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

Presentation information:
Mary Hirt and Mels de Zeeuw
02/25/2021
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

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

<table>
<thead>
<tr>
<th>Survey Year</th>
<th>Revenue Growth Index</th>
<th>Employment Growth Index</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016</td>
<td>17%</td>
<td>-35%</td>
</tr>
<tr>
<td>2017</td>
<td>22%</td>
<td>-25%</td>
</tr>
<tr>
<td>2018</td>
<td>28%</td>
<td>-15%</td>
</tr>
<tr>
<td>2019</td>
<td>35%</td>
<td>10%</td>
</tr>
<tr>
<td>2020</td>
<td>34%</td>
<td>35%</td>
</tr>
</tbody>
</table>

Small Business Credit Survey: 2021 Report on Employer Firms
Revenue Change in the Prior 12 Months

<table>
<thead>
<tr>
<th>State</th>
<th>Decreased</th>
<th>No change</th>
<th>Increased</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>78%</td>
<td>9%</td>
<td>13%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>69%</td>
<td>11%</td>
<td>20%</td>
</tr>
<tr>
<td>Louisiana</td>
<td>80%</td>
<td>8%</td>
<td>12%</td>
</tr>
<tr>
<td>Georgia</td>
<td>76%</td>
<td>9%</td>
<td>15%</td>
</tr>
<tr>
<td>Florida</td>
<td>78%</td>
<td>7%</td>
<td>14%</td>
</tr>
<tr>
<td>Alabama</td>
<td>80%</td>
<td>6%</td>
<td>14%</td>
</tr>
</tbody>
</table>
Share of Firms in Poor Financial Condition

**US**
- White-owned: 23%
- Black-owned: 27%
- Hispanic-owned: 21%
- Asian-owned: 23%

**Tennessee**
- White-owned: 13%
- Black-owned: 15%
- Hispanic-owned: 12%
- Asian-owned: 10%

**Louisiana**
- White-owned: 27%
- Black-owned: 16%
- Hispanic-owned: 27%
- Asian-owned: 16%

**Georgia**
- White-owned: 19%
- Black-owned: 13%
- Hispanic-owned: 25%
- Asian-owned: 26%

**Florida**
- White-owned: 36%
- Black-owned: 21%
- Hispanic-owned: 26%
- Asian-owned: 20%

**Alabama**
- White-owned: 23%
- Black-owned: 20%
- Hispanic-owned: 35%
- Asian-owned: 43%

**Share of Firms in Poor Financial Condition**

Small Business Credit Survey: 2021 Report on Employer Firms
Share of Firms with Financial Challenges

<table>
<thead>
<tr>
<th>Region</th>
<th>White-owned</th>
<th>Hispanic-owned</th>
<th>Black-owned</th>
<th>Asian-owned</th>
</tr>
</thead>
<tbody>
<tr>
<td>US</td>
<td>80%</td>
<td>81%</td>
<td>84%</td>
<td>78%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>76%</td>
<td>95%</td>
<td>76%</td>
<td>94%</td>
</tr>
<tr>
<td>Louisiana</td>
<td>84%</td>
<td>96%</td>
<td>83%</td>
<td>79%</td>
</tr>
<tr>
<td>Georgia</td>
<td>80%</td>
<td>92%</td>
<td>88%</td>
<td>89%</td>
</tr>
<tr>
<td>Florida</td>
<td>84%</td>
<td>94%</td>
<td>88%</td>
<td>85%</td>
</tr>
<tr>
<td>Alabama</td>
<td>78%</td>
<td>94%</td>
<td>84%</td>
<td>84%</td>
</tr>
</tbody>
</table>

Small Business Credit Survey: 2021 Report on Employer Firms
Expected Revenue Change, Next 12 Months

- **US**: 41% Will decrease, 19% Will not change, 40% Will increase
- **Tennessee**: 43% Will decrease, 16% Will not change, 41% Will increase
- **Louisiana**: 34% Will decrease, 21% Will not change, 45% Will increase
- **Georgia**: 30% Will decrease, 18% Will not change, 53% Will increase
- **Florida**: 30% Will decrease, 18% Will not change, 51% Will increase
- **Alabama**: 36% Will decrease, 18% Will not change, 47% Will increase

Small Business Credit Survey: 2021 Report on Employer Firms
SMALL BUSINESS CREDIT SURVEY

Emergency Funding and Looking Ahead
Effects of the Pandemic on Business Operations

Small Business Credit Survey: 2021 Report on Employer Firms
Applications for Emergency Assistance Funds

- Paycheck Protection Program
- EIDL loan
- EIDL grant
- Grant from state/local government fund
- Did not complete emergency assistance funding application

<table>
<thead>
<tr>
<th>State</th>
<th>Paycheck Protection Program</th>
<th>EIDL loan</th>
<th>EIDL grant</th>
<th>Grant from state/local government fund</th>
<th>Did not complete emergency assistance funding application</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>87%</td>
<td>51%</td>
<td>25%</td>
<td>22%</td>
<td>8%</td>
</tr>
<tr>
<td>Florida</td>
<td>79%</td>
<td>56%</td>
<td>38%</td>
<td>28%</td>
<td>8%</td>
</tr>
<tr>
<td>Georgia</td>
<td>74%</td>
<td>51%</td>
<td>33%</td>
<td>13%</td>
<td>7%</td>
</tr>
<tr>
<td>Louisiana</td>
<td>84%</td>
<td>46%</td>
<td>38%</td>
<td>28%</td>
<td>8%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>77%</td>
<td>41%</td>
<td>19%</td>
<td>20%</td>
<td>17%</td>
</tr>
<tr>
<td>US</td>
<td>82%</td>
<td>47%</td>
<td>35%</td>
<td>28%</td>
<td>9%</td>
</tr>
</tbody>
</table>

Small Business Credit Survey: 2021 Report on Employer Firms
Expectations for COVID-19 Effect on Sales (Decrease)

- **US**
  - Decrease of >50%: 32%
  - Decrease of 26%-50%: 33%
  - Decrease of 10%-25%: 25%
  - Decrease of <10%: 6%
  - Decrease, unsure of change: 4%

- **Tennessee**
  - Decrease of >50%: 15%
  - Decrease of 26%-50%: 43%
  - Decrease of 10%-25%: 37%
  - Decrease of <10%: 2%
  - Decrease, unsure of change: 3%

- **Louisiana**
  - Decrease of >50%: 39%
  - Decrease of 26%-50%: 28%
  - Decrease of 10%-25%: 26%
  - Decrease of <10%: 3%
  - Decrease, unsure of change: 5%

- **Georgia**
  - Decrease of >50%: 27%
  - Decrease of 26%-50%: 32%
  - Decrease of 10%-25%: 26%
  - Decrease of <10%: 10%
  - Decrease, unsure of change: 4%

- **Florida**
  - Decrease of >50%: 31%
  - Decrease of 26%-50%: 33%
  - Decrease of 10%-25%: 25%
  - Decrease of <10%: 6%
  - Decrease, unsure of change: 5%

- **Alabama**
  - Decrease of >50%: 31%
  - Decrease of 26%-50%: 35%
  - Decrease of 10%-25%: 24%
  - Decrease of <10%: 8%
  - Decrease, unsure of change: 1%
Expected Challenges Resulting from Pandemic, Next 12 Months

- Weak demand for products/services
- Government-mandated restrictions/closures
- Supply chain disruptions
- Credit availability
- Labor shortages
- Personal/family obligations

<table>
<thead>
<tr>
<th>State</th>
<th>Weak demand</th>
<th>Supply chain</th>
<th>Credit availability</th>
<th>Credit availability</th>
<th>Labor shortages</th>
<th>Personal/family obligations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alabama</td>
<td>52%</td>
<td>38%</td>
<td>48%</td>
<td>19%</td>
<td>21%</td>
<td>30%</td>
</tr>
<tr>
<td>Florida</td>
<td>56%</td>
<td>38%</td>
<td>42%</td>
<td>19%</td>
<td>21%</td>
<td>30%</td>
</tr>
<tr>
<td>Georgia</td>
<td>54%</td>
<td>37%</td>
<td>38%</td>
<td>19%</td>
<td>21%</td>
<td>30%</td>
</tr>
<tr>
<td>Louisiana</td>
<td>59%</td>
<td>37%</td>
<td>38%</td>
<td>19%</td>
<td>21%</td>
<td>30%</td>
</tr>
<tr>
<td>Tennessee</td>
<td>58%</td>
<td>37%</td>
<td>40%</td>
<td>19%</td>
<td>21%</td>
<td>30%</td>
</tr>
<tr>
<td>US</td>
<td>59%</td>
<td>37%</td>
<td>40%</td>
<td>19%</td>
<td>21%</td>
<td>30%</td>
</tr>
</tbody>
</table>

Small Business Credit Survey: 2021 Report on Employer Firms
For more information

For reports, data and additional information, visit 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
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

Moderator

Janelle Williams
Community and Economic Development Senior Adviser
Federal Reserve Bank of Atlanta
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

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

Register Here
THANKS FOR JOINING US!

ANY QUESTIONS?

- For regular updates on all Community & Economic Development resources email 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 on Twitter
- You can reach us at Janelle.Williams@atl.frb.org
## Industry Composition by State

<table>
<thead>
<tr>
<th>Industry</th>
<th>Alabama</th>
<th>Florida</th>
<th>Georgia</th>
<th>Louisiana</th>
<th>Tennessee</th>
<th>US</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-manufacturing goods production</td>
<td>13%</td>
<td>20%</td>
<td>13%</td>
<td>23%</td>
<td>19%</td>
<td>18%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>9%</td>
<td>8%</td>
<td>11%</td>
<td>9%</td>
<td>17%</td>
<td>4%</td>
</tr>
<tr>
<td>Retail</td>
<td>19%</td>
<td>10%</td>
<td>14%</td>
<td>11%</td>
<td>7%</td>
<td>13%</td>
</tr>
<tr>
<td>Leisure and hospitality</td>
<td>14%</td>
<td>15%</td>
<td>12%</td>
<td>16%</td>
<td>8%</td>
<td>11%</td>
</tr>
<tr>
<td>Finance and insurance</td>
<td>5%</td>
<td>2%</td>
<td>3%</td>
<td>1%</td>
<td>1%</td>
<td>6%</td>
</tr>
<tr>
<td>Healthcare and education</td>
<td>5%</td>
<td>8%</td>
<td>7%</td>
<td>7%</td>
<td>7%</td>
<td>13%</td>
</tr>
<tr>
<td>Professional services and real estate</td>
<td>18%</td>
<td>21%</td>
<td>21%</td>
<td>20%</td>
<td>23%</td>
<td>20%</td>
</tr>
<tr>
<td>Business support and consumer services</td>
<td>16%</td>
<td>15%</td>
<td>18%</td>
<td>14%</td>
<td>18%</td>
<td>15%</td>
</tr>
</tbody>
</table>
# Industry Revenue Change, Prior 12 Months

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