

Supplemental Survey Report

Business Report Extensive Fallout from Coronavirus

Supplemental questions in the April 2020 *Empire State Manufacturing Survey* and *Business Leaders Survey* focused on effects that the coronavirus pandemic has had on various aspects of business. Some of the questions are similar to those asked in the March supplemental survey. This latest survey was in the field from April 2 to April 10.

In response to the first question (see table below), the vast majority of businesses noted drops in average daily revenues since February—83 percent of service firms and 69 percent of manufacturers—and roughly half the firms in both surveys reported declines in staffing levels. Businesses were also asked about changes in the availability of materials/inputs (in other words, have they experienced supply chain disruptions): somewhat more than half of all panelists in both surveys indicated reduced availability.

When asked about their current operating situation, 40 percent of service firms reported that they were operating at or near normal levels, while 44 percent said they had implemented a partial temporary shutdown. Among manufacturers, the share at or near normal levels was a bit higher, at 46 percent, while another 42 percent noted a partial temporary

shutdown. Just under 15 percent of respondents in both surveys indicated that they have implemented, or are about to implement, a total temporary shutdown. Businesses were also asked which of these situations they expect to be in by the end of April, and the breakdown of responses was quite similar in the two surveys. Meanwhile, only a handful of all firms said they had implemented a *permanent* shutdown, whether partial or total, and very few said they expect to do so by the end of April.

Businesses were also asked how many employees (both on regular payroll and contract workers) they had at the beginning of March, how many they had at the time of the survey, and how many they expect to have by the end of April. The average reported decline in payroll staff, thus far, was just over 20 percent for service firms but somewhat lower among manufacturers, at 11 percent. Both groups said they do not expect staffing levels for payroll employees to change, on average, between now and the end of April. For contract workers, however, the reported and expected declines were noticeably steeper. Businesses also indicated that average weekly hours among continuing employees had declined by 12-15 percent but were

expected to edge up a bit by the end of April. On these questions, as on most others, businesses in the leisure and hospitality sector (such as restaurants, bars, hotels, and museums) reported the most widespread adverse effects by far.

Businesses were asked how concerned they were about their ability to deal with a variety of financial metrics over the next month. A slight majority of manufacturers and a sizable majority of service firms indicated that they were very concerned about maintaining adequate cash flow, and roughly half were very concerned about collecting payables from customers. Also fairly high on the list of concerns were the longer-term issues of maintaining solvency and incurring excessive debt. In open-ended comments, many businesses indicated that they could weather the pandemic and related shutdown for a month or two, but would be increasingly concerned if it took significantly longer for business to return to something close to normal.

Finally, when businesses were asked about measures they have taken thus far to cover shortfalls in revenue, the measure most widely cited (see table) was drawing down cash reserves, followed by making increased use of credit lines. ■

Supplemental Survey Report, *continued*

QUESTION 1

How would you characterize each of the following over the past few weeks relative to February (prior to the outbreak of coronavirus)?

	Business Leaders Survey					Empire State Manufacturing Survey				
	Percentage of Respondents					Percentage of Respondents				
	Much Lower	Somewhat Lower	No Change	Somewhat Higher	Much Higher	Much Lower	Somewhat Lower	No Change	Somewhat Higher	Much Higher
Average daily revenues	56	27	13	3	1	37	32	19	8	3
Number of employees	27	23	49	1	0	28	27	41	3	1
Availability of inputs	28	30	42	0	0	21	34	42	3	0

QUESTION 2

Please indicate which of the following best characterizes your current and expected (by the end of April) situation:

	Business Leaders Survey		Empire State Manufacturing Survey	
	Now	By the End of April	Now	By the End of April
	Percentage of Respondents		Percentage of Respondents	
Operating at or near normal levels	40	40	46	40
Partial temporary shutdown	44	45	42	42
Total temporary shutdown	14	13	9	13
Partial permanent shutdown	1	2	1	1
Total permanent shutdown	1	0	2	4

Supplemental Survey Report, *continued*

QUESTION 3

We would like to know about recent and proposed changes in your workforce. Please indicate past, present, and projected levels for each of the following:

	Business Leaders Survey				
	March 1	Now	End of April	March 1 to Now	March 1 to End of April
	Average Response			Average Percentage Change*	
Number of payroll staff	261	204	201	-21.2	-20.8
Average weekly hours of payroll staff	37.4	32.7	33.2	-15.5	-15.3
Number of contract/temp workers	53.8	34.6	31.8	-23.2	-34.9

	Empire State Manufacturing Survey				
	March 1	Now	End of April	March 1 to Now	March 1 to End of April
	Average Response			Average Percentage Change*	
Number of payroll staff	99	84	82	-11.0	-10.8
Average weekly hours of payroll staff	40.6	34.6	35.2	-14.5	-12.0
Number of contract/temp workers	3.1	1.7	1.6	-44.5	-44.4

*Average percentage change is each firm's reported change averaged (unweighted) across all respondents, not the percentage change in the average response.

QUESTION 4

What proportion of your workforce is currently working from home?

	Business Leaders Survey	Empire State Manufacturing Survey
	Percent	Percent
Currently telecommuting	60.5	26.5

Supplemental Survey Report, *continued*

QUESTION 5

How concerned are you about your ability to deal with each of the following over the next month?

	Business Leaders Survey			Empire State Manufacturing Survey		
	Very Concerned	Somewhat Concerned	Not At All Concerned	Very Concerned	Somewhat Concerned	Not At All Concerned
	Percentage of Respondents			Percentage of Respondents		
Maintaining adequate cash flow	57.5	29.9	12.7	51.0	30.9	18.1
Incurring excessive debt	33.3	39.3	27.4	31.1	37.8	31.1
Collecting payables from customers	48.0	38.0	14.0	51.7	39.6	8.7
Getting adequate credit from suppliers	16.8	36.8	46.4	15.4	36.2	48.3
Getting adequate credit from lenders	24.9	35.0	40.1	18.8	35.6	45.6
Making rent payments	21.9	33.3	44.7	16.1	23.5	60.4
Making loan payments	19.1	29.8	51.2	15.5	33.8	50.7
Maintaining solvency	26.0	35.6	38.4	22.3	35.8	41.9

QUESTION 6

Have you taken any measures listed below to cover shortfalls in revenues experienced as a result of the coronavirus outbreak? Please check all that apply.

	Business Leaders Survey	Empire State Manufacturing Survey
	Percentage of Respondents	Percentage of Respondents
Taken out a new loan	20	22
Obtained a temporary reprieve on loan payments	15	11
Obtained a temporary reprieve on rent payments	15	9
Made increased use of line of credit	33	33
Drawn down cash reserves	53	45
Dipped into savings/personal funds	28	15
Other (please specify)	23	18

QUESTION 7

How much longer do you expect the coronavirus effects to last?

	Business Leaders Survey	Empire State Manufacturing Survey
Average number of months	5.5	4.9
Median number of months	4.0	3.0