

*Let's be*  
A CITY OF  
**AUSTIN**

A photograph of the Austin skyline at sunset. The sky is a mix of orange, red, and blue. In the foreground, a bridge spans across a river. Several high-rise buildings are visible in the background, some with lights on. The overall scene is a cityscape during the 'golden hour' of sunset.

**The COVID-19 Pandemic & Austin Businesses:  
Impact, Reaction & Survival**

**HOBBY**  
SCHOOL OF PUBLIC AFFAIRS  
UNIVERSITY of HOUSTON

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# Research Team

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## Principal Investigators

**Kirk Watson**, Dean, Hobby School of Public Affairs

**Mark P. Jones**, Senior Research Fellow, Hobby School of Public Affairs; James A. Baker III Institute for Public Policy's Fellow in Political Science, Rice University

**Pablo M. Pinto**, Director, Center for Public Policy & Associate Professor, Hobby School of Public Affairs

**Sunny M.C. Wong**, Professor, Hobby School of Public Affairs

## Researchers

**Gail Buttorff**, Co-Director, Survey Research Institute & Assistant Instructional Professor, Hobby School of Public Affairs

**Francisco Cantú**, Co-Director, Survey Research Institute & Associate Professor, Department of Political Science

**Renée Cross**, Senior Director & Researcher, Hobby School of Public Affairs

**Jim Granato**, Associate Dean & Professor, Hobby School of Public Affairs

**Yewande O. Olapade**, Post-Doctoral Fellow, Hobby School of Public Affairs

**Savannah Sipole**, Research Associate, Hobby School of Public Affairs

**Agustín Vallejo**, Post-Doctoral Fellow, Hobby School of Public Affairs

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# **The COVID-19 Pandemic & Austin Businesses: Impact, Reaction & Survival**

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At the request of the City of Austin and the Austin Chamber of Commerce, the University of Houston Hobby School of Public Affairs conducted an on-line survey of Austin area businesses. The survey sought to better understand the impact of the COVID-19 Pandemic and concomitant shutdowns on the businesses with the goal of informing the decision making process that will determine how the limited federal funds currently at the City of Austin and Travis County's disposal can be most efficiently and equitably distributed.

The survey was carried out between the afternoon of June 11 and the early morning of June 25. In all 1,050 Austin area business owners completed the survey.

This report contains seven main sections. The first provides information on the 1,050 businesses that took part in the survey. The second analyzes how these businesses as a collective group have been affected by and responded to the COVID-19 Pandemic over the past four months. The third carries out an industry level analysis, exploring how different industries have been impacted by and reacted to the pandemic. The fourth tests for the presence ownership differences in how businesses have been affected by and reacted to the pandemic, with a particular focus on minority owned and woman owned businesses compared to businesses that are neither minority nor woman owned. The fifth studies differences in how businesses have been impacted by and reacted to the pandemic based on their number of employees, ranging from sole proprietorships to businesses with more than 500 employees. The sixth briefly analyzes the relationship between business



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age and hardship related to the COVID-19 Pandemic. The seventh engages into a deep dive of businesses in six industries identified in the study as being the most threatened by the COVID-19 Pandemic, exploring both how the pandemic has impacted them as well as what their principal concerns and needs are.

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# The Survey Population

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Table 1 provides a distribution of the 1,050 businesses that responded to the survey by industry. In all, businesses from 13 industry sectors account for 1% or more of the respondents. The largest proportion of businesses are located in the core Hospitality industry (18%), followed by Professional Services (15%), Arts, Entertainment and Recreation-NCH (excluding the core hospitality sub-areas of Live Music, Restaurants, Bars, and Food Trucks and Hospitality Services) (11%), Construction (8%), Health Care (7%), Retail (7%), Technology (5%), Education (4%), Real Estate (4%), Child Care (2%), Manufacturing (1%), and Social Assistance (1%). The remaining 13% of businesses either chose the industry classification of Other or chose an industry that accounts for less than 1% of the businesses surveyed.

**Table 1:** Distribution of Respondents by Business Industry

<b>Industry</b>	<b>Percentage (%)</b>
Hospitality	18
Professional Services	15
Arts, Entertainment, Recreation (NCH)	11
Construction	8
Health Care	7
Retail	7
Technology	5
Education	4
Financial Services	4
Real Estate	4
Child Care	2
Manufacturing	1
Social Assistance	1
Others (Other & Industries<1%)	13

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A review of U.S. Census data for Travis County suggests that these businesses surveyed are largely proportionate to the area's business population.

For purposes of the subsequent analysis, the diverse Hospitality Industry is divided into the sub-groups of Restaurants, Bars and Food Trucks (10%), Live Music Venues (5%), Hospitality Services (3%), and Lodging (2%). The categories are not mutually exclusive, with a small amount of cross-over, especially between Restaurants and Bars and Live Music Venues.

More than one in five (22%) of the businesses is Minority-Owned while more than two in five (42%) is Woman-Owned. One-half of the businesses (50%) have owners who are neither a minority nor a woman.

More than one in five (22%) of the businesses is certified as a Minority Business Enterprise (MBE) or Woman Business Enterprise (WBE) by the City of Austin. There is little difference between the proportion of Minority-Owned businesses that are MBE certified (42%) and Woman-Owned businesses that are WBE certified (45%).

Table 2 provides information on the ethnic/racial, gender, and LGBTQ distribution of workers at the average business surveyed. The average business surveyed had a workforce that was 66% Anglo/White, 20% Latino/Hispanic, 7% African American/Black, 4% Asian American/Pacific Islander, and 3% Other. When the population is restricted to those businesses with 25 or more employees, the Anglo/White proportion drops to 58%, the Latino/Hispanic proportion rises to 25%. the African American/Black proportion rises to 9%, the Asian American/Pacific Islander percentage stays the same, and the Other percentage rises to 4%.

We compared these percentages to those provided by the U.S. Census Bureau's Quarterly Workforce Indicators (for the Third Quarter of 2019) for Travis County. Compared to those data, the businesses surveyed here had a modestly higher proportion of Anglo/White employees (by about 5% to 10%), a modestly lower proportion of Latino/Hispanic employees (by about 5% to 10%), and a near identical proportion of African American/Black and Asian American/Pacific Islander employees. The U.S. Census data are at North American Industry Classification System (NAICS) 2 digit sectors rather than business specific, and also are from

six months prior to the onset of the COVID-19 Pandemic. Nevertheless, they do suggest that the businesses surveyed are generally representative of the Austin business community when it comes to the ethnicity/racial characteristics of their workforce, especially when one considers the especially devastating impact the COVID-19 Pandemic has had in the Latino community.

**Table 2:** Mean Ethnic/Racial, Female & LGBTQ Percentage Distribution of Businesses' Employees

<b>Ethnicity/Race, Gender and LGBTQ</b>	<b>Mean (%)</b>
Anglo/White	66
Latino/Hispanic	20
African American/Black	7
Asian American	4
Other	3
Women	47
LGBTQ*	12

Table 2 also underscores the near gender-parity of the workforce of the businesses surveyed, with the workforce of the average business 47% female. And, although approximately one in four of the survey respondents was unable to accurately provide the share of their workforce that was a member of the LGBTQ community, among the three in four who did, their workforce was on average 12% LGBTQ.

Table 3 provides the distribution of the businesses that took the survey by their number of employees (size). One in five businesses (19%) is a sole proprietorship, with the largest proportion of businesses (32%) having between 2 and 9 employees. Another one in five (18%) have 10 to 24 employees while 10% have 25 to 49 employees. The final one-fifth (21%) of the businesses are larger employers with 50 or more employees: 50 to 100 (8%), 101 to 500 (7%) and More than 500 (6%).

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**Table 3: Business Size**

<b>Number of Employees</b>	<b>Percentage (%)</b>
Sole Proprietorship	19
2 to 9 Employees <sup>b</sup>	32
10 to 24 Employees	18
25 to 49 Employees	10
50 to 100 Employees	8
101 to 500 Employees	7
More than 500 Employees	6

In terms of their years of operation (see Table 4), the median business has been in operation for between 11 and 15 years. Slightly more than a third of the businesses (35%) had been in operation for more than 20 years, while 22% had been operating for between 1 and 5 years. The smallest segment consists of those businesses, which opened less than a year ago, which constitute 4% of the survey population.

**Table 4: Business Age**

<b>Number of Years in Operation</b>	<b>Percentage (%)</b>
Less than 1 year	4
1 to 5 years	22
6 to 10 years	19
11 to 15 years	12
16 to 20 years	9
More than 20 years	35

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# **Business Responses To & Opinions Of The COVID-19 Pandemic**

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This section explores how long the businesses believe they can endure under the current conditions, the actions they have taken as a result of the COVID-19 Pandemic, and what their principal concerns at present are related to six key factors. Also included is information on whether they rent or own the property where their business is located, and if the former, what their recent rent payment behavior has been. Finally, the section examines the extent to which these businesses have applied for a Small Business Administration (SBA), Paycheck Protection Program (PPP) loan and, for those that have applied, how successful they have been in obtaining a loan.

## **How Long Can the Business Endure**

In the survey the business owners were asked to estimate how long their business could endure under the current conditions. Table 5 provides the results. The most common response (39%) is that the owner believed they could scale their business as needed and could therefore endure indefinitely. The next most common answers are that the business could endure 3 to 4 months (16%) or 5 to 10 months (16%) under the current conditions. A mere 3% believe they could endure only until the end of the month (June) while 12% think they can only endure for 1 to 2 months. Finally, 14% could not estimate how long they could endure, in part likely due to the uncertainty surrounding the current situation.

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**Table 5: How Long Can Business Endure in Current Context**

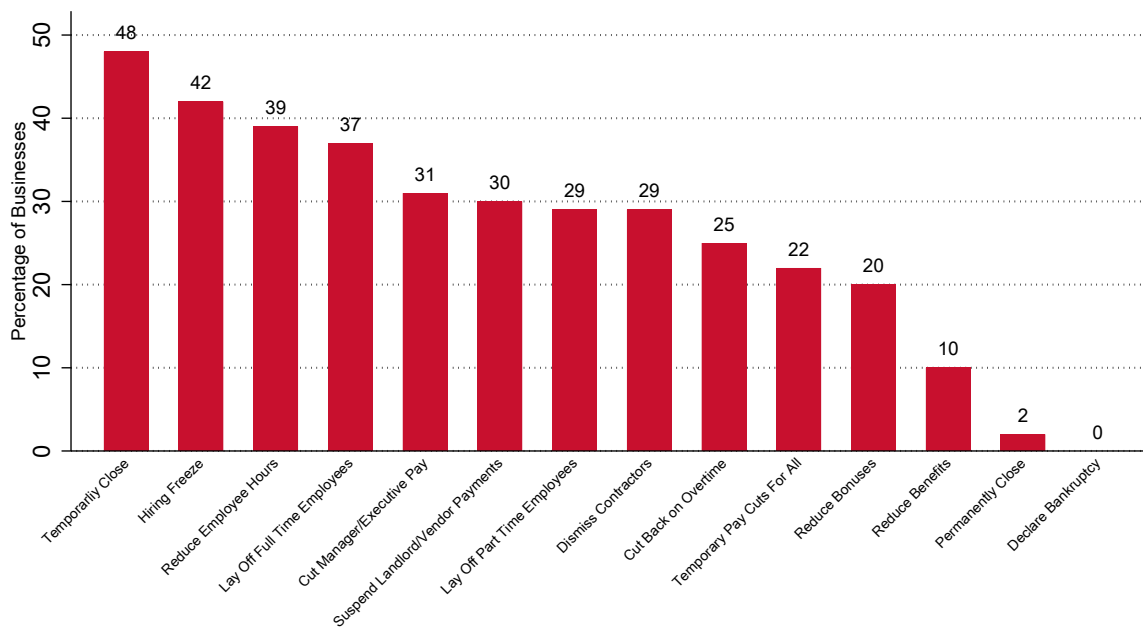
<b>Time Length</b>	<b>Percentage (%)</b>
End of the Month	3
1 to 2 Months	12
3 to 4 Months	16
5 to 10 Months	16
Can Scale As Needed	39
Cannot Estimate	14

## **Responses to the COVID-19 Pandemic**

The businesses were also asked whether or not they have implemented a battery of measures since the onset of the COVID-19 Pandemic in March. It should be noted that not all measures are equally applicable to all businesses. For instance, a business with no part time employees or contractors cannot lay off or dismiss any part time employees or contractors. By the same token, a business that does not provide health or retirement benefits to its employees cannot reduce them.

Figure 1 provides the proportion of the total number of survey respondents who indicate that they have implemented the measure over the past four months in response to COVID-19. Nearly one-half (48%) of the businesses temporarily closed, followed by approximately two-fifths that enacted a hiring freeze (42%), reduced employee hours (39%), and laid off full time employees (37%). The least common responses by businesses to the pandemic are declaring bankruptcy (0%), permanently closing (2%), and reducing health or retirement benefits (10%).

**Figure 1: Responses by Businesses to the COVID-19 Pandemic**



The business owners were also asked the extent to which six factors represented a concern for their business’s employment and revenue within the current economic environment. Table 6 provides the results. The six factors fall into three groups in regard to the extent to which they represent a concern for the businesses. More than half of the businesses had a great deal or a good deal of concern about Generating Cash Flow (68%) and a Lack of Customer Demand (60%). In a middle category of concern were the Higher Cost of Operations (40%), Debt Burden (40%), and Access to Finance (35%). The business owners were least concerned about Workforce Availability, with only 24% having a great or good deal of concern about it, in contrast to more than half (57%) who had either little or no concern at all about Workforce Availability within the current economic environment.



**Table 6:** Business Concern for Employment & Revenue Within the Current Context

Topic of Concern	Level of Concern (%)		
	Great/Good Deal	Some	Little/None at All
Generating Cash Flow	68	14	16
Lack of Customer Demand	60	17	23
Higher Cost of Operations	40	21	39
Debt Burden	40	20	40
Access to Finance	35	25	40
Workforce Availability	24	19	57

## Rental Issues

Nearly two-thirds of these businesses (65%) rent the location where their business operates versus 35% who own the property. Among the renters, between April and June on average between 71% and 74% paid 100% or more of their rent (see Table 7). In contrast, also depending on the month, between 14% and 16% did not make any rent payment. The remainder paid a portion of between 5% and 95% of their rent. Almost one in four renters (23%) has been unable to convince their landlord to allow them to pay their rent late.

**Table 7:** April, May, and June Rent Payments by Businesses

Business Rent Payments	April (%)	May (%)	June (%)
Paid 100%+ or More of Rent	74	72	71
Paid 50% to 95% of Rent	5	6	8
Paid 5% to 45% Rent	5	5	6
Did Not Pay Any Rent	16	14	15

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## Paycheck Protection Program Applications and Approvals

The Small Business Administration’s Paycheck Protection Program (PPP) was launched as part of the CARES Act in March and expanded in April. Overall, a pool of \$659 billion was made available for businesses with fewer than 500 employees that had been adversely affected by the COVID-19 Pandemic.

More than three-fifths (61%) of these businesses applied for a PPP loan (see Table 8). Another 30% did not apply for a loan, 11% because they were not eligible. As the PPP program entered its waning days (ending on June 30), 3% of respondents said they still intended to apply.

**Table 8:** Have You Applied for a PPP Loan?

<b>Application</b>	<b>Percentage (%)</b>
Yes, Applied	61
No, But Intend To	3
No, & Do Not Intend To	19
No, Am Not Eligible	11
Don’t Know/Unsure	6

**Table 9:** What is the Status of the PPP Loan Among Applicants?

<b>PPP Loan Status</b>	<b>Percentage (%)</b>
Approved, Received Funds	87
Approved, Waiting for Funds	3
Waiting on Approval	5
Rejected	4
Looking for a Bank To Accept Application	1

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Among those businesses that applied for a PPP loan, 90% had their PPP application approved, versus only 4% who had their loan rejected and 5% who were still waiting for their application to be approved at the time the survey was taken (see Table 9). Of the 90% whose PPP application was approved, 87% reported having received the funds from the loan while the remaining 3% were still waiting for the funds to arrive at the time they completed the survey.

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## Industry Level Analysis

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This section examines most of the same factors discussed in Section 3. It does so however by dividing the businesses into their constituent industry or sub-industry (in the case of the Hospitality Industry) groups in order to conduct industry and sub-industry level analysis.

**Table 10:** How Long Can the Business Endure Within the Current Context by Industry

Industry	Length Business Can Endure					
	End of Month	1 to 2 Months	3 to 4 Months	5 to 10 Months	Scale as Needed	Can't Estimate
Restaurant/Bar	4	25	25	16	15	15
Live Music	4	36	22	11	6	21
Hospitality Services*	0	23	20	26	14	17
Lodging**	0	17	11	6	33	33
Arts, Ent, Rec (NCH)	3	14	19	16	33	15
Technology	0	4	14	19	53	10
Child Care**	0	28	11	17	22	22
Food Services (NCH)**	0	19	38	13	8	25
Construction	2	6	11	19	50	11
Education*	3	3	13	20	44	18
Financial Services*	0	5	5	8	76	5
Health Care	5	12	18	16	30	19
Manufacturing**	7	7	14	7	57	7
Professional Services	1	10	10	16	52	11
Real Estate*	0	5	17	14	50	14
Retail	6	14	22	17	34	7
Social Assistance**	0	13	13	0	69	6
All Others	5	17	16	16	35	11

Notes: \*Under 50 cases. \*\*Under 25 cases. NCH: Non-Core Hospitality.

## How Long Can the Business Endure by Industry

Table 10 provides information on how long businesses can endure in those industries that accounted for 1% or more of businesses in the survey. As noted previously the Hospitality industry is split into the separate sub-categories. Businesses that totaled fewer than 50 or 25 survey cases are identified with asterisks (one and two respectively) in Table 10 (and in subsequent tables and figures), since the smaller the number of cases, the less exact we are able to be with our conclusions on that population.

**Figure 2:** Proportion of Industry Businesses That Can Endure for 4 Months or Less Under Current Conditions

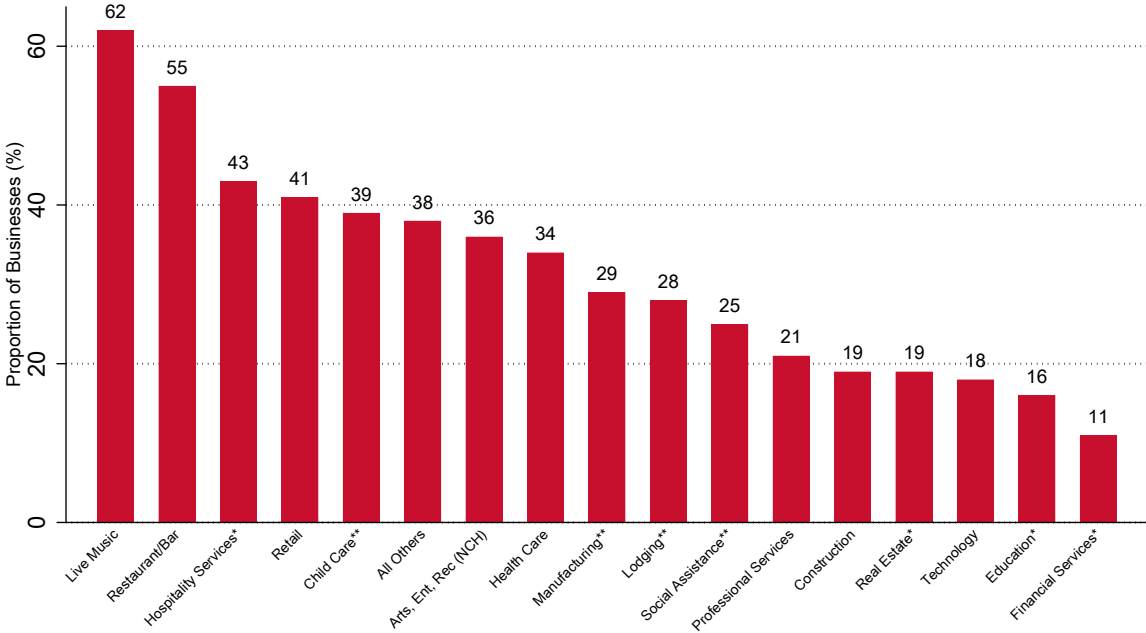


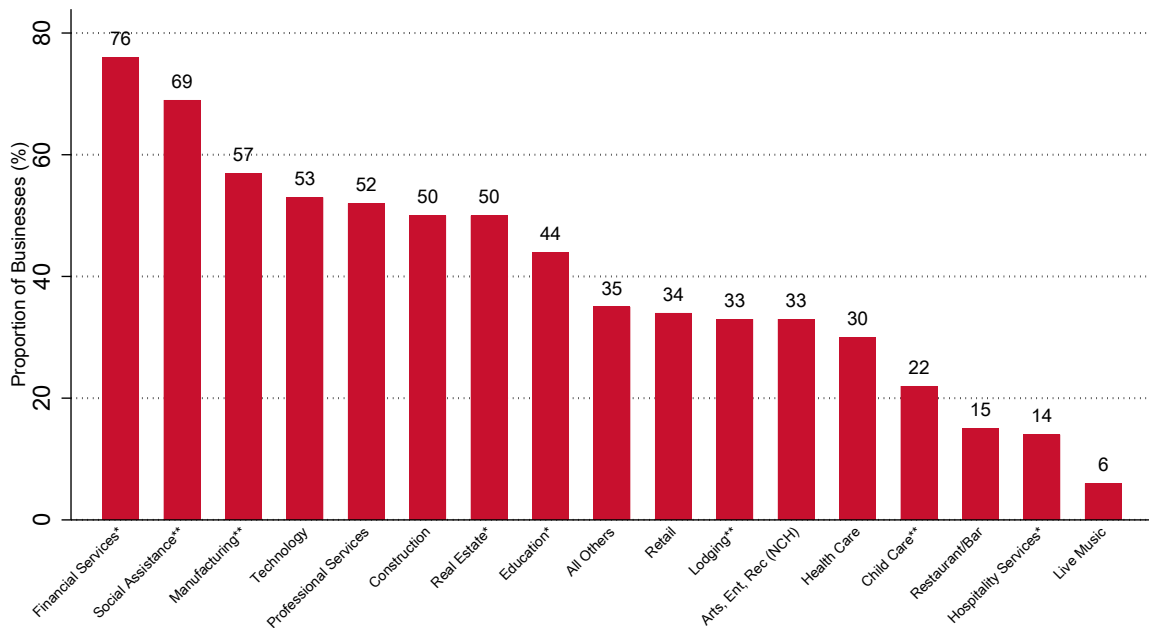
Figure 2 summarizes the data in Table 10 by summing together the proportion of businesses in the industry sector that indicated that their business could only endure for 4 months or less under the current conditions (i.e., End of Month, + 1 to 2 Months, and + 3 to 4 Months). More than half of the businesses in two industries, Live Music (62%) and Restaurant/Bar (55%), believe they can endure for only four months or less. In five other industries more than a third of the businesses also are of the opinion that amidst the current conditions they can only endure for four months or less: Hospitality Services (43%), Retail (41%), Child Care (39%), Arts,

Entertainment and Recreation (NCH) (36%), and Health Care (34%).

It is important to note that these survey responses were collected before Governor Greg Abbott rolled back some of the previous measures to open up the Texas economy on June 25. In particular, Abbott mandated the closure of all bars and that restaurants shift from a maximum of 75% capacity back to 50% capacity. Thus, at least for Bar/Restaurant and Live Music business owners, it is likely that if they were to take the survey today, their beliefs about their ability to endure would on average be more pessimistic than those presented here.

In contrast to the grim view within the seven above-mentioned industries, only one-fifth or less of the businesses in six industries fear that they can only endure for four months or less in the current environment: Professional Services (21%), Construction (19%), Real Estate (19%), Technology (18%), Education (16%), and Financial Services (11%).

**Figure 3:** Proportion of Industry Businesses That Can Scale Their Business As Needed to Adjust to the Current Business Context



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Figure 3 provides the flip-side to Figure 2, displaying the proportion of the businesses in each sector that believe they can scale their business as needed to adjust to the current business context, and, hence, implicitly believe their business can endure indefinitely. Half or more of the businesses in seven business sectors believe that they can scale as needed to adjust to business conditions, led by the Financial Services industry of which 76% of businesses believe they can scale as needed. The other six industry sectors in which a majority of the businesses are bullish about their business's ability to endure are: Social Assistance (69%), Manufacturing (57%), Technology (53%), Professional Services (52%), Construction (50%), and Real Estate (50%).

In contrast to the relative optimism within the seven above-mentioned industries, only one-fourth or less of the businesses in four industries believe they can scale their business as needed to endure under the current economic conditions: Child Care (22%), Restaurant/Bar (15%), Hospitality Services (14%), and Live Music (6%).

## **Responses by Industry to the COVID-19 Pandemic**

Table 11 provides information on the proportion of businesses in an industry that adopted the eight most common separate measures featured in Figure 1 in response to the COVID-19 Pandemic. Only industries with more than 25 businesses responding to the survey are included, with those industries with fewer than 50 businesses responding noted by an asterisk.

Figures 4, 5, and 6 provide the proportion of businesses in these industries that adopted three of the most consequential measures in response to the COVID-19 Pandemic: Temporarily Close (Figure 4), Lay Off Full Time Employees (Figure 5), and Suspend Payments to Vendors, Suppliers and Landlords (Figure 6).

**Table 11: Responses by Businesses to the COVID-19 Pandemic**

Industry	Layoff Full Time	Reduce Hours	Temporarily Close	Hiring Freeze	Cut Exec. Pay	Suspend Pymts	Layoff Part Time	Dismiss Contractors
Restaurant/Bar	70	68	75	57	48	63	75	42
Live Music	83	59	93	55	64	79	81	68
Hospitality Services*	66	63	74	71	57	49	74	57
Arts, Ent, Rec (NCH)	33	48	75	40	40	27	31	42
Technology	20	22	16	49	28	29	16	22
Construction	19	25	33	37	18	12	2	11
Education*	24	21	38	33	29	19	21	26
Financial Services*	11	11	11	49	14	8	8	24
Health Care	39	48	55	39	28	31	28	22
Professional Services	23	32	27	37	25	14	13	21
Real Estate*	24	33	36	48	24	19	17	21
Retail	56	47	63	33	24	44	37	26
All Others	35	34	48	35	28	34	26	23
All Businesses	37	39	48	42	31	30	29	20

Note: Table includes only industries where at least 25 businesses were renters.

**Figure 4: Proportion of Businesses in Industry That Temporarily Closed**

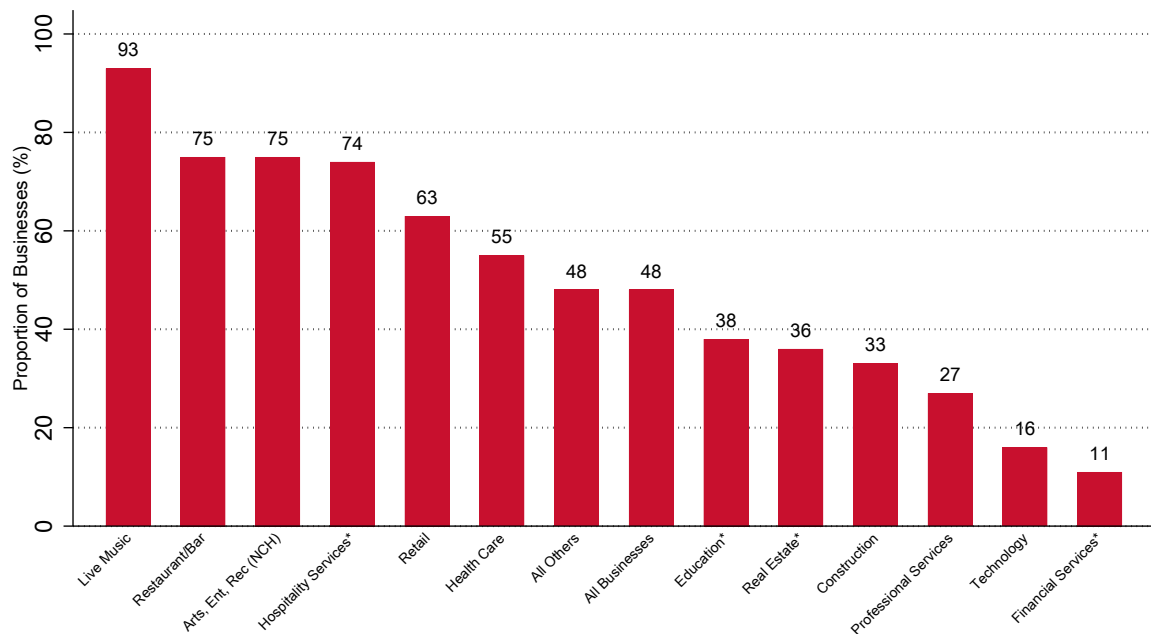


Figure 4 reveals that more than half of the businesses in six industries temporarily closed: Live Music (93%), Restaurant/Bar (75%), Arts, Entertainment and Recreation (75%), Hospitality Services (74%), Retail (63%), and Health Care (55%).



**Figure 5:** Proportion of Businesses in Industry That Laid Off Full Time Employees

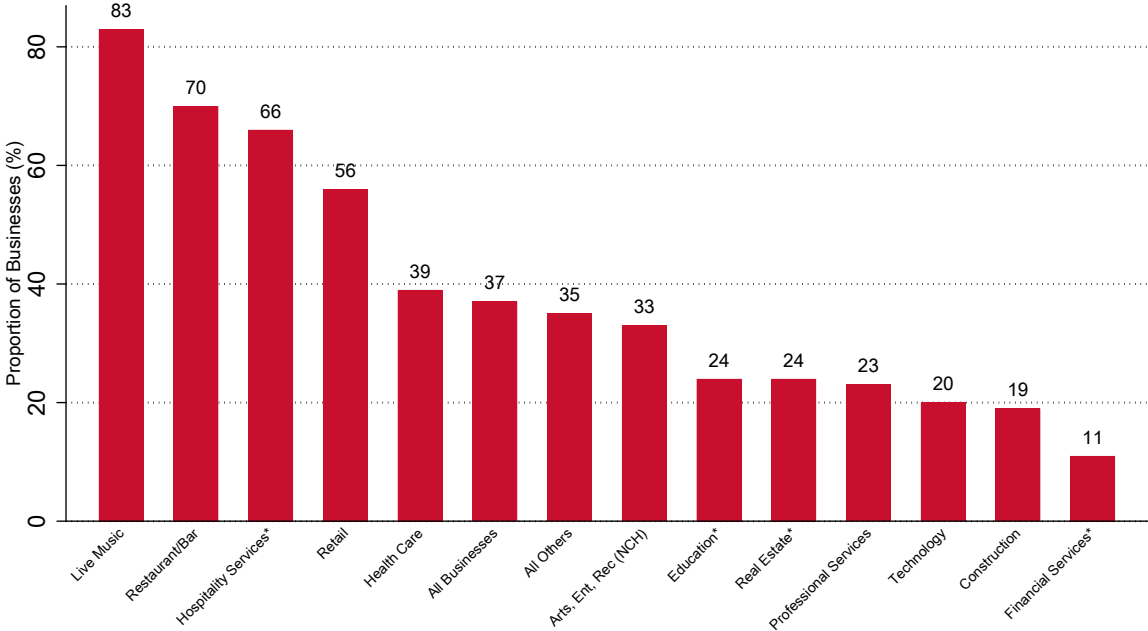


Figure 5 reveals that more than half of the businesses in four industries laid off full time employees: Live Music (83%), Restaurant/Bar (70%), Hospitality Services (66%), and Retail (56%).

**Figure 6:** Proportion of Businesses in Industry that Suspended Payments to Vendors, Suppliers and Landlords

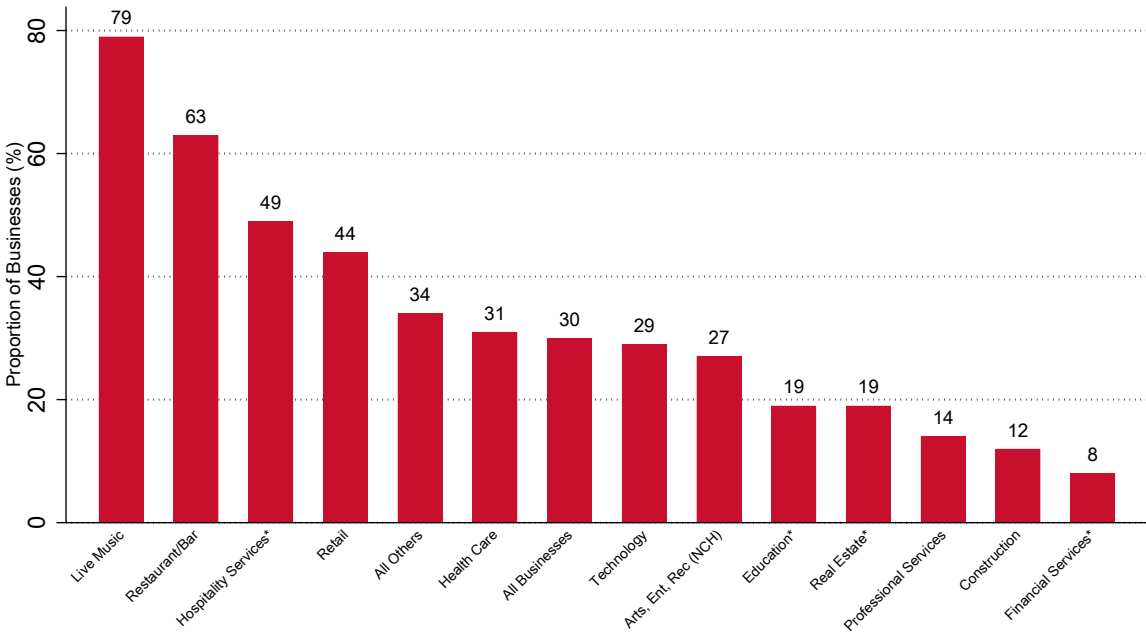


Figure 6 reveals that more than half of the businesses in two industries suspended payments to vendors, suppliers and/or landlords: Live Music (79%) and Restaurant/Bar (63%); with Hospitality Services falling just below the 50% mark at 49%.

**Table 12: Average Source of Business Revenue by Industry**

<b>Industry</b>	<b>Individuals (%)</b>	<b>Businesses (%)</b>	<b>Government (%)</b>
Live Music	86	12	2
Retail	79	18	3
Restaurant/Bar	76	18	6
Health Care	76	12	12
Arts, Ent, Rec (NCH)	72	32	6
Construction	60	37	3
Financial Services*	59	37	4
Real Estate*	58	36	6
Education*	57	41	2
All Others	49	39	12
Hospitality Services*	47	43	10
Professional Services	31	52	17
Technology	12	72	16

Note: \* Under 50 cases.

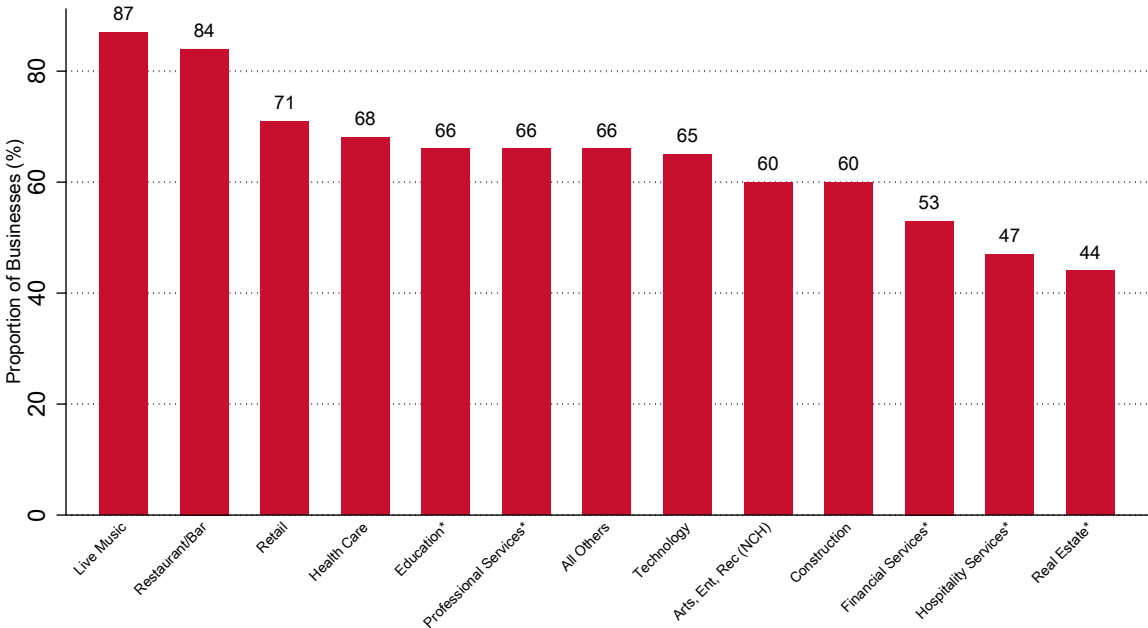
Table 12 provides the distribution of business revenue by industry from three sources: individuals, other businesses, and government. Among the industries listed here, four receive more than three-quarters of their revenue from individuals: Live Music (86%), Retail (79%), Restaurant/Bar (76%), and Health Care (72%). Businesses in these industries are thus more heavily affected than other industries by the substantial drop in consumer spending that has occurred over the past four months.

Two businesses receive more than half of their revenue from other businesses: Technology (72%) and Professional Services (52%). More than half of businesses receive less than 10% of their revenue from government, with the highest proportion found among Professional Services (17%).

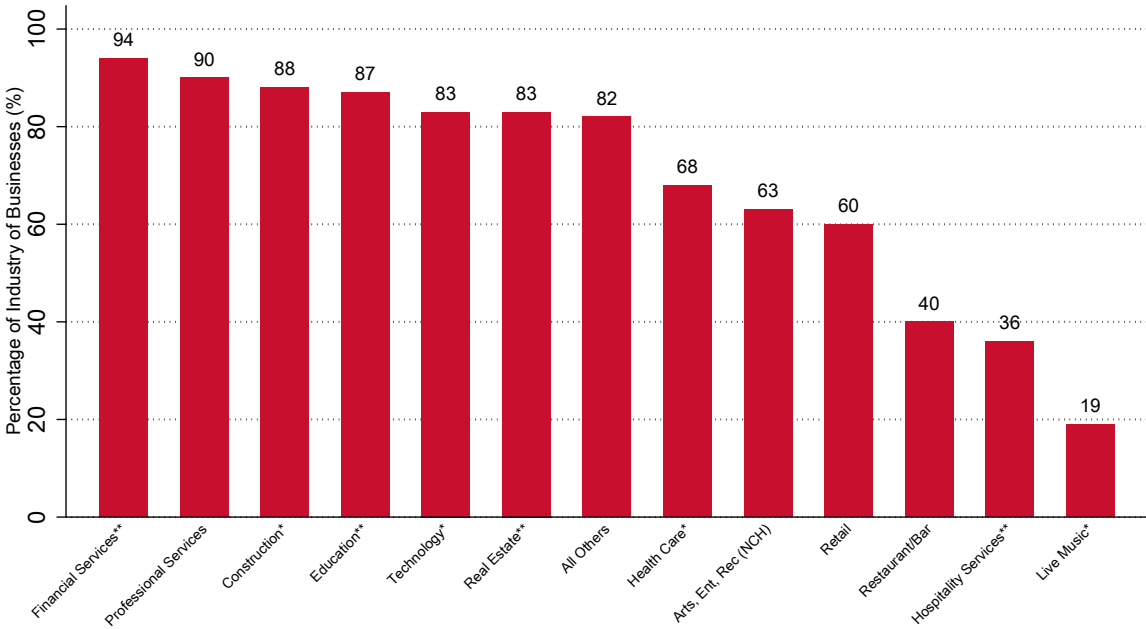
# Rental Issues by Industry

Figure 7 displays the proportion of businesses across the industries that rent their business property. More than two-thirds of the businesses in four industries rent the property where their business is located: Live Music (87%), Restaurant/Bar (84%), Retail (71%), and Health Care (68%). In contrast, in only two industries, Hospitality Services and Real Estate, do a majority of businesses own the property where they operate.

**Figure 7:** Proportion of Businesses by Industry that Rent Their Business Property

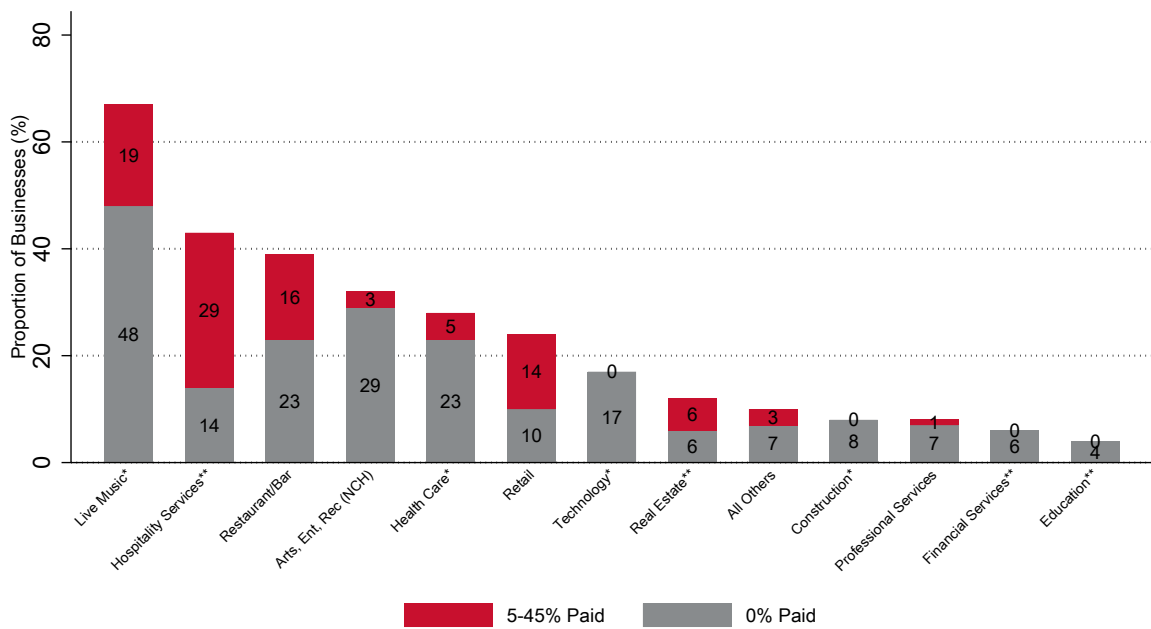


**Figure 8:** Percentage of Businesses by Industry That Paid 100% of Their June Rent



Among those businesses that rent, Figure 8 details the proportion that paid 100% (or more) of their June rent by industry. Over four-fifths of businesses in six industries paid 100% of their June rent, ranging from Financial Services (94%) to Technology and Real Estate (each 83%). In sharp contrast, only 40% of Restaurants and Bars paid 100% of their June rent, with less than half that proportion (19%) of Live Music businesses paying 100% of their rent in June. Two-thirds (67%) of Live Music businesses in fact paid less than 50% of their June rent, with 48% paying no rent (see Figure 9). Among Restaurants and Bars, 37% paid less than 50% of their June rent, with 23% paying no rent. In contrast, fewer than 10% of Construction (8%), Professional Services (8%), Financial Services (6%), and Education (4%) businesses paid less than half of their June rent.

**Figure 9:** Proportion of Businesses That Paid Less than 50% of Their June Rent



## Paycheck Protection Program Applications and Approvals by Industry

Table 13 provides information on PPP applications by industry while Table 14 provides industry-level information on the outcome of the PPP application process among those businesses that applied.

**Table 13:** How Long Can the Business Endure Within the Current Context by Industry

Industry	PPP Application (%)				
	Applied PPP	Intend to Apply	Didn't Apply	Not Eligible	DK/Unsure
Restaurant/Bar	80	0	7	6	7
Live Music	73	2	6	6	13
Education*	71	3	21	5	0
Hospitality Services*	69	3	11	9	9
Retail	68	2	17	9	4
Construction	65	2	15	11	7
Professional Services	62	3	21	12	3
Real Estate*	62	5	21	7	5
Technology	60	2	20	12	6
All Others	58	7	22	9	4
Health Care	53	6	20	14	7
Arts, Ent, Rec (NCH)	50	2	23	17	8
Financial Services*	47	0	28	25	0

Notes:\* Under 50 Cases.

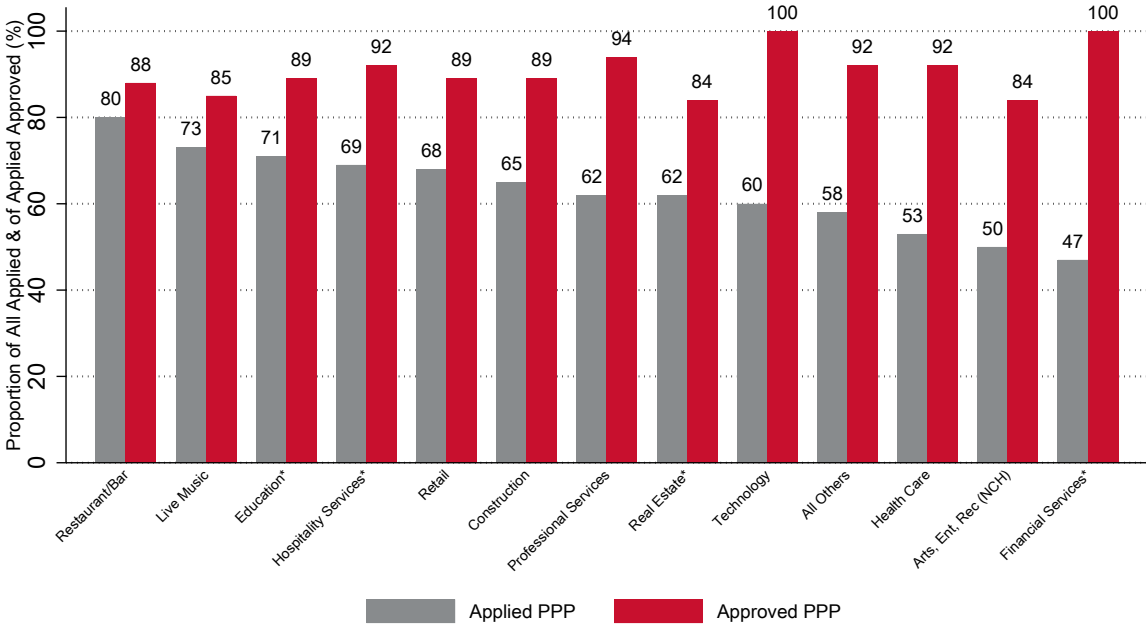
**Table 14:** Paycheck Protection Program Application Outcome by Industry

Industry	PPP Status (%)				
	Approved/Received	Approved/Waiting	Waiting on Approval	Rejected	Looking for Bank
Financial Serv.*	94	6	0	0	0
Technology	93	7	0	0	0
Professional Serv.	93	1	3	2	1
All Others	88	4	3	5	0
Restaurant/Bar	87	1	5	4	4
Construction	87	2	2	6	4
Health Care	86	6	6	3	0
Education*	85	4	4	4	4
Retail	85	4	2	6	2
Live Music	82	3	13	3	0
Arts, Ent, Rec (NCH)	80	4	5	9	2
Hospitality Serv.*	79	13	0	8	0
Real Estate*	76	8	12	4	0

Notes: \* Under 50 Cases.

Figure 10 highlights the two most important pieces of PPP related information by industry: the percentage of businesses that applied for a PPP loan and the percentage of those businesses whose PPP application was approved. The highest proportion of industry businesses that applied for a PPP loan is found in the Restaurant/Bar (80%), Live Music (73%), Education (71%), Hospitality Services (69%), and Retail (68%) industries. By and large businesses in all five of these industries were fairly successful, with application approval rates ranging from 85% (Live Music) to 92% (Hospitality Services). All however fell short of the Technology and Financial Services businesses that applied, every one of which had their loans approved (i.e., a 100% success rate).

**Figure 10: PPP Applications and Applications Approved by Industry**





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## Ownership Level Analysis

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For this business ownership level analysis, the businesses are divided into three groups, the former two of which are not mutually exclusive: Minority Owned, Woman Owned, and All Other Owned (i.e., neither minority nor woman owned).

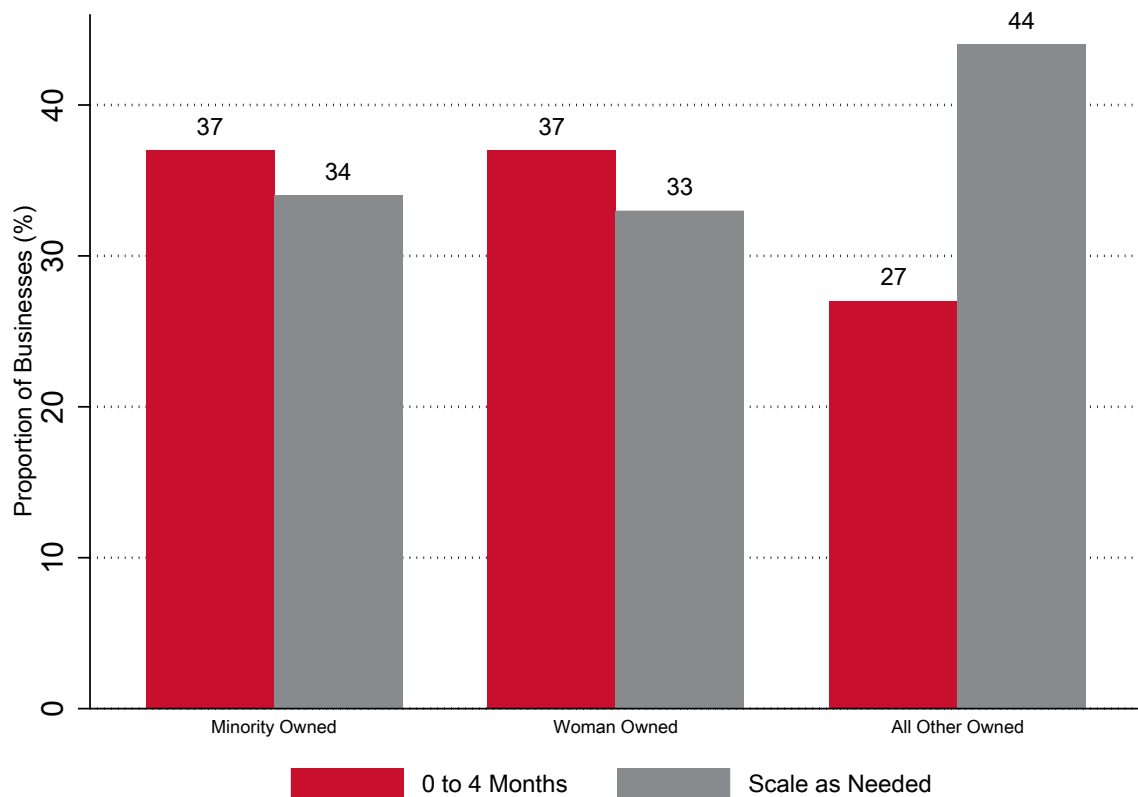
### How Long Can the Business Endure

Table 15 provides information on how long Minority Owned, Woman Owned, and All Other Owned businesses believe they can endure within the current context. Similar to Figure 2, Figure 11 summarizes both what proportion of businesses believe they can only endure under the current conditions for four months or less as well as what proportion of the businesses believe they can scale as needed and endure indefinitely. Almost two-fifths (37%) of both Minority-Owned and Woman-Owned businesses believe that they can only endure for four months (or less) compared to slightly more than one-quarter (27%) of All Other Owned businesses. And, whereas only a third of both Minority Owned (34%) and Woman Owned (33%) businesses believe they can scale as needed, 44% of All Other businesses believe they can scale as needed. In sum, Minority and Woman owned businesses find themselves in a somewhat more precarious position vis-à-vis survival than do All Other owned businesses.

**Table 15: How Long Can Your Business Endure Within the Current Context?**

Business Ownership	Time Length (%)					
	End of Month	1 to 2 Months	3 to 4 Months	5 to 10 Months	Scale as Needed	Can't Estimate
Minority Owned	5	15	17	13	34	16
Woman Owned	4	16	17	15	33	16
All Other Owned	1	10	16	17	44	12

**Figure 11: How Long Can Business Endure Under Current Conditions?**



## Responses by Ownership Type to the COVID-19 Pandemic

Table 16 displays the extent to which Minority Owned, Woman Owned, and All Other Owned businesses adopted the eight most common separate measures in

response to the COVID-19 Pandemic that are featured in Figure 1. The data reveal that across the eight measures, the proportion of Minority Owned, Woman Owned, and All Other Owned businesses that implemented the measure are very comparable.

**Table 16:** Responses by Businesses to the COVID-19 Pandemic

Business Ownership	Percentage Implementing(%)							
	Layoff Full Time	Reduce Hours	Temporarily Close	Hiring Freeze	Cut Exec. Pay	Suspend Payments	Layoff Part Time	Dismiss Contrcs
Minority Owned	36	39	49	42	28	32	29	30
Woman Owned	35	41	54	36	27	30	30	29
All Others Owned	38	38	45	47	33	30	29	30

## Rental Issues by Ownership Type

Table 17 details the proportion of Minority Owned, Woman Owned, and All Other Owned businesses that rent or own the property where their business is located. The proportions are very similar across ownership type.

**Table 17:** Proportion of Businesses that Rent vs. Own by Business Ownership

Business Ownership	Rent (%)	Own (%)
Minority Owned	66	34
Woman Owned	68	32
All Other Owned	64	36

Table 18 contains the distribution of renters for each business ownership type that paid 100%, 50 to 95%, 5 to 45%, and 0% of their June rent. Once again, there are no noteworthy differences among Minority Owned, Woman Owned, and All Other Owned businesses.

**Table 18:** Proportion of Businesses that Rent vs. Own by Business Ownership

<b>Business Ownership</b>	<b>100%+</b>	<b>50-95%</b>	<b>5-45%</b>	<b>0%</b>
Minority Owned	65	10	7	18
Woman Owned	69	10	4	17
All Others	74	6	6	14

## **Paycheck Protection Program Applications and Approvals by Ownership Type**

Table 19 contains information on applications for a PPP loan by ownership type while Table 20 provides comparable information for PPP loan approvals. There are no notable differences in application rates across the three ownership types. There is however a very slight difference in the proportion of each ownership group whose PPP application was approved, with Minority Owned and Woman Owned businesses enjoying a 86% success rate compared to 92% for All Other Owned businesses.

**Table 19:** Paycheck Protection Program Applications by Ownership

<b>Business Ownership</b>	<b>PPP Application (%)</b>				
	<b>Applied PPP</b>	<b>Intend to Apply</b>	<b>Didn't Apply</b>	<b>Not Eligible</b>	<b>DK/ Unsure</b>
Minority Owned	60	3	20	11	6
Woman Owned	64	4	18	11	3
All Other Owned	59	3	19	12	7

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**Table 20:** Paycheck Protection Program Application Outcome by Ownership

<b>Business Ownership</b>	<b>PPP Status (%)</b>				
	<b>Approved/ Received</b>	<b>Approved/ Waiting</b>	<b>Waiting on Approval</b>	<b>Rejected</b>	<b>Looking for Bank</b>
Minority Owned	83	3	4	8	2
Woman Owned	82	4	5	6	3
All Other Owned	90	2	5	3	0

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## Business Size Level Analysis

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The previous two sections examined responses by industry and ownership type. In this section we conduct a similar analysis based on the size of the business, as measured by its total number of overall employees. The businesses are divided into six categories: Sole Proprietorship, 2 to 9 Employees, 10 to 24 Employees, 25 to 49 Employees, 50 to 100 Employees, 101 to 500 Employees, and More than 500 Employees.

### How Long Can Business Endure by Business Size

Table 21 details how long the businesses believe they can endure within the current context. Figure 12 summarizes the data by providing for each of the seven business size groups the proportion of businesses that can endure for 4 months or less and the proportion that can scale their business as needed. Figure 12 reveals little in the way of differences among the four categories of businesses with less than 50 employees. Businesses with more than 100 employees were in contrast significantly less likely to fear they could only endure for 4 months or less and significantly more likely to believe they could scale as needed compared to those businesses with fewer than 50 employees. This distinction is especially stark for businesses with more than 500 employees, 89% of which believe they can scale as needed and only 6% of which fear they can only endure amidst the present conditions for four months or less.

**Table 21: How Long Can Your Business Endure Within the Current Context?**

Business Size	Time Length (%)					Scale as Needed	Can't Estimate
	End of Month	1 to 2 Months	3 to 4 Months	5 to 10 Months			
Sole Proprietorship	3	16	14	11	39	18	
2 to 9 Employees	3	10	20	21	33	13	
10 to 24 Employees	4	18	18	15	33	13	
25 to 49 Employees	3	18	18	10	39	12	
50 to 100 Employees	1	9	19	16	46	9	
101 to 500 Employees	2	9	7	18	45	19	
More than 500 Employees	0	0	6	15	69	10	

## Responses by Business Size to the COVID-19 Pandemic

**Figure 12: How Long Can Business Endure Under Current Conditions?**

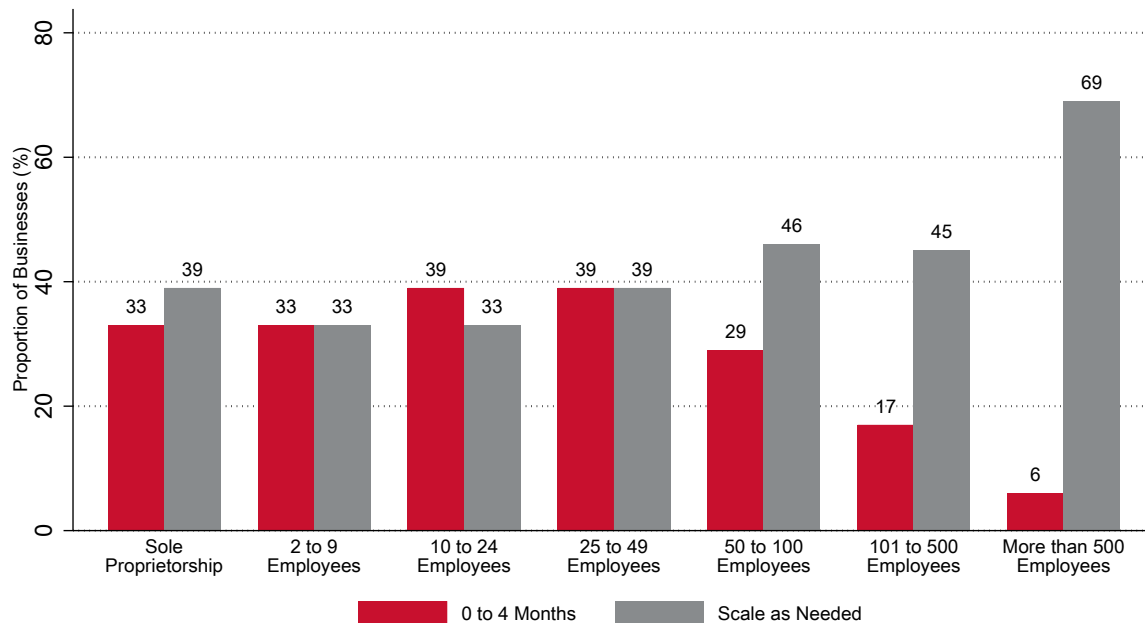


Table 22 displays the extent to which the seven different sized groups of businesses adopted the eight most common separate measures in response to the COVID-19 Pandemic featured in Figure 1. Layoffs of full time employees were notably more

common in the larger businesses than in the very smallest (9 employees or less) while the very largest businesses (101 employees or more) were notably less likely to temporarily close than businesses that had 100 or fewer employees.

**Table 22: Responses by Businesses to the COVID-19 Pandemic**

Business Size	Percentage Implementing (%)							
	Layoff Full Time	Reduce Hours	Temporarily Close	Hiring Freeze	Cut Exec. Pay	Suspend Payments	Layoff Part Time	Dismiss Contractors
Sole Proprietorship	25	39	58	19	25	19	10	22
2 to 9 Employees	26	35	47	41	25	26	23	25
10 to 24 Employees	45	40	50	44	44	41	34	34
25 to 49 Employees	52	45	51	52	34	44	48	41
50 to 100 Employees	52	44	48	58	44	39	43	36
101 to 500 Employees	48	42	36	62	38	35	36	36
More than 500 Employees	47	38	32	60	32	10	35	29

## Rental Issues by Business Size

Table 23 provides information on the distribution of businesses that rent versus own the property where their business is located based on business size. The relationship between business size and the proportion of businesses that rent is curvilinear, lowest at the two size extremes, Sole Proprietorship (54%) and More than 100 Employees (52%), and highest in the approximate middle of the distribution: 10 to 24 Employees (78%).

Among those businesses that rent, Table 24 indicates the percentage of businesses by size that paid 100%, 50 to 95%, 5 to 45%, and 0% of their June rent. Other than businesses with between 25 and 49 employees (56%) being notably less likely to have paid 100% of their June rent and businesses with more than 500 employees (100%) being somewhat more likely to have paid 100%, the differences are relatively modest except for also the obvious 0% of the latter businesses having failed to make any June rent payment.



**Table 23:** Proportion of Businesses that Rent vs. Own

<b>Business Size</b>	<b>Rent vs. Own (%)</b>	
	<b>Rent</b>	<b>Own</b>
Sole Proprietorship	54	46
2 to 9 Employees	65	35
10 to 24 Employees	78	22
25 to 49 Employees	70	30
50 to 100 Employees	73	28
101 to 500 Employees	60	40
More than 500 Employees	52	48

**Table 24:** Proportion of June Rent Paid by Business Ownership Type

<b>Business Size</b>	<b>Percentage of June Rent Paid (%)</b>			
	<b>100%+</b>	<b>50-95%</b>	<b>5-45%</b>	<b>0%</b>
Sole Proprietorship	75	6	0	19
2 to 9 Employees	74	9	6	11
10 to 24 Employees	63	7	11	19
25 to 49 Employees	56	11	9	24
50 to 100 Employees	74	15	2	9
101 to 500 Employees	76	5	0	19
More than 500 Employees***	100	0	0	0

Notes: \*\*\* Under 10 cases.

## **Paycheck Protection Program Applications and Approvals By Business Size**

Tables 25 and 26 provide information by business size on PPP loan applications and PPP loan approvals. The key takeaways from these tables are summarized in Figure 13. Once again there is a curvi-linear relationship, this time with PPP loan applications, with the smallest proportion of businesses applying found at the extremes of Sole Proprietorship (34%) and More than 500 Employees (8%). A similar, albeit less pronounced curvi-linear relationship exists for the PPP

approval rates of the different sized businesses, with the lowest rate among Sole Proprietorships (75%) and businesses with More than 500 Employees (80%). There is an important caveat to this latter finding in that only five businesses with more than 500 Employees applied for a PPP loan, which is understandable since the program was limited to businesses with fewer than 500 employees (though there were some loopholes in the program).

**Table 25:** Paycheck Protection Program Applications by Business Size

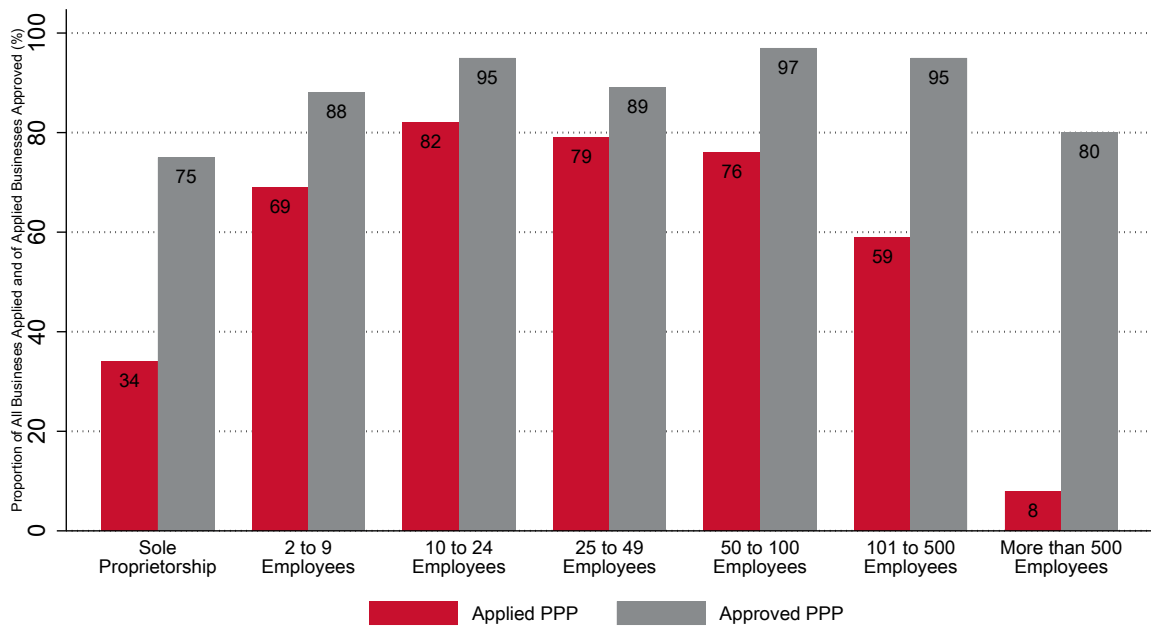
Business Size	PPP Application (%)				
	Applied PPP	Intend to Apply	Didn't Apply	Not Eligible	DK/ Unsure
Sole Proprietorship	34	7	38	15	6
2 to 9 Employees	69	2	16	10	4
10 to 24 Employees	82	3	9	4	2
25 to 49 Employees	79	2	7	10	2
50 to 100 Employees	76	1	14	5	4
101 to 500 Employees	59	1	15	7	18
More than 500 Employees	8	0	33	39	20

**Table 26:** Paycheck Protection Program Application Outcome by Business Size

Business Size	PPP Status (%)				
	Approved/ Received	Approved/ Waiting	Waiting on Approval	Rejected	Looking for Bank
Sole Proprietorship	69	6	12	10	3
2 to 9 Employees	85	3	3	6	3
10 to 24 Employees	92	3	3	1	1
25 to 49 Employees	89	0	7	4	0
50 to 100 Employees	96	0	2	2	0
101 to 500 Employees	92	3	3	3	0
More than 500 Employees***	80	0	20	0	0

Notes: \*\*\* Under 10 cases.

**Figure 13: Business Application for and Approval of a PPP Loan**



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## Business Age: An Abridged Analysis

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Table 27 provides information on how long the respondent believes their business can endure within the current context subdivided into six categories based on how long the business has been in operation: Less than 1 year, 1 to 5 years, 6 to 10 years, 11 to 15 years, 16 to 20 years, and More than 20 years.

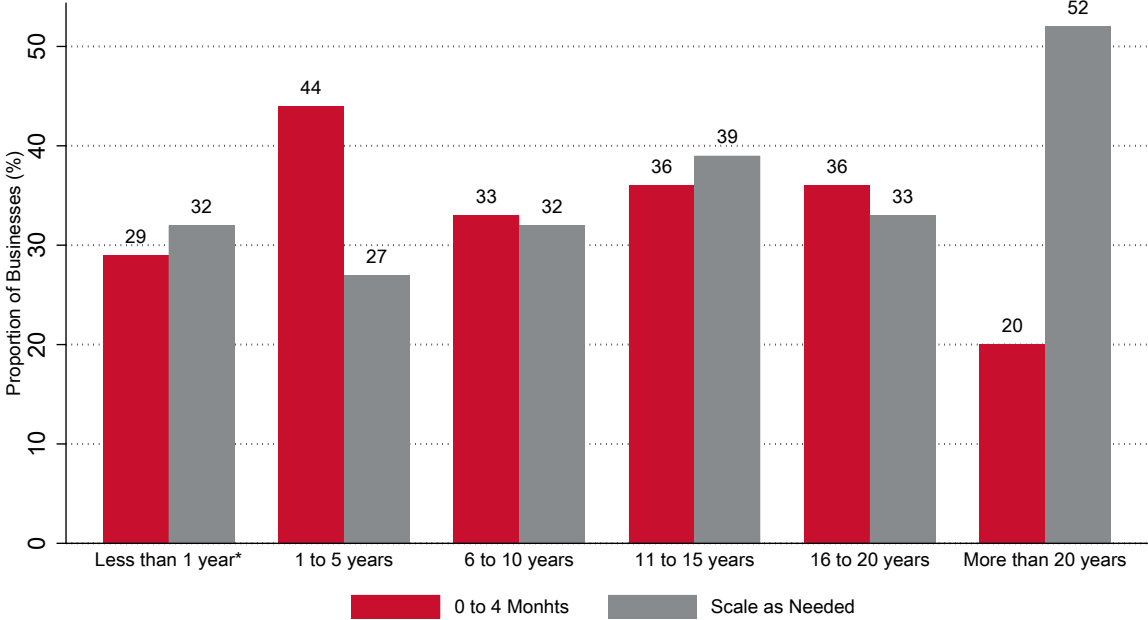
**Table 27:** How Long Can Your Business Endure Within the Current Context?

Years in Business	Time Length (%)				Scale as Needed	Can't Estimate
	End of Month	1 to 2 Months	3 to 4 Months	5 to 10 Months		
Less than 1 year*	12	9	9	9	32	29
1 to 5 years	4	17	23	16	27	14
6 to 10 years	4	13	17	20	32	16
11 to 15 years	2	16	18	13	39	12
16 to 20 years	2	22	12	20	33	12
More than 20 years	1	6	13	15	52	13

Notes:\* Less than 50 cases.

Figure 14 summarizes this information as was done previously by focusing on the proportion of businesses in the category that can only endure under current conditions for 4 months or less and those businesses that can scale as needed. The figure provides two noteworthy findings. First, the most vulnerable businesses are those that have been in operation for between 1 and 5 years, with 44% of the opinion that they cannot endure for more than 4 months, and in fact 21% of the opinion that they won't be able to make it until Labor Day. Second, the businesses that have been in operation for more than 20 years are notably more likely to be able to scale their business as needed to match business conditions, with 52% holding this opinion.

**Figure 14:** Business Age & How Long Can the Business Endure Under Current Conditions



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## The Most Threatened Industries in Austin

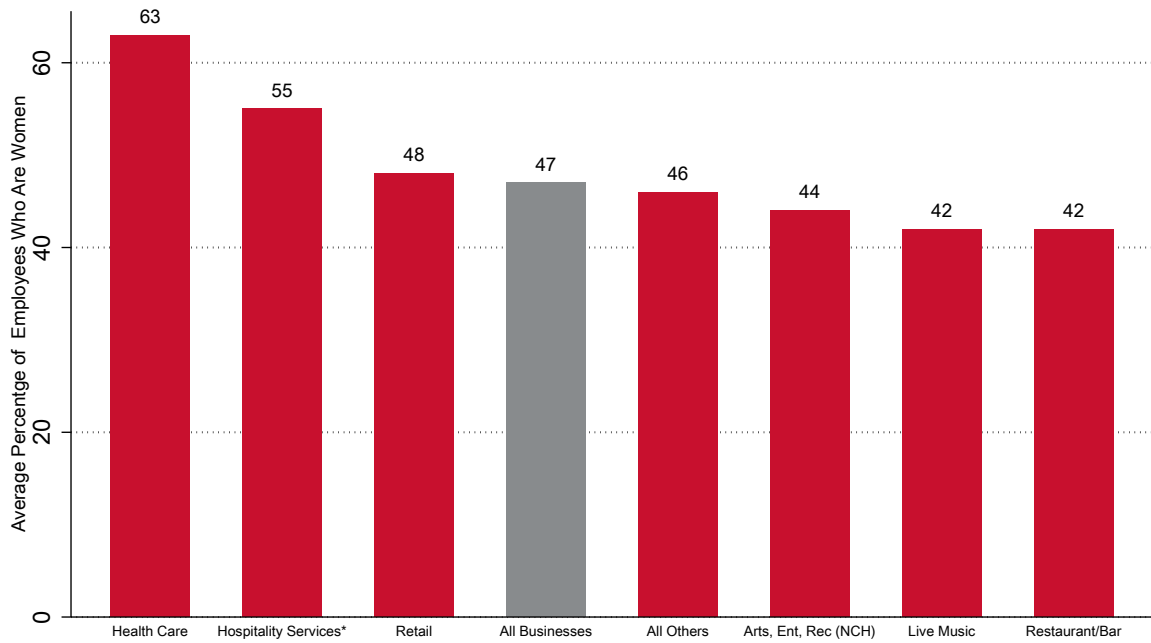
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Figure 2 highlighted six industries with more than 25 businesses in the survey population within which more than a third of the businesses were of the opinion that under the current conditions their business would not be able to last more than 4 months. These industries are Live Music (62%); Restaurant/Bar (55%); Hospitality Services (43%); Retail (41%); Arts, Entertainment and Recreation (36%), and Health Care (34%); along with a seventh group, the amorphous All Others (38%) category. Below we provide detailed information on these industries across a variety of important dimensions. Also included is the comparable information for the entire survey population (titled All Businesses in the figures and tables).

### Workforce Demographics

Figure 15 provides the average proportion of the workforce in the businesses of these industries accounted for by women. Women are 47% of the workforce of the average business in this survey, a proportion that is notably below that found in the Health Care industry (63%), but statistically indistinct from that found in all of the other industries.

**Figure 15: Women Employees in the Most Threatened Businesses**



**Figure 16: LGBTQ Employees in the Most Threatened Businesses**

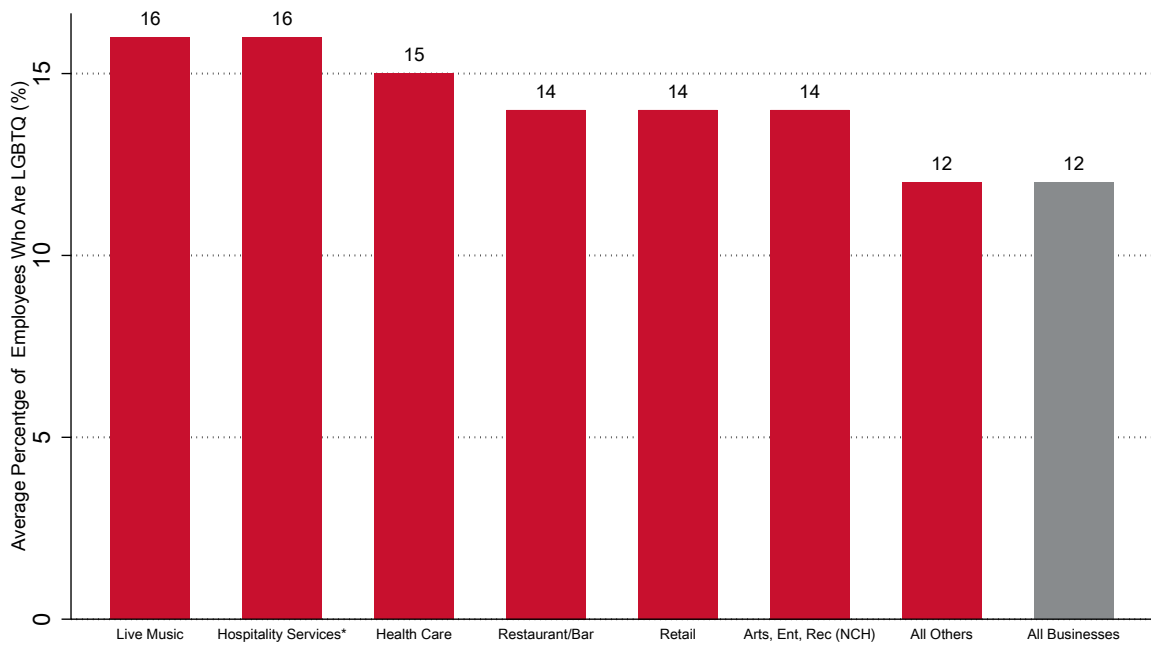


Figure 16 provides the average proportion of the workforce in the businesses of these industries accounted for by members of the LGBTQ community. Once again, the differences are relatively modest, with the average of all businesses (12%) not notably different from that of the industry with the highest proportion of LGBTQ members, Live Music (16%).

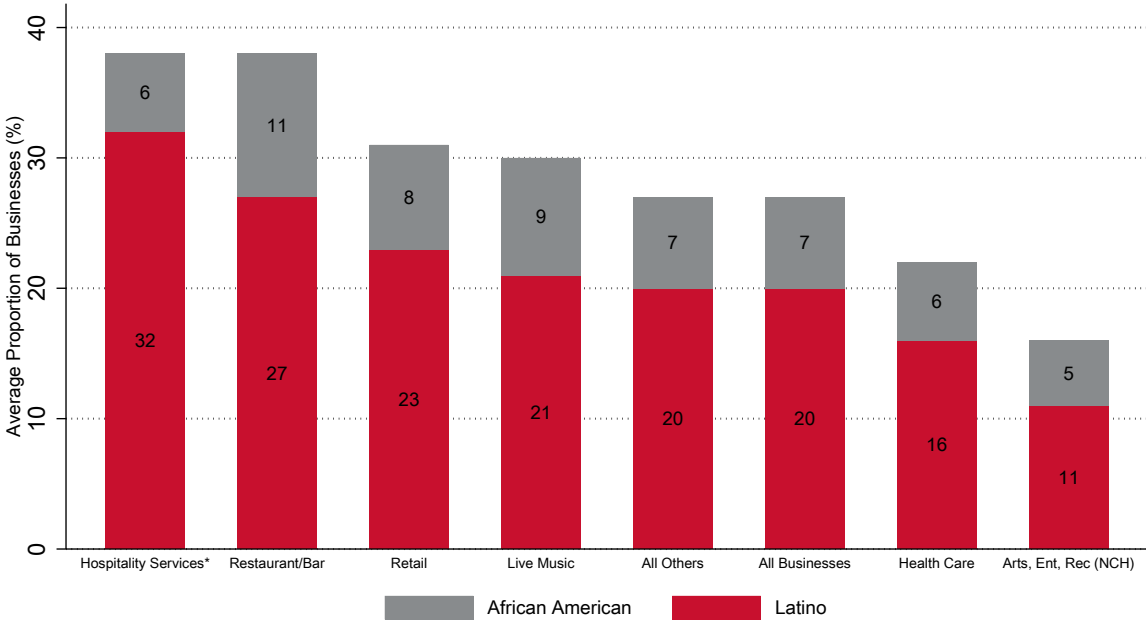
**Table 28:** Average Percentage of Employees by Ethnic/Racial Group in Threatened Industries

<b>Threatened Industry</b>	<b>Anglo (%)</b>	<b>Latino (%)</b>	<b>African (%) American</b>	<b>Asian (%) American</b>	<b>Other(%)</b>
Hospitality Services*	54	32	6	6	2
Restaurant/Bar	55	27	11	4	3
Retail	61	23	8	1	7
Live Music	63	21	9	4	3
All Others	64	20	7	4	5
<b>All Businesses</b>	<b>66</b>	<b>20</b>	<b>7</b>	<b>4</b>	<b>3</b>
Health Care	69	16	6	8	1
Arts, Ent, Rec (NCH)	79	11	5	2	3

Table 28 provides the average percentage of each threatened industry’s workforce comprised of workers from the five ethnic/racial groups detailed in Table 2. Figure 17 summarizes this information by providing the separate and combined percentage of the average business workforce consisting of African Americans and Latinos. The two industries with businesses that on average have the highest percentages of Latino and African American workers are Hospitality Services (32% + 6% = 38%) and Restaurant/Bar (27% + 11% = 38%). The two industries that have the lowest percentages of Latino and African American workers are Arts, Entertainment and Recreation (11% + 5% = 16%) and Health Care (16% + 6% = 22%).



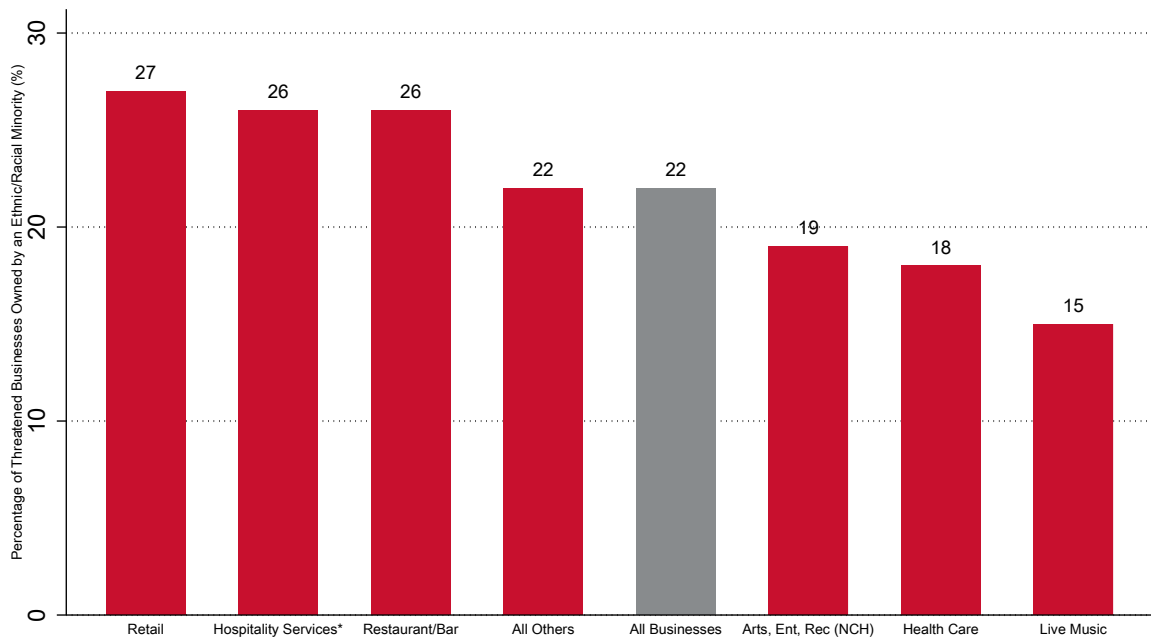
**Figure 17: Average Percentage of African American & Latino Employees in Threatened Industries**



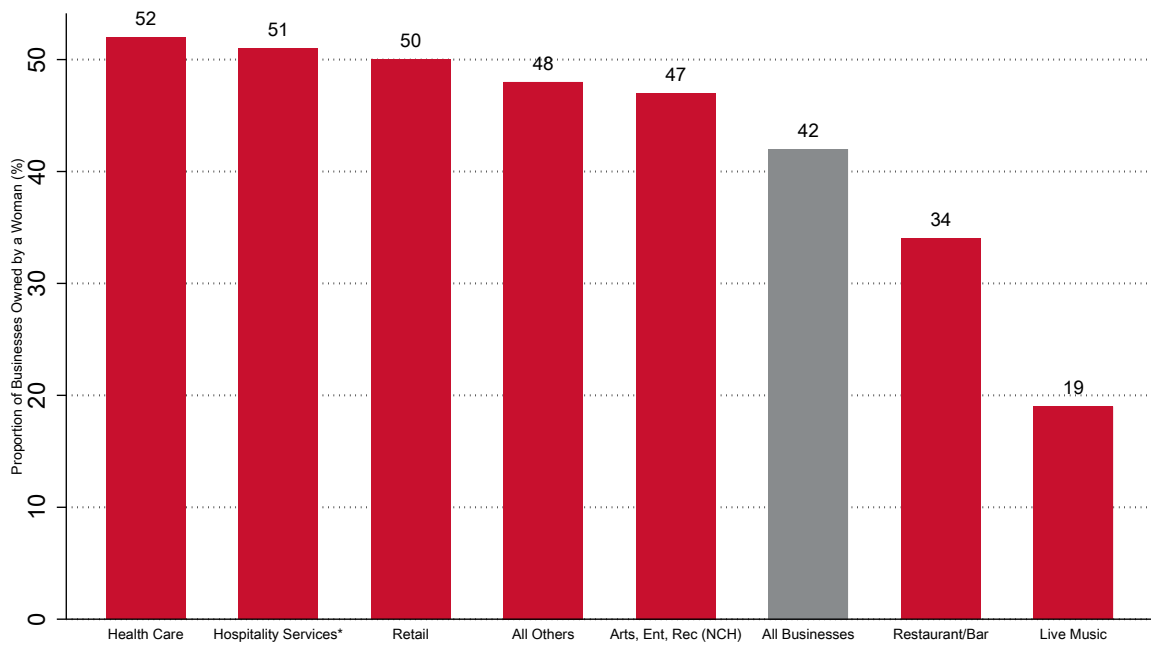
## Ownership Demographics

Figures 18 and 19 provide the proportion of the businesses in these threatened industries that are Minority Owned and Woman Owned respectively. The proportion of minority business ownership of these industries ranges from a high of 27% for businesses in the Retail industry and 26% in the Hospitality Services industry and 26% in the Restaurant/Bar industry to lows of 15% in the Live Music industry and 18% in the Health Care industry. The proportion of woman business ownership in these industries ranges from highs of 52% in the Health Care industry and 51% in the Hospitality Services industry to lows of 19% in the Live Music industry and 34% in the Restaurant/Bar industry.

**Figure 18: Minority Ownership of Threatened Businesses**



**Figure 19: Woman Ownership of Threatened Businesses**



## Business Size

Table 29 provides information on the distribution of businesses in these threatened industries across four aggregated size groups (number of employees). These are Sole Proprietorship, 2 to 24 Employees, 25 to 100 Employees, and More than 100 Employees. One notable finding that can be drawn from the data in this table is that there is a notably smaller proportion of businesses in the Hospitality Services (3%), Live Music (4%), and Restaurant/Bar (6%) industries that are Sole Proprietorships and a notably larger proportion of businesses in the Arts, Entertainment, and Recreation industry (41%) that are Sole Proprietorships. By the same token, businesses with 25 or more employees are much less common in the Arts, Entertainment, and Recreation (12%) industry than in the other threatened industries.

**Table 29:** Threatened Industries: Business Size

Threatened Industry	Business Size			
	Sole Proprietorship	2 to 24 Employees	25 to 100 Employees	More Than 100 Employees
Health Care	30	40	12	18
Hospitality Services*	3	49	29	20
Retail	10	66	16	9
All Others	18	56	15	11
Arts, Ent, Rec (NCH)	41	47	7	5
All Businesses	19	51	17	13
Restaurant/Bar	6	48	31	15
Live Music	4	47	36	13

**Table 30: Threatened Industries: Business Age**

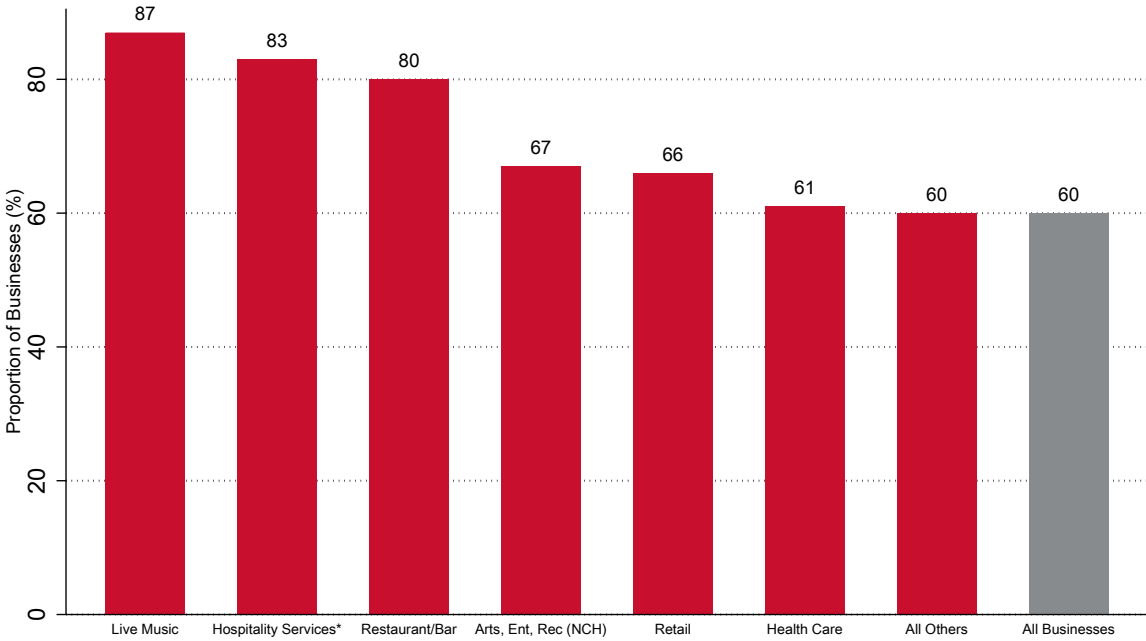
Threatened Industry	Years in Business					
	Less than 1	1 to 5	6 to 10	11 to 15	16 to 20	More than 20
Health Care	3	30	19	11	12	25
Hospitality Services*	3	26	29	14	11	17
Retail	6	21	16	11	3	43
All Others	3	29	20	7	8	33
Arts, Ent, Rec (NCH)	4	24	23	13	10	27
All Businesses	3	22	19	12	9	35
Restaurant/Bar	7	22	32	9	7	23
Live Music	2	21	21	19	13	24

Table 30 displays information on the proportion of businesses in these threatened industries that have been in operation for six distinct time periods. Overall the data do not reveal much in the way of noteworthy differences either among the threatened industries or compared to the larger population of All Businesses.

## Principal Concerns for Employment and Revenue

Figures 20 through 25 highlight extent to which six factors represent a concern for a business's employment and revenue within the current economic environment. In each figure the proportion of businesses in each of the threatened industries that cited the factor is of a great deal of concern or a good deal of concern is noted, as is the proportion for All Businesses in the survey (in gray).

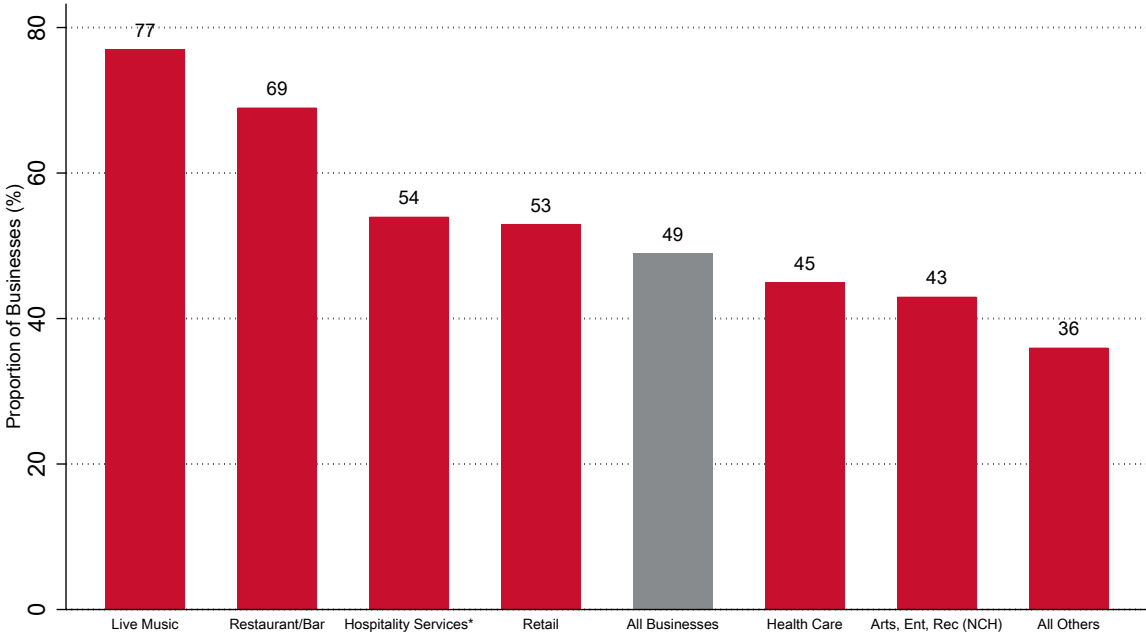
**Figure 20:** Businesses With a Great or Good Deal of Concern About the Lack of Customer Demand in the Current Environment



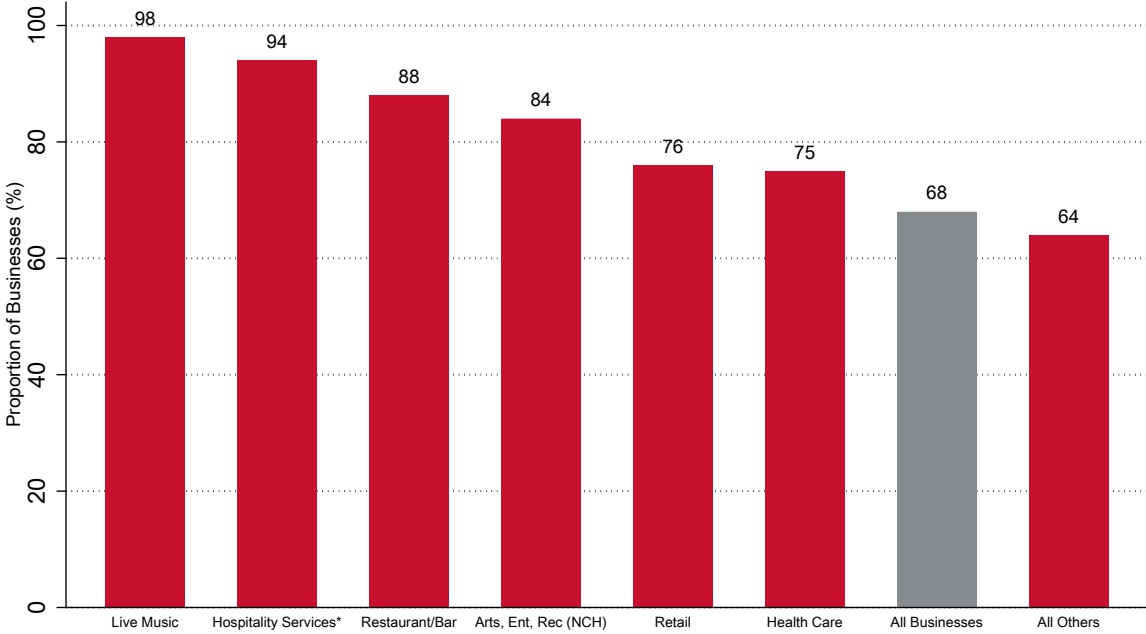
While 60% of All Businesses are concerned with the Lack of Customer Demand within the current business environment, this demand represents a significantly higher concern for businesses in three threatened industries: Live Music (87%), Hospitality Services (83%), and Restaurant/Bar (80%) (see Figure 20).

While 49% of All Businesses are concerned about the Cost of Operations within the current business environment, this cost represents a significantly higher concern for businesses in two threatened industries: Live Music (77%) and Restaurant/Bar (69%) (see Figure 21).

**Figure 21:** Businesses with a Great or Good Deal of Concern About the Cost of Operations within the Current Environment



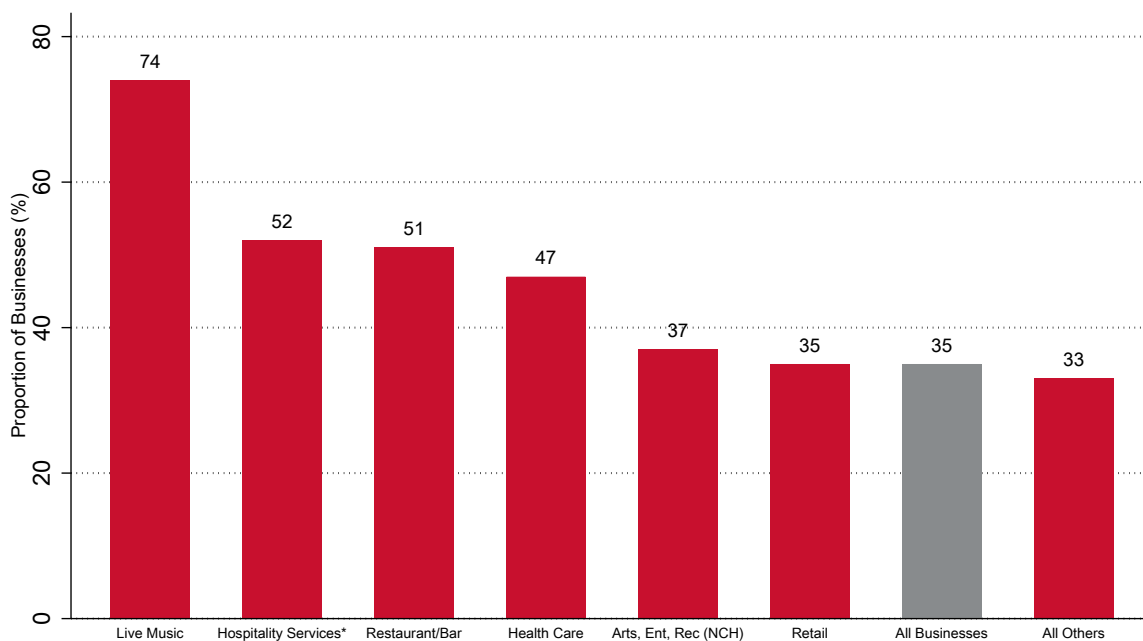
**Figure 22:** Businesses with a Great or Good Deal of Concern About Generating Cash Flow within the Current Environment



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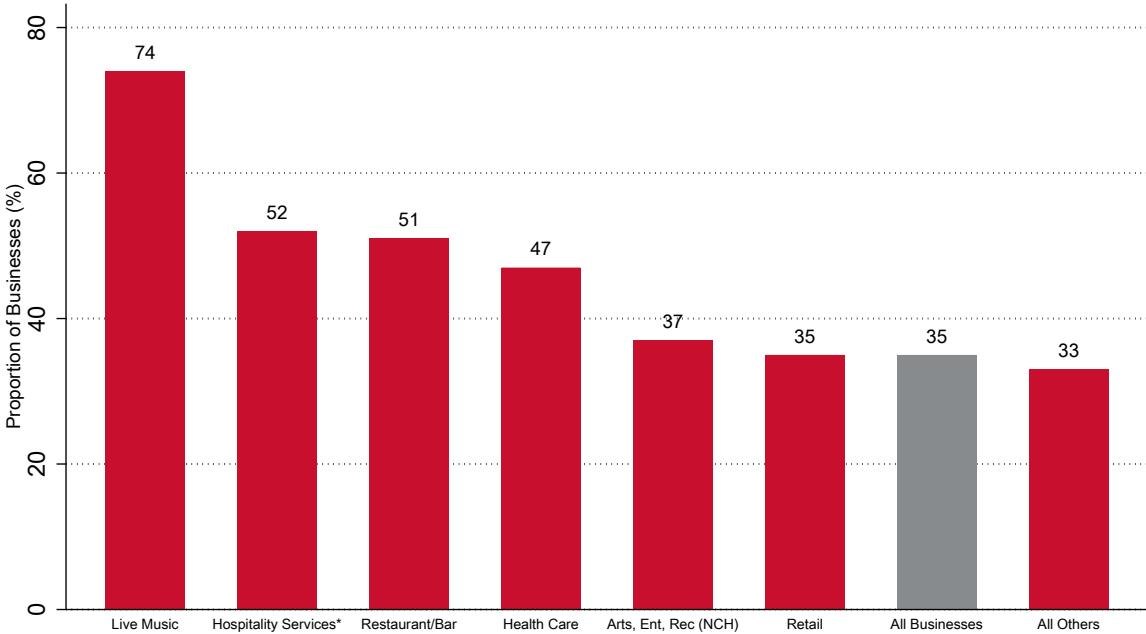
While 68% of All Businesses are concerned about Generating Cash Flow within the current business environment, cash flow represents a significantly higher concern for businesses in three threatened industries: Live Music (98%); Hospitality Services (94%), and Restaurant/Bar (88%) (see Figure 22).

**Figure 23:** Businesses with a Great or a Good Deal of Concern About Obtaining Access to Finance in the Current Environment



While 35% of All Businesses are concerned about obtaining Access to Finance in the current business environment, access to finance represents a significantly higher concern for businesses in three threatened industries: Live Music (74%), Hospitality Services (52%), and Restaurant/Bar (51%) (see Figure 23).

**Figure 24:** Businesses with a Great Deal or Good Deal of Concern About Their Debt Burden within the Current Environment

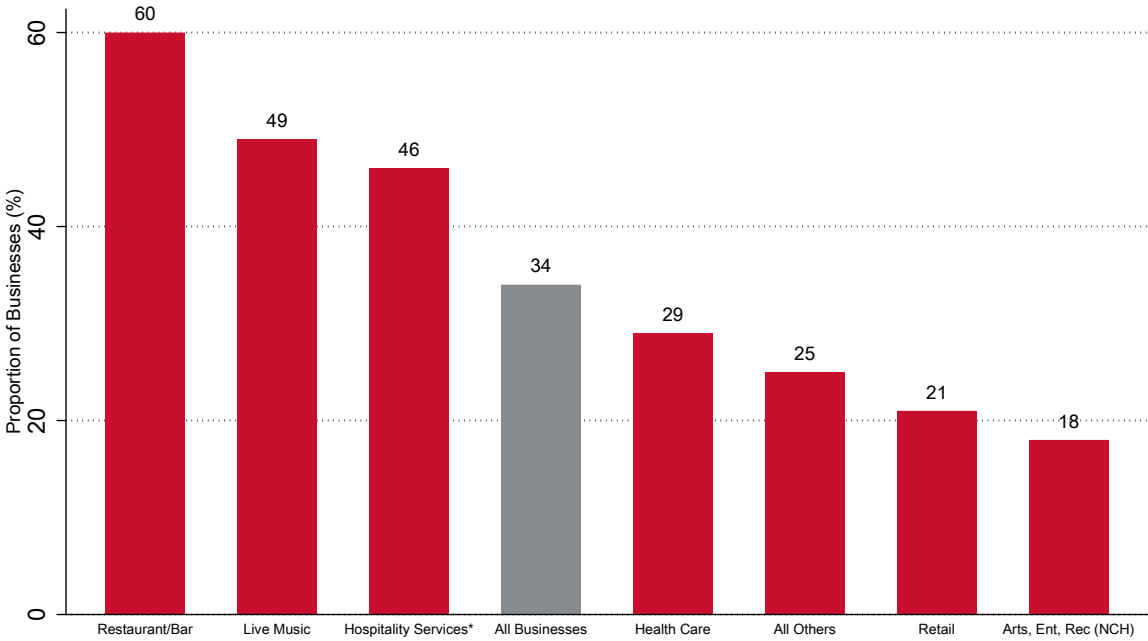


While 30% of All Businesses are concerned about their Debt Burden in the current business environment, debt burden represents a significantly higher concern for businesses in two threatened industries: Live Music (87%) and Restaurant/Bar (71%) (see Figure 24).

While 34% of All Businesses are concerned about Workforce Availability within the current business environment, workforce availability represents a significantly higher concern for one threatened industry: Restaurant/Bar (60%) (see Figure 25). It should be noted that this concern for the Restaurant/Bar industry is possibly conditioned by the \$600 federal supplement to state unemployment insurance that will expire at the end of July under the current legislation.



**Figure 25:** Businesses with a Great Deal or a Good Deal of Concern about Workforce Availability within the Current Environment



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## Conclusion

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The survey data signal quite clearly that the three industries in Austin that are in the most dire straits today as a consequence of the COVID-19 Pandemic and its concomitant closures and restrictions on business operations are found in the Live Music, Restaurant/Bar, and Hospitality Services industries. Without either a dramatic decline in COVID-19 infections and a broad opening up of the Austin area economy or the provision of additional federal, state, and/or local financial assistance, it is quite possible that more than half of Austin's Live Music businesses and Restaurants and Bars will be forced to close permanently by Halloween. As one respondent noted in the open ended comment section of the survey: "I think there's a real risk of losing 90% of the independent music venues in Austin within the next few months." They were just one voice among hundreds, but their prophecy could well come true if economic conditions do not improve or additional aid is not forthcoming.