The Pulse of Small Business: An Industry Breakdown

December 2020 By Daniel Brown, Regulatory Economist

U.S. SMALL BUSINESS ADMINISTRATION
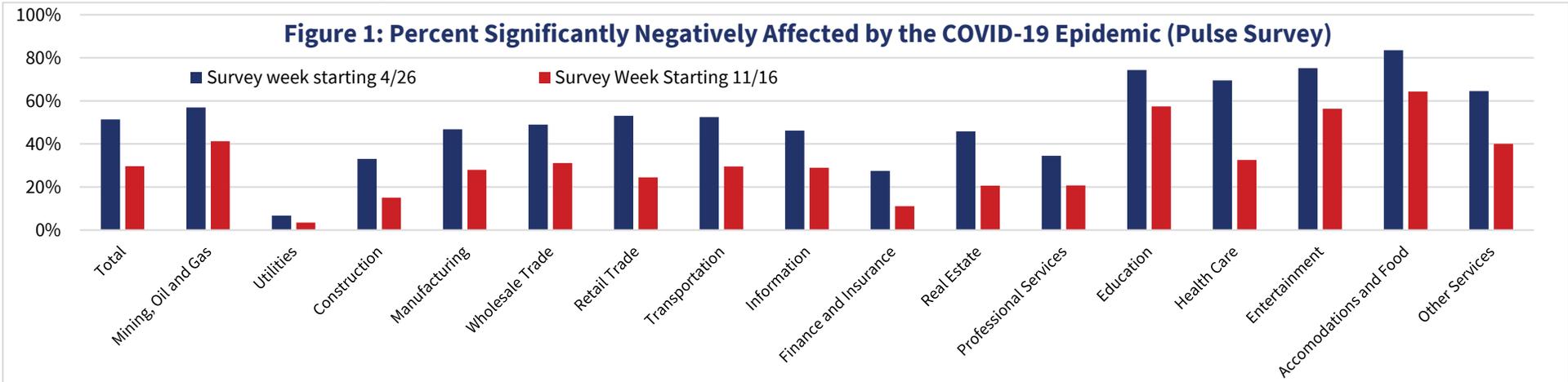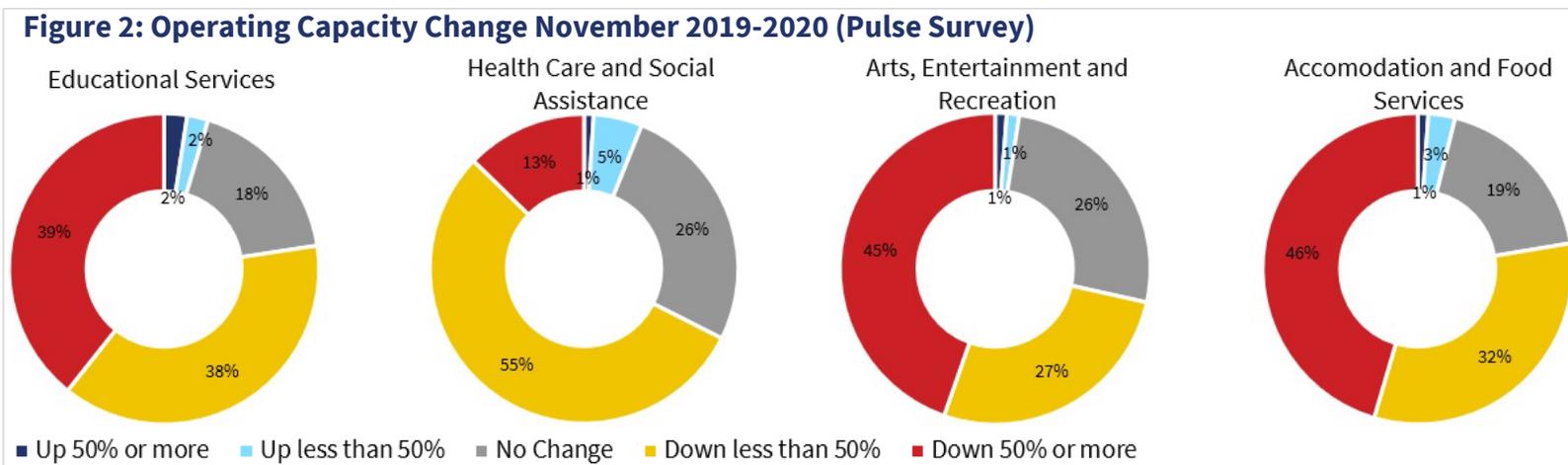**OFFICE OF ADVOCACY**
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While economic conditions have improved from the spring, industries impacted the most at the beginning of the pandemic continue to be the hardest hit.

Figure 1 analyzes March and November estimates for the percent of small businesses negatively impacted by the COVID-19 epidemic. The total share of small businesses negatively impacted declined from 51% in the first week of the survey to 29.7% the week of November 16th. In the April 26th survey, the four most impacted industries were accommodation and food services (84%); arts, entertainment, and recreation (75%); educational services (74%); and health care (70%). While the amount of small businesses negatively impacted in education services; arts, entertainment, and recreation; and accommodation and food services remained relatively high in the November 16th survey, the percent of health care businesses negatively impacted declined to 33%. This was due in large part to the necessary nature of many health care services and the recovery of elective surgery numbers after many states had suspended them from March until May.

Figure 1: Percent Significantly Negatively Affected by the COVID-19 Epidemic (Pulse Survey)

Annual Change in Operating Capacity Sheds Light on Most Impacted Industries

As Figure 2 shows, the most impacted industries from November 2019-2020 also had the highest reduction in operation capacity. While the majority of small health care businesses had operating capacities decline, most saw capacity declines of less than 50%. Like Figure 1, accommodation and food services (46% have annual operating capacity declines greater than 50%) along with arts, entertainment and recreation (45% have annual operating capacity declines greater than 50%) experienced the largest declines in operating capacity compared to November 2019.

Figure 2: Operating Capacity Change November 2019-2020 (Pulse Survey)

Sources:
Small Business Pulse Survey, US Census Bureau,
https://portal.census.gov/pulse/data/
Healthcare Financial Management Association, Elective surgery volume near normal in late July,
https://www.hfma.org/topics/news/2020/07/elective-surgery-volume-near-normal-in-late-july--analysis-finds.html