Special Survey:
The Impact of the COVID-19 Pandemic on Missouri Small Businesses and the Path Toward Recovery

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This document summarizes comments received from contacts outside the Federal Reserve Bank of St. Louis. The views expressed are those of the authors and do not necessarily reflect official positions of the Federal Reserve Bank of St. Louis or Federal Reserve officials.

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Overview

About the survey

In partnership with the Missouri Department of Economic Development, the Federal Reserve Bank of St. Louis has conducted a confidential survey of Missouri small business leaders to better understand the impact of the COVID-19 pandemic on small businesses and the outlook of small businesses during the recovery. Respondents were invited by email to participate in an online survey. The information was collected online between September 20 and October 3, 2021 and resulted in 729 responses. Many respondents did not complete the entire survey, dropping out prior to answering questions about firm characteristics. The statistics in this report are based on 294 completed responses.

This report offers findings of this survey. The questions were designed to capture the pre-pandemic state of small businesses; the impact of the pandemic and utilization of government assistance programs; the current state of business conditions and operating capacity; factors restraining activity and future growth; and the needs of small businesses as they recover from the pandemic.

A review of previous literature on pandemic-related closures shows that our survey underestimates the pandemic’s impact on small businesses due to survivorship bias. Our distribution methodology reached a disproportionately low number of owners whose businesses shuttered during the 2020 pandemic, and as a result the firms most negatively impacted are excluded from the sample at a greater rate.

In addition, there may be other sources of sampling bias. For example, business owners facing staffing shortages may not have had time available to complete the survey. Given the voluntary nature of this survey, the distribution of responses was not expected to match the true distribution of establishments within Missouri. However, the overall distribution of responses based on numerous firm characteristics (e.g., size, sector, owner demographics) was broadly consistent with data from the Census Bureau.

Survey findings

Overall, the survey finds:

• The pre-pandemic financial situation of firms and firms’ ability to obtain and experience obtaining credit were the most important determinants of outcomes during the pandemic. Racial gaps existed among these pre-pandemic situations and likely impacted pandemic outcomes.

• Among firm characteristics directly affecting aggregate results, firm industry was the only one that was significant. Firm age, size, and owner characteristics had no impact on results.

• Financial and tax concerns were at the top of respondents’ list of issues, with firms identifying cashflow and tax liability issues as areas where government support would be most effective.

• While usage of federal pandemic assistance programs was high, desire for additional government workforce development assistance was a low priority among respondents.

• Firms constrained by labor shortages nearly universally responded by raising wages, with evidence pointing to additional wage growth in the next few months.

• While a quarter of firms have seen revenues return to pre-pandemic levels, most firms did not expect revenues to recover for at least a year, if they do so at all.
Pre-pandemic state of Missouri small businesses

Pre-pandemic profit margins vary by industry

Overall, the firms in the sample were profitable prior to the pandemic. Respondents reported an average profit margin of 11% in 2019 but with significant variation within the sample (standard deviation of 18%). Profit margins varied across industries. Technology, finance, and professional service firms reported higher-than-average profit margins (around 17% to 20%), while restaurants and specialty retailers reported lower-than-average profit margins (4% to 6%) and agribusiness firms reported losses averaging 3% of revenue.

There were no notable differences in profitability based on firm size, firm age, or race, ethnicity, or gender of business owner. However, there is some evidence educational attainment of business owner was related to firm profitability. Firms in which the owner had a high school degree or less had an average profit margin of 6%, while firms where the owner had an advanced degree had an average profit margin of 15%. This result may be due to the industry of the firm and not solely due to owner education; however, the sample is not large enough to disentangle these effects.

Pre-pandemic firm cost structures

Understanding firms’ cost structure pre-pandemic is important for interpreting their challenges and needs during the pandemic and the recovery. For example, challenges hiring workers can significantly constrain growth for labor-intensive firms, and service-sector firms may be less likely to report issues with sourcing non-labor inputs or raw materials.

Firm costs were, on average, balanced across three main categories. Firms spent on average 28% of 2019 revenue on labor costs, 20% on payments toward capital equipment or rents, and 33% on other non-labor input costs such as raw materials. While these labor costs varied by firm, there were no systemic differences based on reported firm characteristics.

Firms report considerable differences pre-pandemic in ability to borrow

Firms’ ability to obtain financing prior to the pandemic varied significantly among survey respondents. As other studies have indicated, the pandemic exacerbated many disparities in Missouri’s economy. One reason for this is that better-off businesses (and households) had existing banking relationships when they entered the pandemic and were better prepared to navigate the various assistance programs created by governments.

As Figure 1a indicates, many firms (30%) reported that had never needed to obtain funds because the firm or owner had sufficient capital. Among the remaining firms, about 25% reported having only some or no difficulty obtaining funding from outside sources. However, 30% of firms experienced considerable difficulties and a notable share (15%) that had not tried to obtain funds because the owner anticipated difficulties or an inability to borrow.

The results indicate some notable differences based on the race and ethnicity of the business owner (see Figure 1b). White, non-Hispanic businesses were less likely to need funds (34%) or were able to obtain funds without difficulty (19%), and a small share did not try because the owner anticipated difficulties (10%). Many Hispanic- and minority-owned businesses did not try to obtain funds because of owner anticipated difficulties (29%), and a relatively smaller share (19% vs 34%) reported no need to obtain funds because the firm or owner had sufficient capital.
Figure 1a: Which statement best describes your ability to borrow money from banks or other financial institutions before the pandemic?

- Unable to obtain funds (denied by multiple banks or other financial institutions)
- Denied at least one time, but obtained fund with restrictions, personal guarantees, or lesser amounts
- Obtained funds but with restrictions, personal guarantees, or lesser amounts
- Obtained funds with some difficulty
- Obtaining funds without difficulty (multiple sources to consider)
- Did not need to obtain funds because firm/owner had sufficient cash/capital
- Did not try to obtain funds because of expected difficulties or high cost
Figure 1b. Hispanic and minority firms report lower access to credit pre-pandemic

Did not need to obtain funds because firm/owner had sufficient cash/capital
- White, non-Hispanic: 34%
- Hispanic and Minority: 19%

Obtaining funds without difficulty (multiple sources to consider)
- White, non-Hispanic: 6%
- Hispanic and Minority: 19%

Obtained funds with some difficulty
- White, non-Hispanic: 9%
- Hispanic and Minority: 9%

Obtained funds but with restrictions, personal guarantees, or lesser amounts
- White, non-Hispanic: 14%
- Hispanic and Minority: 13%

Denied at least one time, but obtained fund with restrictions, personal guarantees, or lesser amounts
- White, non-Hispanic: 7%
- Hispanic and Minority: 5%

Unable to obtain funds (denied by multiple banks or other financial institutions)
- White, non-Hispanic: 7%
- Hispanic and Minority: 7%

Did not try to obtain funds because of expected difficulties or high cost
- White, non-Hispanic: 29%
- Hispanic and Minority: 10%
Impact of pandemic on Missouri small businesses

Topline decrease in revenues and profits

The COVID-19 pandemic has put Missouri's small businesses in a significantly weaker financial position. Just under two-thirds of respondents said it has been harder than normal for their businesses to meet their usual expenses; a third reported it has been "very difficult." Difficulties differ by industry and financial position pre-pandemic. Wholesale trade, agriculture, leisure and hospitality, health, and retail firms all reported more difficulty meeting expenses than the average firm. Notably, firms that faced or expected difficulty borrowing pre-pandemic were much more likely to report expense-related difficulties (73%) than those that were in a better place to borrow pre-pandemic (60%) or never previously needed to borrow (49%).

These difficulties coincide with a widespread drop in revenues and profit margins as depicted in Figure 2. The fraction of respondents who made less than $24,000 in annual revenue increased from 11% in 2019 to 14% over the past twelve months; average profit margins declined from 12% to 5% in the same period. Profit margins declined the most for leisure and hospitality firms—from 8% on average in 2019 to -4% over the past twelve months. Retail firms also saw a large decline in average profit margins (from 7% to slightly below 0%). Meanwhile, manufacturing businesses—which reported less difficulty meeting expenses than the average firm—saw a large decline in profit margins but remained profitable on average (from 12% to 5%).

Figure 2: Average profit margins by selected industry

![Figure 2: Average profit margins by selected industry](chart)
Small businesses respond with employment cuts, higher wages

In the face of widespread financial difficulties and continuing worker scarcity, 43% of Missouri small businesses reported reducing their payroll employment in the past 12 months (see Figure 3). Businesses in worse financial positions pre-pandemic were especially likely to shrink their workforce: 51% of firms that had difficulty borrowing before the pandemic did so, compared with only 40% of firms that could borrow more easily and 35% of firms that previously did not need to borrow. These cuts have been widespread: Only banking and wholesale trade firms were more likely to report increasing employment, with the latter no doubt influenced by 2021’s particularly strong holiday hiring surge. Firms in highly impacted industries—leisure and hospitality, agriculture, and manufacturing—were most likely to note declines (63%, 63%, and 53% of businesses, respectively). Businesses reported making similar cuts to their remaining workers’ hours.

Despite these employment cuts, Missouri small businesses, driven by the historically tight labor market, were almost twice as likely to increase wages as decrease them (43% vs. 22%). These increases were widespread, though particularly noted in banking (75%), leisure and hospitality (54%), and health and education (50%).

Figure 3: Business changes as a result of COVID-19
Use of pandemic assistance programs

Businesses turn to a range of sources for help, with varying success

The survey found significant usage of federal pandemic assistance programs: 82% of firms that completed the survey reported applying for Paycheck Protection Program (PPP) funds, with 76% receiving funds (see Figure 4). The next-most common source of assistance sought was the Economic Injury Disaster Loans (EIDL) program: 54% of respondents applied to this program and 44% reported receiving funds. No other federal or state program saw more than 20% of respondents seek funding. After PPP and EIDL, the most common source of assistance sought by small businesses during the pandemic was an injection of additional funds from the owners: 23% of all respondents reported seeking such assistance.

Rejection rates varied starkly among programs. There was a clear negative correlation between requests and rejection rates, likely driven by narrowly focused programs that were applied to with less frequency and were more likely to turn down ineligible businesses; only 7% of firms that applied for PPP funds reported being declined, compared with 80% of firms that applied for Shuttered Venue Operators Grants and 73% of firms that applied for the Restaurant Revitalization Fund.

Figure 4: Fraction of respondents requesting and receiving pandemic assistance programs

![Bar chart showing the fraction of respondents requesting and receiving pandemic assistance programs.](chart.png)

Note: Respondents selected all programs to which they applied.

Businesses’ financial standing before the pandemic strongly impacted their usage of assistance programs. Firms in good standing—those that had never needed to borrow before the pandemic—were least likely to apply for help, though it is worth emphasizing that more than four out of five such firms still requested pandemic assistance from an outside source. Firms that had borrowed before, and had faced little to no difficulty doing so, were the most likely to apply for assistance (with 95% doing so); firms that had previously faced (or expected to face) significant difficulties borrowing were slightly less likely to seek pandemic assistance (with 93% doing so).
Current state of Missouri small businesses

Current operating capacity

Operating capacity, a measure of how much business a firm could conduct under current conditions, serves as a useful metric of how capacity has been affected by the pandemic irrespective of consumer demand. Results from the survey showed that operating capacity is down significantly throughout the state: 51% of respondents reported that their current operating capacity is down relative to before the pandemic, with 30% reporting that it is down 25% or more (see Figure 5). Only 23% of firms reported larger operating capacities today than in March 2020. Unsurprisingly, these changes were felt most acutely in the leisure and hospitality industry, where 46% of all respondents saw operating capacity fall by more than 25%.

Figure 5: Operating capacity falls across sectors, leisure and hospitality hardest hit

Notes: The share of respondents reporting their operating capacity was down includes both those who reported their operating capacity was down 25% or more and those who reported their capacity was down 0 to 25%.
Factors limiting capacity

When asked to identify what was limiting their operating capacity, the most common response was “Difficulty hiring new employees”: 44% of respondents said that this was a central limiting factor (see Figure 6). “Domestic supply delays” was the second-most popular answer, identified by 33% of respondents. “Limited availability of employees to work” was third, at 27%. Survey responses to this question spanned a wide range of topics, with regulatory, labor, and production issues all identified as barriers to operation; this reflects the multifaceted nature of pandemic-related disruptions. 16% of respondents noted that their operating capacity had not been negatively affected by any of the possible responses, a figure that aligns with the survey’s earlier question’s finding that some firms have seen operating capacity grow during the pandemic. Also of note, availability of COVID-related protections for workers was not listed as a primary concern. Less than 4% of firms listed “Availability of COVID-19 tests” and “Availability of PPE” as among their top 3 factors limiting operating capacity.

Figure 6: Factors limiting firms’ operating capacities

Notes: Firms were able to select up to 3 factors that most limited their operating capacity in the past 3 months.
Businesses most affected by labor shortages respond by raising wages

Focusing on the respondents who cited difficulty hiring and/or retaining employees as a constraint reveals a near-universal push to raise wages and salaries in response. As Figure 7 indicates, 90% of these firms reported raising wages by more than in the past few years, and an additional 30% said that they had increased benefits such as paid vacation time and retirement contributions. Firms also showed a willingness to change hours and allow partially remote work, with 39% of firms doing so. In contrast, firms reported being less willing to widen the pool of potential employees by removing or reducing qualifications and eliminating drug testing and background checks. Firms were considerably more willing to allow partially remote work than fully remote work: While 39% reported doing the former to allow for increased flexibility, only 12% had done the latter. While the firms that reported labor shortages as a primary constraint make up only 27% of all respondents, these results are strong evidence that the firms most affected by labor shortages are responding by raising wages and allowing for increased flexibility to accommodate their workers while still meeting the needs of their businesses.

Figure 7: Planned actions by firms reporting difficulties hiring or retaining workers

Notes: Question was posed only to firms who reported that difficulty hiring or retaining workers was one of their top three constraints on operating capacity.
Outlook of Missouri small businesses

Financial health top concern over next three months

Respondents’ primary top concerns for the future are related to the financial health of their firms. Figure 8 summarizes firms’ top concerns: “Maintaining adequate cash flow” was identified by 53% of firms as a top concern, “Taxes and regulations” was identified by 35%, and “Inflation” was identified by 34%. “Decreased consumer spending” and “Attracting talent” rounded out the top five at 31% and 24%, respectively.

Health concerns were noted by a relatively small share of firms. Only 9% of firms indicated that employee concerns about COVID was among their top concerns. A slightly greater share of firms (13%) reported concerns about employee mental health issues or stress. Customer concerns about COVID, in contrast, did remain a top concern among many respondents.

Figure 8: Firms’ top concerns over the next three months

Notes: Totals do not sum to 100%, as firms were asked to select their top three concerns.
**Businesses express need to increase sales, hire, obtain capital in next 3 months**

Just under half (49%) of respondents reported a need to increase sales in the next three months (see Figure 9). In addition, 45% reported a need to “Identify and hire new employees” and 45% reported a need to obtain “Financial assistance or additional capital.” There were no notable differences when data were disaggregated by firm characteristics.

Just over 1 in 10 businesses surveyed reported that they may need to permanently close their business in the next three months. Most of the firms considering closure were restaurants or specialty retail establishments. There were no notable differences when data were disaggregated by other firm characteristics.

**Figure 9: Firms’ needs over the next three months**

![Bar chart showing needs over the next three months]

Notes: Totals do not sum to 100%, as firms were asked to select their top three concerns.

**Businesses prefer government support in form of financial assistance or tax relief**

The potential supports that small businesses identified as having the greatest potential positive impact align closely with the short-term needs described above. Figure 10 indicates that 60% of respondents reported financial assistance (via loans or other supports) would be one of the three most helpful things the government could do to assist their business in the next 3 to 6 months. Tax relief, a closely related policy, was selected by 41% of respondents, and penalty-free postponement of tax filing dates was chosen by 25%.

While a wide range of policies was cited in survey responses, government assistance on workforce recruitment and training was perceived by very few respondents as the preferred avenue of government support. Desire for workforce assistance from the government did slightly increase when examining the subset of firms that indicated “Difficulty hiring new employees” was their top factor restraining operating capacity. Among this subset of respondents, “Workforce recruitment” was among the top three most
popular policies, moving ahead of postponement of tax filing dates. Workforce training, however, only moved up one spot above “Technical assistance.”

Figure 10: Firms’ preferred government support over the next three to six months

Notes: Totals do not sum to 100% as firms were asked to select up to three choices.
Return to normal timeline

Asking firms when they expect revenues to return to pre-COVID levels provides one way to gauge business expectations for the continued economic recovery. Figure 11a indicates that survey respondents were split: 27% of firms reported that revenues were already at or above pre-COVID levels, while 34% expected full revenue recovery to take 12 months or longer, and 17% noted it was unlikely their revenues would return to pre-COVID levels. Only a small share of firms expected notable changes in the next 6 months.

Manufacturing, banking/finance, and other services firms were most likely to report that revenues had met or exceeded pre-COVID levels (see Figure 11b). As expected, restaurants and hospitality respondents comprised the largest group not expecting revenues to return to pre-COVID levels. There were no notable differences when data were disaggregated by other firm characteristics.

Figure 11a: When do you expect your firm’s total revenues to return to pre-pandemic levels?
Figure 11b: When do you expect your firm’s total revenues to return to pre-pandemic levels?
Sample characteristics

Industry mix

Because this was a voluntary survey, the distribution of responses by industry was not expected to match the true distribution of establishments within Missouri. About 14% of survey respondents identified “Other” and wrote in an industry description. These responses were manually recoded by the authors based on the respondent’s description along with other information provided. Figure 12 presents the overall distribution of responses compared with the distribution of Missouri establishments with fewer than 100 employees according the Census Bureau County Business Patterns database for 2017. The survey under sampled retail establishments and oversampled other service sector establishments.

Sectors are defined as the following (abbreviations and NACIS Codes): natural resources, utilities, and agriculture (AGR, 11, 21, 22); banking, finance, and insurance (BANK, 52); construction (CONS, 23); healthcare and education (HEALTH, 61, 62); leisure and hospitality (LEI, 71, 72); manufacturing (MFG, 31, 32, 33); other services (OTHER, 54, 51, 56, 81); real estate (REAL, 53); retail trade services (RETAIL, 44, 45); transportation and warehousing (TRANS, 48, 49); and wholesale trade services (WHOLE, 42)

Figure 12: Industry distribution: actual and survey respondents

Notes: Values represent share of establishments with fewer than 100 employees by industry; actual distribution is from the County Business Patterns database, 2017.
Establishment size and age

Because this was a voluntary survey, the distribution of responses was not expected to match the true distribution of establishment sizes or age within the Missouri. Figure 13 presents the overall distribution of responses compared with the distribution of Missouri establishments according the Census Bureau Annual Business Survey (ABS) database. The survey focused on small businesses with 100 or fewer employees.

Figure 13: Establishment employment distribution: actual and survey respondents

Notes: Values represent share of firms by employment; actual distribution is from MERIC as of first quarter 2020. https://meric.mo.gov/media/pdf/mo-businesses-size
Figure 14 presents the overall distribution of responses by firm age compared with the distribution of Missouri establishments according the Census Bureau Annual Business Survey (ABS) database. The bin ranges in the ABS do not perfectly align with the survey bins. To construct the figure, bins were matched based on their midpoints. The youngest bin in the ABS is defined as “Less than 2 years,” which we align to the survey bin of “Less than 1 year.” This mismatch of one year can partially explain the apparent under sampling of young firms and slight oversampling of older firms.

**Figure 14: Establishment age distribution: actual and survey respondents**

Notes: Values represent share of establishments by age of firm; actual distribution is from the Annual Business Survey, 2018.
Location

Because this was a voluntary survey, the distribution of responses was not expected to cover all locations in Missouri. The map below summarizes survey respondents’ principal location of their establishment by county. While not all counties appear to be covered by survey respondents, information in the survey indicates that many respondents conduct business outside of their principal state and county.

Figure 15: Distribution of survey responses by county

Note: Shading represents the number of responses in a county, as reported by the respondent.
Owner demographics

Because this was a voluntary survey, the distribution of responses was not expected to match the true demographics of business owners within Missouri. Figure 16 presents the overall distribution of responses of business owner race and ethnicity, and Figure 17 presents information by owner gender. The actual data are reported in the Census Bureau Annual Business Survey (ABS) database.

Figure 16: Distribution of respondents by owner race and ethnicity

Notes: Values represent share of respondents by owners’ reported demographic characteristics; actual distribution is from the Annual Business Survey, 2018. Totals do not sum to 100% because respondents can select multiple answers. Other includes Native Hawaiian, Pacific Islander, American Indian, Alaska Native, and Other.
Figure 17: Distribution of respondents by owner gender

Notes: Values represent share of respondents by owners’ reported demographic characteristics; actual distribution is from the Annual Business Survey, 2018. Approximately 20% of firms in the ABS report equal male/female ownership. The better align with our survey, which asks about the gender of the primary owner, allocate this “equal ownership” group equally between female and male ownership. In our survey 4% of respondents did not report the gender of owner, 2% is added to each gender group to totals sum to 100%.
Racial disparities in pre-pandemic conditions

In this section, we provide supplemental context for the survey’s findings regarding racial disparities in access to credit across demographic groups. These findings are consistent with a larger body of research on the effects of the COVID-19 pandemic and its effects on small businesses; a brief summary of the recent literature is below.

In asking survey respondents about their financial performance prior to the pandemic, we sought to avoid mistakenly attributing disparities since the pandemic entirely to the pandemic or other observable effects. Doing so allowed us to better measure the degree to which the effects of the pandemic were felt along different firms. Thanks to a sample that matches statewide demographics (as detailed in the sample characteristics supplement above), our survey lets us draw conclusions about the financial difficulties Missouri’s small businesses faced prior to the pandemic.

In “Black and White: Access to Capital Among Minority-Owned Startups,” Farlie, Robb, and Robinson examined panel data from the Kauffman Firm Survey to investigate racial disparities in access to capital among startups. In doing so, they found consistent disparities in the “sources and amounts of financial capital that are used to launch business.” These differences were driven primarily by the amount of financial credit obtained. As the authors were able to track both loan applications and “the expected fear of denial among borrowers who chose not to attempt to borrow,” they were able to conclude that “black entrepreneurs were about three times more likely to not apply for needed credit due to expectations that their application would be rejected.” These differences “persisted even after controlling for credit scores and net worth.”

With this as a starting point, it follows that black-owned firms would be less able to handle financial shocks. Misera (2020) produced research that demonstrates this, broadening the scope of his analysis to minority-owned firms to better understand how businesses’ responses to the COVID-19 pandemic varied by race. Misera’s overview, which brings together Census Bureau Pulse data and Kramer Mills and Battiso’s (2020) work on business closings, found that the share of business owners who were actively working and self-employed fell by a greater margin among minority business owners than White business owners in an early stage of the pandemic. Misera traces this to disparities in PPP access, noting that “applications for PPP funds could be submitted only through previously approved SBA lenders—primarily banks.” As “minority-owned firms [were] considerably more likely to use community development financial institutions (CDFIs), credit unions, and nonbank online lenders,” which were not SBA lenders, many were unable to access these funds.

With all this in mind, this survey’s findings align with previously held information about the constraints minority businesses face. They were less likely to have accessed credit prior to the pandemic, leaving them less able to withstand the financial shocks brought by the pandemic. Moreover, the magnitude of this effect was comparable to effects noted in prior research on the divide between minority entrepreneurs and White entrepreneurs. Again, it is important to mention that the survey likely understates the magnitude of the pandemic’s impact on firms that were financially constrained prior to the pandemic, as many of those firms shut down in the first few months of the pandemic and did not survive to take this survey.

“I opened my business in June of 2019 after years of planning and waiting. I invested over $30,000 of my own money to open my boutique. A few months later Covid hit and it has been so difficult… my personal finances were impacted and credit score barred me in many cases [from] obtaining business loans for my boutique. I attempted to apply for a loan offered through Saint Louis County, but it was a complete nightmare and the paperwork and data required would have required me to be a CPA to complete.”

– St. Louis area Black business owner
Survey questionnaire

Preface
The Federal Reserve Bank of St. Louis is seeking your input in order to learn about the COVID-19 pandemic's impact on small businesses, as well as how small businesses are recovering. This survey will ask about your business’ experiences over the past 12 months and your expectations for the remainder of the year. These questions should be answered by the owner or key financial decision maker of the business.

The information collected from this survey will be aggregated into a report made available to the public and presented to Missouri Governor Mike Parson's Show Me Strong Recovery Task Force. No personally identifiable information will be shared from this survey.

Q1. In 2019 (before the COVID-19 pandemic), what were the total operating revenues/sales/receipts for this business across all locations, not including any financial assistance or loans?
   □ Under $24,000
   □ $24,000 to $48,000
   □ $48,000 to $84,000
   □ $84,000 to $168,000
   □ $168,000 to $350,000
   □ $350,000 to $700,000
   □ $700,000 to $1.4 million
   □ $1.4 million to $5 million
   □ $5 million to $10 million
   □ Above $10 million
   □ Don't remember
   □ Business was not in operation prior to 2020
Q2. Please describe the breakdown of your 2019 revenue into the following categories:

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<thead>
<tr>
<th>Category</th>
<th>Percent of Revenue (%)</th>
<th>Don't know/Not Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor costs (excluding owner payments of wages)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments/rents on building, land, equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other materials/ non-labor input costs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Federal, state, and local taxes</td>
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</tbody>
</table>

Q3. Approximately what was your firm’s profit margin on your 2019 revenue? Consider wages/salary paid to owner(s) as profits. Enter value between -100 and 100 excluding percentage sign. For example, for 2.5% profit margin enter “2.5”

Q4. Which statement best described your ability to borrow money from banks and other financial institutions before the pandemic?

- Unable to obtain funds (denied by multiple banks or other financial institutions)
- Denied at least one time, but obtained fund with restrictions, personal guarantees, or lesser amounts
- Obtained funds but with restrictions, personal guarantees, or lesser amounts
- Obtained funds with some difficulty
- Obtaining funds without difficulty (multiple sources to consider)
- Did not need to obtain funds because firm/owner had sufficient cash/capital
- Did not try to obtain funds because of expected difficulties or high cost

Q5. In the last 12 months, how difficult has it been for your business to meet its usual expenses relative to a normal period of business operation?

- Much Easier
- Somewhat easier
- About the same
- Somewhat difficult
- Very difficult
Q6. In the last 12 months, what were the total operating revenues/sales/receipts for this business across all locations, not including any financial assistance or loans?

- Under $24,000
- $24,000 to $48,000
- $48,000 to $84,000
- $84,000 to $168,000
- $168,000 to $350,000
- $350,000 to $700,000
- $700,000 to $1.4 million
- $1.4 mil to $5 million
- $5 million to $10 million
- Above $10 million
- Don’t remember
- Business was not in operation prior to 2020

Q7. Approximately what was your firm’s profit margin over the last 12 months? Consider wages/salary paid to owner(s) as profits. Enter value between -100 and 100 excluding percentage sign. For example, for a 2.5% profit margin enter “2.5″
Q8. Over the last 12 months, have you changed any of the following as a result of COVID-19's impact on your business?

<table>
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<th>Reduced</th>
<th>No change</th>
<th>Increased</th>
<th>N/A</th>
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<td>Number of temp/contract workers</td>
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<td>O</td>
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</tbody>
</table>

Q9. Due to the pandemic, has your firm utilized or requested financial assistance from any of the following sources? Leave this question blank if you did not request any assistance.

<table>
<thead>
<tr>
<th></th>
<th>Received full or partial assistance</th>
<th>Requested but declined</th>
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<td>Economic Injury Disaster Loans (EIDL)</td>
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<td>Paid Sick Leave and Paid Family Leave Credit</td>
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<td>O</td>
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<tr>
<td>Employee Retention and Rehiring Credit</td>
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<td>O</td>
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<tr>
<td>Restaurant Revitalization Fund</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>Shuttered Venue Operators Grants</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>Banks or other financial institutions</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>Owners</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>Family or friends</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>Other sources</td>
<td>O</td>
<td>O</td>
</tr>
</tbody>
</table>
Q9. Which statement best describes how your firm applied for pandemic assistance programs?

- Owner applied directly without assistance from any outside organization (excluding bank/lender)
- Owner applied directly with assistance from outside organization (excluding bank/lender)
- Owner applied with assistance from family, friend, or volunteer
- Employee at firm assisted with application
- Paid outside firm to apply on behalf of business
- Did not apply
- Other _________________________

Q10. In 2021, have you used any of the following non-pandemic government business support programs?

- Non-COVID-related loans and financial assistance
- Technical assistance from Small Business Development Technology Centers (SBDTC)
- Technical assistance from state agencies
- Workforce recruitment or training assistance
- Other local forms of technical assistance
- I have not used any government business support programs

Q11. How would you describe your business’s **current** operating capacity relative to its operating capacity prior to the Coronavirus pandemic? *Note: Operating capacity is the maximum amount of activity this business could conduct under realistic operating conditions.*

- Operating capacity has increased 25% or more
- Operating capacity has increased less than 25%
- No change in operating capacity
- Operating capacity has decreased less than 25%
- Operating capacity has decreased 25% or more
Q12. Please select up to 3 factors that have most limited your operating capacity over the last 3 months.

- Domestic supplier delays
- Foreign supplier delays
- Difficulty locating alternative domestic suppliers
- Difficulty locating alternative foreign suppliers
- Production delays at this business
- Delays in delivery/shipping to customers
- Limited availability of current employees to work
- Limited ability of current employees to work from home
- Difficulty hiring new employees
- Difficulty retaining existing employees
- Physical distancing of customers or clients and/or limits on the number of concurrent customers or clients
- Limited availability of COVID-19 tests for employees
- Limited availability of Personal Protective Equipment (PPE) and/or related equipment or supplies
- Limited availability of other supplies or inputs used to provide good or services
- My business’ operating capacity has not been affected by any of the above

[If Q12 “Difficulty hiring new employees” or “Difficulty retaining existing employees” then Q13]

Q13. What steps are you taking to increase retention or recruitment of new employees? Please select the 3 most important actions you have taken.

- Increases wages or salaries by more than in the past few years
- Increase or implement retention or sign on bonuses
- Increase monetary benefits such as paid-vacation or retirement contributions, paid meals
- Change working hours, increase hour flexibility, or allow partially remote work
- Allow fully-remote work
- Remove or reduce certain job qualifications
- Eliminate drug test, background checks
- Increase Investment in-house training programs
- Develop partnerships with workforce development agencies or similar organizations
- Hire a recruiting or staffing firm to fill positions or hire-temporary
- Other ________________________
Q14. Please select your top 3 concerns that you expect to impact your business over the next 3 months.
- Accessing credit
- Attracting talent
- Collecting payment from customers
- Getting adequate credit from suppliers
- Inflation
- Maintaining adequate cash flow
- Obtaining inputs via supply chains
- Taxes and regulations
- Employee mental health issues or stress
- Consumer concerns about COVID
- Employee concerns about COVID
- Lack of information for decision making
- Decreased consumer spending
- Retaining talent
- Workforce reductions

Q15. In the next 3 months, do you think your business will need to do any of the following?
- Obtain financial assistance or additional capital
- Identify new supply chain options
- Develop online sales or websites
- Increase marketing or sales
- Learn how to better provide for the safety of customers and employees
- Identify and hire new employees
- Make a capital expenditure
- Cancel or postpone a planned capital expenditure
- Permanently close this business
- None

Q16. When do you expect your firms’ total revenues to return to pre-COVID levels?
- They are already at or above pre-COVID levels
- In the next 3 months
- In the next 3 to 6 months
- In the next 6 to 12 months
- In 12 months or more
- They will likely not return to normal
Q17. What actions, if taken by government, would be most helpful to your business in the next 3 to 6 months? (Please select up to three)

☐ Temporary tax relief

☐ Postponement of tax filing dates (without penalty or interest)

☐ Easing permitting and regulations

☐ Easing of government compliance (e.g., completing tax and other forms)

☐ Financial assistance (e.g., loans, incentives, etc.)

☐ Technical assistance (non-financial supports, marketing, etc.)

☐ Workforce recruitment

☐ Workforce training

☐ Other ______________________________

Q18. Do you have any additional information about your experiences during the COVID-19 pandemic that you would like to share?

________________________________________________________________

________________________________________________________________
Lastly, we have a few general questions about your business and the characteristics of the owner(s).

Q19. What is the primary industry of your business?
   - Agriculture
   - Banking and Finance
   - Construction
   - Education
   - Healthcare
   - Manufacturing
   - Nonprofit or community organization
   - Real Estate - Commercial
   - Real Estate - Residential
   - Restaurant
   - Retail - Auto Dealer
   - Retail - General
   - Retail - Specialty
   - Professional Services
   - Technology
   - Tourism and/or Recreation
   - Transportation / Logistics
   - Wholesale
   - Other (please describe) __________________

Q20. How many years has your business been in operation?
   - Less than 1 year
   - 1 to 4 years
   - 5 to 9 years
   - 10 years or more

Q21. Where is your business headquartered? Please enter a five-digit ZIP Code.

   _____________
Q22. Where is your customer base primarily located?

- [ ] Within the zip code of your headquarters (local)
- [ ] Zip code of headquarters and adjacent zip codes/counties (regional)
- [ ] Across Missouri
- [ ] Across the USA
- [ ] International

Q23. Not counting the owner(s), how many people were employed by your business as of September 1, 2021?

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<thead>
<tr>
<th></th>
<th>0</th>
<th>1 to 5</th>
<th>5 to 10</th>
<th>10 to 50</th>
<th>50 to 100</th>
<th>100 to 500</th>
<th>500 to 1,000</th>
<th>Over 1,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>In Missouri</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
</tr>
<tr>
<td>Across all locations</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
<td>O</td>
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</tbody>
</table>

The primary owner is the person who owns 51% or more of the business. If no owner owns 51% or more or if your business is wholly owned by an entity or another company, please consider the primary financial decision maker for the business when responding to questions about the primary owner.

Q24. How many owners does your business have? Only include individuals who own a share of the business and/or profits.

- [ ] 1
- [ ] 2
- [ ] 3
- [ ] 4
- [ ] 5 or more

Q25. What is the age of the primary owner of this business? If no one owner owns 51%, please give information about the primary financial decision maker for the business.

- [ ] Under 25
- [ ] 25-34
- [ ] 35-44
- [ ] 45-54
- [ ] 55-64
- [ ] 65 or over
- [ ] Don't know or prefer not to answer
Q26. What is the race or ethnicity of the primary owner of this business? Please select all that apply.

- White
- Hispanic, Latino, or Spanish origin
- Black or African American
- American Indian or Alaska Native
- Asian
- Native Hawaiian or Pacific Islander
- Other ______________________
- Don't know or prefer not to answer

Q27. What is the gender of the primary owner of this business?

- Male
- Female
- Non-binary / third gender
- Don't know or prefer not to answer

Q28. What is the highest education level of the primary business owner?

- Less than High School
- High school graduate or GED
- Some college
- College Degree
- Masters or other advanced degree
- Don't know or prefer not to answer

Q29. Please provide the name and contact information of the person taking this survey. This information is optional and not for public use. It will be used to share the final survey report with you and for follow-up questions from FRB St. Louis survey researchers, if necessary.

- Name _________________________
- Name of business _________________________
- Email address _________________________
- Phone number _________________________
Endnotes

i See literature review below for additional research in this regard.


