

COMMITTEE ON SMALL BUSINESS
“STATE OF THE SMALL BUSINESS ECONOMY
IN THE ERA OF COVID-19”

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My name is Steve Schoaps. My wife and I own Strother Cinema, a small two screen movie theater in Seminole, OK. Seminole is a small town in rural Oklahoma that has been hard hit by COVID-19, like many other small towns across America. We are an integral part of our community and it has amazed me that, with everything going on in our town and across our country, people call me or talk to me everywhere I go asking if we are okay and when are we going to open the theater again. I guess I didn't understand how much people cared about us and the service we were providing for our community before all of this. Now I do.

We are hurting like most other theaters across America, from small town single screen theaters to megaplexes in the big cities. The pandemic has basically wiped out our business. According to estimates from the National Association of Theatre Owners, 75% of movie theater companies will be insolvent before this Spring unless they receive financial aid. 95% have experienced revenue losses greater than 70%. Nationwide, 63% of jobs in theaters have been lost to furlough or permanent layoff. Oklahoma has lost 45% of the jobs in movie theaters.

But while all theaters are being hit hard, small theaters are being hit particularly hard. Small theaters don't have the financial assets that most larger theater companies have at their disposal or the ability to take on much more debt. In many instances, small theaters struggle to cover day to day operations even without the pandemic breathing down our necks. We're used to operating on a shoestring budget, but we're staying afloat and will do whatever it takes to stay in the communities we love. And now that the pandemic has hit us, that task is even more daunting.

It started out that people were just scared to go to the movies. But we put in place comprehensive cleaning procedures and social distancing policies that made our auditoriums and lobbies safe. But then the movies stopped coming. The film slate coming from Hollywood dried up, through studio closures and the studios reluctance to take chances with movie assets that are worth billions of dollars.

Comparing our theater's 2019 revenues to the same time period in 2020, we have seen a 92.5% reduction. We have been forced to reduce our staffing to almost nothing and have resorted to selling popcorn and concessions to go. We've even started renting out our theater to video gamers who play on our big screens. We've been able to survive, but not without the help of the programs that congress and the SBA have developed to help us. And, like many other small businesses around the country, survival is the name of the game.

The most important thing that we needed to figure out was how to stay afloat without taking on too much debt. Given the scale of our losses and the reduced film slate for 2020 and 2021, taking on more debt will impact our ability to recover. That's why businesses like ours are especially in need of and grateful for grant programs provided by Congress and the SBA, including our forgivable Paycheck Protection Program loan and the upcoming Shuttered Venue Operators Grant program.

In particular I'd like to highlight the help provided to us through the EIDL Grant Program, which we received as part of our EIDL loan application. While the loan application was being evaluated, we received a \$10,000 grant. We were able to use the grant to pay a myriad of ongoing expenses including rent, utility bills, workers compensation insurance, property and liability insurance, technology vendors, our security system, and property maintenance. These expenses have continued unabated during the pandemic and could not be deferred or suspended. Being able to stay current with our vendors has also prevented a secondary crisis among the businesses that support our theater, which helps ensure that they will survive the pandemic too.

We were very challenged when we learned that the EIDL advance would count against our PPP forgiveness. The COVID Relief Bill that was passed in late December helped us again by fixing the EIDL grant issue and that will mean a lot when we receive that money back from our bank.

Small town businesses are running on razor thin margins. And for small town theaters, surviving is what it is all about. In many towns like ours, we're one of the few entertainment options left available locally and one of the more important communal gathering places in our small town. And that means a lot to our community.

Congress's help and the help of the Small Business Administration have been an integral part of our survival this past year and will be again this year. We'd love to just go back to the businesses we ran in 2019, but that's not going to happen. With social distancing, our capacity has been reduced by half and in other states it is reduced even more. Movie Studios will be slow to release big films this year and their streaming services will gobble up what used to be our bread and butter. Cleaning and maintaining theaters will cost more well into the future until we can get through the pandemic. And people's attitudes about large gatherings will have a damaging effect on our business. We are just trying to make the changes necessary to survive in the future.

The challenges we faced in 2020 and the challenges yet to come will be daunting but we can overcome them. We just need your help for a little while and so far, you've been there when we've needed you. Thank you for everything you've done and are doing for small businesses and, in particular, the movie theater industry.