

# New Jersey COVID-19 Business and Nonprofit Organization Survey: Assessing the Financial Impact of the Pandemic

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## INTRODUCTION

The **New Jersey COVID-19 Business and Nonprofit Organization Survey** compiled responses from more than **3,500 New Jersey business and nonprofit leaders between May 21 and June 3, 2020** to assess the pandemic’s impact on their organizations (see Figure 1 for the survey’s sample demographics).<sup>2</sup> Survey respondents were asked to describe the fiscal situation they are facing as business owners due to the pandemic, and forecast what the financial future of their businesses and organizations might look like as they continue to operate or reopen for business. The survey also asked owners of businesses and organizations about their plans to reopen, their concerns about their customers and employees, and what they need from government to reopen safely. This research brief outlines some of the survey’s data on **financial impact** to document the fiscal devastation of the pandemic on both **New Jersey businesses and organizations that were closed, but also those that remained open**. Even as they reopen for business, leaders are uncertain whether customers will return to their businesses at pre-pandemic levels. Given the stark doubt they face about customer patronage and other concerns about the impact of the public health crisis on their organizations, leaders think they will need several months, if not longer, to recover.

**FIGURE 1**

### Survey Background/Sample Demographics

Fielded online May 21 to June 3, 2020

Distributed through industry associations/chambers of commerce/nonprofit associations

Restricted to business and non-profit leaders who are primary decision makers

Conducted in both English and Spanish

The **~3,800 responses** mirror the New Jersey business community in size and industry composition

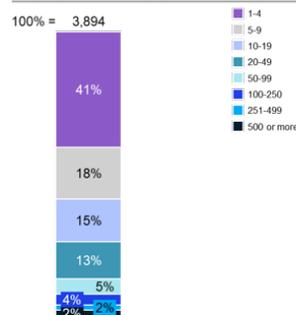
Most respondents have **fewer than 10 employees** and vary across sectors

Most have **been in operation for at least 10 years**

**Half of the survey sample is women- or minority-owned**; >200 nonprofits responded

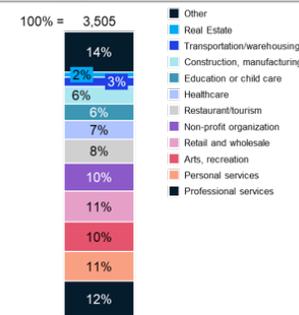
Responses are evenly distributed across North, Central, and South Jersey

**Employers surveyed by number of employees, % of employers**



**Medium-sized employers (e.g., 5-9, 10-19, 20-49, 50-99) are over-represented in the survey population compared to New Jersey overall**

**Employers surveyed by industry, % of employers**



**Personal services and arts and recreation are over-represented in the survey population compared to New Jersey overall**

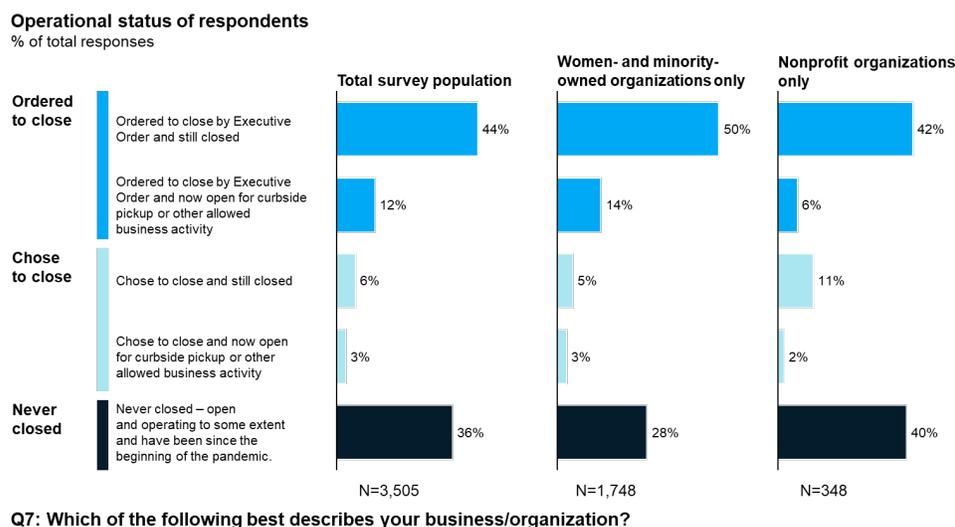
## IMPACT OF CLOSURES

The survey reports on the experiences of businesses and organizations that were ordered to close by the government, chose to close their doors to the public, or remained open during the pandemic.

- 6 in 10 (65%) respondent businesses and organizations were closed to the public at the time of the survey, including 56% that were ordered to close by Executive Order (see Figure 2). **Almost 9 in 10 personal service businesses (87%) and arts, entertainment, and recreation businesses (84%) were ordered to close.**
- While the majority of businesses/organizations that were ordered to close or chose to close view their closures as temporary (61%), **a considerable one-third (34%) of closed businesses/organizations indicate they are uncertain whether their closure would be temporary or permanent.**

FIGURE 2

### ~65% of businesses closed at some point, >50% of which by Executive Order



Source: Rutgers University's Heldrich Center for Workforce Development  
NJ COVID-19 non-probability impact survey for businesses/organizations;  
May 21, 2020 to June 3, 2020

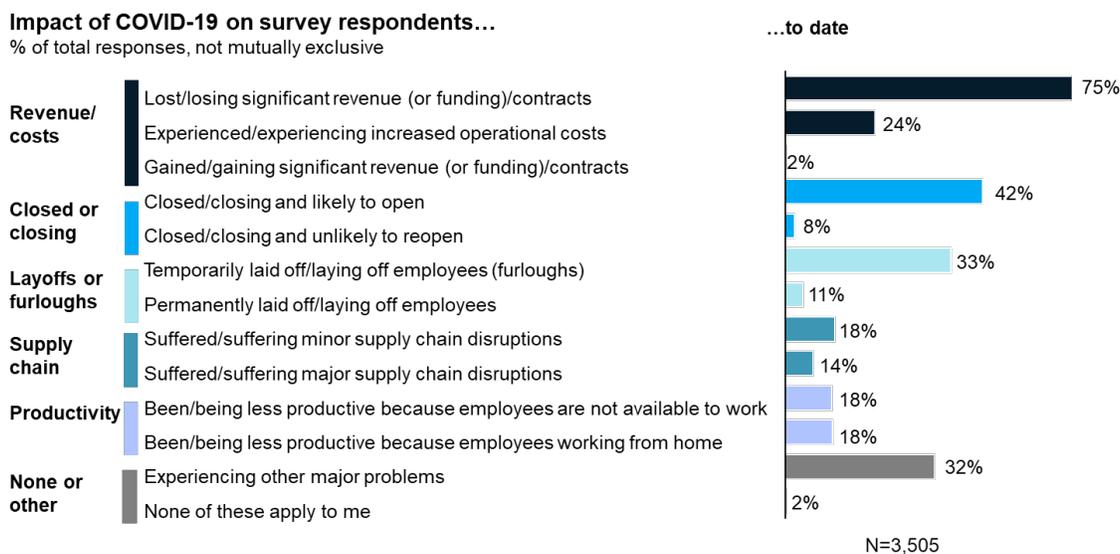
The results show an extensive, devastating financial impact of the pandemic on New Jersey businesses and organizations at the time of the survey.

- Three quarters (75%) of respondent businesses and organizations reported taking significant hits to their revenue/funding as a result of the pandemic to date;** this includes open and closed entities (see Figure 3). This overwhelming majority holds true for businesses regardless of size, industry, and region of New Jersey, as well as for nonprofit organizations.

- More than 8 in 10 businesses/organizations (84%) that reported remaining open during the pandemic said they are experiencing financial losses.
- **More than 4 in 10 (44%) respondent businesses/organizations either temporarily furloughed or permanently laid off workers due to the pandemic.** Half of those businesses/organizations (49%) that initiated layoffs needed to temporarily furlough 75% to 100% of their workforce.

FIGURE 3

### 75% of survey respondents report losing significant revenue, funding, or contracts to date, due to the pandemic



**Q10a: Thinking about the impact of COVID-19 on your business or organization...How has your business/organization been affected to date?**

Source: Rutgers University's Heldrich Center for Workforce Development  
NJ COVID-19 non-probability impact survey for businesses/organizations;  
May 21, 2020 to June 3, 2020

The survey found that a fair number of businesses/organizations did receive some form of monetary assistance from a private financial institution or through a governmental program.

- 4 in 10 (42%) indicated that they have worked with their primary financial institution or bank for some type of loan forbearance, refinancing, or other type of assistance.
- **5 in 10 (53%) received the Small Business Administration's Payment Protection Program funding.** Another 1 in 10 (9%) were waiting for a response to their application at the time the survey was conducted.
- 1 in 10 (11%) were awarded a New Jersey Economic Development Authority grant or loan; 2 in 10 (17%) applied and were waiting for a response at the time of the survey.

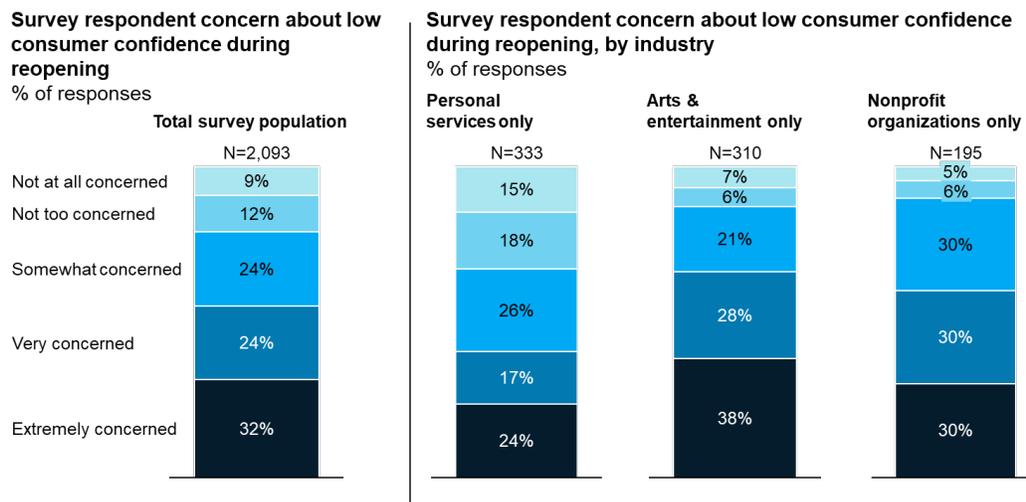
## REOPENING

Even as they reopen their doors to customers and visitors, owners of New Jersey businesses and organizations are preparing to contend with considerable financial losses in the coming months. A majority (65%) said they plan to reopen immediately or within one to two weeks after restrictions on their businesses are lifted.<sup>3</sup> These dire expectations about the future, despite their readiness to open, are likely due to grave concern about consumer confidence.

- **8 in 10 (80%) businesses and organizations that are planning to reopen are at least somewhat concerned about customers returning to their businesses/organizations** (see Figure 4); this includes 6 in 10 (56%) who said they are very or extremely concerned. One-third (32%) are extremely concerned.
- Considering responses by industry, arts/entertainment/recreation businesses are largely more concerned about consumer confidence than other sectors; 66% of these owners are very or extremely concerned about customer patronage, compared to 41% of owners of personal service businesses.

FIGURE 4

### ~1/3 of survey respondents are extremely concerned about customer confidence



Q30a: How concerned are you that customers will not feel confident enough to come to your business/organization as you reopen?

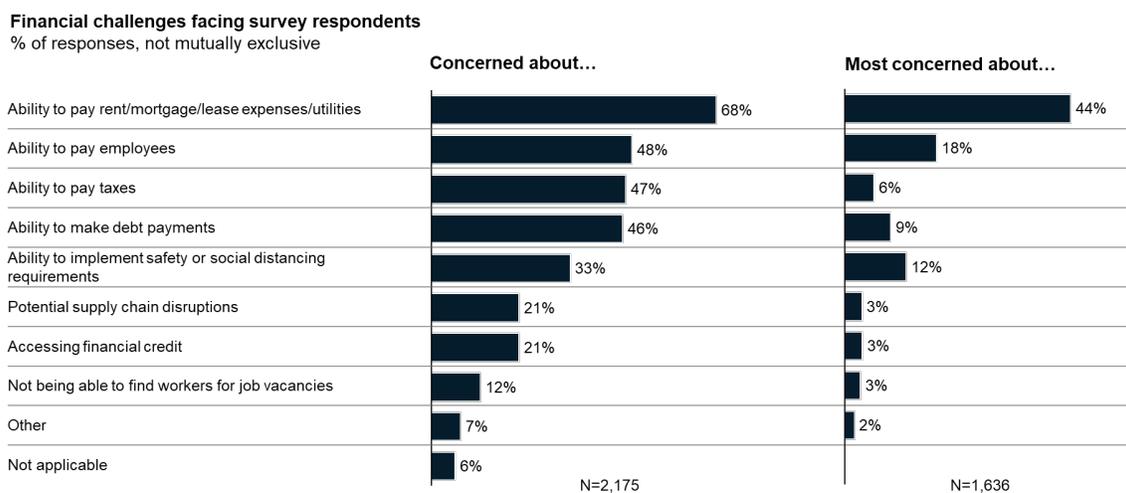
Source: Rutgers University's Heldrich Center for Workforce Development  
NJ COVID-19 non-probability impact survey for businesses/organizations;  
May 21, 2020 to June 3, 2020

Given this uncertainty about customers returning, 7 in 10 (68%) businesses and organizations think they will lose significant funding, revenue, or contracts in the next three months as they reopen or continue to operate.

- As New Jersey business and organization leaders planning to reopen contend with these financial losses, a large majority (68%) said paying their rent, mortgage, lease, and utility expenses will be a major financial challenge, the biggest challenge for nearly half of the respondents that are reopening (44%). Figure 5 shows that making payroll, paying taxes, implementing safety protocols, and making debt payments are also financial challenges they are concerned about. These concerns are shared across New Jersey, regardless of business size or geographic location in the state. Nonprofit organizations are most concerned with making payroll (41%) followed by paying rent or mortgage (22%) and implementing safety protocols (22%).

**FIGURE 5**

**Survey respondents reported that their biggest financial challenges will be rent/mortgage/utility expenses, followed by payroll and taxes**



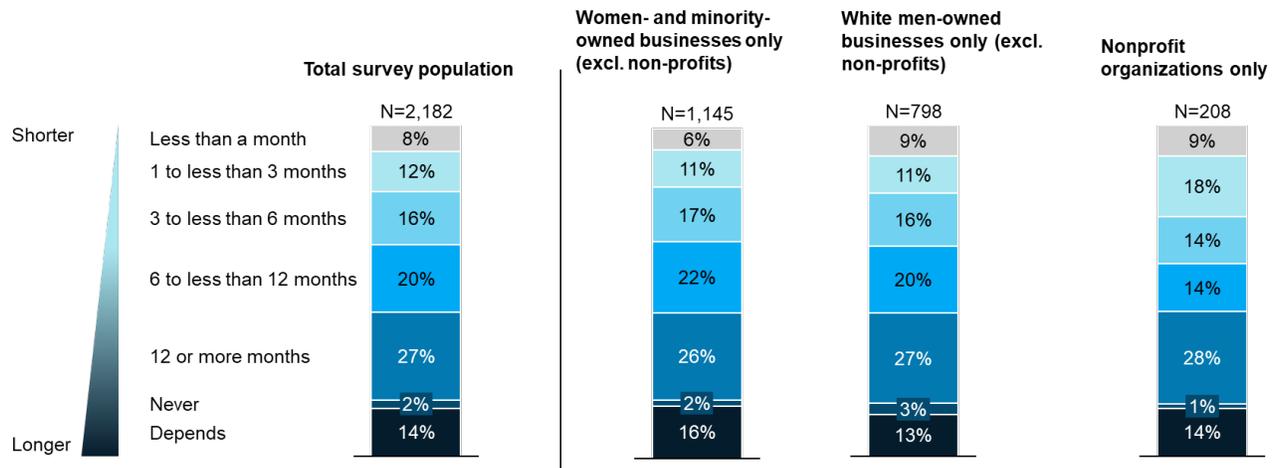
**Q32: Thinking about reopening... Which of the following FINANCIAL factors are a major challenge affecting your business or organization? Q33: Which challenge are you MOST concerned about?**  
Source: Rutgers University's Heldrich Center for Workforce Development  
NJ COVID-19 non-probability impact survey for businesses/organizations;  
May 21, 2020 to June 3, 2020

Considering the impact of COVID-19 on their businesses in the second half of 2020, half of respondent business/organization owners (49%) expect to lose at least half of their annual revenue/funding as a result of the pandemic. A similar number (47%) indicated it will take at least 6 months to get back to pre-pandemic revenue/funding levels, with a quarter (27%) estimating they will need at least 12 months, as shown in Figure 6. In order to get back to business as it was, owners were most likely to say they need growth in walk-in customers (48%) or specified various open-ended responses such as “simply opening up,” allowing businesses to operate at full or almost-full capacity, and easing public fear about the virus (43% of the sample provided open-ended responses when asked to specify “other” things they need to return to pre-COVID-19 operations).

FIGURE 6

## 27% of respondents expect it will take a year or more to get back to pre-COVID-19 revenue levels

**Time needed to get back to 100% of pre-COVID-19 revenue**  
% of responses



**Q17: If a reopening of your business facilities is allowed, how long do you estimate it will take for your business/organization to generate revenues (get back to business as it was) similar to before the COVID-19 pandemic?**

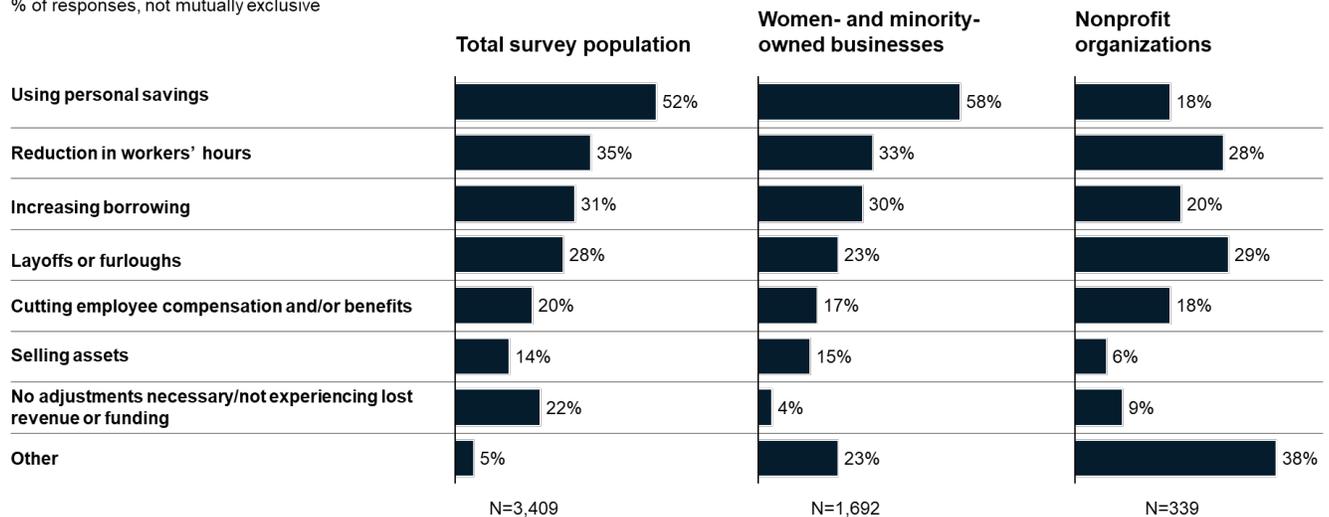
Source: Rutgers University's Heldrich Center for Workforce Development  
NJ COVID-19 non-probability impact survey for businesses/organizations;  
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Figure 7 outlines the various ways leaders anticipate they will need to adjust for their expected financial losses in the three months following the survey. Half of businesses/organizations that responded to the survey said that they will use personal savings (52%) to adjust for revenue losses; about one-third will reduce workers' hours (35%), increase borrowing (31%), or lay off or furlough workers (28%).<sup>4</sup> Nonprofit organization leaders plan to apply for private grant funding, cancel internship programs, and cut expenses to adjust for the funding they expect to lose in the next three months (a selection of "other" open-ended responses, which amount to 38% of the nonprofit sample that answered the question).

FIGURE 7

## 52% of respondents will use personal savings to adjust for revenue losses

Ways to adjust for lost revenue (or funding)  
% of responses, not mutually exclusive



Q21: In what ways will you adjust for lost revenue (or funding) in the next three months? Check all that apply. - Selected Choice

Source: Rutgers University's Heldrich Center for Workforce Development  
NJ COVID-19 non-probability impact survey for businesses/organizations,  
May 21, 2020 to June 3, 2020

## CONCLUSION

A Heldrich Center data report released in June 2020 that detailed selected survey results reported almost 8 in 10 business owners and nonprofit organizations (77%) are very or extremely concerned that a second wave of the COVID-19 virus will lead to another closure of their organizations, including 6 in 10 (55%) that said they are extremely concerned about a resurgence of the virus. The findings also showed that, given their concern about the virus, most are ready to take the necessary safety precautions to encourage the steady patronage of their customers and visitors and keep their employees safe, including requiring masks and reconfiguring the workplace to promote social distancing. As New Jersey businesses and organizations enter the reopening phase of the pandemic, leaders will navigate the uncharted, complicated waters that a public health crisis brings in assessing a “new normal” where implementing safety protocols, assessing customer confidence, and assuaging the financial impact of their business’ closure as the state approached peak infection must be part of their planning strategies. New Jersey business owners and nonprofit leaders expect that a recovery to pre-pandemic business levels will likely extend into 2021. They will need to take on those challenges to not only recover from the first wave of COVID-19, but also do so safely to avoid another public health-triggered financial disaster in the future.

## ABOUT THE SURVEY

The non-probability, online survey was administered in partnership by the Heldrich Center and the State of New Jersey between May 21 and June 3, 2020 via dozens of industry, chamber of commerce, and nonprofit associations, and was conducted in both English and Spanish. Respondents were evenly distributed across northern, central, and southern New Jersey. Half of the sample represented women- and minority-owned businesses. Most respondent businesses employ fewer than 10 workers and vary across sectors.

## ABOUT THE HELDRICH CENTER

The John J. Heldrich Center for Workforce Development at Rutgers University is devoted to transforming the workforce development system at the local, state, and federal levels. The center, located within the Edward J. Bloustein School of Planning and Public Policy, provides an independent source of analysis for reform and innovation in policymaking and employs cutting-edge research and evaluation methods to identify best practices in workforce development, education, and employment policy. It is also engaged in significant partnerships with the private sector, workforce organizations, and educational institutions to design effective education and training programs. It is deeply committed to assisting job seekers and workers attain the information, education, and skills training they need to move up the economic ladder.

As captured in its slogan, “Solutions at Work,” the Heldrich Center is guided by a commitment to translate the strongest research and analysis into practices and programs that companies, community-based organizations, philanthropy, and government officials can use to strengthen their workforce and workforce readiness programs, create jobs, and remain competitive. The center’s work strives to build an efficient labor market that matches workers’ skills and knowledge with the evolving demands of employers. The center’s projects are grounded in a core set of research priorities:

- Career and Technical Education
- Data Collection and Analysis
- Disability Employment
- Job Seekers in Transition
- Program Evaluation
- Trend Analysis

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## ENDNOTES

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<sup>2</sup> See the full survey results at:

[https://static.business.nj.gov/public/covid19/covid\\_business\\_survey\\_topline.pdf](https://static.business.nj.gov/public/covid19/covid_business_survey_topline.pdf).

<sup>3</sup> Those that plan to “immediately” reopen include the businesses/organizations that closed their doors by Executive Order or by choice, but reported being “already open” for some type of allowed business activity at the time of the survey. This group is included in the “closed businesses” and “planning to reopen” subsample of the survey.

<sup>4</sup> The 22% that indicate they will not need to make adjustments for revenue losses, as shown in Figure 7, are in line with findings outside the scope of this brief that 17% of businesses that remained open during the pandemic reported that their finances are similar to or better than before the onset of the pandemic, and about 32% of respondent businesses/organizations did not qualify their projected loss of funding/revenue/contracts in the next three months as “significant.”