



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 zerointerest loans to over
2,000 Philadelphia small
businesses impacted by
the COVID-19 pandemic.



Using a tiered program, the Fund distributed:



1,744

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



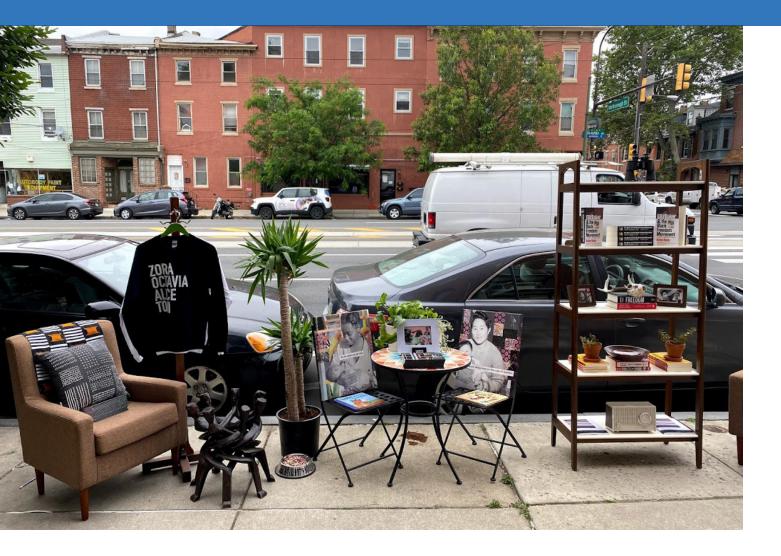
**251** 

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



71

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:



reported that their business was operating.



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;



no change in the number of parttime employees.



of the businesses reported a decrease in the number of fulltime employees;



reported a decrease in the number of parttime employees.



of the businesses reported an increase in the number of fulltime employees;



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:



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



of respondents received funding from the Federal **Economic Injury Disaster Loan** 26% (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 maskwearing 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.