

Survey Finds NYC's Small Businesses Need Cash and Targeted Programs Now *As City Develops Policies to Support Recovery from COVID-19, Small Businesses Must Have A Voice in the Process*

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NEW YORK, May 17, 2021—As New York City begins its economic recovery from the COVID-19 pandemic, a [new report](#) from Columbia University's [School of International and Public Affairs](#) (SIPA) and [Department of Biomedical Informatics](#) identifies policies for successfully rebuilding the City's small businesses, which before March 2020 numbered more than 220,000, employing more than 3 million people and accounting for more than half of private-sector jobs in New York City.

Researchers developed and distributed the *Communities Speak: Small Business Survey* in October and November 2020 with support from a working group of nonprofit and civic organizations, business improvement districts (BIDs), and city agencies. New York City small businesses—defined as independently owned businesses with 100 employees or fewer—were surveyed to determine the impact of the pandemic on their finances and staffing and to identify a path back to economic viability. Their responses document the severity of COVID's impact on New York's small businesses, the specific problems small business owners have been confronting as a consequence of the early lockdown, the efforts by many small business owners to stay open; and what businesses ultimately need to become, once again, economically viable.

The report, entitled [Communities Speak: Rebuilding NYC Small Business After the Pandemic](#), makes clear that New York City's small businesses are resilient and can meet their current challenges as long as City government policy reflects their expressed, specific, and unique needs.

The report's key findings are:

- **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 clients and customers.**
 - A significant percent (76 percent) of non-restaurant small businesses that closed during lockdown had total revenue loss.
- During lockdown, 35 percent of small businesses closed.
- During phased reopening, only 14 percent reopened fully, while 72 percent opened at limited capacity.
- **Restaurants faced greater challenges than other small businesses during lockdown and the phased reopening period.**
 - No restaurants were able to stay fully open during lockdown.
 - 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 BID small businesses surveyed were located in commercial or mixed-use zoning districts and were hit hard by the COVID shutdown. They appear to have had a similar experience to other small businesses and have similar needs.**
- **Minority and Women-Owned Business Enterprises (M/WBE) 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 with 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.
- **Technology small businesses 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.**
- **The most important immediate needs identified by small businesses was by far cash flow or loan assistance (63 percent) and rental assistance was second (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).
 - The largest percentage of M/WBEs also identified cash flow assistance as their greatest need (61 percent), but there was a significant percentage that also needed rent help and compliance assistance.
 - Tech small businesses are significantly different than other businesses. While they need cash flow and rental assistance, it is not at the same rate as other business.

The report's main policy recommendations are:

- **Small businesses need cash now**, through low-interest loans or direct grants, **with minimum debt burdens and maximum flexibility in determining how to spend the funds.**
- **Restaurants need specialized and targeted assistance**, due in part to the unique set of challenges created by public-health mandates.
- **M/WBEs need assistance, but it must be targeted to the needs they identify.**
- **Businesses that were severely impacted during lockdown but are currently open need targeted programs and specialized assistance.**
- **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.
- **City government can implement immediate and long-term responsive policy through cross-sector recovery planning, systematic data collection, and coordinating with resilient small businesses to share best practices.**

The study was led by [Ester R. Fuchs](#), a professor of international and public affairs and political science at Columbia SIPA; [Noémie Elhadad](#), an associate professor of biomedical informatics in Columbia's Department of Biomedical Informatics; and [Sarah M. Holloway](#), a lecturer in international and public affairs at Columbia SIPA. Additional contributors to the report include Ashley MacQuarrie, Elizabeth M. Marcello, and Amanda Papir as well as Robert Y. Shapiro, Lena Mamykina, Emma Horan, J. Cyrette Saunier, and Aawanti Singh.

The *Communities Speak: Small Business Working Group* is a coalition of leaders from nonprofit, civic, and public-sector organizations who collaborated with Columbia University to develop and disseminate the survey across NYC small businesses. They include: 125th Street BID, Association for a Better New York (ABNY), Manhattan Chamber of Commerce, New York City Department of City Planning, NYC BID Association, NYC Hospitality Alliance, Partnership for New York City, and Tech:NYC.

"New resources to support small businesses are now becoming available directly from the federal government's American Rescue Plan, which includes \$6 billion in direct aid to New York City and additional money for small business relief including a Restaurant Relief Fund. Our research makes it clear that the City must get this money out quickly and design programs that reflect the actual needs of small businesses," said **Professor Ester Fuchs, director of the [Urban and Social Policy](#) program at Columbia SIPA.**

"New York City's restaurant industry has been decimated by the pandemic. This report confirms that the sector needs tailored policies to support its recovery, which is vital for the city's overall economic, social, and cultural recovery," said **Andrew Rigie, executive director of the [NYC Hospitality Alliance](#).**

"Understanding that businesses were at that time in survival and maintenance mode, we wanted to zoom in on immediate challenges that should be addressed to ensure the economic viability of our districts," said **Barbara Askins, president and CEO of the [125th Street BID](#).** "This project is a great example of how academia and business working together can mobilize and be effective."

"New York has a reputation as a make-or-break-it city for entrepreneurs and innovators, but the challenges small businesses faced this past year were at a scale near unmanageable for even the most savvy individuals," said **Julie Samuels, executive director of [Tech:NYC](#).** "Tech:NYC is proud to have supported Columbia in this critical research, and we hope it can spur momentum for the much needed relief, opportunity, and capital for New York's small business community."

"This survey is an important first step in gathering the data needed by the City and State to make the most effective use of public funds in restoring the hundreds of thousands of jobs and revenues that small business has lost during the pandemic," said **Kathryn Wylde, president and CEO of the [Partnership for New York City](#).**

"As we work toward an equitable recovery for all New Yorkers, we recognize that small businesses are the backbone of our local economies. We are grateful to have partnered with Columbia University School of International and Public Affairs and the Department of Biomedical Informatics as they launched and analyzed comprehensive surveys of New York City's small businesses to determine the effects of the COVID-19 pandemic and how the public sector might better serve their communities' needs. ABNY will continue to support efforts to bridge the gaps between the private and public sectors during this critical time for our city and in the future." said **Melva M. Miller, CEO of [Association for a Better New York](#) (ABNY).**

The report, "**Communities Speak: Rebuilding NYC Small Businesses After the Pandemic**" was published by Columbia SIPA and supported by Columbia University and Bloomberg Philanthropies. It can be viewed at https://www.sipa.columbia.edu/sites/default/files/communities_speak.pdf.

About the [School of International and Public Affairs](#): For more than 70 years, SIPA has been educating professionals who work in public, private, and nonprofit organizations to make a difference in the world. Through rigorous social science research and hands-on practice, SIPA's graduates and faculty strive to improve social services, advocate for human rights, strengthen markets, protect the environment, and secure peace, in their home communities and around the world. For more information, please visit sipa.columbia.edu.

About [Columbia University](#): A leading academic and research university, Columbia continually seeks to advance the frontiers of knowledge and to foster a campus community deeply engaged in understanding and addressing the complex global issues of our time. Columbia's extensive public service initiatives, cultural collaborations, and community partnerships help define the University's underlying values and mission to educate students to be both leading scholars and informed, engaged citizens. Founded in 1754 as King's College, Columbia University in the City of New York is the fifth oldest institution of higher learning in the United States.

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