

## Inclusive & Resilient Recovery

# Small Business Credit Survey: Findings, Implications, and Opportunities for an Inclusive and Resilient Recovery



## MISSION

Support the Central Bank's mandate of stable prices and maximum employment by working to improve the **economic mobility and resilience** of people and places for a healthy economy.

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# SMALL BUSINESS CREDIT SURVEY

2021 REPORT ON  
EMPLOYER FIRMS

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# About the 2020 SBCS

- The Small Business Credit Survey (SBCS) has been administered nationally since 2016 through a collaboration of the 12 Federal Reserve Banks
- The 2020 survey was administered from **September 9 to October 31**, gathering responses from **more than 15K small businesses**
  - 9,693 responses from employer firms and 4,531 from nonemployer firms
  - Nearly 1K responses from firms that are preparing to open or that had closed
- Weighted to represent the U.S. population of small (1-499 employees) employer businesses by age, industry, number of employees, Census Division, urban/rural location, and owners' race/ethnicity and gender

# Key findings for employer firms across the US

- **81% of firms** experienced a decline in revenues as a result of the COVID-19 pandemic. **Three-quarters** of those firms expect total sales for 2020 to **be at least 25% lower** because of the pandemic's effects
- **70% of respondents** expect that sales will return to normal in the second half of 2021 or later; **nearly one in three** expect their firms are unlikely to survive until sales recover
- While emergency funding – especially PPP loans – was widely accessed by employer firms, approval rates on PPP and other financing applications were lower for firms owned by people of color

# Employer firm demographics

<b>National</b>	<b>Sixth District</b>	
<b>65%</b>	<b>67%</b>	have \$1M or less in annual revenue
<b>55%</b>	<b>56%</b>	have fewer than 5 employees
<b>32%</b>	<b>35%</b>	are newer firms (in business 5 years or fewer)
<b>18%</b>	<b>20%</b>	are owned by people of color
<b>21%</b>	<b>21%</b>	are women-owned
<b>70%</b>	<b>65%</b>	are low-credit-risk (based on self-reported credit scores)

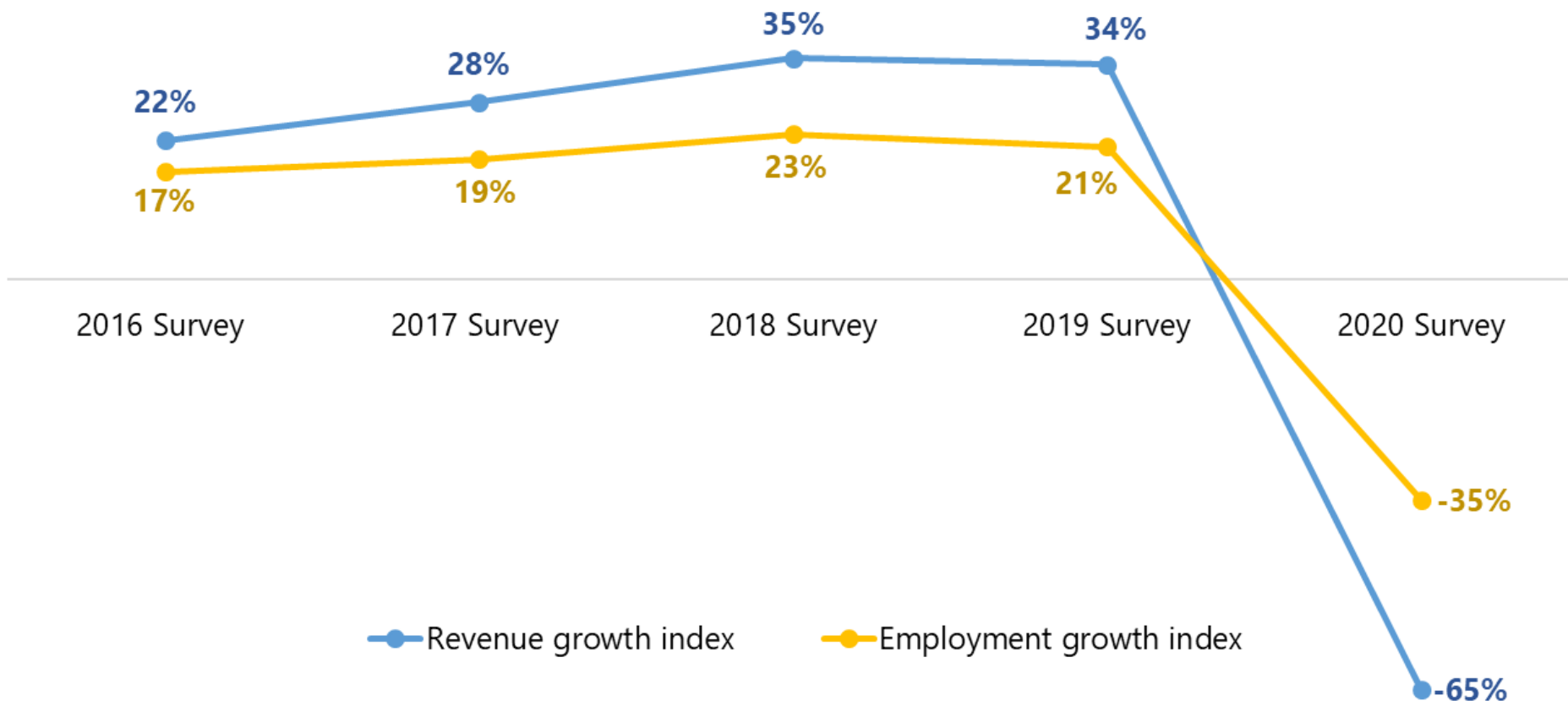
# SMALL BUSINESS CREDIT SURVEY

Performance  
and Challenges



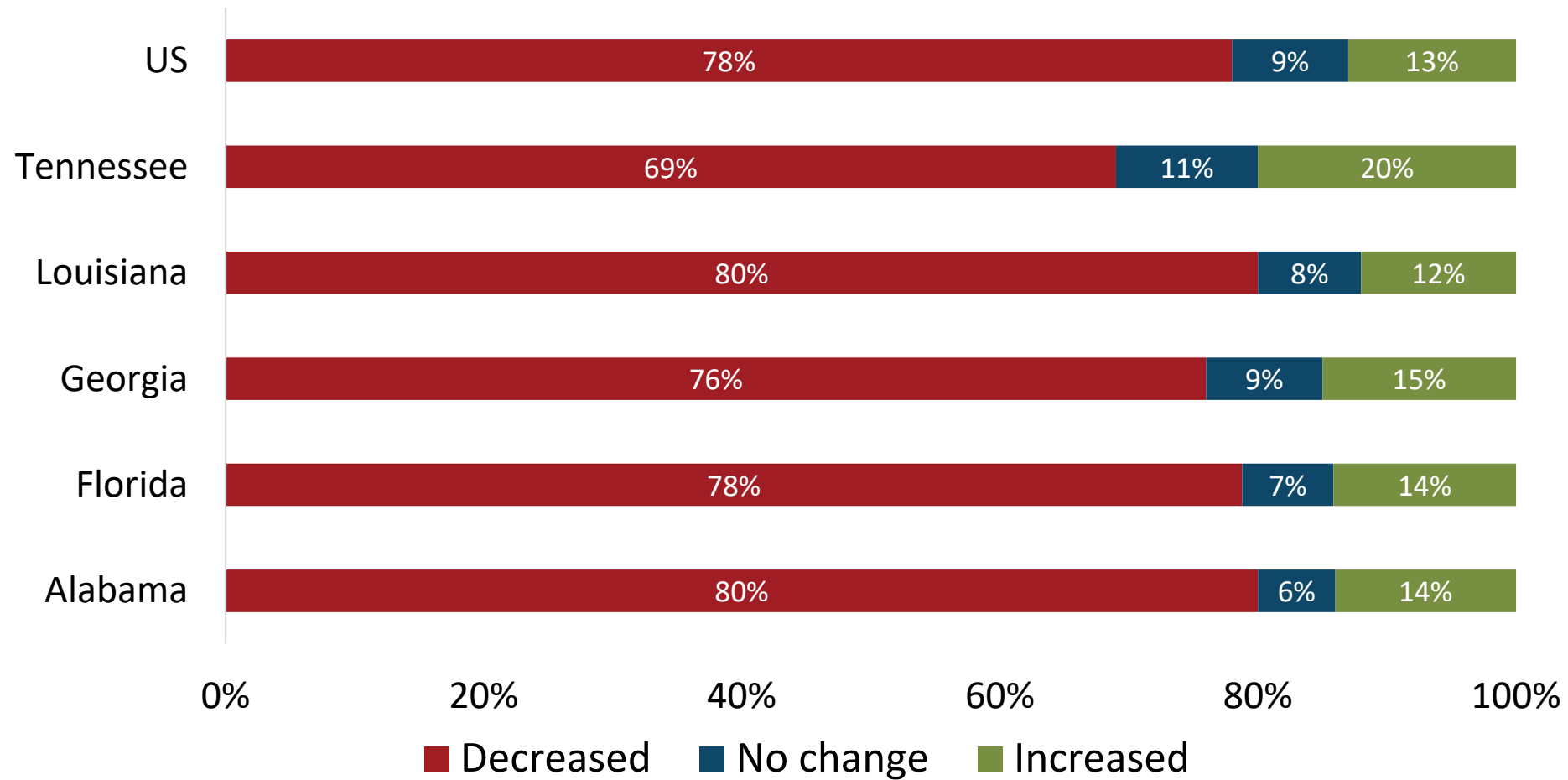
For the first time in the five years the SBCS has been conducted nationally, more firms experienced decreases in revenues and employment than increases.

**Employer Firm Performance Index, Next 12 Months** (% of employer firms)

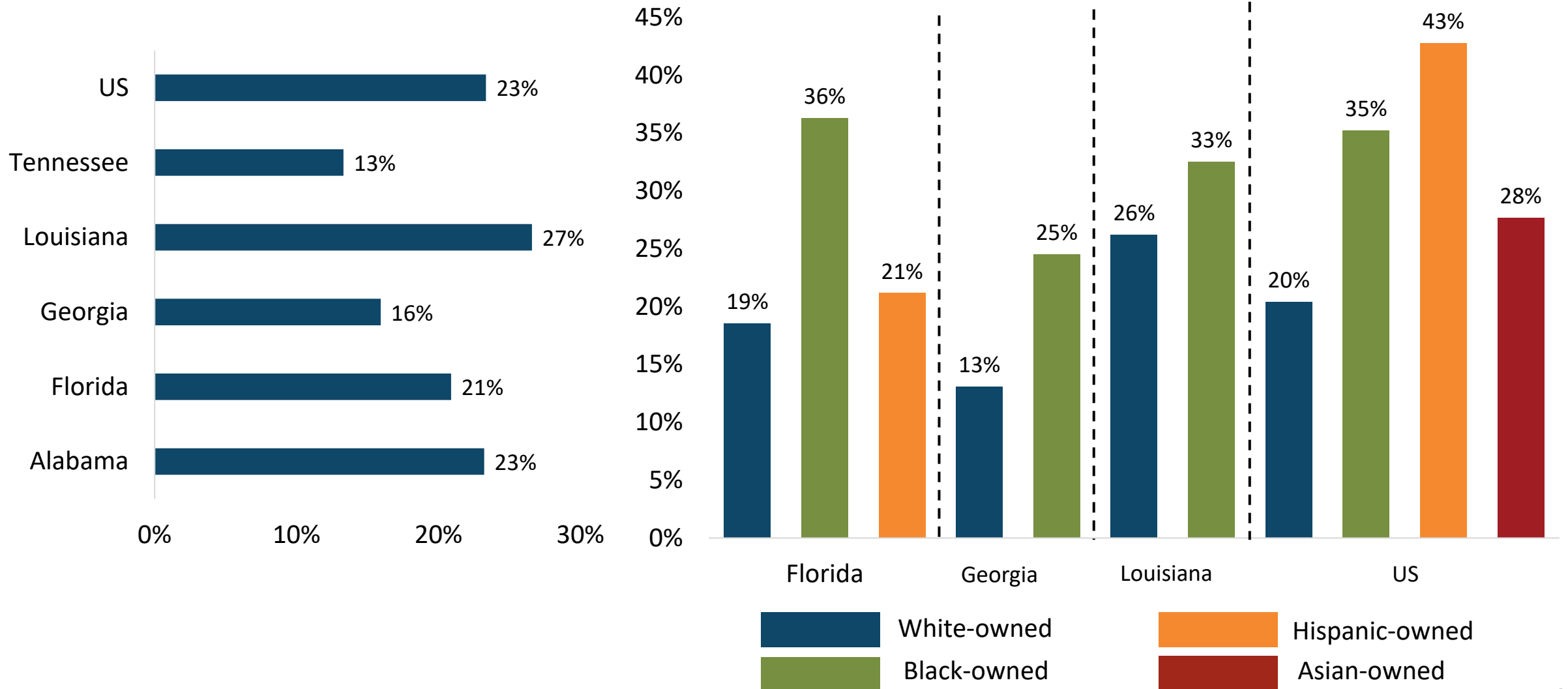




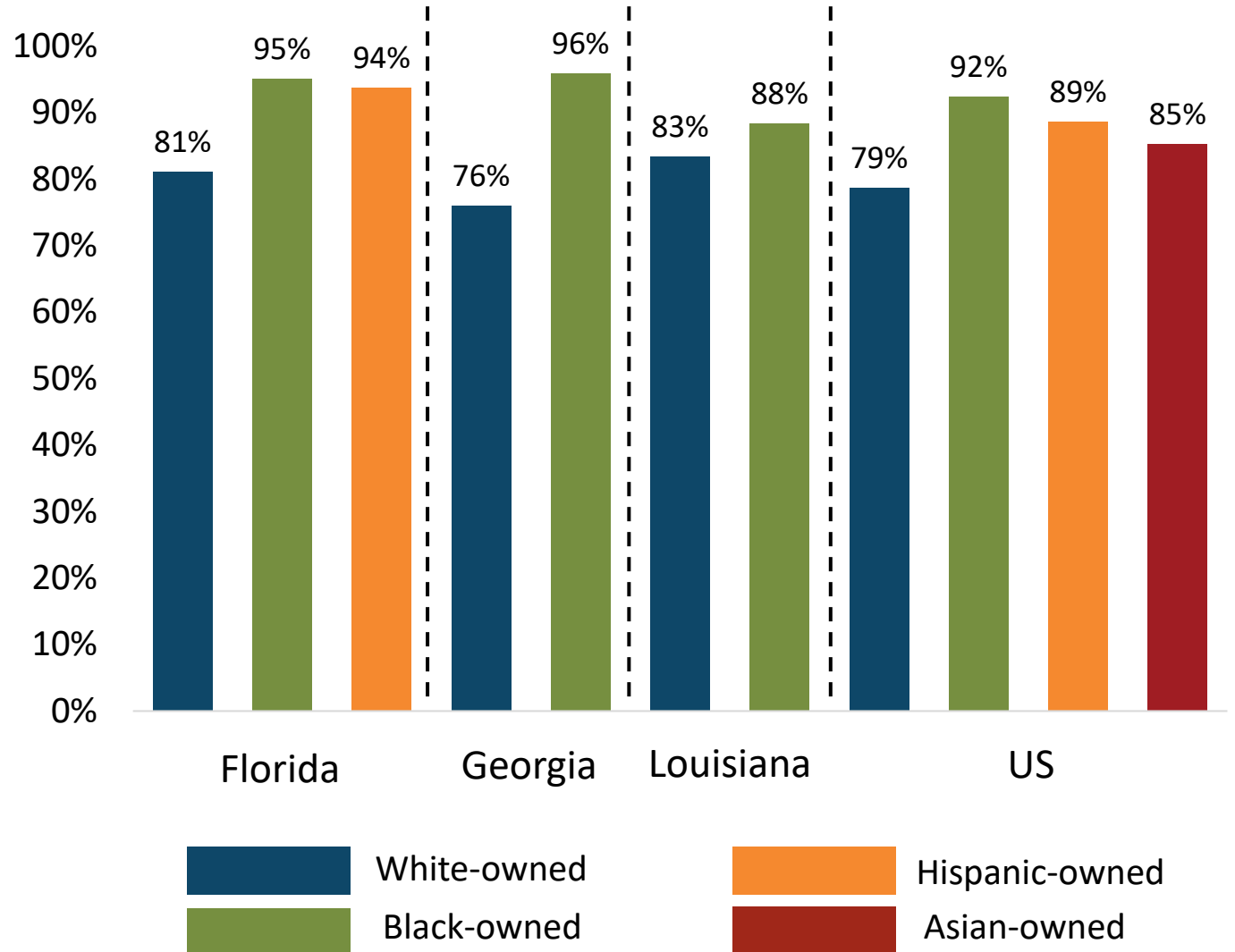
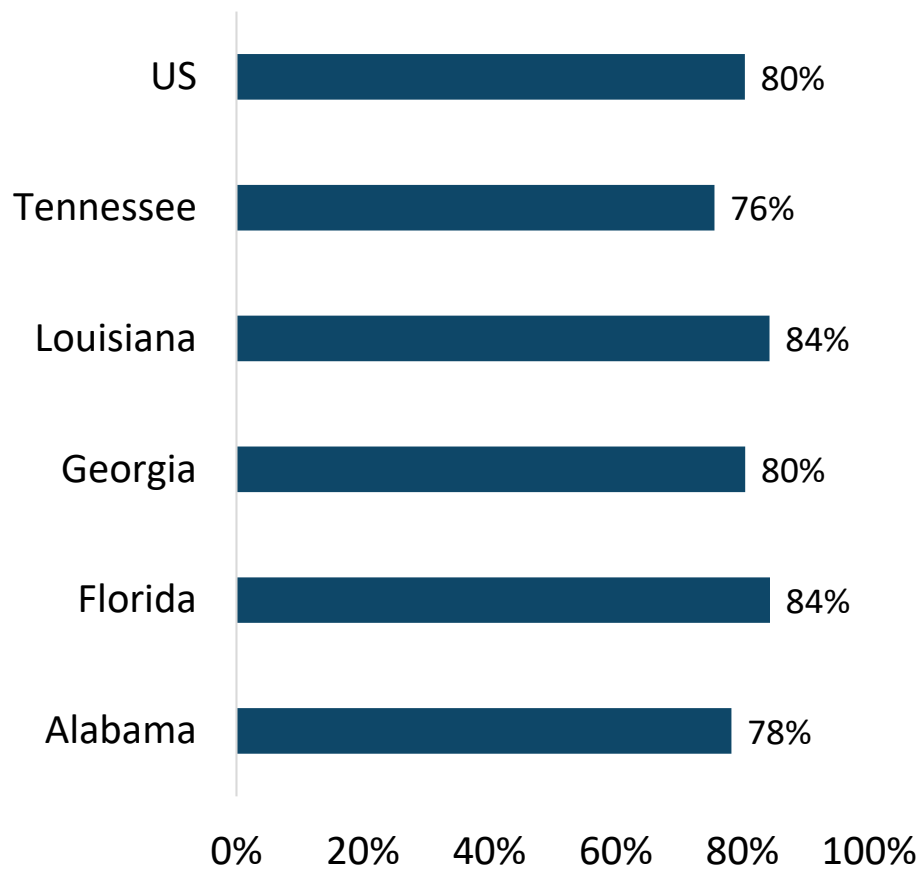
# Revenue Change in the Prior 12 Months



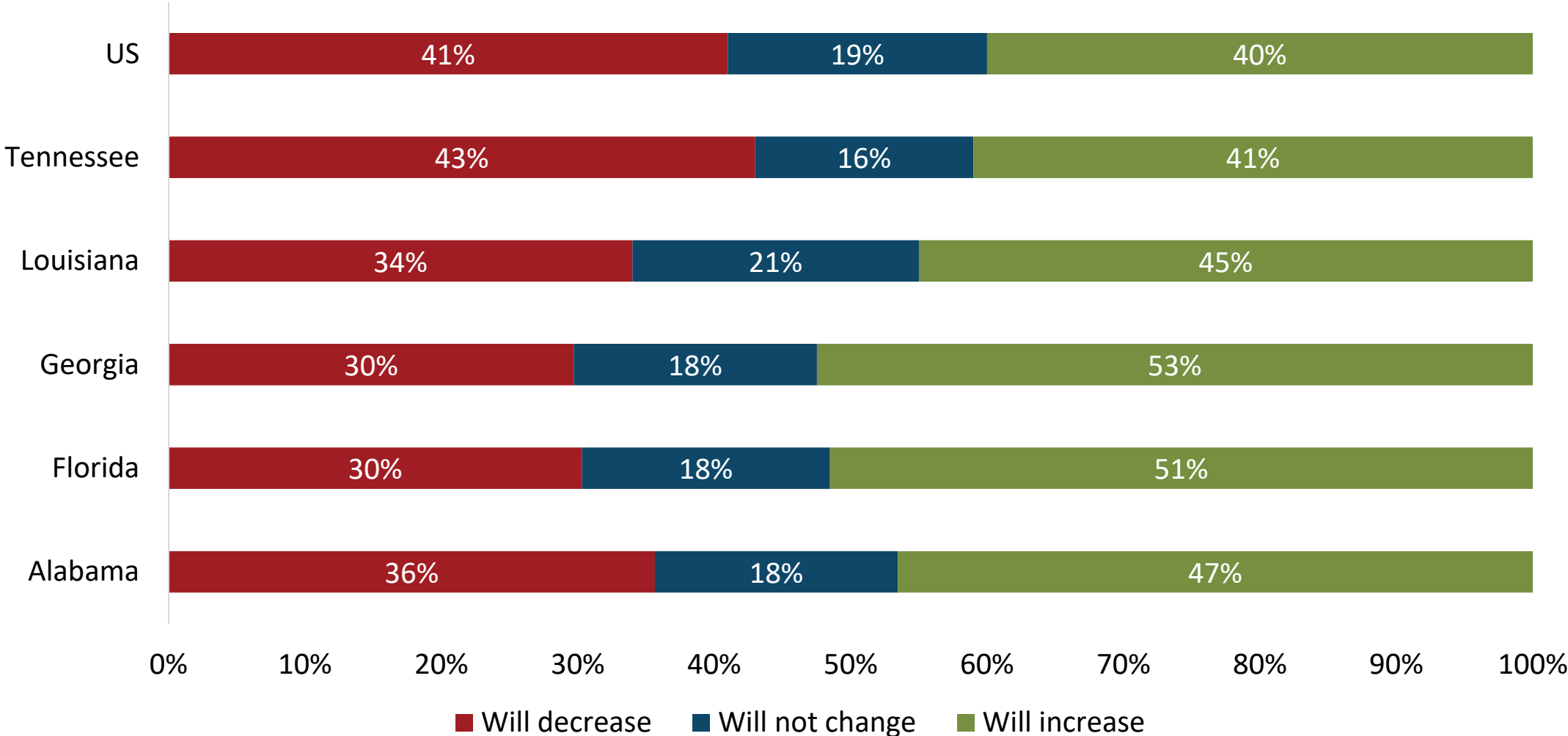
# Share of Firms in Poor Financial Condition



# Share of Firms with Financial Challenges



# Expected Revenue Change, Next 12 Months



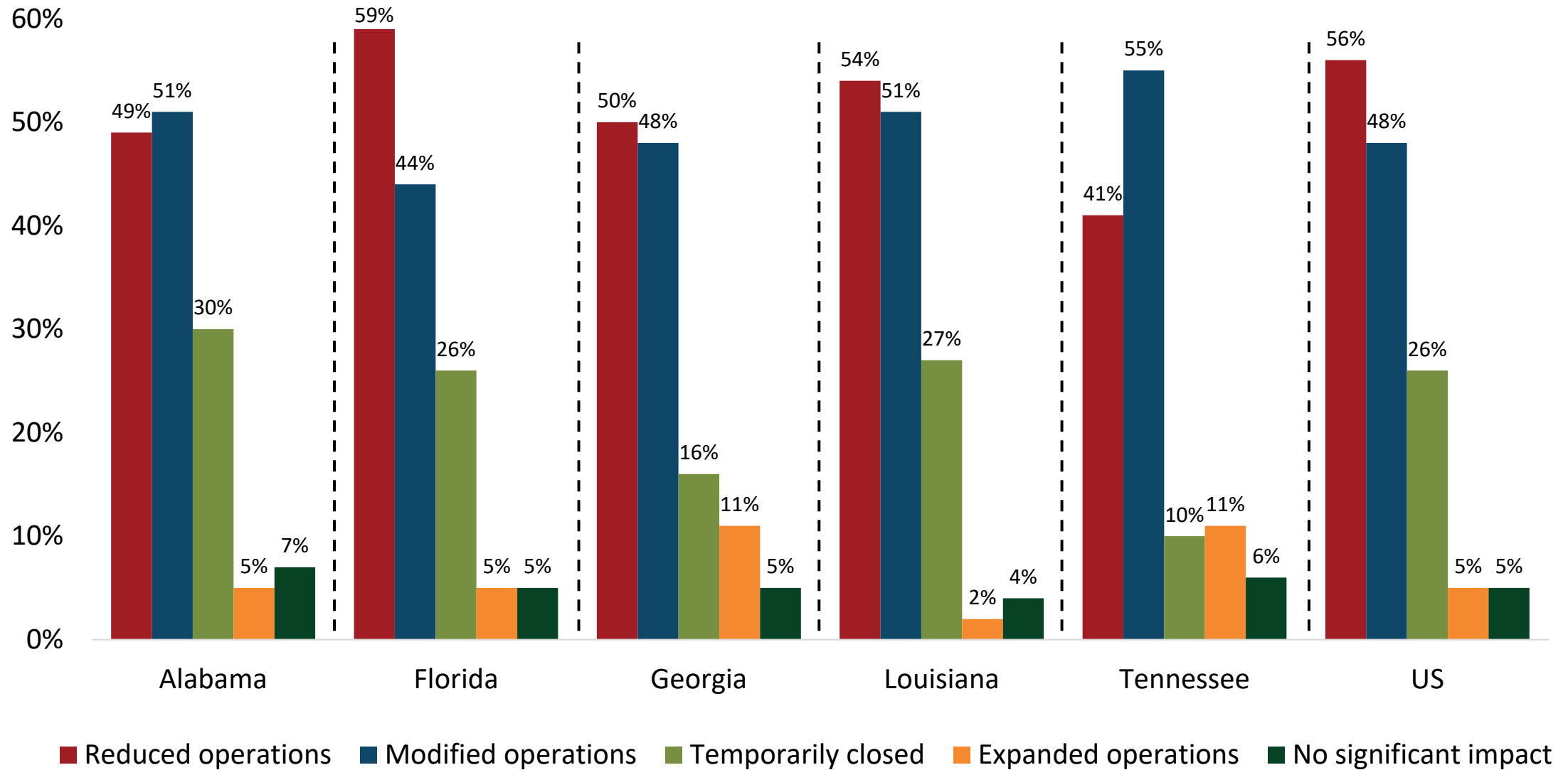


# SMALL BUSINESS CREDIT SURVEY

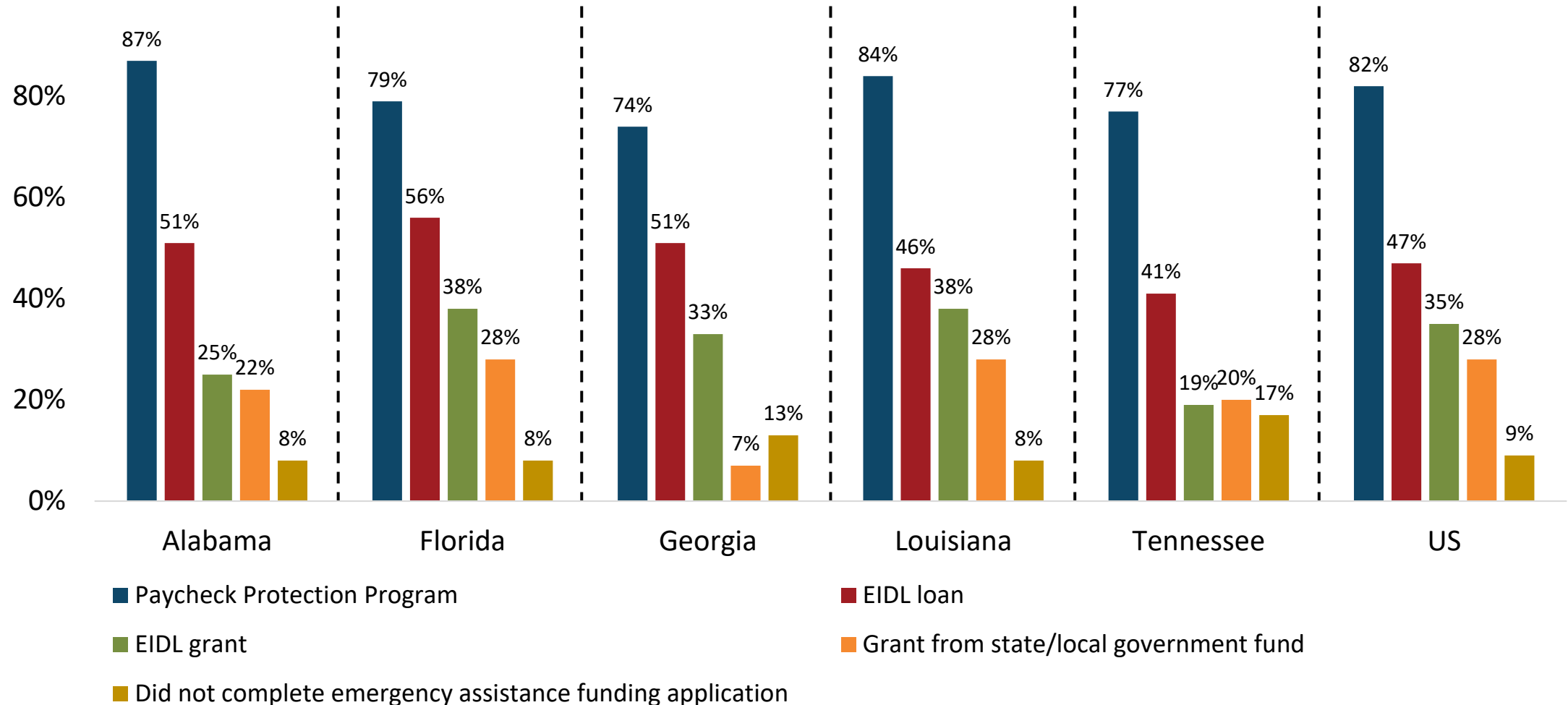
Emergency Funding  
and Looking Ahead



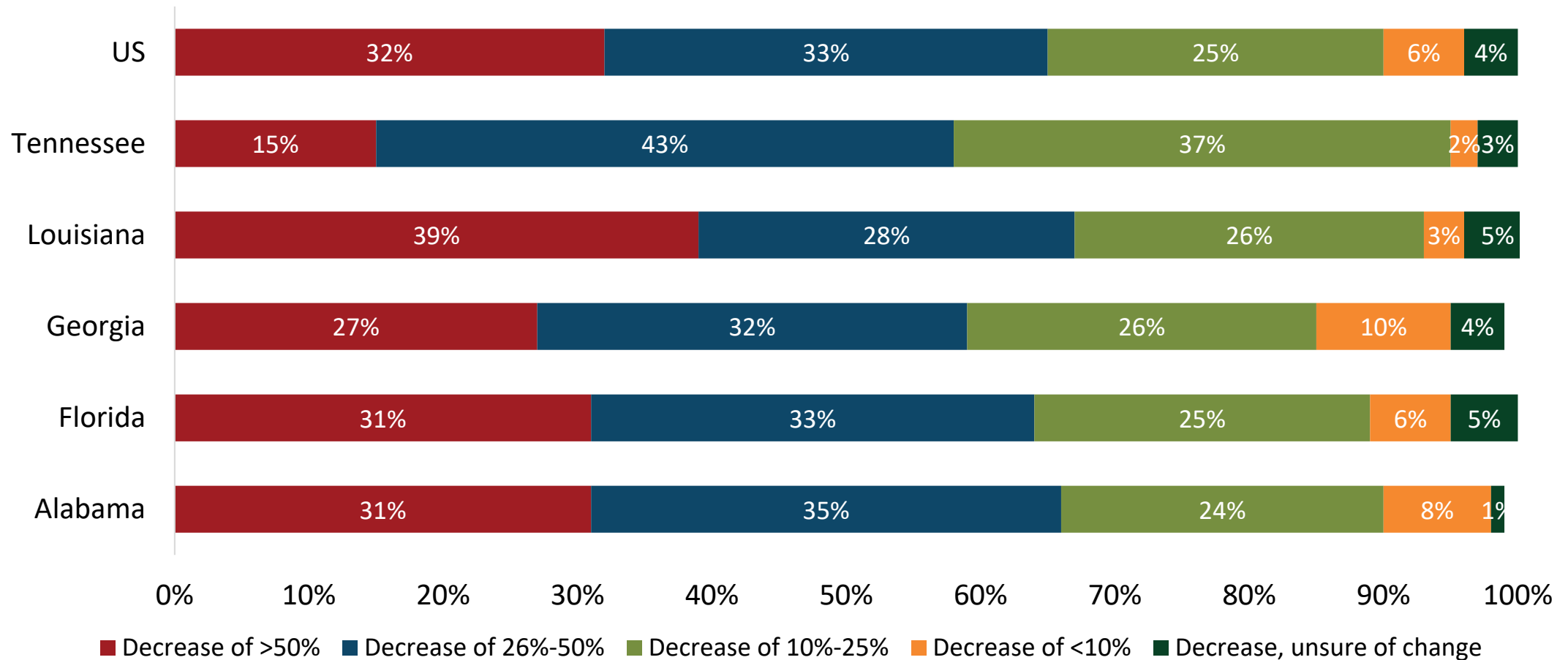
# Effects of the Pandemic on Business Operations



# Applications for Emergency Assistance Funds

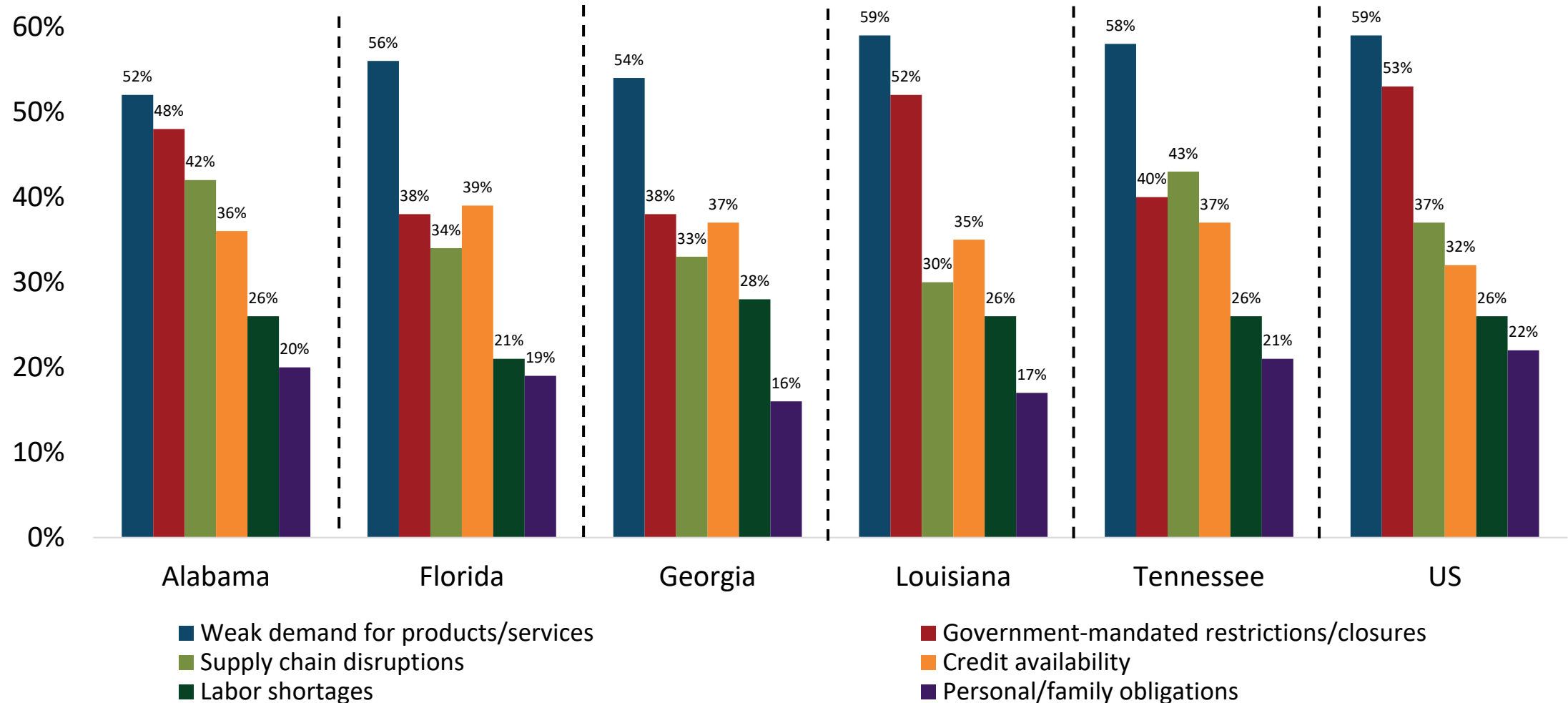


# Expectations for COVID-19 Effect on Sales (Decrease)





# Expected Challenges Resulting from Pandemic, Next 12 Months



# For more information

For reports, data and additional information, visit  
[FedSmallBusiness.org](https://www.fedsmallbusiness.org)



## SURVEY PARTNERSHIP

The survey is deployed in partnership with a network of local, regional, and national organizations that have strong relationships with small business owners.

Become a partner to get access to data-driven reports about your small business network!

Sign up at  
[FedSmallBusiness.org/partnership](https://www.fedsmallbusiness.org/partnership)

## Moderator

### **Janelle Williams**

Community and Economic Development Senior Adviser  
Federal Reserve Bank of Atlanta

## Small Business Panelists

### **Brian Bond**

Senior Vice President of Product, Marketing, and Strategy  
Experian

### **Joyce Klein**

Director of the Business Ownership Initiative  
Aspen Institute

### **Ines Hernandez**

Senior Vice President of Citi Community Relations  
Citigroup Inc.

### **Latresa McLawhorn Ryan**

Executive Director  
Atlanta Wealth Building Initiative

# RESOURCES FOR COMMUNITY AND ECONOMIC DEVELOPERS FROM THE ATLANTA FED & THE FEDERAL RESERVE SYSTEM



## Focused on People:

**Unemployment Claims Monitor**: Data on initial and continued claims for unemployment insurance, including the Pandemic Emergency Unemployment Compensation and Unemployment Assistance, and claimants' demographic data,.

**Opportunity Occupations Monitor**: Get an estimate of the number and share of jobs accessible to workers without a bachelor's degree that pay more than the national median wage.

**Advancing Careers**: Examines barriers to employment, safety net policies and systems, and career pathways to support efforts to improve economic security for families and meet the talent needs of businesses for a healthy economy.

## Focused on Communities:

**Small Business Credit Survey: 2021 Report on Employer Firms**: The first publication out of the 2020 SBCS focuses on small employer firms and seeks to document the toll the COVID-19 pandemic took on small businesses in 2020.

**Small Businesses of Color Recovery Guide**: The Atlanta and Kansas City Feds have published this guide to assist communities throughout the nation in supporting SBOCs as they recover from the economic crisis caused by the COVID-19 pandemic

**Renter Households Vulnerable to COVID-19 by Region**: The tool estimates the number of households susceptible to COVID-19-related job loss, at the intersection of income, cost-burdened status, dwelling unit type, and race.

For more resources, visit:

[frbatlanta.org/community-development](https://frbatlanta.org/community-development)

Join the next Racism and the Economy session focused on Housing on March 1

[Register Here](#)

The Federal Reserve Banks of  
Atlanta | Boston | Chicago | Cleveland | Dallas  
Kansas City | Minneapolis | New York | Philadelphia  
Richmond | San Francisco | St. Louis

The poster features the title "Racism and the Economy" in large blue letters, with "focus on Housing" in smaller blue letters below it. To the right, there is a graphic of two stylized human figures standing on a grid of colored squares (purple, green, blue, pink) that form a staircase-like structure. At the bottom left, there is a small circular logo of the Federal Reserve and a list of the twelve Federal Reserve Banks.



# THANKS FOR JOINING US!

## ANY QUESTIONS?

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- For regular updates on all Community & Economic Development resources email [AtlFedComDev@atl.frb.org](mailto:AtlFedComDev@atl.frb.org) and type SUBSCRIBE in the subject line.
  - For weekly updates on all the news from the Atlanta Fed text FRBA to 33777.
  - Follow us on  [@AtlFedComDev](https://twitter.com/AtlFedComDev) on Twitter
  - You can reach us at [Janelle.Williams@atl.frb.org](mailto:Janelle.Williams@atl.frb.org)

# Industry Composition by State

Industry	Alabama	Florida	Georgia	Louisiana	Tennessee	US
Non-manufacturing goods production	13%	20%	13%	23%	19%	18%
Manufacturing	9%	8%	11%	9%	17%	4%
Retail	19%	10%	14%	11%	7%	13%
Leisure and hospitality	14%	15%	12%	16%	8%	11%
Finance and insurance	5%	2%	3%	1%	1%	6%
Healthcare and education	5%	8%	7%	7%	7%	13%
Professional services and real estate	18%	21%	21%	20%	23%	20%
Business support and consumer services	16%	15%	18%	14%	18%	15%

# Industry Revenue Change, Prior 12 Months

Industry	Increased	Decreased	No Change
All Firms	13%	78%	9%
Non-manufacturing goods production	15%	74%	11%
Manufacturing	18%	75%	7%
Retail	18%	75%	7%
Leisure and hospitality	4%	93%	2%
Finance and insurance	24%	61%	15%
Healthcare and education	6%	88%	6%
Professional services and real estate	17%	73%	10%
Business support and consumer services	11%	81%	8%