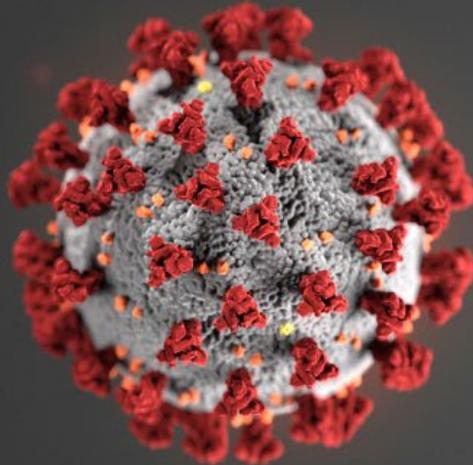




COVID-19 Business Impact & Reopening Survey May 2020 (Revised & Updated July 2020)



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Overview of Results

Original Duration of Survey: May 7, 2020 – May 14, 2020; **Updated Mid-July**

The survey garnered an astounding amount of responses, with more than 800 business leaders providing profound insight that demands immediate attention and a laser focus on mitigating the potentially severe negative human, social and economic impact of the Stay at Home orders.

Nearly 50 industries participated in this survey, with 54.8% of the responses coming from the following industry sectors:

- 1) Professional services
- 2) Non-profits
- 3) Manufacturing
- 4) Bars, restaurants, & food services
- 5) Retailers
- 6) Education
- 7) Healthcare
- 8) Real Estate

Employee Size:

Majority or 77% of the responses came from small businesses (less than 500 employees), with 4% coming from business with over 500 employees. 19% of the respondents did not disclose the employee count.

- 51% or 361 responses came from small business owners with 0 – 10 employees.
- 17% or 118 of the responses came from business owners with 11 – 100 employees.
- The remaining 13% or 91 of responses came from business owners with over 100 employees, with the largest employer employing more than 13,000 workers.
- 19% or 142 of respondents did not disclose the number of employees.

Survey Highlights: Key Takeaways

OPTIMISM: Businesses are Ready to Reopen & Confidence is High if Reopening is Now.

- **Ready to reopen:** 80% (89%) of businesses feel they're prepared to open if given the green light from State and Local Governments.
- **Business self-confidence in self-monitoring.** 51% (62%) of companies believe they have a clear understanding of the requirements to sufficiently monitor their employees' health, including regular screening and testing, social distancing, and providing personal protective equipment (PPE).
- **Employees are willing to return to work.** 47% (68%) of business owners believe their employees are eager to return to their work locations after the "Stay at Home" order is lifted. Less than 3% indicated that their employees are not willing to return to work.

BUT...

While optimism grew, so did frustration from the further shutdown compounded by schools closing!

SURPRISE: Regulatory Disconnect/Unrealistic Regulatory Expectations

- **Unsatisfactory government response to the business community.** Nearly 60% (67%) of businesses do NOT feel officials are listening to business concerns regarding requirements and compliance.
- **Overburdensome regulations:** 50% of employers state the new Paid Sick Leave, Family Leave, Unemployment Benefits, and Workers' Compensation Order further complicates the outlook and ability to reopen the business. **Significant negative increase if school closures were included in this original question.**
- **Relaxing existing regulations:** Nearly 70% of businesses believe the state needs to look at alternatives to make AB5 (Independent contractor restrictions) more flexible and provide additional exceptions that will better support the reopening of businesses.

Survey Highlights: Key Takeaways, cont.

SCARY: Ability to Reopen & Consumer Confidence

- **Loss of revenues:** Nearly 90% of businesses state that the “Stay-at-Home” order has severely impacted their revenue, with 46% of those businesses losing 50% or more of their projected revenue for the year.
- **Bringing back terminated/furlough employees.** Over 50% (**57%**) of businesses have had to lay off or furlough employees, and only 52% (**47%**) of those can affirmatively state they plan to bring back those employees.
- **Consumer confidence.** Being able to reconnect with customers, the impact of consumer changed or altered spending behaviors, and having the ability to reassure consumer confidence is the second most significant concern of reopening, following COVID-19 compliance requirements. **The second shutdown is deepening this concern and issue, which will likely lead to a worsening economic outlook.**

WHAT’S URGENTLY NEEDED: Government Guidance & Workforce Investment

- **Clear and realistic reopening guidelines:** 55% stated State and Local Officials have NOT provided sufficient requirements or criteria to protect businesses (interest) in opening safely. **Extensive comments about inconsistencies and “hypocrisy” feeling small businesses are being unfairly harmed in the process.**
- **Safety training:** 49% (**60%**) of respondents believe there should be required COVID-19 safety training certification similar to harassment prevention training requirements.
- **Investing in our new workforce and childcare:** 55% of businesses feel, despite budget issues, the state should increase the amount of funding for training programs to support the massive increase in displaced workers. Another 34% (**46%**) stated that employees had cited childcare challenges as a reason for employees potentially not being able to return to the workplace. **Extensive comments and concerns regarding schools moving to distance learning alternatives, mental health impacts, worker availability with kids at home, etc.**

Top 5 Concerns on Business Impact, Regulatory Disconnect and Reopening

Impact on the Business Community

1. Nearly 50 industries represented with a net projected 23% loss in jobs upon reopening, thus 4 million jobs = 920,000 lost jobs.
2. Nearly 90% of businesses state that the “Stay-at-Home” order has severely impacted their revenue, with 46% losing 50% or more of their projected revenue for the year.
3. Over 50% (**57%**) of business owners have had to layoff or furlough employees, and only 52% (**47%**) of those can affirmatively state they plan to bring back those employees.
4. 50% (**62%**) of respondents anticipate having significant issues in paying rent/mortgage payments.
5. Nearly 70% of business owners have had to negotiate/request some type of relief or deferral alternatives to survive.

Regulatory Disconnect

1. Nearly 60% (**67%**) of businesses do NOT feel officials are listening to business concerns regarding requirements and compliance.
2. 50% of employers state the new Paid Sick Leave, Family Leave, Unemployment Benefits, and Workers’ Compensation Order further complicate the outlook and ability to reopen the business.
Dramatic increase if school closures were included in original question.
3. Nearly 70% of businesses believe the state needs to look at options to make AB5 (Independent contractor restrictions) more flexible and provide additional exceptions that will better support the reopening of businesses.
4. 55% stated State and Local Officials have NOT provided sufficient requirements or criteria to protect businesses in opening safely, yet nearly 80% (**89%**) feel they are ready to open given the green light from authorities.
5. More than 60% of employers are concerned that timelines, guidance, and safety regulation will not be reasonable nor flexible enough to reopen effectively and efficiently.

Top 5 Concerns on Business Impact, Regulatory Disconnect and Reopening, cont.

Reopening

1. COVID-19 & Employment Law Compliance, Customer Re-Connection, and Capital are three highest concerns upon reopening.
2. 61% of respondents are concerned about safety regulations being reasonable enough to be able to operate your business efficiently.
3. 34% (**46%**) of employers cite available childcare being a significant issue in being able to return employees to work.
4. 55% of businesses feel, despite budget issues, the state should increase the amount of funding for training programs to support the massive increase in displaced workers.
5. 49% (**60%**) of respondents believe there should be required COVID-19 safety training certification similar to harassment prevention training requirements.

Interview with Frank Mottek 5-27-2020

<https://knx1070.radio.com/media/audio-channel/mottek-on-money-special-edition-wednesday-may-27th-2020>

Follow-up Interview with Frank Mottek 7-14-2020

<https://knx1070.radio.com/media/audio-channel/mottek-on-money-special-edition-tuesday-july-14-2020>