

NSBA 2018

POLITICS OF SMALL BUSINESS SURVEY



A REPORT PRODUCED BY

NSBA
National Small Business Association



As the 2018 midterm elections kick into high gear, America's small businesses continue to struggle with hiring challenges, painfully high health care costs and never-ending hoops to jump through just to run their business. Despite candidates of all stripes painting themselves as champions of America's small businesses, much remains to be seen when it comes to actually voting for policies that promote small-business growth. Every two years, prior to a national election, NSBA conducts a survey to show how small-business owners engage in our political process.

The 2018 Politics of Small Business Survey found that, while small-business owners continue to be extremely engaged—93 percent of small-business owners say they vote regularly in national contests, compared to a meager 58 percent voter turnout for the 2016 elections—their level of political involvement has dropped in nearly every category. From rates of voting to interacting with lawmakers to making financial contributions, small-business owners are less engaged than just two years ago.

Small-business owners' political positions are as diverse as the economy they fuel, and their ideologies played a significant role in their opinions of lawmakers and the administration. One area where nearly all agree, regardless of party affiliation: policymakers don't really understand small business.

A key finding from the survey: no party "owns" the small-business vote. While slightly more small-business owners identify as Republican than Democratic (38 percent to 28 percent), they are overwhelmingly independent, and the majority—77 percent—say they don't vote a straight party ticket.

Small-business owners, regardless of political affiliation, place a higher level of importance on economic and fiscal issues than they do on national security and social issues. When it comes to specific policies, small-business owners agree that controlling health care costs is paramount, and it is the number one policy about which they have contacted their elected officials.

Asked to rate the performance of their elected officials, small-business owners had somewhat higher marks for their own elected Senators and Representatives but expressed less-than stellar marks for the collective bodies. Forty-seven percent of small businesses said they do not believe the U.S. House of Representatives or Senate or represents them well.

Discontent among small-business owners with their elected officials and the overall U.S. political machine remains high. Eighty-three percent believe that politics have become more partisan in the last ten years, and fewer small-business owners report making a financial political contribution than just two years ago. Furthermore, two-thirds of small businesses support limiting corporate campaign contributions and nearly half (44 percent) support prohibiting all campaign contributions such as so-called "clean elections" would do.

The 2018 Politics of Small Business Survey underscores the real-world implications of the growing partisan rancor in Washington, D.C. and beyond: a less involved small-business community increasingly frustrated with their elected officials.

This survey was conducted online among 1,421 small-business owners in May and June 2018. Please contact our public affairs department for more at press@nsba.biz.

Sincerely,

A handwritten signature in black ink, appearing to read "Cynthia Kay".

Cynthia Kay
NSBA Chair
Cynthia Kay & Company

A handwritten signature in black ink, appearing to read "Todd McCracken".

Todd McCracken
NSBA President and CEO

How many total full-time employees are currently employed by your business?

0	9%
1 - 5	53%
6 - 19	21%
20 - 49	10%
50 - 99	4%
100 - 499	3%
500 or more	1%

How long have you been in business?

Less than 5 years	27%
6 to 10 years	20%
11 to 20 years	22%
More than 20 years	31%

In what region is your business located?

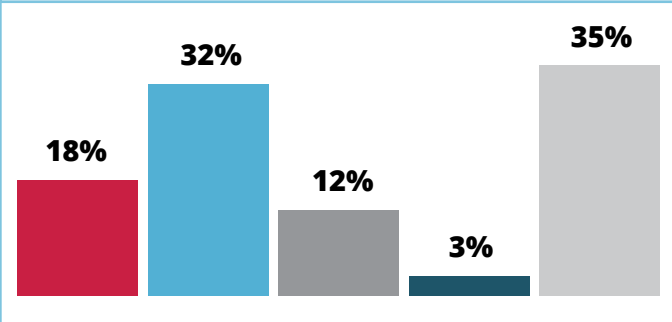
New England	5%
Mid-Atlantic	21%
Great Lakes	15%
Farm Belt	26%
South	26%
Mountain	12%
Pacific	16%

What were your gross sales or revenues for your most recent fiscal year?

Less than \$100,000	27%
\$100,000 to \$250,000	15%
\$250,001 to \$500,000	11%
\$500,001 to \$1 million	12%
\$1 million to \$5 million	21%
\$5 million to \$25 million	8%
\$25 million to \$75 million	2%
\$75 million to \$150 million	1%
More than \$150 million	0%
N/A	4%

Which of the following best describes the structure of your business?

■ CORPORATION
 ■ S-CORP
 ■ SOLE PROPRIETORSHIP
■ PARTNERSHIP
 ■ LLC



Which of the following best describes the industry or sector in which your business operates?

Professional	14%
Construction	12%
Scientific and Technical Services	12%
Other Services (except Public Administration)	11%
Manufacturing	10%
Information (IT)	6%
Health Care and Social Assistance	5%
Retail Trade	4%
Educational Services	3%
Wholesale Trade	3%
Transportation and Warehousing	3%
Agriculture, Forestry, Fishing and Hunting	3%
Arts, Entertainment, and Recreation	2%
Management of Companies and Enterprises	2%
Administrative and Support	2%
Real Estate, Rental and Leasing	2%
Finance	1%
Accommodation and Food Services	1%
Insurance	1%
Utilities	1%
Waste Management and Remediation Services	1%

POLITICAL INVOLVEMENT

Small-business owners have a remarkably high rate—96 percent—of being registered to vote and are politically active on myriad issues—not just small-business specific issues. Ninety-three percent of small-business owners say they vote regularly in national contests, compared to a meager 58 percent voter turnout for the 2016 elections. Thirty-one percent of small-business owners say their elected officials know who they are.

Interestingly, all involvement indicators dropped modestly from 2016, showing a slight dip in political activity likely driven by the ever-increasing partisan divide.

There was an even larger drop among small-business owners who reported political contributions to a candidate's campaign, from 65 percent in 2016 to 57 percent today; or a political party, from 42 percent in 2014 to 35 percent today. Yet further evidence on how the failure of lawmakers to legislate is stymieing political involvement.

How regularly would you say you vote in the following elections/ballot initiatives?

REGULARLY OCCASIONALLY NEVER

LOCAL AND CITY CONTESTS



STATE CONTESTS

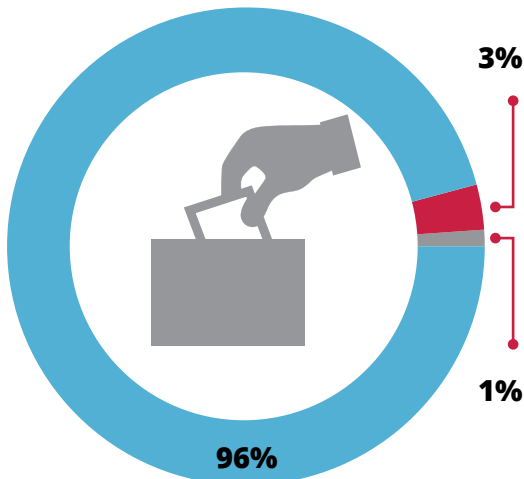


NATIONAL CONTESTS



Are you registered to vote?

YES NO NOT SURE



Does your elected official know who you are?



Yes	31%
No	43%
Not Sure	26%

“Although small businesses are extremely engaged, we are seeing drops in their levels of involvement.”

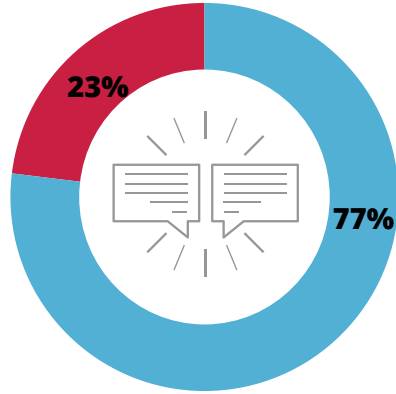
Have you ever contributed money to... (Check all that apply)

	2018	2016
A candidate's campaign	57%	65%
A political party	35%	42%
An issue-specific campaign	31%	30%
A political action committee	24%	23%
A 527 organization	4%	4%
Other	3%	5%
Never contributed any money	33%	23%

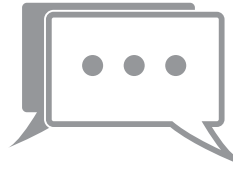
POLITICAL INVOLVEMENT

Have you ever personally contacted an elected official?

■ YES ■ NO

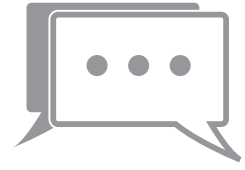


Which of the following elected officials have you contacted on an issue NOT having to do with your small business? (Check all that apply)



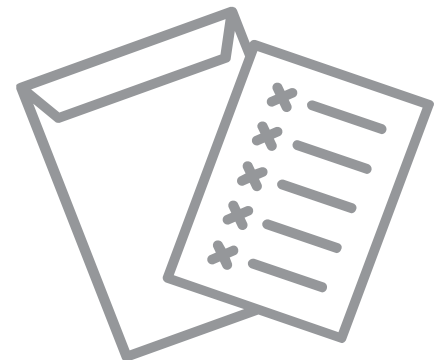
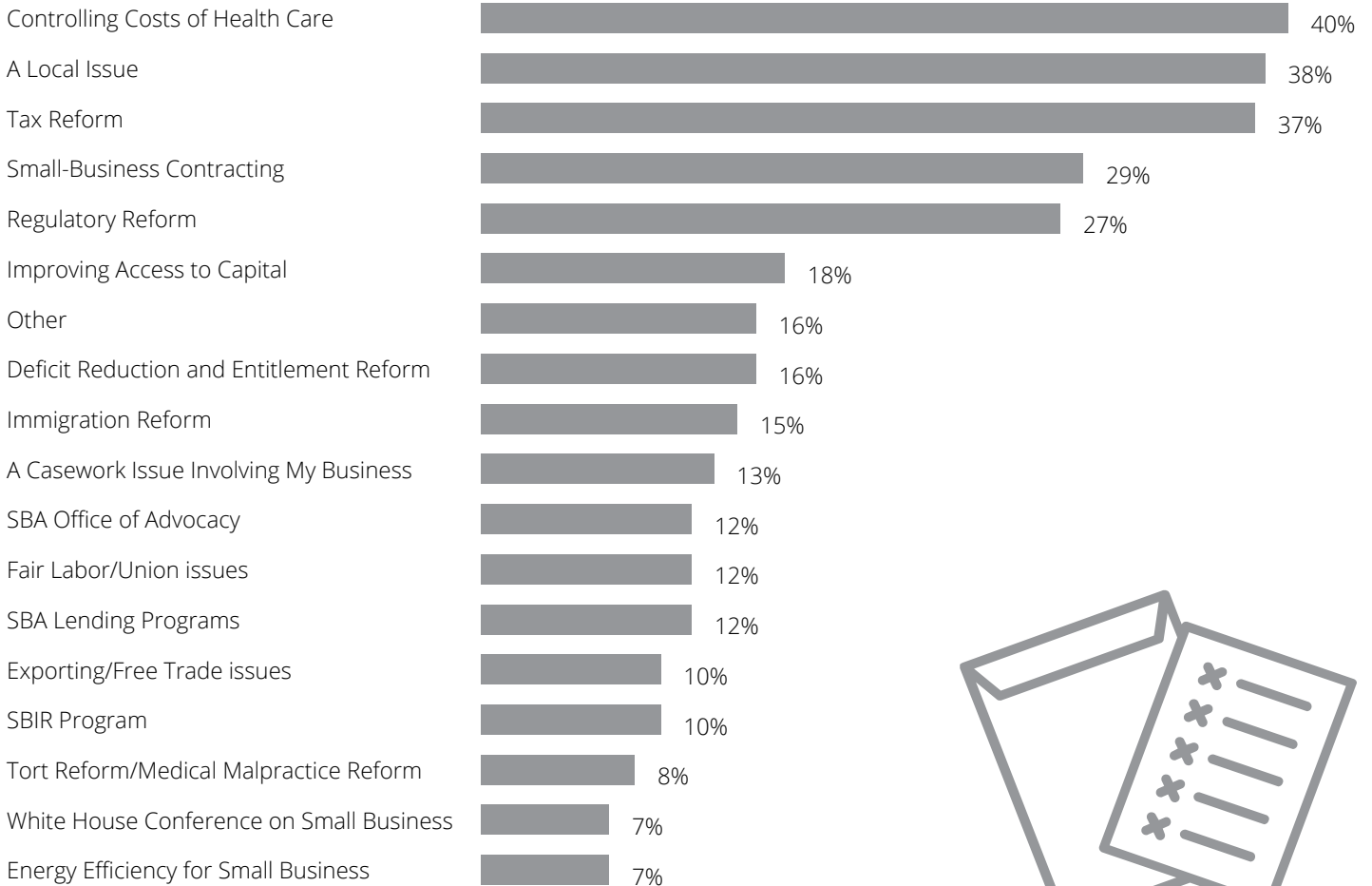
Local elected officials (i.e.: County Commissioners)	66%
State elected officials (State House and Senate)	74%
Nationally elected officials (U.S. Senate and House)	73%
Other	3%

Which of the following elected officials have you contacted on a small-business issue? (Check all that apply)



Local elected officials (i.e.: County Commissioners)	57%
State elected officials (State House and Senate)	69%
Nationally elected officials (U.S. Senate and House)	62%
Other	6%

If you have contacted your elected officials on a small-business issue, what were the issues? (Check all that apply)



PARTY AFFILIATION

The 2018 Politics of Small Business Survey found that, while slightly more small-business owners identify as Republican than Democratic (38 percent to 28 percent), they are overwhelmingly independent. The majority—77 percent—say they don't vote a straight party ticket.

When asked which party best represents them as an individual, more small-business owners responded with “neither party,” than with Republican or Democratic.

Broken down by party affiliation, 77 percent of Democrats believe their party best represents them as an individual vs. 73 percent of Republicans. There was a notable disparity when asking which party best represents their small business: 57 percent of Democrats said their party best represents their small business whereas 79 percent of Republicans said their party best represents their small business.

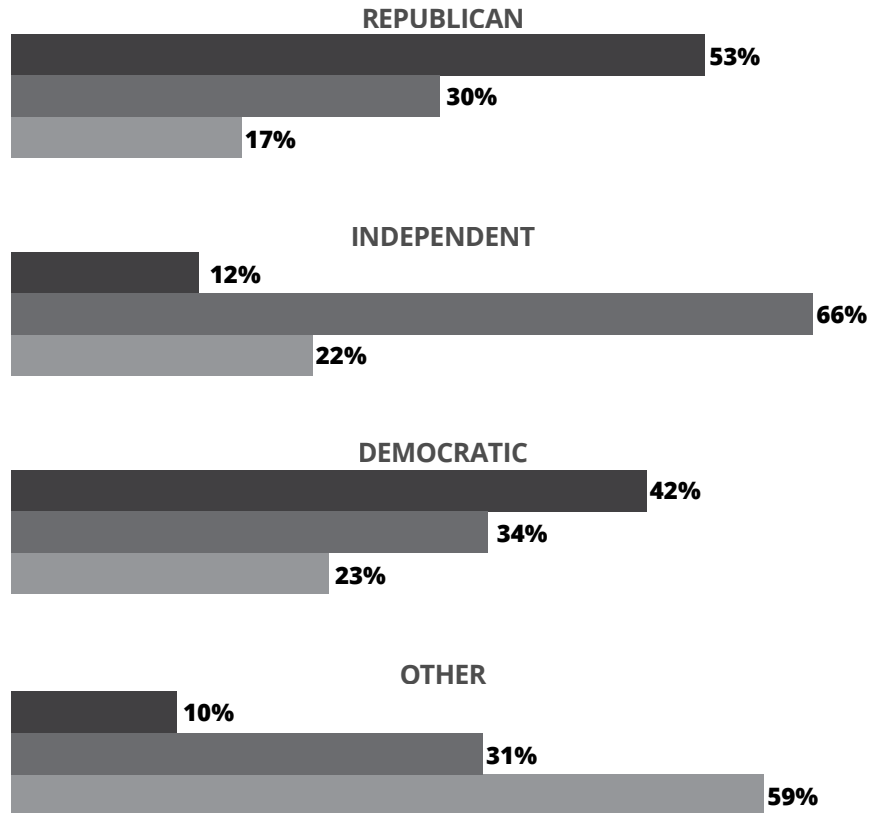
What is your political party affiliation?

(Please indicate which party you are most commonly aligned with—even if you're not registered with that party)

Democratic	28%
Republican	38%
Independent/unaffiliated	15%
Green Party	1%
Libertarian	2%
No party affiliations	15%
Other	2%

How regularly would you say you vote:

REGULARLY OCCASIONALLY NEVER



“No party “owns” the small-business vote - the overwhelming majority of small-business owners do not vote a straight party ticket.”

Do you vote a straight party ticket?



	2018	2016	2014
Yes	23%	22%	18%
No	77%	78%	83%

Which party do you feel best represents you as an individual?

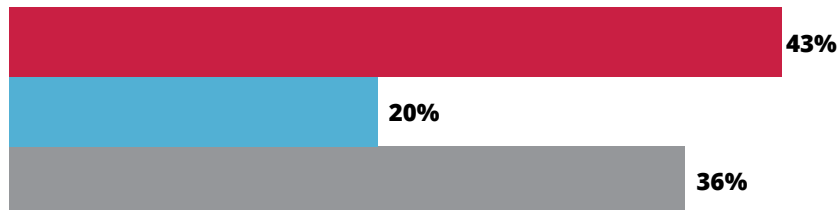
■ REPUBLICAN ■ DEMOCRATIC ■ NEITHER



“Ideology plays a significant role when it comes to which party people believe best represents them and their small business. Democrats feel better represented as individuals by their party while Republicans feel better represented as small-business owners by their party.”

Which party do you feel best represents your small business?

■ REPUBLICAN ■ DEMOCRATIC ■ NEITHER



THE ISSUES

Most small businesses owners, regardless of political affiliation, place a higher level of importance on economic and fiscal issues than they do on national security and social issues. On fiscal issues and the economy, 66 percent of small-business owners say they lean conservative while just 42 percent lean conservative on social issues and 56 percent lean conservative on foreign affairs.

When it comes to key issues, small-business owners agree that controlling health care costs is paramount, and it is the number one small-business issue about which they have contacted their elected officials.

When asked to rate how well specific elected officials or bodies support small-business issues, there are clear differences among Democrats and Republicans, with both sides giving higher marks to individuals and groups in their own party. Democrats gave their highest marks to Republican lawmakers on issues of tax reform and regulatory reform, and Republicans gave their highest marks to Democratic lawmakers on issues of energy efficiency and a White House Conference on Small Business.

Please check where your political affiliations lie in the following categories.

	Strong Conservative	Moderate Conservative	Independent	Moderate Liberal	Strong Liberal
Overall	24%	29%	21%	19%	8%
Social Issues	17%	25%	18%	22%	17%
Fiscal Issues/Economy	34%	32%	16%	14%	5%
Foreign Affairs/National Security	29%	27%	24%	15%	5%

Please check where your political affiliations lie in the following categories.

	TOTAL Liberal	Independent	TOTAL Conservative
Overall	26%	21%	53%
Social Issues	40%	18%	42%
Fiscal Issues/Economy	19%	16%	66%
Foreign Affairs/National Security	20%	24%	56%

Please rank 1 through 3, with 1 being the most important, how the following issue areas determine how you vote.



OVERALL

1. Economic and fiscal issues
2. Social Issues
3. Foreign affairs/national security



AMONG REPUBLICANS

1. Economic and fiscal issues
2. Foreign affairs/national security
3. Social Issues



AMONG DEMOCRATS

1. Economic and fiscal issues
2. Social Issues
3. Foreign affairs/national security

“Small-business owners overwhelmingly rank economic and fiscal issues as the top factor in determining how they vote.”

Based on party affiliation, please check which party you think is more supportive of small business on the following issues.

	OVERALL				AMONG DEMOCRATS				AMONG REPUBLICANS			
	Rep.	Dem.	Neither	Not Sure	Rep.	Dem.	Neither	Not Sure	Rep.	Dem.	Neither	Not Sure
Tax Reform	55%	16%	22%	6%	17%	45%	30%	9%	86%	1%	10%	2%
Controlling Costs of Health Care	36%	29%	30%	5%	5%	70%	19%	6%	66%	4%	28%	1%
Deficit Reduction and Entitlement Reform	30%	17%	46%	7%	9%	43%	39%	10%	55%	2%	39%	4%
Improving Access to Capital	31%	15%	33%	21%	10%	35%	34%	21%	53%	3%	27%	17%
SBIR Reauthorization	13%	13%	21%	53%	1%	31%	18%	50%	25%	3%	19%	54%
SBA Office of Advocacy	19%	19%	22%	41%	2%	43%	18%	36%	35%	5%	21%	39%
Regulatory Reform	49%	16%	23%	13%	17%	41%	27%	16%	78%	2%	12%	7%
Small-Business Contracting	24%	19%	29%	27%	4%	44%	25%	27%	46%	5%	26%	22%
SBA Lending Programs	18%	21%	24%	36%	3%	43%	19%	35%	35%	7%	23%	35%
Energy efficiency for small business	12%	36%	23%	29%	1%	66%	12%	21%	24%	16%	26%	34%
Tort reform/medical malpractice reform	28%	15%	33%	25%	9%	35%	27%	30%	46%	3%	33%	18%
Fair Labor/Union issues	27%	36%	22%	15%	5%	71%	14%	11%	50%	15%	22%	14%
Immigration Reform	36%	34%	23%	7%	4%	78%	11%	7%	65%	7%	22%	6%
Exporting/Free Trade issues	39%	23%	22%	16%	9%	56%	18%	17%	68%	4%	17%	11%
White House Conference on Small Business	26%	13%	23%	38%	6%	32%	22%	41%	48%	17%	17%	35%

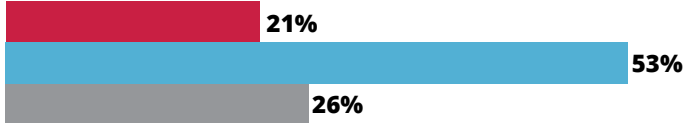
RATING POLICYMAKERS

When asked to rate the performance of their elected officials, both Republicans and Democrats had somewhat higher marks for their own elected Senators and Representatives but expressed less-than stellar marks for the collective bodies. Nationally elected officials have the lowest regard from small business: 47 percent of small businesses said they do not believe the U.S. Senate or House represents them well.

How well do you think your elected officials represent you?

■ WELL ■ MODERATELY ■ NOT WELL

LOCAL ELECTED OFFICIALS



STATE ELECTED OFFICIALS



NATIONALLY ELECTED OFFICIALS



Please rate 1 to 5, with 5 being the best and 1 being the worst how well the following elected officials are supporting small-business issues.

Rank	Overall	Republicans	Democrats
President Donald Trump	2.91	4.13	1.49
Federal Agencies	2.47	2.49	2.6
The U.S. Senate	2.28	2.61	1.99
The U.S. House of Representatives	2.39	2.93	1.86
Your U.S. Senators	2.61	2.61	2.83
Your U.S. Representative	2.71	2.87	2.7

“Unfortunately, the majority of small-business owners believe policymakers on both ends of Pennsylvania Ave. don’t really understand small business.”

How well would you say the following groups/people understand small-business issues?

	OVERALL				AMONG DEMOCRATS				AMONG REPUBLICANS			
	Very well	Somewhat well	Not well	Not at all	Very well	Somewhat well	Not well	Not at all	Very well	Somewhat well	Not well	Not at all
President Donald Trump	32%	17%	14%	36%	3%	7%	17%	73%	59%	24%	10%	7%
Appointed Administration Officials	6%	29%	36%	29%	4%	21%	39%	36%	9%	37%	33%	21%
Administration/Agency Staff	6%	34%	35%	25%	8%	39%	31%	23%	6%	35%	35%	24%
U.S. Senators	3%	28%	45%	23%	3%	30%	41%	26%	4%	34%	43%	19%
U.S. Representatives	4%	33%	41%	21%	3%	31%	41%	26%	5%	43%	36%	15%
Congressional Staff	4%	31%	40%	25%	7%	37%	33%	23%	2%	32%	41%	25%

POLITICAL DISCONTENT

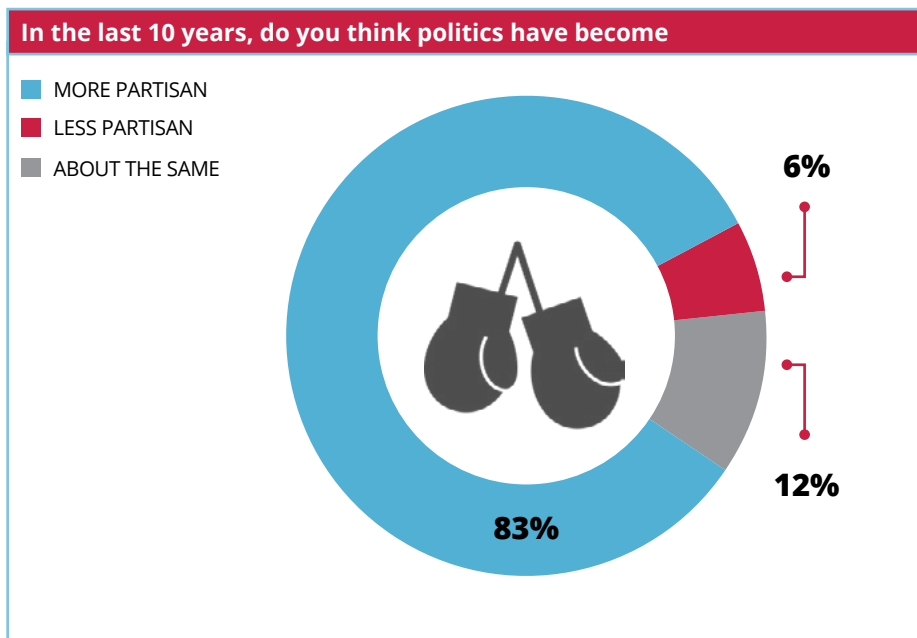
Discontent among small-business owners with their elected officials and the overall U.S. political machine remains high. A significant majority of small-business owners, 83 percent, believe that politics have become more partisan in the last 10 years.

Despite the majority of respondents—albeit a shrinking majority (down from 77 percent in 2014 to 67 percent today)—having made political contributions, the majority support limiting campaign contributions from corporations. Forty-seven percent support limiting campaign contributions from individuals, and nearly half (44 percent) support prohibiting all campaign contributions such as so-called “clean elections”.

Which of the following campaign reform strategies do you support? (check all that apply)

	2018	2016	2014
Prohibiting campaign contributions, i.e.: “clean elections”	44%	38%	38%
Limiting campaign contributions from individuals	47%	48%	47%
Limiting campaign contributions from corporations	63%	65%	60%
Liberalizing campaign contribution rules	7%	7%	8%
No reforms necessary	12%	12%	12%
Other	9%	10%	9%

“Two-thirds of small businesses support limiting corporate campaign contributions.”



The NSBA 2018 Politics of Small Business Survey was conducted on-line May 9 - June 11 among 1,421 small-business owners—both members and nonmembers of NSBA—representing every industry in every state in the nation.

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