The NFIB Research Center has published a series of Covid-19 related surveys assessing the impact of the health crisis on small business operations, economic conditions, and the utilization of targeted small business loan and tax credit programs. This publication marks NFIB's 18th Covid-19 Small Business survey. The first of the series was published in early March 2020, with subsequent publications approximately every 3-6 weeks.

The Paycheck Protection Program (PPP) is now closed, no longer accepting applications from small business owners for a first or second-draw loan. Most PPP loan borrowers have used all of their first-draw PPP loan and have received full or partial forgiveness for their loan. More second-draw borrowers are still using their loan funds to support payroll and other qualifying expenses. Only a few are still waiting for their lender to accept forgiveness applications. While borrowers have 10 months from the end of their covered period to submit their application before having to pay loan payments, the wait and uncertainty is stressful as that deadline gets closer for them.

About three-quarters (77%) of small business owners reported that they received a Paycheck Protection Program loan in 2020. The vast majority of them (86%) have submitted a PPP loan forgiveness application for their 2020 PPP loan. Ten percent responded that they were not ready to submit an application yet and 3% were ready, but their lender was not accepting applications yet. Forty-three percent of those who received a first-draw PPP loan received a second-draw PPP loan. About 20% of those with a second-draw PPP loan have applied for PPP loan forgiveness on their second. Almost half (47%) responded that they were not ready to submit
an application yet and 32% were ready, but their lender was not accepting applications yet.

The Employee Retention Credit (ERTC), a program facilitated through the IRS to help mostly small employers, provides up to $33,000 per employee for eligible employers. The program has undergone numerous changes over the last 15 months with expanding eligibility, extending coverage, and increasing the credit amount available. Only 9% of small employers are very familiar with the ERTC and another 33% somewhat familiar. Fifty-eight percent of small employers are not at all familiar with the ERTC.

Nine percent of small employers claimed the ERTC for wages in 2020. Only 7% of small employers claimed the ERTC for wages in 2021. Of those small employers who claimed or submitted forms to claim the ERTC in 2020 or 2021, 45% withheld payroll taxes on their 941 form, 47% submitted a 941-X form, and 8% submitted a 7200 form.

The Economic Injury Disaster Loan (EIDL) program offers eligible small business owners a low interest, long term loan that covers up to 24 months of economic injury up to $500,000. The EIDL also offers up to 18 months of deferment from loan payments. About a quarter (26%) of survey respondents applied for and received an Economic Injury Disaster Loan.

In addition to the PPP, EIDL and ERTC programs, many small business owners also took advantage of other, more specific grant and credit programs to financially help them through the pandemic. About 15% of survey respondents claimed the Federal Covid-19 sick and family leave tax credit (FFCRA). Fourteen percent of survey respondents received a state or local grant.

The American Rescue Plan created the Restaurant Revitalization Fund (RRF) specifically to help the restaurant industry. Restaurants were particularly hard hit by the pandemic and subsequent efforts to control the spread of Covid-19. The number of grant applicants far outweighed available program funding, severely limiting the number of applicants who actually received a grant. For restaurant owners, 41% applied for a RRF grant. Of those owners who applied, about half (53%) received grant funds.
While the economy is surging ahead for many due to strong consumer spending, the recovery remains uneven across the small business sector. Some small businesses are still waiting for consumers to return to their industry sector, while others are saddled with aggravating supply chain disruptions or challenges filling open positions that are slowing sales opportunities.

Sales levels are 50% or less than they were pre-crisis levels for 16% of small businesses with another 21% at sales levels of 51%-75% pre-crisis. Thirty-six percent are back or nearly back to where they were with sales between 76%-100% of pre-crisis levels. About one-in-four (26%) are exceeding pre-crisis sales levels.

Twenty-two percent of small business owners report that economic conditions are back to normal now in their area. A significant improvement from the previous survey results reported in late April. Another 27% of owners anticipate it taking until the second half of 2021 and 22% anticipate sometime in the first half of 2022 before economic conditions return pre-crisis levels. Seventeen percent of owners are less optimistic and expect conditions not to fully improve until the second half of 2022 and 13% after 2023.

About three-fourth (73%) of small business owners report that they will be able to operate for more than a year in current economic conditions. On the other end, 12% of owners report that they will only be able to continue business operations for six months or less under current economic conditions and another 15% for 7-12 months.

When asked if supply chain disruptions are impacting their business, 32% of small business owners reported a significant impact. Another 33% of owners reported supply chain disruptions having a moderate impact on their business and 21% said it has had a mild impact on their business. Thirteen percent of owners reported no impact from supply chain disruptions. Respondents noted a wide range of products and materials impacted by the supply chain disruption including building materials, computer chips, meat and other produce, batteries, and plastics as examples. However, lumber and products dependent on computer chips dominated the list.
Supply chain disruptions are becoming increasingly challenging for many, with over half (54%) of small business owners who are experiencing disruptions saying that the supply chain disruption is worse now than it was three months ago. Forty percent reported about the same level of disruption from last quarter and 6% reported it easing up from three months ago. And for many, the disruptions are not likely to ease up anytime soon. Over half (62%) of small business owners anticipate the supply chain disruption that is impacting their business to continue for five or more months. Seventeen percent reported between one and four months and only 1% reported less than one month.

The labor shortage is another challenge facing many small employers. While the unemployment rate has declined precipitously since the initial mass layoffs at the beginning of the pandemic, there are still 7 million fewer employed people now than in February 2020. Twenty-two percent of small employers are currently experiencing a significant staffing shortage and another 18% are currently experiencing a moderate staffing shortage. Twenty-one percent reported having a mild staffing shortage and 39% had of small business owners report no staffing shortage.

Of those small employers currently experiencing a staffing shortage, 19% are experiencing a significant loss of sales opportunities and 30%, a moderate loss of sales opportunities because of the shortage. Thirty-two percent are experiencing a mild loss of sales opportunities and another 19% had no loss of sales opportunities, able to navigate the staffing shortage by adjusting business operation to accommodate current sales levels.

The labor shortage is not easing for most small employers as many potential applicants have not yet reentered the labor market. About two-thirds (67%) of small employers reported that their current staffing shortage is about the same as it was one month ago. A quarter (25%) of small employers reported it being worse, and a mere 6% reported their current staffing shortage is better than it was one month ago. Two percent of respondents did not have a staffing shortage one month ago.
When looking at the staffing shortage by the volume of applications for open positions, about half (48%) of small employers are receiving fewer job applications now for their open positions than they received one month ago, and 39% are receiving about the same amount. Only 5% of small business owners reported receiving more jobs applications now than they did one month ago. Eight percent of respondents did not have any open positions one month ago.

When asked what adjustments, beyond normal hiring practices, small employers have taken to attract applicants for open positions, 63% reported increasing wages. Thirteen percent increased paid time off and another 13% offered or enhanced hiring bonuses. Fifteen percent of small employers offered or enhanced referral bonuses and another 15% offered or enhanced health insurance benefits.

When asked what adjustments have been made in business operations to compensate for the staffing shortage, 41% of small employers are offering more hours to part-time employees. Sixty percent are offering overtime to full-time employees. Over three-quarters (79%) of small employers responded that the owner(s) are working more hours and 30% have adjusted business operation hours. Twenty-nine percent of small employers have introduced new technology to enhance productivity and 24% have reduced the variety of goods and services sold.

The survey also found that 29% of small business owners had a fraudulent unemployment insurance claim filed against their business. And, almost one-in-five (19%) of small employers are asking employees if they are vaccinated.

**Methodology**

This survey was conducted with a random sample of 20,000 NFIB members from NFIB’s membership database of about 300,000 small business owners. The survey was conducted by email from June 26-30, 2021. NFIB collected 654 responses.
Questionnaire

1. Did you apply for and receive a Paycheck Protection Program (PPP) loan?
   77% 1. Yes
   23% 2. No
   \( n=654 \)

2. Have you applied for PPP loan forgiveness (on your first PPP loan if you received two)?
   86% 1. Yes
   10% 2. No, I'm not ready yet
   3%   3. No, my bank is not yet accepting applications
   \( n=478 \)

3. Did your business receive a SECOND PPP loan?
   43% 1. Yes
   58% 2. No
   \( n=504 \)

4. Have you applied for PPP loan forgiveness on your SECOND PPP loan?
   20% 1. Yes
   47% 2. No, I'm not ready yet
   32% 3. No, my bank is not yet accepting applications
   1%   4. Does not apply
   \( n=212 \)

5. Did you apply for and receive an Economic Injury Disaster Loan (EIDL)?
   26% 1. Yes
   74% 2. No
   \( n=650 \)
6. Has your business claimed the Federal Covid-19 sick and family leave tax credit (FFCRA)?
   15% 1. Yes
   85% 2. No
   n=586

7. Has your business received a state or local grant?
   14% 1. Yes
   86% 2. No
   n=646

8. Have you applied for a Restaurant Revitalization Fund (RRF)?
   (restaurants only)
   41% 1. Yes
   60% 2. No
   n=37

9. If you applied, have you received grant funds?
   53% 1. Yes
   47% 2. No
   n=15

10. How familiar are you with the Employee Retention Tax Credit (ERTC)?
    9%   1. Very familiar
     33% 2. Somewhat familiar
     58% 3. Not at all familiar
      n=587

11. Have you claimed the ERTC for wages in any quarter of 2020?
    9%   1. Yes
     91% 2. No
      n=585
12. Have you claimed the ERTC for wages in any quarter of 2021?
   7%  1. Yes
   93% 2. No
   \( n=582 \)

13. If you have claimed or submitted forms to claim the ERTC for 2020 or 2021, did you?
   45% 1. Withhold payroll taxes on your 941 form
   47% 2. Submit a 941-X form (retroactive)
   8%   3. Submit a 7200 form (advanceable)
   \( n=53 \)

14. How does your current sales revenue compare to pre-crisis levels?
   26% 1. More than 100% of pre-crisis level
   36% 2. 76%-100% of pre-crisis level
   21% 3. 51%-75% of pre-crisis level
   11% 4. 26%-50% of pre-crisis level
   5%   5. 1%-25% of pre-crisis level
   1%   6. My business is currently closed.
   \( n=640 \)

15. How long do you think it will take before your local community is back to a pre-crisis level of economic activity?
   22% 1. It is now
   27% 2. Second half of 2021
   22% 3. First half of 2022
   17% 4. Second half of 2022
   13% 5. 2023 or later
   \( n=642 \)
16. How long will you be able to operate your business under current economic conditions?
1% 1. Less than 1 month
1% 2. 1-2 months
10% 3. 3-6 months
15% 4. 7-12 months
73% 5. More than 12 months
n=645

17. Are supply chain disruptions impacting your business?
32% 1. Significant impact
33% 2. Moderate impact
21% 3. Mild impact
13% 4. No impact
n=653

18. Is the supply chain disruption impacting your business better, worse, or about the same as it was three months ago?
6% 1. Better
54% 2. Worse
40% 3. About the same
n=574

19. How long do you anticipate the supply chain disruption that is impacting your business to continue?
1% 1. Less than 1 month
5% 2. 1-2 months
12% 3. 3-4 months
20% 4. 5-6 months
62% 5. More than 6 months
n=560
20. Is your business currently experiencing a staffing shortage?
22% 1. Significant staffing shortage
18% 2. Moderate staffing shortage
21% 3. Mild staffing shortage
39% 4. No staffing shortage
n=594

21. Is your staffing shortage causing lost sales opportunities?
19% 1. Significant lost sales opportunities
30% 2. Moderate lost sales opportunities
32% 3. Mild lost sales opportunities
19% 4. No lost sales opportunities
n=350

22. Is your current staffing shortage better, worse, or about the same as it was one month ago?
6% 1. Better
25% 2. Worse
67% 3. About the same
2% 4. I didn't have a staffing shortage one month ago.
n=364

23. Are you receiving more, less, or about the same number of job applications now for your open position(s) than you received one month ago?
5% 1. More
48% 2. Less
39% 3. Same
8% 4. I didn't have any open positions a month ago.
n=338
24. What adjustments (beyond normal hiring practices) have you made to attract applicants for open positions?

a. Have you increased starting wages?
   63% 1. Yes
   19% 2. No
   18% 3. Does not apply
   n=407

b. Have you increased paid time off?
   13% 1. Yes
   65% 2. No
   22% 3. Does not apply
   n=408

c. Have you offered or enhanced hiring bonuses?
   13% 1. Yes
   64% 2. No
   23% 3. Does not apply
   n=408

d. Have you offered or enhanced referral bonuses?
   15% 1. Yes
   62% 2. No
   23% 3. Does not apply
   n=408

e. Have you offered or enhanced health insurance benefits?
   15% 1. Yes
   60% 2. No
   25% 3. Does not apply
   n=408
25. What adjustments have you made in business operations to compensate for the staffing shortage?

a. Are you offering more hours to part-time employees?
   41% 1. Yes
   15% 2. No
   45% 3. Does not apply
   n=407

b. Are you offering overtime to full-time employees?
   60% 1. Yes
   18% 2. No
   21% 3. Does not apply
   n=406

c. Are owner(s) working more hours?
   79% 1. Yes
   8% 2. No
   13% 3. Does not apply
   n=466

d. Have you adjusted business operation hours?
   30% 1. Yes
   53% 2. No
   16% 3. Does not apply
   n=464

e. Have you introduced new technology to enhance productivity?
   29% 1. Yes
   44% 2. No
   27% 3. Does not apply
   n=463
f. Have you reduced the variety of goods or services sold?
24% 1. Yes
59% 2. No
18% 3. Does not apply
n=467

26. Have you had a fraudulent unemployment insurance claim filed against your business?
29% 1. Yes
71% 2. No
n=646

27. Are you asking your employees if they are vaccinated?
19% 1. Yes
81% 2. No
n=579

28. Please classify your major business activity, using one of the categories of examples below.
18% 1. Construction (general contractor, painting, carpentry, plumbing, electrical, etc.)
9%  2. Manufacturing and mining
3%  3. Transportation, communication, public utilities (truckers, movers, broadcasters, etc.)
5%  4. Wholesale
16%  5. Retail
6%  6. Restaurant/Bar
8%  7. Agriculture (veterinarian, forestry, landscaping, fisheries, etc.)
4%  8. Financial, insurance, real estate
15%  9. Services (auto repair, house cleaning, salon, etc.)
6%  10. Professional services (attorney, physician, skilled nursing, etc.)
10%  11. Other
n=648
29. Number of Employees
9% 1. No employees
15% 2. 1-2 employees
25% 3. 3-5 employees
16% 4. 6-9 employees
17% 5. 10-19 employees
11% 6. 20-49 employees
6% 7. 50-199 employees
1% 8. 200 or more employees
n=650

30. Which of the following best describes your business?
51% 1. Male owned
20% 2. Female owned
29% 3. Equally male/female owned
n=636