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Snap Survey: Majority of Small Businesses Stymied by Problematic Rollout of Paycheck Protection Program; Will Fail Within a Month without Loans

Weekend Businesses for Responsible Tax Reform survey of its small business network finds 63% of respondents tried to apply for a loan Friday but 52% were not able to submit an application; 52% were told the bank’s loan program was not ready and 46% that their bank was waiting for additional government guidance; 21% have a week or less before their business fails

Washington, D.C., April 6, 2020--A weekend snap survey of Businesses for Responsible Tax Reform’s small business network finds most respondents tried to apply for a Paycheck Protection Program (PPP) loan on Friday, the day the program went live, but the majority were not able to submit an application because lenders were waiting for further program guidance from the federal government and were unprepared.

The delay could be disastrous for many small businesses as nearly a quarter (21%) of the more than 500 respondents said they can wait only a week or less for a loan to arrive before their business fails. A full 75% said they can wait for a month or less before their business fails.

“Sadly, the botched rollout of this program could be the end for countless small businesses that are in desperate need of a swift cash injection,” said BRTR Co-Chair Anne Zimmerman, a small business CPA based in Cincinnati. “I see it everyday in my practice. People are burning through their cash reserves. The clock is ticking and they don’t have much longer. The bigger businesses that can afford lawyers and accountants to handle this will mostly be OK. But the little mom and pop on the corner is in trouble.”

Sixty-three percent of survey respondents reported trying to get a PPP loan Friday, but 52% of them were not able to submit an application. Survey respondents reported a number of reasons:

- 52% were told by their bank that the loan program was not ready
● 46% were told that their banks were waiting for additional guidance from the federal government
● 14% were told that the bank would only be making loans to existing customers

Many banks--including the nation’s largest banks--on Friday said implementation of their PPP loan programs would be slow to roll out due to a lack of clarity from the federal government around the rules governing the loans.

“Delays in getting this money to small businesses will have very real consequences for the country,” Zimmerman said. “About half of all American workers in the private sector are employed by our 30 million small businesses. More than 10 million people filed for unemployment in March. The longer it takes to get this money out the door, the higher that number will climb. We need to do better for our Main Street small businesses or many will fail and our communities will be forever changed for the worse.”

Fifty-four percent of BRTR survey respondents said they have just two weeks or less of cash reserves to operate their business and 13% of those said they have no cash reserves. This mirrors recent JP Morgan Chase Institute research, which found most small businesses only have 15 days of cash reserve.

Click here to view the full report.

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About Businesses for Responsible Tax Reform

Businesses for Responsible Tax Reform is a coalition of business leaders calling for policies that truly benefit America’s small business owners. We are dedicated to ensuring policy reform is fiscally responsible, creates a level playing field for all businesses, grows the economy and works for our nation’s 30 million small business owners. Learn more about us on our website and follow us on Twitter and Facebook.