



NSBA 2016 POLITICS OF SMALL BUSINESS SURVEY

A REPORT PRODUCED BY





As the 2016 elections continue their long slog toward November, America's small businesses continue to be embraced by candidates in stump speeches, despite a widespread absence on the part of many campaigns of a comprehensive small-business platform. And while small businesses are remarkably involved and engaged in the political process, their political positions and ideologies are as diverse as the economy they fuel. One area where nearly all small-business owners agree—regardless of party affiliation—is that policymakers don't really understand small business very well, and our system is increasingly not working for them. NSBA's small-business members have been telling us for some time that they simply want lawmakers to do their jobs—not merely exist in a constant campaign season.

This survey, the NSBA 2016 Politics of Small Business Survey follows up on our 2014 survey and was conducted online among 890 small-business owners in April 2016. What we found 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.

Among the key findings: 97 percent of small-business owners say they vote regularly in national contests, compared to a meager 58 percent voter turnout for the 2012 elections. Despite this high level of voting, there was a drop among small-business owners who reported contacting their elected officials. Today, more small-business owners today say they contributed money to a candidate's campaign.

While more small-business owners identify as Republicans than Democrats, they are overwhelmingly independent. The majority—78 percent—say they don't vote a straight party ticket. Furthermore, when asked which party best represents them as an individual, more small-business owners responded with "neither party," than with Republican or Democratic.

Most small businesses owners place a higher level of importance on economic and fiscal issues than they do on national security and social issues, and Republican and Democratic small-business owners agree that controlling health care costs and tax reform should be a priority for lawmakers.

Speaking to the larger issue of disillusionment with elected officials, when asked to rate which party was more supportive on a particular issue, "Neither party" was the highest rated response on more issues than not. Unfortunately, small-business owners widely agree that Members of Congress and their staff don't really understand small business.

Eighty-two percent of small-business owners believe that politics have become more partisan in the last 10 years, and 65 percent believe that the current political system does not serve their business well. There was a jump in the number of small-business owners who support limiting campaign contributions from corporations in the last two years and more than one-third of small-business owners support prohibiting all campaign contributions such as so-called "clean elections".

There are 70 million people in the U.S. who run or work for a small business—that's one in three of the U.S. voting population. While the outcome of this survey shows a relatively strained relationship between lawmakers and small business, it is not too late. Lawmakers have a long, and growing, to-do list which includes many measures that could positively impact small business. These actions are far more important than a hat-tip to small business during a stump-speech.

We hope you find the information in this survey useful. Please contact our media department at press@nsba.biz with any questions.

A handwritten signature in black ink that reads "Cookie Driscoll".

Cookie Driscoll
NSBA Chair

A handwritten signature in black ink that reads "Todd McCracken".

Todd McCracken
NSBA President and CEO

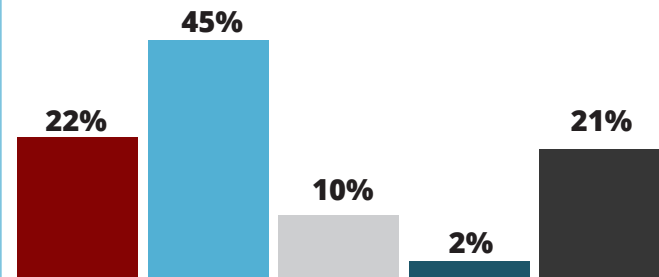
DEMOGRAPHICS

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

0	4%
1 - 5	43%
6 - 19	25%
20 - 49	16%
50 - 99	5%
100 - 499	6%
500 or more	0%

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

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



In what region is your business located?

New England	5%
Mid-Atlantic	22%
Great Lakes	18%
Farm Belt	6%
South	23%
Mountain	9%
Pacific	16%

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

Manufacturing	18%
Professional	14%
Construction	11%
Other Services (except Public Administration)	11%
Scientific and Technical Services	10%
Retail Trade	7%
Information (IT)	6%
Wholesale Trade	5%
Health Care and Social Assistance	4%
Transportation and Warehousing	2%
Educational Services	2%
Real Estate, Rental and Leasing	2%
Finance	2%
Insurance	2%
Accommodation and Food Services	1%
Arts, Entertainment, and Recreation	1%
Agriculture, Forestry, Fishing and Hunting	1%
Management of Companies and Enterprises	1%
Utilities	1%
Administrative and Support	1%
Waste Management and Remediation Services	1%

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

Less than \$100,000	16%
\$100,000 to \$250,000	9%
\$250,001 to \$500,000	12%
\$500,001 to \$1 million	13%
\$1 million to \$5 million	29%
\$5 million to \$25 million	15%
\$25 million to \$75 million	3%
\$75 million to \$150 million	1%
More than \$150 million	1%
N/A	2%

POLITICAL INVOLVEMENT

Small-business owners have a remarkably high rate—98 percent—of being registered to vote and are politically active on myriad issues—not just small-business specific issues. Ninety-seven percent of small-business owners say they vote regularly in national contests, compared to a meager 58 percent voter turnout for the 2012 elections. As expected with the highly-televised presidential campaigns, there was a slight up-tick between 2014 and today in the number of small businesses who said they vote in all levels of elections, local, state and national.

The NSBA Politics of Small Business Survey found a drop among small-business owners who reported contacting their elected officials despite a slight increase among those who said their elected official knows who they are.

Small businesses remain highly engaged in the campaign process, with 65 percent today saying they contributed money to a candidate's campaign, up from 63 percent in 2014.

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

REGULARLY OCCASIONALLY NEVER

LOCAL AND CITY CONTESTS



STATE CONTESTS

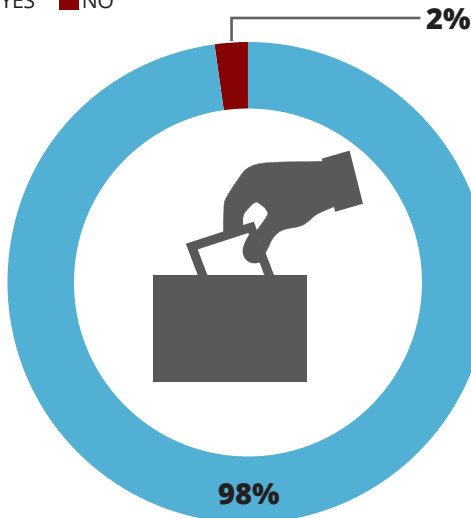


NATIONAL CONTESTS

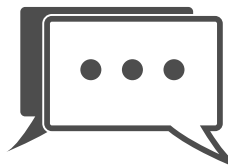


Are you registered to vote?

YES NO

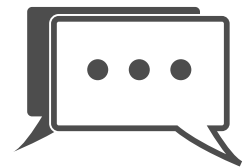


Have you ever contacted your elected officials on an issue not having to do with your small business?



	2016	2014
Yes	68%	71%
No	32%	29%

Have you ever contacted your elected officials on a small-business issue?



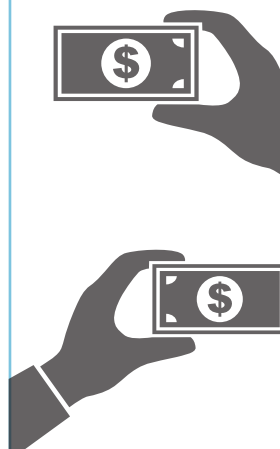
	2016	2014
Yes	67%	69%
No	33%	31%

Does your elected official know who you are?



Yes	35%
No	40%
Not Sure	25%

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



A candidate's campaign	65%
A political party	42%
An issue-specific campaign	30%
A political action committee	23%
A 527 organization	4%
Other	5%

PARTY AFFILIATION

The 2016 Politics of Small Business Survey found that, while more small-business owners identify as Republican than Democratic (50 percent to 21 percent), they are overwhelmingly independent. The majority—78 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. Slightly more respondents (46 percent) said the Republican party best represents their small business.

What is your political party affiliation?

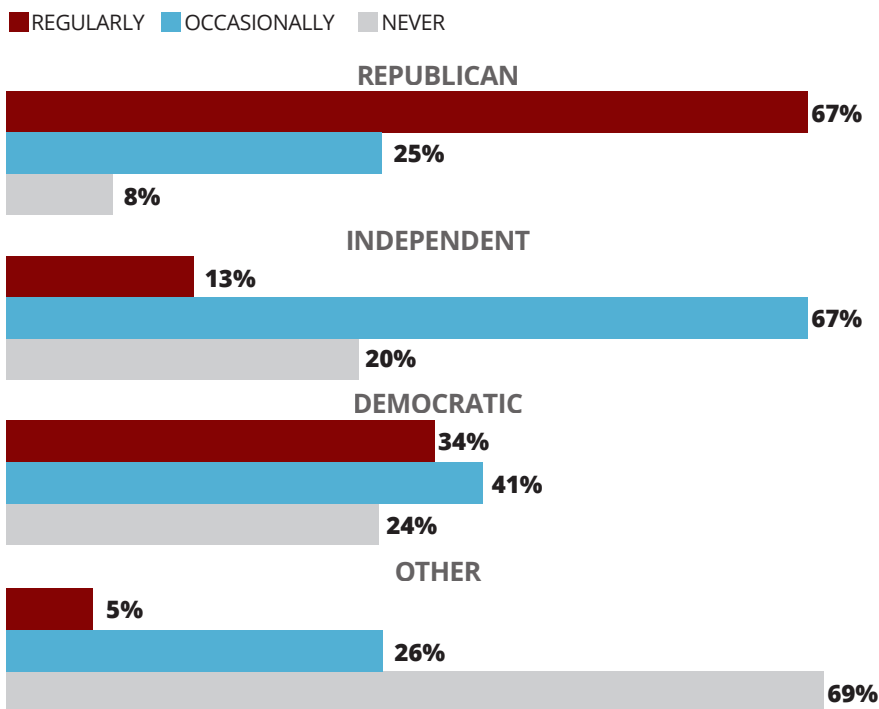
Democratic	21%
Republican	50%
Independent/unaffiliated	19%
Green Party	0%
Libertarian	2%
No party affiliations	6%
Other	1%

Do you vote a straight party ticket?

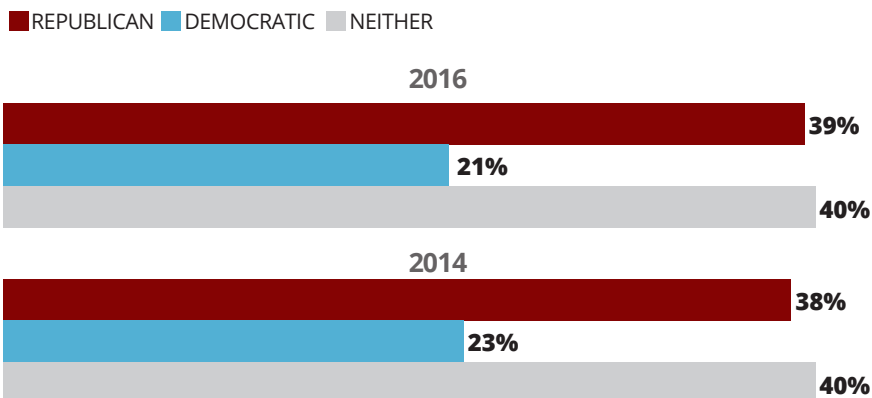


	2016	2014
Yes	22%	18%
No	78%	83%

How regularly would you say you vote:



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



Which party do you feel best represents your small business?



	2016	2014
Republican	46%	46%
Democratic	14%	17%
Neither	40%	37%

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

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, 78 percent of small-business owners say they lean conservative while just 51 percent lean conservative on social issues and 72 percent lean conservative on foreign affairs.

When it comes to key issues, Republican and Democratic small-business owners agree that controlling health care costs and tax reform are important and have contacted their elected officials on these issues.

However, when asked to rate which party is better on a particular issue, political affiliation played a significant role. Interestingly—and speaking to the larger issue of disillusionment with elected officials—when asked to rate which party was more supportive on a particular issue, “Neither party” was the highest rated response on more issues than not.

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

	Strong Conservative	Moderate Conservative	Independent	Moderate Liberal	Strong Liberal
Overall	25%	40%	18%	13%	4%
Social Issues	19%	32%	18%	20%	11%
Fiscal Issues/Economy	44%	34%	11%	8%	3%
Foreign Affairs/National Security	36%	36%	16%	9%	3%

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

	TOTAL Liberal	Independent	TOTAL Conservative
Overall	16%	18%	65%
Social Issues	31%	18%	51%
Fiscal Issues/Economy	11%	11%	78%
Foreign Affairs/National Security	12%	16%	72%

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

Economic and fiscal issues



Foreign affairs/national security



Social issues



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

THE ISSUES

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

Controlling Costs of Health Care	42%
Tax Reform	37%
A local issue	34%
Regulatory Reform	34%
Small-Business Contracting	30%
Deficit Reduction and Entitlement Reform	21%
Improving Access to Capital	18%
Other	16%
Fair Labor/Union issues	16%
Immigration Reform	15%
SBA Lending Programs	12%
Tort reform/medical malpractice reform	12%
Exporting/Free Trade issues	11%
SBA Office of Advocacy	10%
SBIR Reauthorization	9%
White House Conference on Small Business	9%
Energy efficiency for small business	6%

Please check which party you think is more supportive of small business on the following issues

	All				DEM.				REP.			
	Rep.	Dem.	Neither	Not Sure	Rep.	Dem.	Neither	Not Sure	Rep.	Dem.	Neither	Not Sure
Controlling Costs of Health Care	43%	19%	35%	3%	15%	42%	36%	7%	73%	1%	24%	2%
Deficit Reduction and Entitlement Reform	43%	12%	40%	5%	7%	66%	23%	4%	60%	2%	35%	2%
Energy efficiency for small business	13%	24%	32%	31%	13%	43%	33%	11%	59%	1%	38%	3%
Exporting/Free Trade issues	36%	12%	33%	19%	8%	38%	37%	17%	40%	3%	36%	20%
Fair Labor/Union issues	40%	25%	25%	11%	2%	31%	20%	47%	21%	3%	22%	54%
Immigration Reform	36%	22%	34%	8%	3%	43%	19%	35%	28%	4%	26%	43%
Improving Access to Capital	28%	13%	39%	21%	10%	44%	28%	17%	55%	0%	35%	8%
Regulatory Reform	40%	12%	37%	11%	5%	48%	28%	20%	34%	6%	34%	26%
SBA Lending Programs	16%	18%	31%	36%	3%	47%	24%	26%	23%	7%	32%	38%
SBA Office of Advocacy	17%	14%	26%	42%	4%	56%	21%	20%	20%	12%	33%	38%
SBIR Reauthorization	14%	11%	23%	52%	22%	25%	27%	26%	45%	2%	38%	16%
Small-Business Contracting	24%	17%	34%	25%	7%	68%	13%	11%	56%	10%	25%	10%
Tax Reform	53%	12%	31%	4%	7%	63%	20%	9%	53%	4%	35%	8%
Tort reform/medical malpractice reform	36%	7%	38%	19%	11%	37%	29%	23%	50%	3%	30%	17%
White House Conference on Small Business	15%	14%	32%	39%	3%	46%	18%	34%	23%	2%	34%	41%

RATING POLICYMAKERS

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, 78 percent of small-business owners say they lean conservative while just 51 percent lean conservative on social issues and 72 percent lean conservative on foreign affairs.

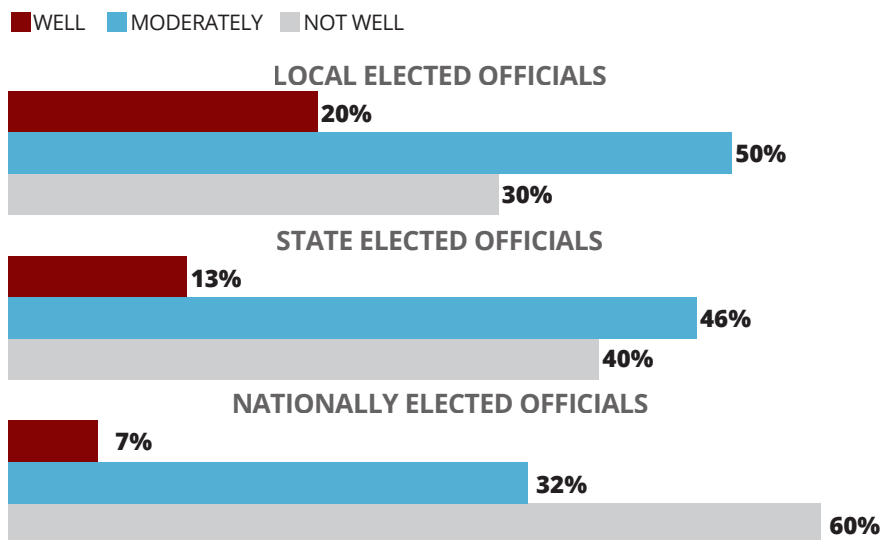
When it comes to key issues, Republican and Democratic small-business owners agree that controlling health care costs and tax reform are important and have contacted their elected officials on these issues.

However, when asked to rate which party is better on a particular issue, political affiliation played a significant role. Interestingly—and speaking to the larger issue of disillusionment with elected officials—when asked to rate which party was more supportive on a particular issue, “Neither party” was the highest rated response on more issues than not.



More than two-thirds of small-business owners believe policymakers inside the beltway have little to no understanding of small-business issues.

How well do you think your elected officials represent you?



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

Rank	All	Republicans	Democrats
1	Your U.S. Representative	Your U.S. Representative	President Barack Obama
2	Your U.S. Senators	Your U.S. Senators	Your U.S. Senators
3	The U.S. House of Representatives	The U.S. House of Representatives	Federal Agencies
4	The U.S. Senate	The U.S. Senate	Your U.S. Representative
5	President Barack Obama	Federal Agencies	The U.S. Senate
6	Federal Agencies	President Barack Obama	The U.S. House of Representatives

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

	All				DEM.				REP.			
	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 Barack Obama	8%	17%	18%	56%	29%	47%	19%	6%	1%	3%	18%	78%
U.S. Senators	2%	22%	50%	26%	3%	25%	56%	16%	3%	24%	48%	26%
U.S. Representatives	3%	30%	42%	25%	2%	24%	50%	25%	5%	38%	36%	21%
Congressional Staff	2%	25%	44%	29%	2%	30%	51%	17%	2%	25%	41%	32%
Appointed Administration Officials	3%	20%	36%	42%	11%	43%	32%	14%	1%	9%	37%	53%
Administration/Agency Staff	3%	21%	35%	40%	12%	42%	34%	12%	1%	12%	37%	50%

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, 82 percent, believe that politics have become more partisan in the last 10 years, and 65 percent believe that the current political system does not serve their business well.

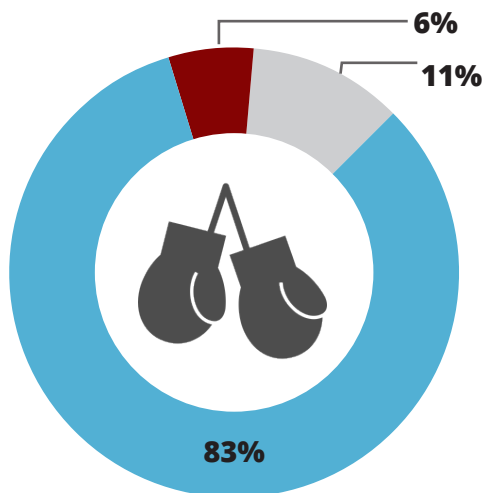
Despite the majority of respondents noting that they have made political contributions, 65 percent—up from 60 percent just two years ago—support limiting campaign contributions from corporations. Forty-eight percent support limiting campaign contributions from individuals. More than one-third of small-business owners support prohibiting all campaign contributions such as so-called “clean elections”. Democratic-identified small-business owners more broadly support campaign finance reforms than Republican-identified small-business owners.



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

In the last 10 years, do you think politics have become:

■ MORE PARTISAN ■ LESS PARTISAN ■ ABOUT THE SAME



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

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

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



	Democrats	Republicans
Prohibiting campaign contributions, i.e.: “clean elections”	45%	31%
Limiting campaign contributions from individuals	64%	38%
Limiting campaign contributions from corporations	87%	55%
Liberalizing campaign contribution rules	1%	11%
No reforms necessary	4%	18%
Other	7%	10%

Do you think the current U.S. political system serves your business...

	2016	2014
Well	3%	4%
Moderately	33%	35%
Not Well	65%	61%

METHODOLOGY

The NSBA 2016 Politics of Small Business Survey was conducted on-line April 4 - 13 among 890 small-business owners—both members and nonmembers of NSBA—representing every industry in every state in the nation.



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