

PHILADELPHIA COVID-19 SMALL BUSINESS RELIEF FUND

Impact Report

Background

In response to the business activity restrictions enacted to stop the spread of COVID-19, in March 2020 the Philadelphia Department of Commerce and PIDC mobilized the Philadelphia COVID-19 Small Business Relief Fund, providing qualifying businesses in Philadelphia with grants and interest-free loans.

The Fund was created with the following aims:

- Provide relief to small businesses in order to help them survive this crisis.
- Retain as many employees as possible.
- Help businesses avoid predatory lenders.
- Maintain the provision of goods and services for Philadelphia's residents.



By The Numbers

The Fund ultimately offered **\$13.3 million** in grants and zero-interest loans to over **2,000** Philadelphia small businesses impacted by the COVID-19 pandemic.



Using a tiered program, the Fund distributed:



Microenterprise
Grants of up
to \$5,000 per
business, for a
**total of \$6.244
million.**



Small Business
Grants of up
to \$25,000 per
business, for a
**total of \$3.852
million.**



Small Business
Loans of up to
\$100,000 per
business, for a
**total of \$3.295
million.**

In July 2020, the survey was emailed to **2,066 business owners** who received grants or loans. As of July 31, 2020, **1,196 responses** were collected, representing a **58 percent** response rate.



COVID-19 Small Business Relief Fund Impact Survey

The Philadelphia Department of Commerce, thanks to support from students at The Wharton School of the University of Pennsylvania, conducted a survey of businesses that received funding from the program in order to assess businesses in the following areas:

- Operating status, key concerns, and overall impact of COVID-19 on their business, including change in revenue and number of employees.
- How the grants or loans from the Fund were used, as well as availability of other sources of financial relief.
- Expectations for future business performance.
- Changes in business model undertaken in response to COVID-19.



Key Findings on Status of the Businesses

The survey found that business owners who were recipients from the Fund across industries varied in their beliefs about their ability to weather the COVID-19 crisis. On average, the personal care services (e.g. barbershops, spas, salons) businesses were the least confident in their ability to survive. As of July 31, 2020, additional findings include:



79%

reported that their business was operating.



5

Only five businesses (**0.4% of respondents**) reported that they closed permanently.



The restaurant sector spent **more on payroll, inventory and utilities** relative to other sectors.



Most business owners suffered their **greatest revenue loss in April**. In July, more than half of the business owners that received funding from the Fund were still only earning between 0-50% of their pre-COVID-19 average monthly revenue.



The majority of businesses who received funding from the Fund **used the money to support payroll and rent**.

Hard-hit Industries. The COVID-19 pandemic has been catastrophic for some industries, including:

- Entertainment, Theater, Cultural Institutions
- Personal care services (e.g. barbershops, spas, salons)
- Hospitality / Hotels
- Restaurant / Catering / Food & Beverage
- Distribution / Logistics



49%

of the businesses had no change in the number of **full-time employees**;



53%

no change in the number of **part-time employees**.



45%

of the businesses reported a decrease in the number of **full-time employees**;



36%

reported a decrease in the number of **part-time employees**.



6%

of the businesses reported an increase in the number of **full-time employees**;



11%

reported an increase in the number of **part-time employees**.

Other Financial Relief Programs. 76 percent of respondents received other funding support in addition to Philadelphia COVID-19 Small Business Relief Fund:



47%

of respondents received funding from the **Federal Paycheck Protection Program (PPP)**.



26%

of respondents received funding from the **Federal Economic Injury Disaster Loan (EIDL) program**.

Businesses' Concerns Moving Forward

- Over 50% of survey respondents reported major concerns to be losing business, customer traffic, and ability to pay rent and payroll.
- 40% of survey respondents expressed concern about their ability to access financial supports.
- Additional concerns expressed by respondents:
 - » Difficulty or impossibility of transitioning to online/virtual channels.
 - » High expenses for sanitation and personal protective equipment (PPE).
 - » Accounts Receivables have become more difficult to collect, particularly for business-to-business firms.
 - » Confusing guidance from governments of all levels, including the Centers for Disease Control (CDC).
 - » Businesses reliant on universities, such as suppliers and nearby restaurants, have been seriously impacted.
 - » Developing an online presence requiring significant time and administration.
 - » Fear of risk of COVID-19 infection from customers who don't comply with mask-wearing mandates.



Future Needs and Recommendations Identified by Businesses

- More financial assistance/services, tax relief, and penalty-free extensions.
- Continue improving the quality of City services, including making processes streamlined, to better accommodate the need of businesses.
- Accelerate processing licenses and permits to help businesses, specifically in the construction industry.
- Connect small businesses with technical assistance providers to help owners change or pivot their business models to better adapt to the new and fast changing environment.
- Establish programs that help small businesses offer products and services online.

