workforce declined?

- No, I did not make any changes to my workforce
- I hired new employees (#) _____
- Employees were furloughed (#) _____
- Employees were laid off (#) _____
- Employee's hours were reduced (#) _____
- Employees resigned (#) _____
- Other (please specify) _____

15. How many employees worked for your business before March 22, when New York State's stay at home order went into effect?

Part Time Employees

- 1-5
- 5-10
- 10-15
- 15-20
- 20+

Full Time Employees

- 1-5
- 5-10
- 10-15
- 15-20
- 20+

Other (seasonal, contract)

- 1-5
- 5-10
- 10-15
- 15-20
- 20+

16. How many employees currently work for your business?

Part Time Employees

- 1-5
- 5-10
- 10-15
- 15-20
- 20+

Full Time Employees

- 1-5
- 5-10
- 10-15
- 15-20
- 20+

Other (seasonal, contract)

- 1-5
- 5-10
- 10-15
- 15-20
- 20+

Display This Question:
If business_type = Technology

17. When do you expect your business' employees to return to the workplace in a regular, ongoing way?

- Before the end of 2020
- In the first half of 2021
- In the second half of 2021
- My workplace will be majority remote indefinitely
- Other (please describe) _____

18. Are any of your business' employees working from home, or do they need to be on premises?

- No, all (100%) of my employees need to be on premises
- Yes, a percentage of my employees are working from home

Display This Question:

If employee_work_location = Yes, a percentage of my employees are working from home

19. What percentage are working from home?
- Less than 25% of employees
 - 26% - 50% of employees
 - 51% - 75% of employees
 - 76% - 99% of employees

Display This Question:

If business_type = Technology

20. If your business is requesting employees to return to the workplace, are they expressing any of the following concerns? (Choose all that apply)
- Concerns about safety and health
 - Transportation challenges
 - Childcare issues
 - Insufficient work hours to cover expenses
 - Other _____

Section 2: Current Capacity

21. What do your business operations look like today?
- We are closed, and have no plans to reopen in the future
 - We are closed, but plan to re-open in the future
 - We are open, but operating in a limited capacity (50 percent or less)
 - We are open, but operating in a limited capacity (51-95 percent)
 - We are fully open and operating at 100 percent or close to 100 percent

Display This Question:

If business_type = Retail (clothing, cleaning, consumer goods)

Or business_type = Restaurant (including bar, cafe)

Or business_type = Grocery

Or business_type = Pharmacy

22. Before the pandemic, was your business using any of the following? (Select all that apply)
- Online ordering
 - Curbside pickup and/or delivery
 - Outdoor dining

Display This Question:

If business_type = Retail (clothing, cleaning, consumer goods)

Or business_type = Restaurant (including bar, cafe)

Or business_type = Grocery

Or business_type = Pharmacy

23. Since the pandemic started, has your business added any of the following? (Select all that apply)

- Online ordering
- Curbside pickup and/or delivery
- Outdoor dining

Display This Question:

If business_type = Restaurant (including bar, cafe)

24. Is your business participating in the NYC Open Restaurants/Open Streets program?

- Yes, Open Restaurant Program
- Yes, Open Streets Program
- No (please explain why not) _____
- Not applicable to my businesses

Display This Question:

If open_restaurants_open_streets_participation = Yes, Open Restaurant Program

25. Has the NYC **Open Restaurant** program been helpful in generating income for your restaurant?

- Very helpful
- Helpful
- No impact
- Not very helpful
- Not helpful at all

Display This Question:

If open_restaurants_open_streets_participation = Yes, Open Streets Program

26. Has the NYC **Open Streets** program been helpful in generating income for your restaurant?

- Very helpful
- Helpful
- No impact
- Not very helpful
- Not helpful at all

27. During the past three months, have you noticed a difference in the quality of the City's sanitation services on the street where your business is located?

- Much cleaner
- Somewhat cleaner
- No difference, sanitation services have remained the same
- Somewhat dirtier
- Much dirtier

28. During the past three months, have you noticed an increase in the number of homeless people on the street where your business is located?

- Significantly more homeless people
- A few more homeless people
- No difference
- A few less homeless people
- Significantly less homeless people

29. During the past three months, has there been a change in the number of street vendors where your business is located?

- Significantly more street vendors
- A few more street vendors
- No difference
- A few less street vendors
- Significantly less street vendors

Section 3: Path Forward

30. Does your business plan on hiring any new or former employees in the next 6 months?

- Yes
- No

Display This Question:

If `hiring_next_6_months` = Yes

31. How many new or former employees does your business plan to hire in the next 6 months?

Full-Time Employee (FTE) # _____

Part-Time (PT) # _____

Contract # _____

32. As a result of negative impacts from COVID-19, does your business plan on terminating any employees in the next 6 months?

- Yes
- No

Display This Question:

If terminating_next_6_months = Yes

33. As a result of negative impacts from COVID-19, how many employees does your business plan on terminating in the next 6 months?

Full-Time Employee (FTE) # _____

Part-Time (PT) # _____

Contract # _____

34. What are the greatest financial burdens for your business right now? Please rank the top 5 only, with 1 being the least and 5 being the most burdensome.

_____ Monthly rent or mortgage for business

_____ Utilities and other overhead

_____ Insurance

_____ Wages

_____ Repaying PPP and EIDL Loans

_____ Expenses for compliance with new health and safety regulations

_____ Investments in voluntary safety upgrades

_____ Investing in technology to meet new business needs

_____ Renovations (interior and exterior, including outdoor dining setups)

_____ Other costs (please describe)

35. How would you describe the current availability of cash on hand for your business, including any financial assistance or loans? Currently, cash on hand will cover:

Less than 1 week

Less than 1 month

1-3 months of business operations

3+ months of business operations

No cash available for business operations

I don't know

36. Did your business receive financial assistance of any kind during the COVID-19 pandemic?

Yes

No

Display This Question:

If business_received_financial_assistance = Yes

37. Has your business applied and/or received any of the following financial assistance programs?

	Applied	Received	N/A
SBA Paycheck Protection Program (PPP) (Government Loan)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SBA Debt Relief Loan (Government Loan)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SBA Express Bridge Loan (Government Loan)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SBA Micro-Loan Program (Government Loan)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
SBA Economic Injury Disaster Loan & Advance (EIDL)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
New York Forward Loan Fund (Government Loan)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
NYC Zero-Interest Business Continuity Loan	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

NYC Employee Retention Grant	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Private/non-government low interest or no interest loan (Online business loans for COVID-19 such as Kabbage, Lending Club, SmartBiz, and Loan Builder)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tax, Debt, or Utility Relief Program	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Restaurant Revitalization Program (subsidized wages for restaurant owners)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Business Interruption Insurance	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Relief and assistance programs offered by a BID, alliance, or other group with which I am affiliated	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other forms of Covid-19 relief (e.g., mortgage relief, lease relief, unemployment benefits)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please describe)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Display This Question:
If business_received_financial_assistance = Yes

38. Has your business received any other forms of financial or in-kind support to operate your business? Please select all that apply.

- No
- My personal savings
- Loans or financial assistance from family or friends
- Bank loan
- Credit card debt
- Pro-Bono Technical Assistance (Small Business Development Center, SBDC Support, Legal Aid, support navigating my commercial lease or insurance, Marketing Services, etc.)

Display This Question:
If business_received_financial_assistance = Yes

39. If you have received financial assistance from any of the programs above, what was the total amount from the program(s)?

- Less than \$10,000
- \$25,000-\$50,000
- \$100,000-\$500,000
- \$500,000-\$1,000,000
- \$1,000,000-\$10,000,000
- Greater than \$10,000,000

40. Are you or have you received any form of rental assistance?

- No
- Rent forgiveness
- Rent deferral
- Short-term rent reduction
- Long-term rent reduction

41. Select the three most important short-term resources your business needs to meet the challenges you are currently facing.

- Cash flow or other loan
- Help applying for loans
- Rent reduction, subsidy, deferral or forgiveness
- Help complying with new health and safety regulations
- Help with training employees
- Help to prevent eviction
- Other (please describe) _____

42. How would you rate the job each of the following is doing responding to the coronavirus outbreak?

	Excellent	Good	Average	Poor	Very Poor
Federal Government	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
State Government	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
City Government	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Community Residents	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Customers	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

43. Do you have technology needs currently preventing you from operating your business?
- Yes
 - No

Display This Question:

If business_technology_needs_yn = Yes

44. Which of the following technology resources do you need? (Choose all that apply)
- Website
 - E-commerce platform (i.e., Shopify, Seamless)
 - Internet merchant account (internet ready bank account to handle online transactions)
 - Payment service provider (i.e., PayPal, Square, Stripe)
 - Point of sales tools (inventory management)
 - Social media account(s)
 - Other _____

Section 4: Operating Safely COVID-19 Protections

45. Which of the following health and safety guidelines are most difficult to implement?
Choose one of the following:
- Physical distancing for customers and employees
 - Hygiene and cleaning (disinfection of contaminated areas, hand sanitizing stations)
 - Customer compliance with health and safety protocols
 - Wayfinding signs, floor markings, directional signs, etc.
 - Providing PPE (masks, gloves, shields, etc.) to customers and/or employees
 - Temperature screening
 - Regular employee COVID-19 and/or antibody testing
46. Estimate the **increase in costs** to your business in order to comply with state-mandated health and safety guidelines to prevent the spread of COVID-19.
- No increase
 - 25% or less
 - 26% - 50%
 - 51% - 75%
 - 76% or greater

47. Estimate the **decrease in the number of customers** your business is able to serve in order to comply with state-mandated health and safety guidelines to prevent the spread of COVID-19.

- No decrease, I am able to serve the same number of customers or more
- 25% or less
- 26% - 50%
- 51% - 75%
- 76% or greater

48. In thinking about the challenges your business faced in reopening, what were the most important lessons learned that you can share with other business owners?

The following three questions are optional. They will be used to connect small businesses to resources or if you agree to participate in future surveys. We will not be sharing any individual information.

49. Do you want to remain anonymous, or would you be willing to share your information?

- I would like to remain anonymous
- I am willing to share my contact information

Display This Question:
If closing_remain_anon = I am willing to share my contact information

50. What is the name of your business?

Display This Question:
If closing_remain_anon = I am willing to share my contact information

51. What is your business address?

Display This Question:
If closing_remain_anon = I am willing to share my contact information

52. What is your email address?⁷²

APPENDIX D: ENDNOTES

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