Survey: Small Business Owners Fear Debt Ceiling Debate Impact

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About Small Business for America’s Future

- Small Business for America’s Future is a national coalition of business owners and leaders working to provide small businesses a voice at every level of government.

- We’re committed to ensuring policymakers prioritize Main Street by advancing a just and equitable economic framework that works for small business owners, their employees and their communities.
Key Findings
Small Business Owners Fear Debt Ceiling Debate Impact

A national survey of 1,073 small business owners in Small Business for America's Future fielded between May 5-8, 2023 reveals that respondents have deep concerns over the potential fallout from the ongoing debt ceiling debate, with 61% fearing a major negative impact on their businesses if the U.S. defaults.

- The majority of respondents believe that a failure to raise the debt ceiling could lead to a recession, stalling the progress made in recovering from the pandemic. Small business owners want decisive Congressional action to avoid default.
- Small businesses are closely watching the debt ceiling debate, acutely aware of the potential ramifications on their livelihoods.

Read on for specific findings of the survey.
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Debt Ceiling Default: A Major Threat to Small Businesses

- A significant 76% of respondents believe a debt ceiling default would have a negative impact (61% say a major negative impact) on their businesses.
  - Specifically, 59% of small business owners said a default could result in higher interest rates, difficulty obtaining credit and the loss of customers.
  - 19% predict a moderate negative impact such as increased uncertainty, temporary financial challenges
  - Just 16% foresee minimal or no impact.

Risk of Recession: A Significant Concern Among Small Businesses

- 66% of small business owners believe that a failure to raise the debt ceiling and prevent a default could lead to a recession.
- Just 18% do not think this would cause a recession.
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Economic Recovery at Risk: Small Businesses Worry About Progress Stalling

- 67% of respondents are concerned that a failure to raise the debt ceiling could stall the progress made in recovering from the pandemic.

Congressional Actions: Small Businesses Seek Decisive Measures

- 82% of respondents agree (68% strongly) that Congress should address spending during the federal budgeting process, allowing for targeted discussions without jeopardizing the economy.
- 62% of small business owners want Congress to either raise the debt ceiling by passing a clean bill or temporarily lift the debt ceiling while continuing negotiations to avoid defaulting on the nation's debt.
- Just 31% support using the debt ceiling as a negotiation tactic for budget cuts, even if it risks a national default and related economic consequences.
Q1: Are you a small business owner?

Yes
Q2: Not including yourself, how many employees do you have?

- Self only: 24%
- 1-4: 35%
- 5-10: 18%
- 11-20: 10%
- 21-30: 4%
- 31-50: 4%
- 51-100: 3%
- 101-200: 0%
- 201-500: 0%
- 501 or more: 0%
Q3: Treasury Secretary Janet Yellen has warned of severe consequences for financial markets and the global economy if Congress fails to raise the debt limit. As a small business owner, what do you think the impact of a default by the United States would be on small businesses?
Q4: Considering the Treasury Secretary’s recent warning that the U.S. could run out of money to pay its bills by June 1 if Congress does not raise or suspend the debt limit, do you believe Congress should:

- Raise the debt ceiling by passing a clean bill to avoid defaulting on the nation's debt: 45%
- Use the debt ceiling as a negotiating tactic to secure budget cuts before raising the limit even if it risks national default and related economic consequences: 31%
- Temporarily lift the debt ceiling and continue negotiating for budget cuts: 17%
- Unsure/No opinion: 7%
Q5: Indicate how much you agree or disagree with the following statement: The proper time for Congress to address spending is during the federal budgeting process, allowing for targeted discussions on spending priorities without jeopardizing the economy.
Q6: Do you believe that a failure to raise the debt ceiling and prevent a default could lead to a recession?
Q7: Considering the economy, how concerned are you that a failure to raise the debt ceiling could stall the progress that has been made to recover from the pandemic?
Q8: What impact would a national default have on small businesses if Congress fails to raise the debt ceiling?

- Significant negative impact (e.g., higher interest rates, difficulty obtaining credit, loss of customers): 59%
- Moderate negative impact (e.g., increased uncertainty, temporary financial challenges): 19%
- Minimal or no impact (e.g., business can easily adapt to the situation): 12%
- Unsure/No opinion: 6%
- Positive impact (e.g., increased demand for products/services, improved financial outlook): 4%
Demographic Data
Q9: What is your age?
Q10: How do you identify yourself?

- Asian American/Pacific Islander (including Japanese American, Korean American, Filipino American, Southwest Asian American, Vietnamese American, and Chinese American): 3%
- Black, African or African American: 28%
- Hispanic, Latino: 6%
- Native American or Alaska Native: 1%
- White or Caucasian: 45%
- Multiracial, Other: 3%
- Prefer not to answer: 14%
Q11: Which best represents how you typically vote in elections?

- Democrat: 29%
- Independent: 27%
- Republican: 22%
- Other: 4%
- Don't know/Prefer not to say: 19%
Q12: Do you more often vote for democrats or republicans?

- Democrats: 36%
- Republicans: 26%
- Neither: 38%
Q13: What is your gender identity?

- Female: 35%
- Male: 57%
- Transgender: 0%
- Non-binary/non-conforming: 0%
- Prefer not to say: 7%
Survey Methodology

Methodology:
Survey Monkey survey of Small Business for America's Future small business network
Fielded May 5-8, 2023

1,073 Total Responses