FEDERAL RESERVE BANK PHILADELPHIA

Small Business Credit Survey: COVID-19 AND DISPARATE FIRM CONDITIONS IN NEW JERSEY

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* Note: This report has been updated since its initial release to reflect a change in the Small Business Credit Survey 2020 weighting scheme, which now more accurately reflects methods used in prior vintages of the data set. For more information, please reference the data appendix for the SBCS *2021 Report on Employer Firms* at www.fedsmallbusiness.org/survey.

Introduction

Small businesses in New Jersey endured unprecedented challenges throughout 2020 as a result of the COVID-19 pandemic and the recession that followed. Academic research and data from the Small Business Credit Survey (SBCS) confirm that the effects of the pandemic were negative and extensive, encompassing decreases in firm activity,[1] revenue, employment, and financing opportunities across the United States.[2] However, additional analysis is necessary to understand how these trends played out at the state level.

Through a mixed methods research approach, this report provides an analysis of the impact on small businesses from the recent economic crisis in New Jersey using SBCS microdata. The researchers then spoke with small business owners through a series of roundtable listening sessions to gather insights and better understand the trends indicated by the survey data. The quantitative analysis in this report is derived from a sample of over 850 employer firms[3] (businesses with paid full- or part-time workers) and highlights the prevalence of adverse outcomes experienced by small businesses owned by people of color and women, as well as microbusinesses (firms with fewer than five employees). The qualitative findings add context to the quantitative results by providing evidence of how information, human and financial capital structures, and perceptions affect credit access for firms owned by people of color.

The SBCS is a nationally representative sample of small businesses, or firms with fewer than 500 employees, that provides annual data on their economic conditions.[4] The 2020 SBCS was fielded from September 9 to October 31 and explicitly asked small businesses how the COVID-19 pandemic affected their overall performance, revenue, employment, financing and credit needs, and future outlook.[5] Therefore, the responses provided by firms offer insight into the experiences of New Jersey businesses during a critical period of the pandemic. The findings from the SBCS provide insight into how severely the COVID-19 pandemic impacted small businesses at the state level and highlight the disparate impacts on Black-, Hispanic-, and Asian-owned firms and businesses with fewer than 10 employees. Moreover, the recent rise in COVID-19 cases throughout the summer of 2021 makes the findings increasingly relevant, as the rising cases potentially elongate the period of negative impacts for small businesses. Understanding which small businesses have been most impacted, as well as their experiences navigating financial assistance and access to capital, can help inform policy and solutions to build an inclusive recovery.

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1 Robert W. Fairlie, "The Impact of COVID-19 on Small Business Owners: The First Three Months after Social-Distancing," NBER Working Paper No. 27462, July 2020, revised August 2020. Available at www.nber.org/system/files/working_papers/w27462/w27462.pdf.

2 Federal Reserve Banks, *2021 Report on Employer Firms*. Available at www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2021/2021-sbcs-employer-firms-report.

3 For a full discussion of the sample, methodology, and research design, please see the Technical Appendix of this report.

4 For more information on the methodology of the 2020 Small Business Credit Survey, visit the Appendix of the *2021 Report on Employer Firms*, which is available at www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2021/2021-sbcs-employer-firms-report.

5 For more information on the specific questions asked in the 2020 Small Business Credit Survey, see the survey questionnaire, available at www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2021/2020-SBCS-Questionnaire.

The key findings of this report include:

QUANTITATIVE FINDINGS

Revenue, Employment, and Availability of Goods and Services

- Between 2019 and 2020, reported decreases in revenue and employment were more prevalent for firms owned by people color. In particular, 96 percent of Asian-owned firms, 95 percent of Hispanic-owned firms, and 93 percent of Black-owned firms reported that they experienced a decrease in revenue.
- Asian- and Hispanic-owned firms (58 percent and 56 percent, respectively) were more likely to report declines in employment relative to other firms.

Access to Paycheck Protection Program (PPP) Funding and Emergency Loan Forgiveness

- Just 42 percent of Black-owned firms reported receiving all the PPP funding they sought.
- More than one in five Latino-owned firms said that they received no PPP funding, about seven times the rate of White-owned firms.
- Black- and Hispanic-owned firms were less likely than their peers to report that they expected PPP loan forgiveness (61 percent and 67 percent, respectively).

Firm Expectations for Revenue and Employment

- Between 2020 and 2021, 75 percent of Asian-owned firms expected their revenue to decrease, the largest share of any small business demographic.
- About one-third of Asian- and Black-owned firms (33 percent and 30 percent, respectively) expected employment to decrease at their firms.

QUALITATIVE FINDINGS

Listening Session Takeaways

- Credit access disparities are about more than being banked or unbanked. These disparities are highly impacted by relationships, trust, and the lending institutions minority-owned small businesses felt would better meet their needs.
- Equally important to the relationships with financial institutions was the value of networks to small business owners. Both formal and informal networks played key roles in assisting small businesses navigate the complex landscape of accessing funds during the height of the pandemic. Insufficient access to technology, administrative burden, and lack of information all weighed heavily on small businesses during the pandemic. Looking ahead, it is likely these networks will continue to play an outsized role for small business access to credit.
- When it came to decisions on whether to access public programs such as the PPP, perceptions of risk mattered. The PPP was understood by many to be a loan, and the risk of that loan was something many very small, home-based, or minority-owned businesses felt was too great.
- The pandemic exposed how structural barriers, such as a lack of collateral and a lack of documentation for immigrant-owned businesses, hampered access to capital and financing for many small businesses. Many of these reflect systemic issues that existed before the pandemic and have been exacerbated by the crisis.

Small Business Performance and Pandemic-Related Challenges in New Jersey

Figure 1: Revenue Change Over the Past 12 Months for New Jersey Small Businesses

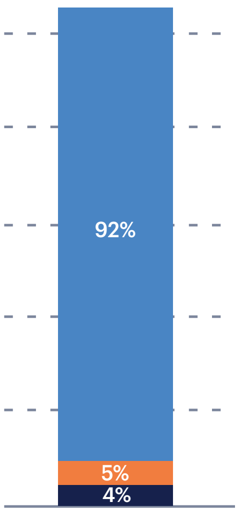
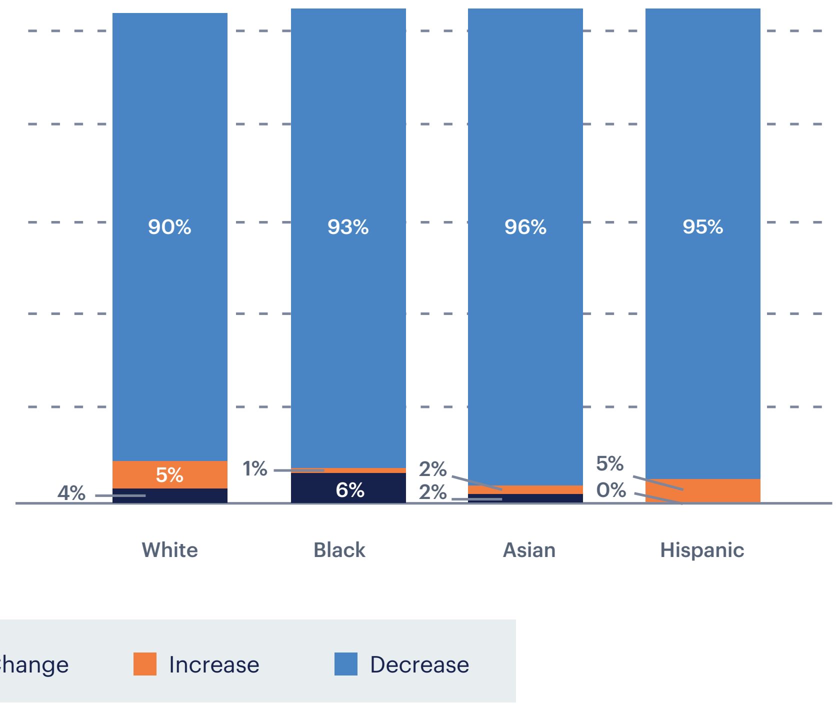


Figure 2: Revenue Change by Race and Ethnicity of Firm Ownership for New Jersey Small Businesses



Source: 2020 Small Business Credit Survey, Federal Reserve Banks. Percentages may not sum to 100 because of rounding.
Note: The sample size for Figure 1 is 843 employer firms. The sample size for Figure 2 is 841 employer firms.

Revenue Change Over the Past 12 Months for New Jersey Small Businesses

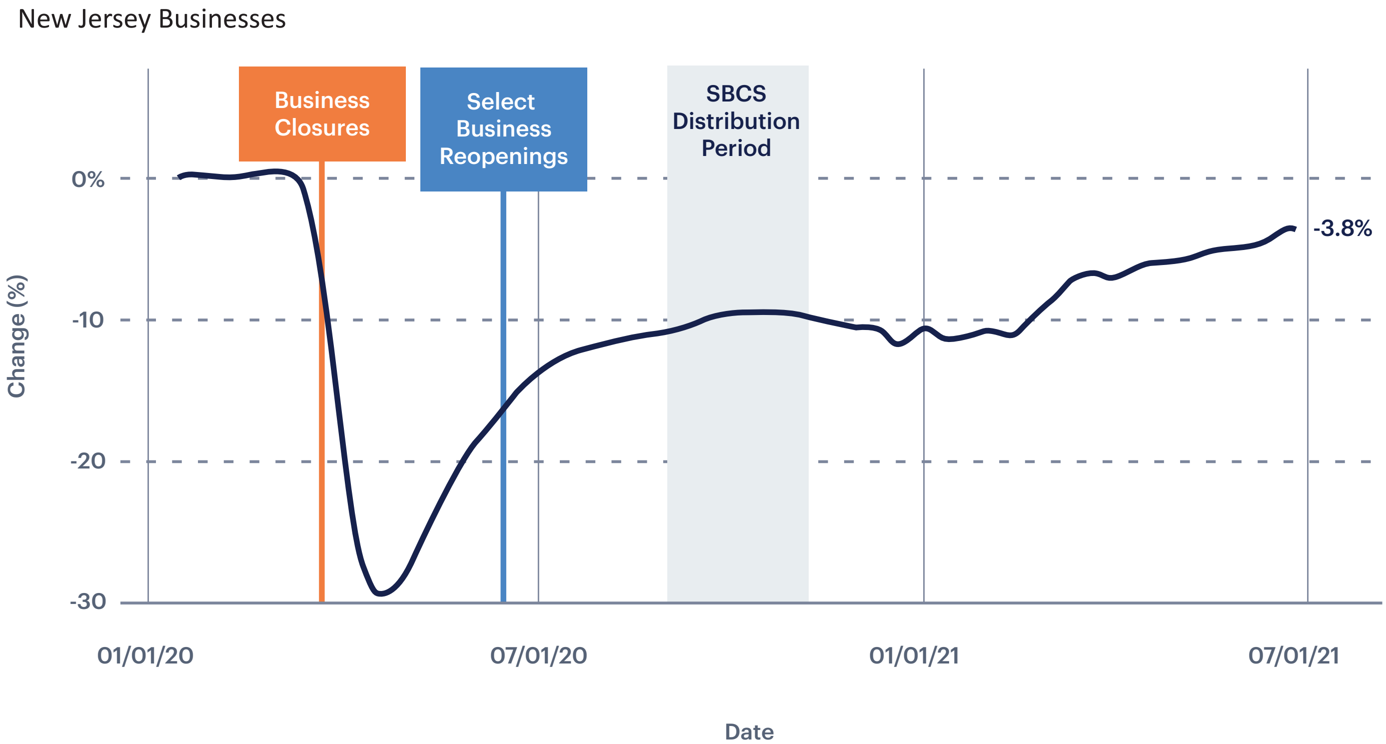
Throughout New Jersey, about 92 percent of small businesses reported that their revenue had decreased in 2020 (**Figure 1**). Although most small businesses in the state reported declines in revenue, firms owned by people of color were more likely to say that their revenue had decreased, compared with White-owned firms (**Figure 2**). Asian-owned firms were the most likely group of businesses to report that their revenue had decreased (96 percent), followed by Hispanic- and Black-owned firms (95 percent and 93 percent, respectively). Firms owned by White entrepreneurs were the group of businesses that were relatively less likely to report a decrease in revenue (90 percent). Additional analysis of the SBCS microdata shows that women-owned firms and microbusinesses also reported relatively higher rates of revenue decreases.[6]

Small Business Employment During the COVID-19 Pandemic in New Jersey

Figure 3 shows the percent change in total employment for all businesses in New Jersey from January 2020 to the most recent data on June 27,

[6] To view more data on revenue change between 2019 and 2020 for small businesses in New Jersey by race and ethnicity of firm ownership, gender of firm ownership, age of firm, and size of firm, see the Appendix.

Figure 3: Percent Change in Total Employment Between January 2020 and June 2021



Source: Opportunity Insights Economic Tracker, available at tracktherecovery.org.

Note: The data provided through the Economic Tracker for total employment change were sourced from the third-party firms Paychex, Intuit, Earnin, and Kronos. The Paychex data encompass payroll data for small- and medium-sized firms. Intuit data generally include data on firms with fewer than 20 employees. Earnin provides worker-level data that are inclusive of both very large small businesses and smaller firms, with information for predominantly low-wage workers. The Kronos data set incudes data on midsized firms. Change in employment is indexed to January 4—31, 2020.

2021, not seasonally adjusted.[7] This time series trend shows the initial economic shock of the pandemic throughout the first few months of 2020, relative to pre-pandemic levels (benchmarked to January 2020). Following state-mandated business closures (March 21, 2020), small business employment decreased by 29.4 percent from pre-pandemic levels to its lowest point on April 20, 2020. Firm employment steadily recovered through the SBCS distribution period (September 2020 to October 2020). Small business employment in New Jersey continued to recover throughout the summer of 2021; nevertheless, recent data show that small business employment remains below pre-pandemic levels. As of June 27, 2021, total small business employment was 3.8 percent below its pre-pandemic benchmark in January 2020.

Employment Change Over the Past 12 Months for New Jersey Small Businesses

Between 2019 and 2020, most firms in New Jersey (54 percent) stated that their employment level had decreased (**Figure 4**). Firms owned by people of color were more likely to report a decrease in employment (**Figure 5**) relative to White-owned small businesses. Specifically, Asian-owned firms and Hispanic-owned firms (58 percent and 56 percent, respectively) reported employment decreases at higher rates than their White- and Black-owned firm counterparts (53 percent and 49 percent, respectively).

Microbusinesses also experienced a disproportionate share of employment decreases between 2019 and 2020 (**Figure 6**). Specifically, 56 percent

[7] The data sets used to create the time series visualization generally include information on small businesses; therefore, we interpret the results as representative of employment change for small firms. For more information on the data sets used in the Opportunity Insights Economic Tracker, see Raj Chetty, John N. Friedman, Nathaniel Hendren, Michael Stepner, et al., "The Economic Impacts of COVID-19: Evidence from a New Public Database Built Using Private Sector Data," working paper, November 2020. Available at opportunityinsights.org/wp-content/uploads/2020/05/tracker_paper.pdf.

Figure 4: Employment Change Over the Past 12 Months for New Jersey Small Businesses

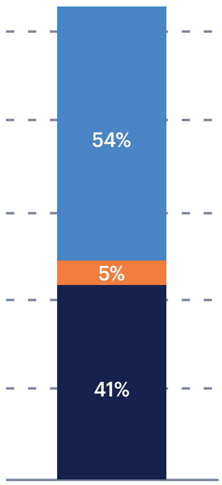


Figure 5: Employment Change by Race and Ethnicity of Firm Ownership for New Jersey Small Businesses

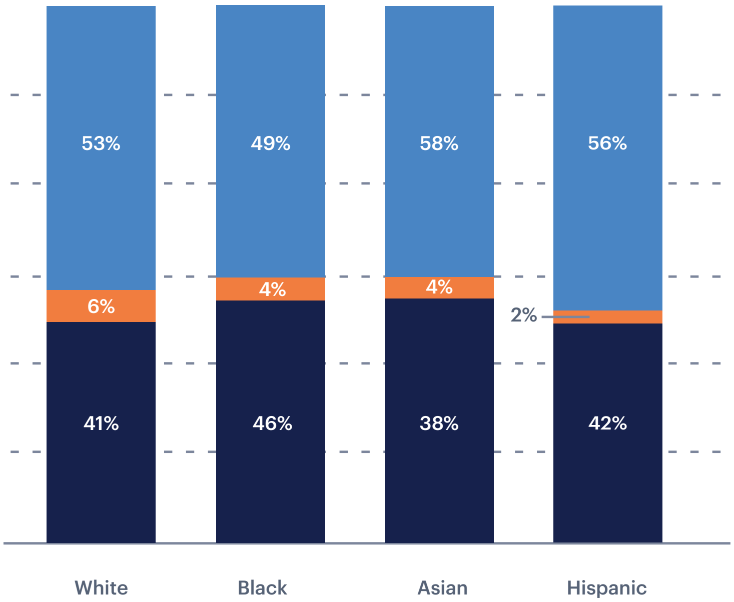
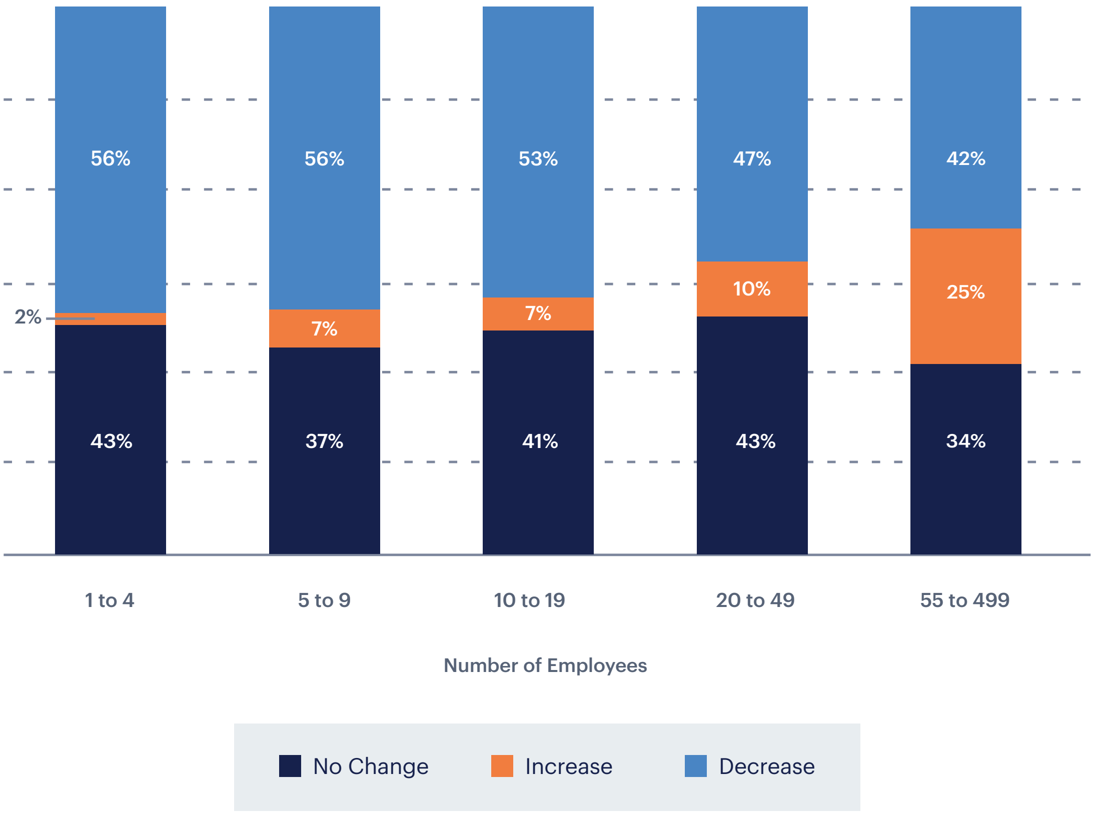


Figure 6: Employment Change by Size of Firm for New Jersey Small Businesses



Source: 2020 Small Business Credit Survey, Federal Reserve Banks. Percentages may not sum to 100 because of rounding.

Note: The sample size for Figure 4 is 814 employer firms. The sample size for Figure 5 is 811 employer firms. The sample size for Figure 6 is 814 employer firms.

of microbusinesses reported a decrease in their employment, followed by firms with 5 to 9 and 10 to 19 workers (56 percent and 53 percent, respectively). Further analysis of the SBCS microdata shows that women-owned firms were more likely to report a decrease in employment compared with men-owned and equally owned firms.[8]

Business Financing and COVID-19 Emergency Funding in New Jersey

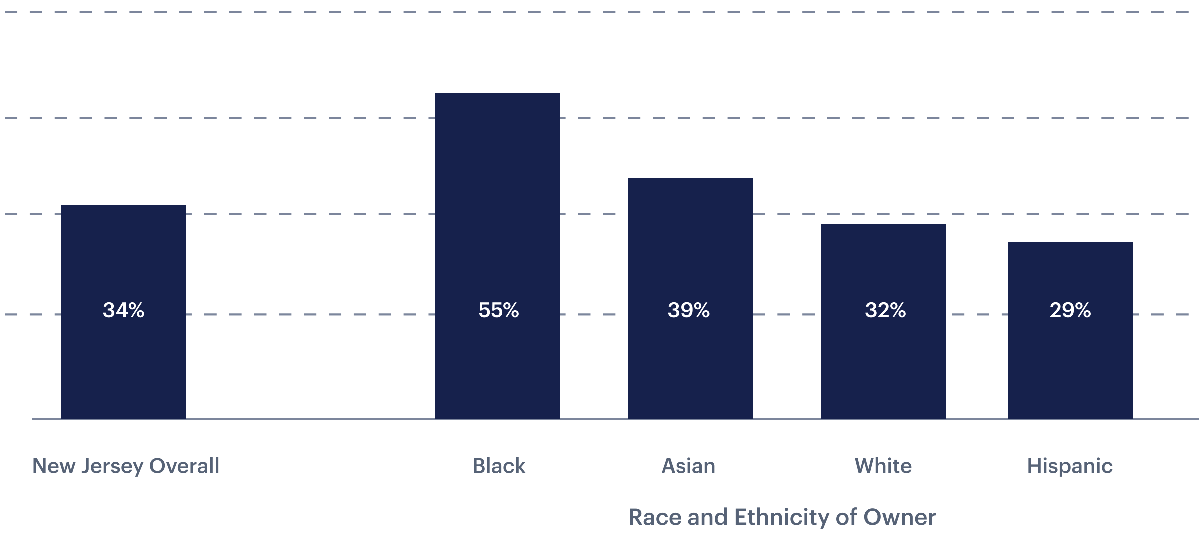
State-mandated small business closures, coupled with drops in consumer demand, prompted an urgent need for business financing and emergency assistance for New Jersey firms. As the pandemic spread in the spring of 2020, it was clear that small businesses were closing at a rapid pace, putting the sector in unprecedented territory. The revenue and employment trends, covered earlier in this report, also made it clear that small businesses across New Jersey would need lines of credit for the specific purpose of remaining open through the worst of the pandemic recession.

Financing Outcomes for Small Businesses in New Jersey

More than one-third of small business owners in the state of New Jersey overall applied for nonemergency financing (**Figure 7**). Moreover, over half of Black-owned firms (55 percent) reported that they applied for nonemergency financing, the largest share of any race or ethnic group. Throughout the state, small businesses sought financing from a range of financial services providers (**Figure 8**), defined as organizations at which a firm has an account or uses other financial services (loans, payments processing, etc.). A majority

[8] To view more data on employment change between 2019 and 2020 for small businesses in New Jersey by race and ethnicity of firm ownership, gender of firm ownership, age of firm, and size of firm, see the Appendix.

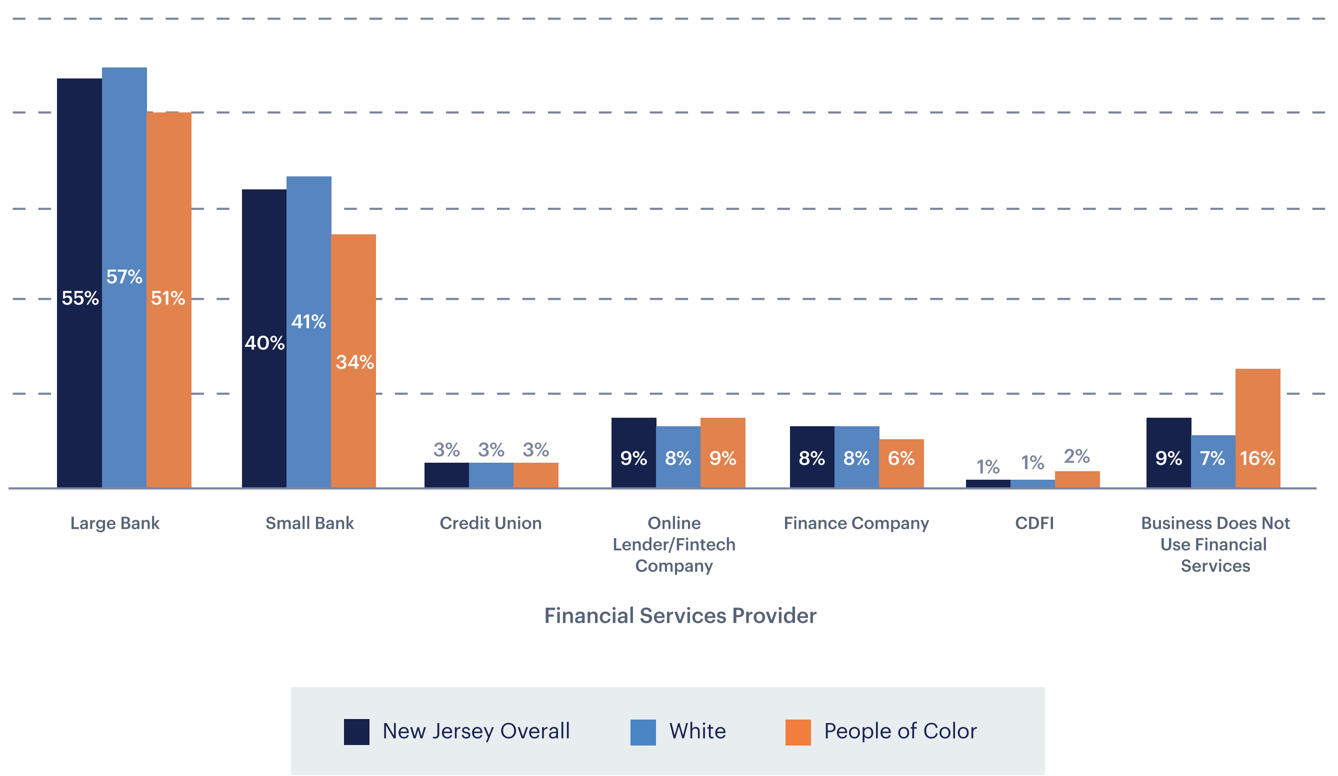
Figure 7: Share of Business Owners Who Applied for Nonemergency Financing, Prior 12 Months



Source: 2020 Small Business Credit Survey, Federal Reserve Banks. Percentages may not sum to 100 because of rounding.

Note: The sample size for Figure 7 is 814 employer firms for the state of New Jersey and 811 employer firms for the race and ethnicity breakout. Financing applications are inclusive of the second half of 2019 through the second half of 2020.

Figure 8: Reported Use of Financial Services Providers by Race and Ethnicity of Firm Ownership for New Jersey Small Businesses



Source: 2020 Small Business Credit Survey, Federal Reserve Banks. Percentages may not sum to 100 because of rounding.

Note: The sample size for Figure 8 is 843 employer firms across all three demographic groups. Respondents could select multiple options. Firms that are Black-, Asian-, or Hispanic-owned are grouped together in the People of Color category. Respondents were provided with a list of large banks (institutions with at least $10 billion in total deposits) operating in their state. The Online Lenders/Fintech Company category is nonbank firms that lend online. The Finance Company category includes nonbank lenders such as mortgage companies, equipment dealers, insurance companies, auto finance companies, etc. The Community Development Financial Institutions (CDFIs) category is financial institutions that provide credit and financial services to underserved markets and populations.

of New Jersey firms overall reported using a large bank (55 percent). Firms owned by people of color were relatively less likely than White-owned firms to say the same (51 percent and 57 percent, respectively). Moreover, firms owned by people of color were twice as likely as White-owned firms to report not using a financial services provider altogether (16 percent and 7 percent, respectively).

PPP Funding Received by Small Businesses in New Jersey

The Paycheck Protection Program (PPP) emerged as the predominant form of emergency financing sought by small businesses across the country.[9] However, disparities in which small businesses received PPP funding are striking, often disproportionately affecting firms owned by people of color and other vulnerable firms.

The PPP is a Small Business Administration (SBA)–backed loan meant to help small businesses keep workers employed through the COVID-19 economic crisis. At the time the SBCS was fielded in 2020, there had been two rounds of PPP funding administered by the SBA, through both the Coronavirus Aid, Relief, and

[9] Nationally, approximately 82 percent of small business employer firms applied for PPP funding, according to the *2021 Report on Employer Firms*, available at www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2021/2021-sbcs-employer-firms-report.

Economic Security (CARES) Act[10] and the Paycheck Protection Program and Health Care Enhancement Act.[11] In New Jersey alone, 83 percent of small businesses reported that they applied for a PPP loan through those two application periods, making it the most common form of emergency assistance.[12] At the time of this report's writing, there was an additional round administered through the Consolidated Appropriations Act.[13]

Figure 9 shows the share of PPP funding received by small businesses that applied for funding in New Jersey. The data are inclusive of the first two PPP application periods during the spring and summer of 2020. Most small businesses in New Jersey, about 71 percent of firms, received all the PPP funding they sought. There is a subset of firms that did not receive all the funding for which they applied: 13 percent received most of the funds (between 51 to 99 percent), 12 percent received some (1 to 50 percent), and 4 percent received none. Notably, compared with U.S. firms overall, New Jersey firms were less likely to receive all the funding they sought. According to the SBCS 2021 Report on Employer Firms, 77 percent of U.S. small businesses received all the funding they sought, a larger share than in New Jersey.

There are disparate outcomes in the amount of PPP funding received between White-owned firms and firms owned by people of color (**Figure 10**). Black-owned firms were the least likely group to receive all the PPP funding they applied for (42 percent) and were also the group most likely to receive just some of the funding they sought (37 percent). Moreover, more than one in five Hispanic-owned firms, the largest share of any group, reported that they received none of the PPP funding for which they applied. Most Asian-owned firms (58 percent) reported receiving all the PPP funding they sought. However, these statistics stand in stark contrast with the 76 percent of White-owned firms that reported receiving all the PPP funding they sought.

Younger firms were also less likely to receive all the PPP funding they sought compared with older firms (**Figure 11**). Relative to other small business size classes, microbusinesses were the least likely to receive all the PPP funding they sought, at 62 percent. Microbusinesses were also the group of firms most likely to receive some (16 percent) or none (6 percent) of the PPP funds they sought.[14]

Small Business Expectations for PPP Forgiveness

Small businesses that receive PPP loans are eligible for forgiveness based on a set of guidelines stipulated by the SBA. Three basic criteria must be met to receive PPP loan forgiveness. First, small business employee and compensation levels must be maintained. Second, loan proceeds must be used on payroll and other expenses outlined in SBA guidance. Last, a minimum of 60 percent of PPP funding must be spent on payroll costs.[15]

At the time of the survey, the vast majority of New Jersey small businesses (76 percent) expected to receive full forgiveness on their PPP loans (**Figure 12**). Firm expectations for full PPP loan forgiveness varied, particularly for those owned by people of color, as shown in **Figure 13**. Black-owned firms were the group of small businesses least likely to report that they expected full loan forgiveness (62 percent), compared with Hispanic-owned firms (68 percent), and Asian- and White-owned firms (77 percent each). Moreover, 26 percent of Black-owned firms reported that they were unsure of whether they would receive any PPP loan forgiveness, the largest share of any ownership group. That stands in stark contrast with

10 The Coronavirus Aid, Relief, and Economic Security Act, Pub. L. 116-136, 134 Stat. 281, 2020, available at www.congress.gov/bill/116th-congress/house-bill/748.

11 The Paycheck Protection Program and Health Care Enhancement Act, Pub. L. 116-139, 134 Stat. 620, 2020, available at www.congress.gov/bill/116th-congress/house-bill/266.

12 PPP loans were the top form of emergency assistance that small businesses reported seeking. However, 58 percent of firms reported applying for economic injury disaster loans (EIDLs), and 52 percent of firms reported applying for a grant from state or local government fund. In the original questionnaire, survey respondents could choose multiple loans. Therefore, some firms may have also applied for other forms of emergency assistance in addition to PPP loans. For more, see Priya Krishna, *Small Business Credit Survey: New Jersey Insights*, Federal Reserve Bank of Philadelphia, June 2021, available at www.philadelphiafed.org/-/media/frbp/assets/community-development/articles/sbcs-nj-insights.pdf.

13 Consolidated Appropriations Act, 2021, Pub. L. 116-260, 2020, available at www.congress.gov/bill/116th-congress/house-bill/133?r=1&s=7.

14 To view more data on the amount of PPP funding received by small businesses in New Jersey by race and ethnicity of firm ownership, gender of firm ownership, age of firm, and size of firm, see the Appendix.

15 PPP loan forgiveness guidelines vary by the amount of PPP funding sought by a business. Multiple applications and loans received by a business changes the guidelines by which a business must use the money to then receive full loan forgiveness. PPP loan forgiveness guidelines are available at www.sba.gov/funding-programs/loans/covid-19-relief-options/paycheck-protection-program/ppp-loan-forgiveness.

Figure 9: Share of PPP Funding Received for New Jersey Small Businesses

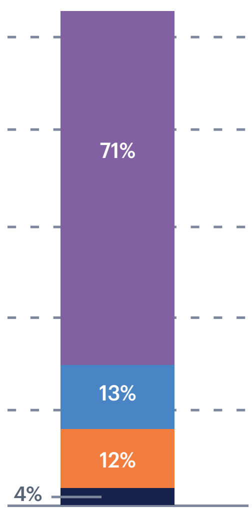


Figure 10: Share of PPP Funding Received by Race and Ethnicity of Firm Ownership for New Jersey Small Businesses

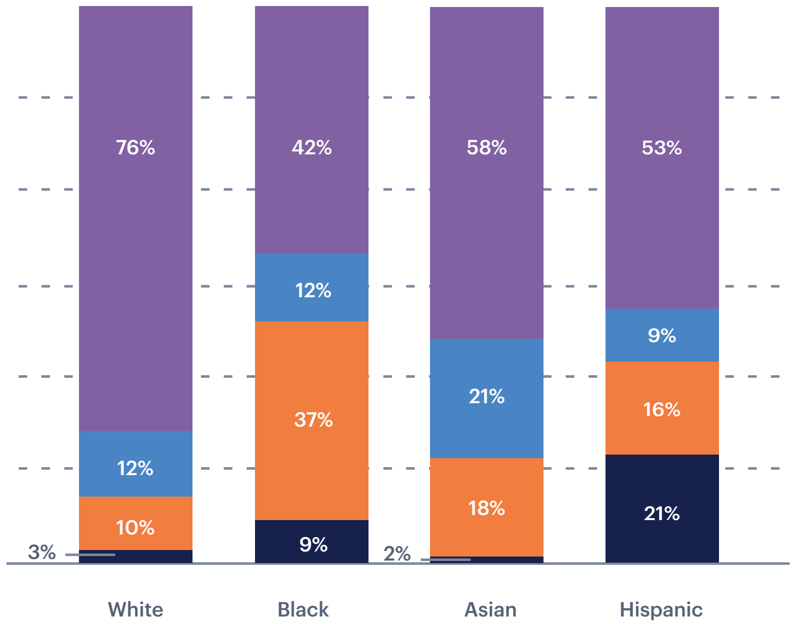
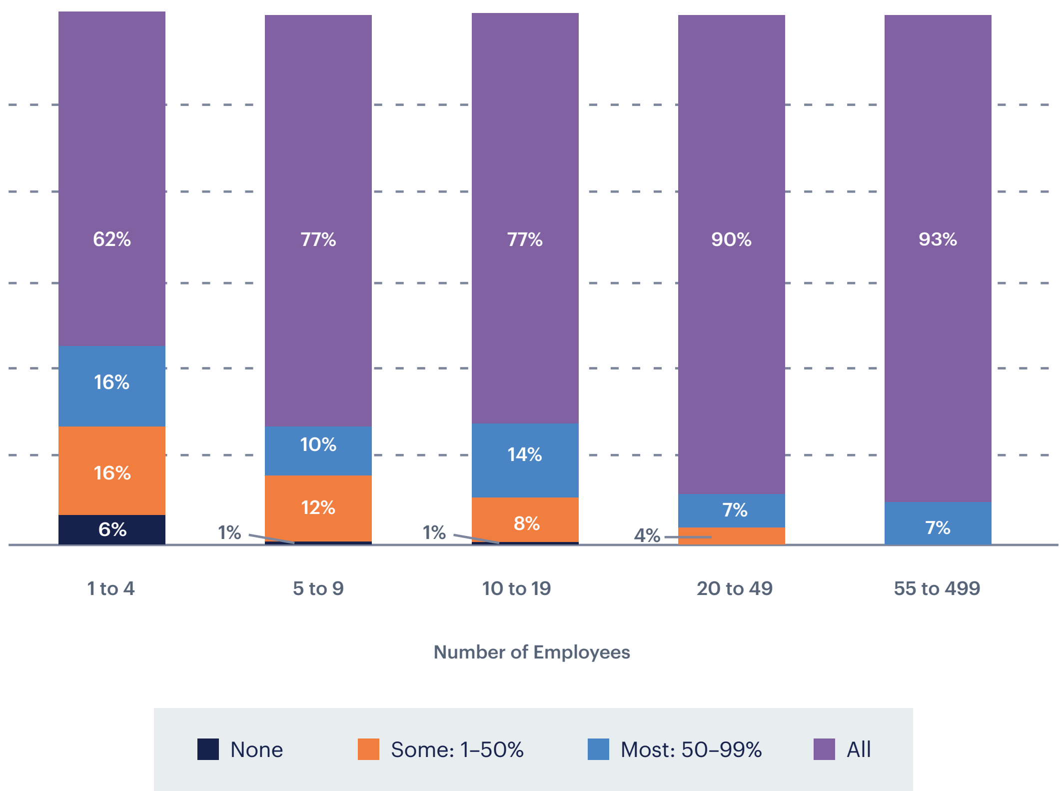


Figure 11: Share of PPP Funding Received by Size of Firm for New Jersey Small Businesses



Source: 2020 Small Business Credit Survey, Federal Reserve Banks. Percentages may not sum to 100 because of rounding.

Note: The sample size for Figure 9 is 677 employer firms, the sample size for Figure 10 is 676 employer firms, and the sample size for Figure 11 is 677 employer firms.

the uncertainty reported by Hispanic-owned firms (19 percent), and Asian-owned firms and White-owned firms (13 percent and 12 percent, respectively).

Younger firms were less likely to report that they expected to receive full PPP loan forgiveness, relative to older firms (**Figure 14**). Between age groups, 68 percent of firms from 6 to 10 years old said that they expected full loan forgiveness, the smallest share of all age groups. Additional analysis of the survey microdata shows that microbusinesses and equally owned firms were also less likely to expect full PPP loan forgiveness.[16]

Economic Outlook of Firms in New Jersey

At the time of the 2020 SBCS (September 2020 through October 2020), the economic outlook of small businesses was tenuous. State-mandated business closures in New Jersey had ended, and stay-at-home orders were lifted. However, COVID-19 vaccines had yet to be approved and distributed for public use, which made the timing of a broader reopening of the economy uncertain. This could have had an effect on the responses collected during the SBCS fielding period. Generally, firms had negative expectations for how revenue would change in the 12 months following the survey. Across firm demographic groups, those expectations for revenue mostly remained constant. Small businesses had a less negative view of how employment would change, yet most anticipated no change in the amount of workers at their firms. The results for change in employment also remained constant overall across firm demographic groups.

Firm Expectations for Revenue Change Between 2020 and 2021

Generally, at the time of the survey, businesses had a negative economic outlook, particularly regarding their ability to generate revenue (**Figure 15**). Most firms in New Jersey, overall, expected their revenue to decrease in the year following the survey, with 58 percent responding that they anticipated a drop. The economic outlook of firms varied based on the race and ethnicity of firm ownership (**Figure 16**). Asian-owned firms disproportionately reported (75 percent) that they expected their revenue to decrease in the year following the survey. Asian-owned firms were also the least likely group to anticipate an increase in revenue (14 percent). Further analysis of the SBCS microdata shows that women-owned firms were also more likely to report that they expected their revenue to decrease, compared with men-owned firms.[17]

Firm Expectations for Employment Change Between 2020 and 2021

A smaller share of New Jersey small businesses had negative expectations for how their employment would change over the 12 months following the survey, relative to their expectations for revenue (**Figure 17**). Overall, most small businesses (52 percent) reported that they expected employment at their firm not to change, 28 percent anticipated decreases, and 20 percent predicted increases. While firm expectations for employment generally indicated no change, it is important to note that, consistently across demographic groups, a larger share of firms predicted decreases than predicted increases.

Similar to expectations for revenue over the following 12 months, **Figure 18** shows that Asian-owned firms were more likely to report expected decreases in employment (33 percent) compared with Black-owned firms, White-owned firms, and Hispanic-owned firms (30 percent, 27 percent, and 25 percent, respectively). Moreover, Asian-owned firms (13 percent) were the least likely group to predict an increase in employment in the year following the survey, followed by White-owned firms (21 percent), Black-owned firms (22 percent), and Hispanic-owned firms (26 percent). Across small businesses, based on the race and ethnicity of firm ownership, firms generally anticipated no change in employment.[18]

These findings highlight the disparities in business owners' economic outlook and access to capital and financing. Across each variable examined, Black-,

16 To view more data on expectations for PPP loan forgiveness in New Jersey by race and ethnicity of firm ownership, gender of firm ownership, age of firm, and size of firm, see the Appendix.

17 To view more data on small business expectations for revenue in the 12 months following the SBCS by race and ethnicity of firm ownership, gender of firm ownership, age of firm, and size of firm, see the Appendix.

18 To view more data on small business expectations for employment in the 12 months following the SBCS by race and ethnicity of firm ownership, gender of firm ownership, age of firm, and size of firm, see the Appendix.

Figure 12: Expectations for PPP Forgiveness for New Jersey Small Businesses

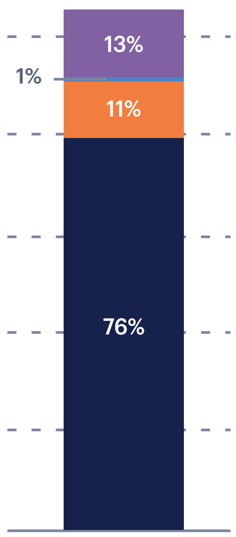


Figure 13: Expectations for PPP Forgiveness by Race and Ethnicity of Firm Ownership for New Jersey Small Businesses

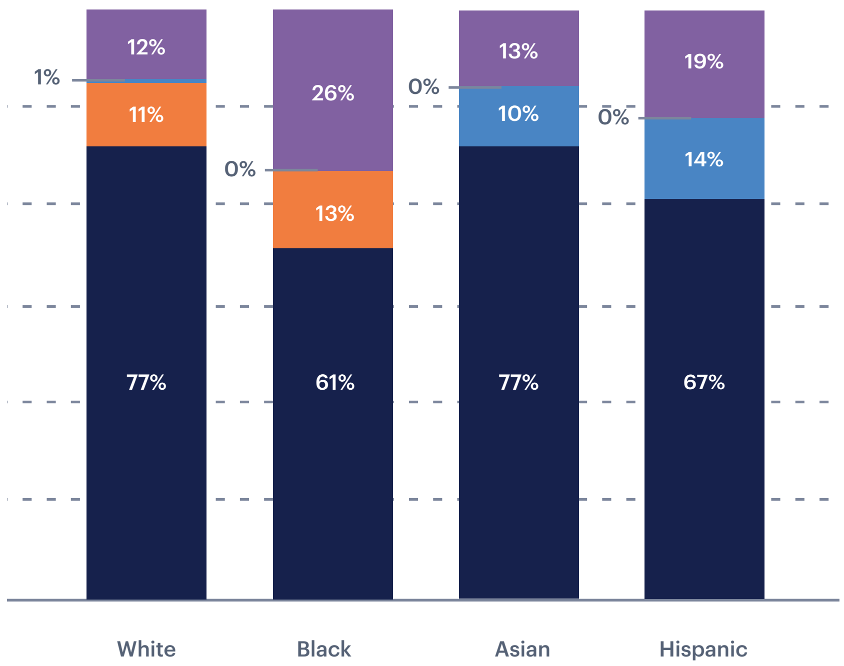
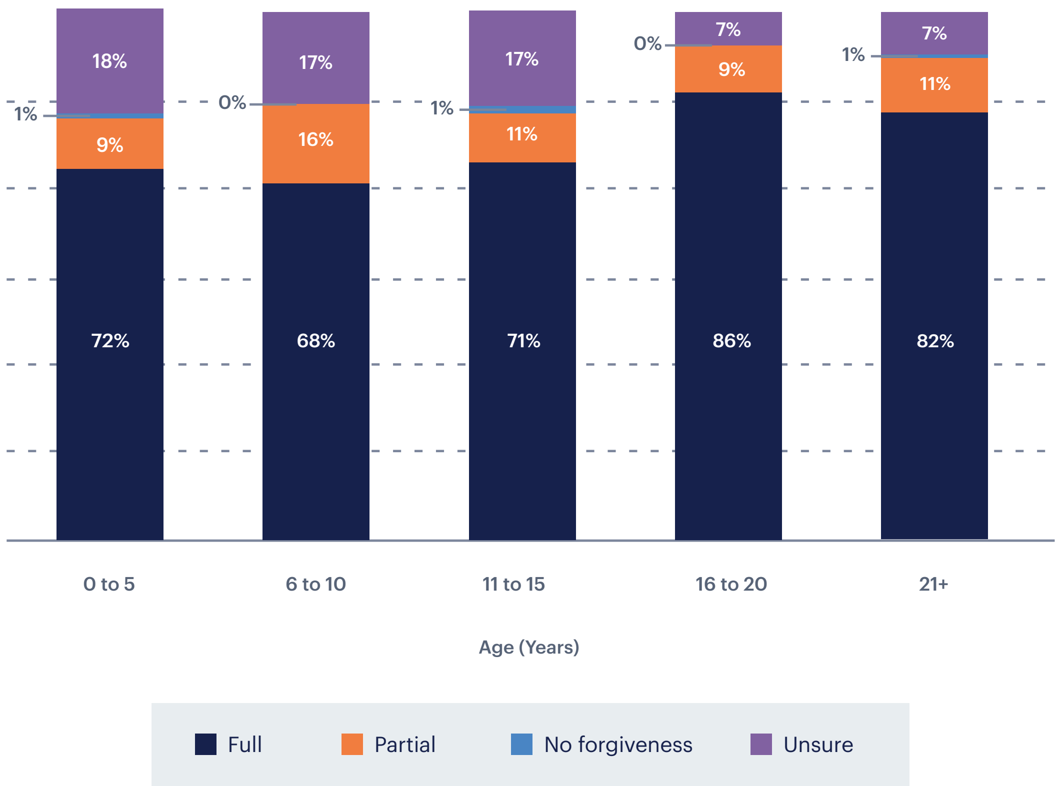


Figure 14: Expectations for PPP Forgiveness by Age of Firm for New Jersey Small Businesses



Source: 2020 Small Business Credit Survey, Federal Reserve Banks. Percentages may not sum to 100 because of rounding.

Note: The sample size for Figure 12 is 649 employer firms, the sample size for Figure 13 is 648 employer firms, and the sample size for Figure 14 is 649 employer firms.

Figure 15: Expected Revenue Change Between 2020 and 2021 for New Jersey Small Businesses

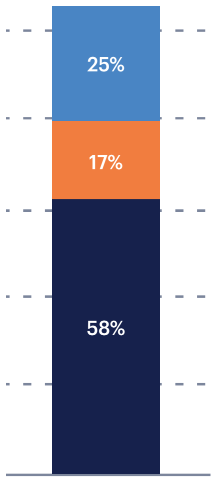
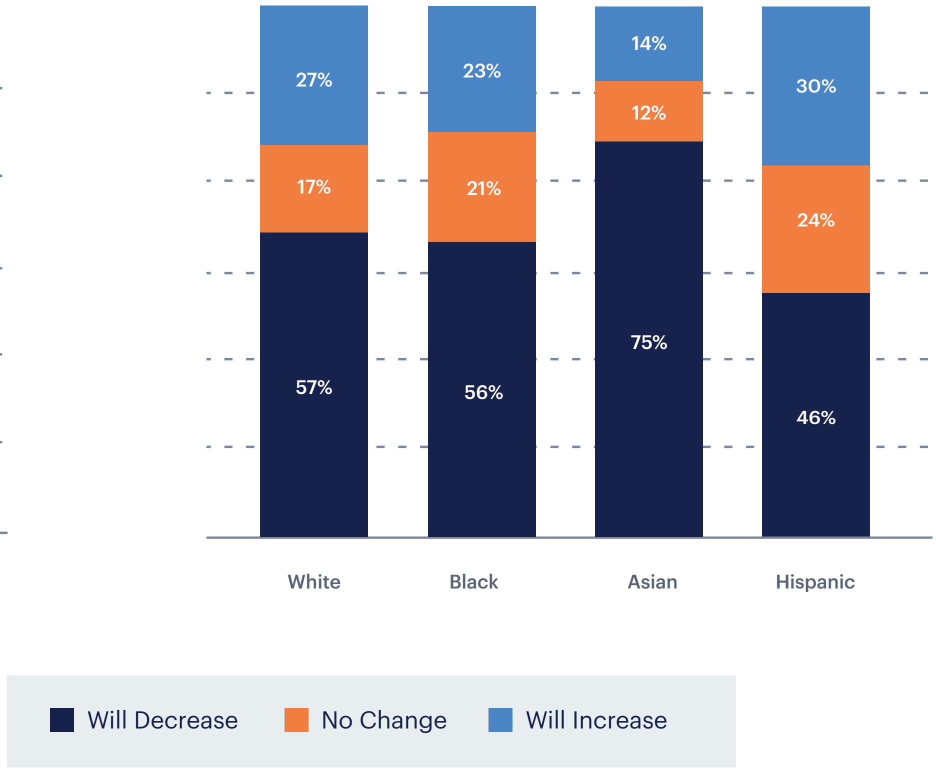


Figure 16: Expected Revenue Change Between 2020 and 2021 by Race and Ethnicity of Firm Ownership for New Jersey Small Businesses



Source: 2020 Small Business Credit Survey, Federal Reserve Banks. Percentages may not sum to 100 because of rounding.

Note: The sample size for Figure 15 is 845 employer firms, and the sample size for Figure 16 is 842 employer firms.

Hispanic-, and Asian-owned firms faced unique challenges during 2020.[19] The data also indicate that women-owned firms, microbusinesses, and firms that are younger faced disparities.[20] These data confirm that disparities that existed before the pandemic have been exacerbated by the crisis, and the unique challenges of the small businesses owners most impacted must be addressed to foster an inclusive recovery.

[19] See Mels de Zeeuw, *2019 Small Business Credit Survey: Report on Minority-Owned Firms*, Atlanta: Federal Reserve Bank of Atlanta, December 2019. Available at www.fedsmallbusiness.org/survey/2019/report-on-minority-owned-firms.

[20] See Claire Kramer Mills and Jessica Battisto, *Double Jeopardy: COVID-19's Concentrated Health and Wealth Effects in Black Communities*, New York: Federal Reserve Bank of New York, August 2020. Available at www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2020/DoubleJeopardy_COVID19andBlackOwnedBusinesses.

Figure 17: Expected Employment Change Between 2020 and 2021 for New Jersey Small Businesses

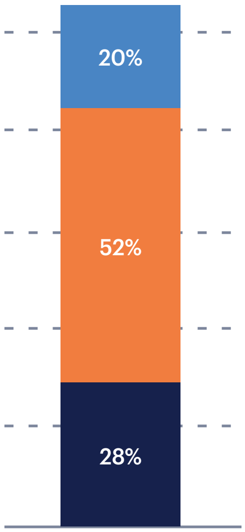
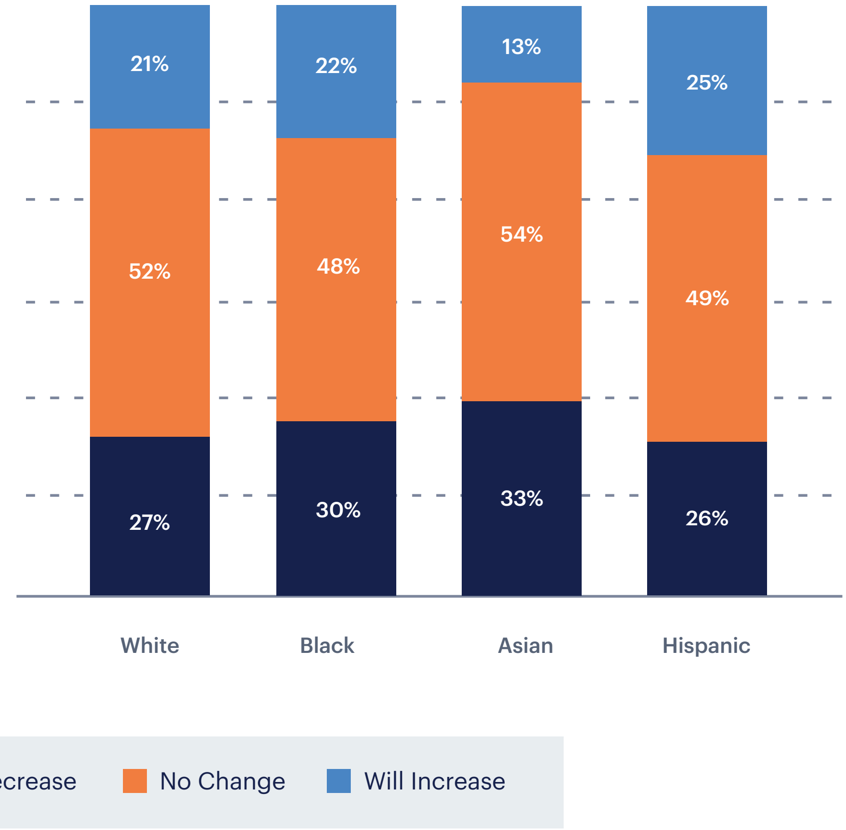


Figure 18: Expected Employment Change Between 2020 and 2021 by Race and Ethnicity of Firm Ownership for New Jersey Small Businesses



Source: 2020 Small Business Credit Survey, Federal Reserve Banks. Percentages may not sum to 100 because of rounding.

Note: The sample size for Figure 17 is 820 employer firms, and the sample sizse for Figure 18 is 817 employer firms.

Perspectives from New Jersey Small Business Listening Sessions

To better understand the perspectives of the small businesses impacted by the COVID-19 pandemic, the Federal Reserve Bank of Philadelphia, in partnership with New Jersey Economic Development Authority (NJEDA), hosted a series of listening sessions in New Jersey with small business owners. The conversations focused on the businesses that microdata indicated had been most impacted in New Jersey during 2020: Black-, Hispanic-, and Asian-owned firms; businesses with fewer than 10 employees; and newer businesses. To recruit these businesses, the Federal Reserve Bank of Philadelphia and NJEDA worked with regional organizations, including the African American Chamber of Commerce of New Jersey, the Statewide Hispanic Chamber of Commerce of New Jersey, the Asian Indian Chamber of Commerce, and the New Jersey Small Business Development Center at The College of New Jersey. The researchers spoke with 54 small business owners from May 2021 to August 2021, conducting listening sessions in both English and Spanish.

> "You go with a smaller bank who knows you, but then you give up so many conveniences versus a bigger bank who has the conveniences — but if you're not a million-dollar customer plus, then they don't care about your account, so to speak."

These conversations helped provide qualitative insight into the lived experiences of small businesses owners and how they navigated applying for federal, state, and local emergency financing during this crisis. While the experiences of business owners differed greatly based on industry, age of the firm, and restrictions during the pandemic, the qualitative analysis of these transcripts demonstrated some similar experiences that may inform future public policy decisions around financing for small businesses.

Relationships with Lending Institutions

Relationships with financial institutions were critical for getting loans and financial help during the crisis. In particular, one study shows that nearly half of small employer firms across the country applied for PPP funding from a large bank,[21] but the likelihood of receiving that loan varied greatly based on the small business's prior relationship with a lending institution. We heard similar themes across listening sessions when we spoke with small business owners about their relationships with financial institutions.

Businesses that received PPP funding or other loans from major lending institutions often already knew someone at the bank who serves as a sponsor and navigator. Those interviewed referenced relationships as a predominant reason for working with certain institutions over others. The feeling of being a valued partner was also critical. As one small business owner stated, "I need you to be my true partner in my business — not somewhere where my money sits and collects interest, not somewhere where the money goes."

Small business owners also described challenges the experienced in the first round of PPP funding with banks, with one stating, "I couldn't open up a new account and then apply for PPP at that bank because the banks were dealing with their own existing clients, so they were also very burdened on the work that they had to do." Many firm owners expressed frustration with their primary lending institutions, opting to work

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[21] See Jessica Battisto, Nathan Godin, Claire Kramer Mills, and Asani Sarkar, "Who Received PPP Loans by Fintech Lenders?" *Liberty Street Economics* (blog), Federal Reserve Bank of New York, May 27, 2021, libertystreeteconomics.newyorkfed.org/2021/05/who-received-ppp-loans-by-fintech-lenders/.

with smaller lenders or online lending programs. Certain firm owners said smaller lending institutions provided individualized support. However, some tradeoffs were mentioned; as one owner stated, "You go with a smaller bank who knows you, but then you give up so many conveniences versus a bigger bank who has the conveniences — but if you're not a million-dollar customer plus, then they don't care about your account, so to speak."

One small business owner noted why they no longer work with a larger bank:

> *"I applied for [the PPP] with the bank that I've been with for over five years. It's a big bank. And they gave me the runaround, additional paperwork. It's in process and da, da, da. And then someone told me about one of these online banks, and I submit my application to the online bank. Before the end of the day, my application was approved. And from then I decided that I'm not going to bank at that bank anymore. Within a couple weeks, I closed my accounts [at the larger bank] and I was done. I'm not even going to argue and try to talk to anyone there. My philosophy on business, if you treat me with respect, I treat you back with respect. [Otherwise], you're not going to get my money."*

A Black small business owner described their reason for changing financial institutions following their treatment by staff when depositing a check. The bank teller gave him a difficult time, asking for additional signatories on the deposit. Upon speaking to the manager, the business owner reflected on his perception of respect and what it means for his ability to get financing "I shouldn't have to dread going into the bank to put money into the bank. This is ridiculous. I shouldn't have to feel like I need to be suited and booted, looking ten years older and super professional to put money into my bank account to be respected. So, if that's what they do in person, then that's how it is. Imagine how [it is] trying to get financed." These experiences with financial institutions indicate the importance of respect in regular banking interactions, as well as how small business owners perceived their ability to get financing.

While many studies have demonstrated the value of community development financial institutions (CDFIs) to small businesses in this crisis, small business owners in New Jersey spoke more about the impact of online lenders. One participant noted, "CDFIs in New Jersey have focused more on the SBA programs than on the microcredit programs. Obviously, the terms of the SBA programs are a bit more rigorous and also more costly." Indeed, in many instances, CDFIs provide additional types of loans for underserved businesses, diversifying the types and terms of funding available to firms owned by people of color. Throughout the listening sessions, the notable lack of conversation about CDFIs in New Jersey might indicate an opportunity expand their services to meet the needs of smaller business.

While some national discussions about disparities in PPP funding have focused on the unbanked, the listening sessions revealed another concern — there is an extent to which a firm is effectively banked that is highly dependent on trust and a prior relationship with lending institutions. These disparities may be about more than access to banks, and they may be highly influenced by relationships, trust, and individualized assistance, particularly for firms owned by people of color.

Networks of Information

Equally important to the relationships with financial institutions were the value of information networks to small business owners. For many, the information regarding pandemic-related financing options was confusing, with programs having varying regulations and different standards. Participants commented "The information that was out there was scarce," and, "We ran into a situation with all of the chaos and the misinformation coming from the lenders and coming from [the government]." The importance of information networks and communication was clear across these listening sessions. As opposed to larger businesses that might use an accountant or dedicated staff person, these smaller businesses relied heavily on formal and informal information networks to learn about financing opportunities.

The primary source of information small businesses referenced were formal networks, like minority chambers of commerce. Small business owners noted that these organizations served as key dispensers of information, often using communication networks unique to the firms they served. A representative from

the Statewide Hispanic Chamber of Commerce noted, "It's important to say that the digital divide has been the biggest obstacle since the crisis started. Most small business owners have internet access through their cellphones. So, trying to process an application that involves attaching documents is very difficult to do on a cellphone." These organizations innovated by using apps like WhatsApp to reach small business owners or hosting in-person events at restaurants, where small business owners without a home computer could fill out applications.

The other source of information for many small business owners was informal networks of similar businesses. For example, a network of business owners was formed in response to state-mandated operational restrictions and shifting safety requirements from the state government. A host of one listening session noted, "There are several groups of beauty salons, barbershops, spas — we started working as we were discussing the reopening and complying with all the safety protocols. What happened was that they became a very tight-knit group and a very efficient one as well." These informal networks of industry-related business owners, as well as word of mouth within communities, became a significant asset in navigating financing options during the COVID-19 pandemic.

In addition to informal networks, individuals or sponsors within organizations often served as dispensers of information. In one listening session, several members mentioned a particular individual who worked for a bank associated with the Asian Indian Chamber of Commerce to ensure that members had information and access to opportunities. In other conversation, an individual in the mayor's office in Passaic, NJ, a predominately Latino community, served as the connector and advocate, reaching out to local business owners about grants and financing.

The accessibility of information — or potentially an information deficit — was another predominant theme. In a conversation with smaller business owners, one group noted that most of the information is actually not made available in Spanish. One business owner stated, "The only information that I received was through the television, the news, but since I didn't know where to go or who could help me, then I didn't apply." Bilingual organizations that provided information had often already worked with small businesses before the pandemic, such as small business development centers (SBCDs) or community groups that provide technical assistance.

Across formal and informal information networks, the most important theme was trust. One small business owner stated, “During this time, it’s hard to find people you can trust with your information. Many times, people come along pretending to help — but what they really want is to rip us off.” One moderator noted that the recency of these programs made some small business owners wary: “I believe that there’s been a lot of distrust in the community because remember that many of these programs were implemented after the crisis.”

> “During this time, it’s hard to find people you can trust with your information. Many times, people come along pretending to help — but what they really want is to rip us off.”

Administrative Burden

Another critical issue for small businesses navigating the PPP and other programs was the administrative burden. While many firms struggled to understand which programs were available to them, the varying requirements and administrative burden needed to apply proved to be a significant barrier to smaller businesses. These firms were more likely to report that they did not have an accountant or consultant navigating these programs on their behalf. As one participant noted, “When PPP opened, nobody knew the rules and what has to be done and all — what documents [were] required. Even the bankers. Everybody was learning.”

The differences between programs were confusing for applicants. One firm owner spoke about applying for a loan and getting rejected four times: “At first, I think I had a tech issue, and so they lost my documents that I uploaded. It didn’t like that I was doing 2019 forms and wanted 2020 — so there was a lot of confusing... terminology. We went back and forth, back and forth four times.” That sense of confusion — particularly navigating between state programs, grants, economic injury disaster loans (EIDLs), and the PPP — was consistent throughout the listening sessions.

Other participants in the listening sessions discussed the work that was required to support these small businesses in gathering their documents and ensuring things were submitted correctly. For those without a computer, this was particularly difficult in the pandemic. One owner noted, “I did have to hand people their documents, because a lot of people don’t understand how to use applications to send a fax or an email — to send important documents. They usually ask for a hard copy, and people were always scared of us coming close to them.” Another small business owner reported a similar experience: “This became like a full-time job for I want to say a week or so for everyone to figure it out, to gather the documents, and move forward to just decipher what we needed to do, because it was — we gave documents, and we were then told we had to come back and then provide more documents or more updated documents were needed.”

The primary administrative burden for the PPP was the need to prove a business had payroll employees. A participant reported, “I tried to file for a PPP (loan) through my bank. They helped me fill the application, and in the end, they told me that I couldn’t apply for it because I don’t have many employees and I don’t have a payroll.” A large number of small businesses we spoke with had 1099 or contact employees. This ultimately meant they sought different sources of financial assistance, even taking on more debt in the meantime; as one owner said, “We did not qualify for PPP because I have nobody on payroll, but we end up taking lots of loans for the services.”

For immigrant-owned businesses, there were other administrative burdens that prohibited them from being able to access funding. One business reported that they were denied because “we both have an ITIN (individual taxpayer identification number) for our taxes. And we work with the number the IRS gave the company, but my husband is the company owner and has an ITIN number, so he didn’t pass the identity verification letter.” Requirements around social security numbers for immigrant-owned businesses resulted in many being completely blocked from any source of assistance — even state and local grant programs. Another condition that prevented many

> When PPP opened, nobody knew the rules and what has to be done and all — what documents [were] required. Even the bankers. Everybody was learning.

small business owners from getting assistance was the date the business opened. One salon owner opened their business in March 2020; thus, they did not qualify for any federal programs, but they were able to get assistance from local grants and state funding.

In regard to other programs, such as state funding through the NJEDA or programs provided by cities, participants noted similar frustrations with differing requirements. One moderator of a listening session explained, "You need to show a loss compared to the amount of assistance you have gotten. If that difference does not exist because in your case the sales did not decrease, then that's not the right help program for you, and there are other help programs available." The need to demonstrate a loss was a barrier for many small businesses who were navigating local programs.

For some small business owners, this ultimately led to a decision to not seek the financial assistance for which they may have otherwise qualified. When speaking about their hesitancy to apply, one owner said, ""I'm not good with the fine details of paperwork and…I worried so much about it that I told myself that once I don't need it, then I'm not going to put myself in that position because I was so scared of the repercussion of whatever. And so, I didn't do it. I didn't apply." Another business owner reflected on the administrative burden for small amounts of funding, "I [did] have all the paperwork and all that stuff ready…but for the amount that was received, I just didn't think the weigh-in was worth it."

While many small businesses struggled with administrative burdens, the intermediaries we mentioned as critical networks for communication were also powerful sources of support in applying for assistance. Many not only communicated about the programs but also guided small business owners in filling out applications, helping with forms, and ensuring they completed the requirements.

Perceptions of Risk

One of the conversation topics of interest in listening sessions was around financial risk. Indeed, several participants who may have qualified for assistance did not ultimate apply for any federal or state assistance because of their perceptions of programs. In particular, the PPP was understood by many to be a loan — in spite of the opportunity for loan forgiveness — that might put their business at risk in the future. The risk of that loan was something many very small, home-based, or minority-owned businesses felt was too great to be worth pursuing.

Especially at the beginning of the pandemic, small business owners felt that the conditions for business were changing from minute to minute, and the risk of a loan might be too much for their business. As one owner said, "Our biggest concern when requesting a loan was what's going to happen in the future. You never know if your business is going to keep going or if it's going to go down." Small business owners at the listening sessions cited this fear as the primary reason for not pursuing assistance, either at the federal or local level.

> "For somebody who is debt-averse, the word loan brought back fears of, okay, I've got to pay it back. What if my business doesn't come back from this, and then I've got to dip into my personal funds?"

The possibility of increased debt was something many business owners did not want to risk. As one owner said, "For somebody who is debt-averse, the word loan brought back fears of, okay, I've got to pay it back. What if my business doesn't come back from this, and then I've got to dip into my personal funds?" Even those who would have eventually qualified noted sentiments similar to one owner: "In the beginning… we had these doubts: Should I do it? Should I not do it? Are my sales going to be steady so I can pay for everything? After a while, I was able to see and feel comfortable enough. I said, okay, I don't need a loan to stay afloat." While many of these business owners understood they ultimately would have qualified for PPP funding and other assistance programs, many with loan forgiveness, the perception of the debt as risky informed their hesitancy.

Another perception of risk was around possible breaches of security. A smaller business owner noted, "I was just getting ready to sign one of the forms and put my financial information on the form, and I had just read about the state of Connecticut — one of their grant things that they had going on, that people that had applied for it all had gotten hacked." Another small business owner noted, "I was hesitant putting things like social security number and tax ID number and things like that, so I didn't do it for a little bit." Another individual who had helped small business navigate the crisis noted, "I'm hearing people were scammed by accountants who said they were doing PPP loans but really didn't or took the money." She found that the hesitancy of some owners made sense in that context.

In another example, a small business owner was denied a loan from their primary lending institution and eventually took a predatory loan. "That is one of the limitations we have with the loans, because when we need capital and we want to move forward, we have to be careful with high interest rates. After all, I also went through that. I was even paying 32.5 percent in interest." The individual later explained that they had an immediate need for assistance after their wholesale business suffered and that they had had been denied for several programs, including the PPP and a microloan, because of a lack of payroll employees.

Ultimately, these different perceptions of risk, particularly around loans and fear of taking on debt, led many small businesses to favor grants or local assistance programs. Grant programs used by attendees were often provided through local governments — some through cities but a majority through state organizations. "That was one of the reasons why [I applied to a state agency], because it said grants and things were a little bit more clearer in the literature. I felt a little bit more comfortable applying to that, although I did get rejected the first round. [For] the PPP, I was more reluctant, because it was from a bank and it said loan, and the loan forgiveness I felt was not clarified enough for me to feel comfortable to take that on in a situation that was dubious to begin with," stated one participant. Another listed several private and public grants they pursued, noting with enthusiasm, "If it came across my desk and we qualify, I'm going to apply."

Overall, these perceptions of risk are also about perceptions of the entity dispensing the grant or loan. In the same way we understood from previous observations, trust was a critical factor in risk perception.

Structural Barriers

Beyond the topics discussed previously, there were several themes small business owners discussed that indicated structural barriers in access to capital and financing during the pandemic. Many of these observations reflect systemic issues that existed before the pandemic and have been exacerbated by the recent crisis. These systemic barriers will not be corrected by additional influxes of money or spending, and they require examination of policies at all levels that leave certain small business owners behind.

The first is the **exclusion of immigrant-owned businesses** from any federally regulated financing. One of the hosts of the listening sessions noted, "Immigrants make up 30 percent of the population, but we own almost 50 percent of the businesses located on Main Street. Most of our businesses are cash-based because they are restaurants, bodegas, beauty salons, that type of businesses and unfortunately — there is a percentage like 30 percent — are undocumented." He went on to explain, "We are fully convinced that the best way to fight poverty is through entrepreneurship, because Hispanics have five times more [of a] chance to save if we start a business compared to getting a job."

Indeed, immigrant-owned businesses without an ITIN were ineligible for the majority of Small Business Administration (SBA) programs, federal programs, and state-sponsored programs. There were a few exceptions to this rule, namely the relaxing of some local or state funds and several microlending programs that have targeted immigrant small business owners. One small business owner reflected on what that means for the broader economy: "We're here. One way or another, we're here in this country, and we're an asset to this country. We're creating jobs, helping people, collecting taxes for the state and the government. We pay taxes." She noted that also impacts the people employed by immigrant-owned businesses: "We have four employees in my business. We're creating jobs and helping. So, I believe that in this case, they should be more conscientious and help all of those in need."

> "We're here. One way or another, we're here in this country, and we're an asset to this country."

Another systemic issue for many small business owners was **the evaluation of creditworthiness or collateral**. As observed in many previous studies, Black small business owners and Hispanic small business owners are more likely to have lower credit scores or use personal credit or wealth.[22] One participant commented: "Sometimes we find that there are situations where they ask us for guarantees like collateral assets and things like that. When we go to these types of institutions, they ask for something to ensure their credit, because that's the way it's done. When we ask around, they tell us that unfortunately, we don't have anything to guarantee the credit." These disparities in collateral impact smaller businesses in particular but also reflect larger wealth gaps within these communities. Without addressing systemic barriers, any assistance provided to small businesses in a recovery cannot fully address the reasons many Black-owned, Hispanic-owned, and smaller firms are unable to get access to capital.

Takeaways from Small Business Listening Sessions

Reflecting on these listening sessions provided partners the ability to examine our assumptions around the problems the most at-risk small business owners faced in recovery. The listening sessions helped us center the perspectives of the small business owners themselves. We learned that access to technology and support from people outside the business to help with the administrative and other burdens associated with applying for funds were determining factors in access to PPP funding. We also learned that there are degrees to which people and companies are banked, and the strength of those relationships was a determining factor in getting access to PPP funding.

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[22] See the SBCS *2021 Report on Firms Owned by People of Color*, available at www.fedsmallbusiness.org/survey/2021/2021-report-on-firms-owned-by-people-of-color.

Another theme was the importance of trust when working with small business owners who are most at risk during this downturn. Trust, unlike many of the things we measure, is difficult to quantify. Nevertheless, it impacts a small business owner's decisions around what lending institutions to work with, what programs to apply to, how to navigate a crisis, and where to go for support. Likewise, we learned about the critical importance of networks, both formal and informal, to supporting small business owners. Rarely do governments focus their impact or information-sharing efforts toward these networks. That said, the dearth of information and the confusion around programs created in the recovery had an impact on every small business owner interviewed.

Finally, while we know the systemic barriers in wealth, collateral and credit, these conversations also showed that nonfinancial resources are a systemic barrier for many small business owners. This is not to say that capital is not important but to note that without creating trust, working with established networks, and identifying barriers like language and technology access, programs seeking to assist small businesses will not reach those most at risk.

Conclusion

In understanding what small businesses need in recovery, it is essential to identify the businesses that have been most impacted by the pandemic. The data from the SBCS show that those are firms owned by people of color, smaller firms, and newer firms. In particular in New Jersey, Black-owned and Hispanic-owned firms saw greater financial precarity as a result of the pandemic and were less likely to receive all the funding they applied for during the pandemic.

The listening sessions reflect some of the observations as to why firms owned by people of color and smaller firms are less likely to obtain financing. While we see the disparities in funding provided, as well as the disparate impacts these small businesses faced in recovery, we often struggle to understand the root causes of these disparities. The listening sessions moved beyond the SBCS to lift up the themes that are harder to quantify around access to financing in recovery. Issues like administrative barriers, misinformation, relationships with lending institutions, and perceptions of risk deeply influenced small business owners we interviewed. The cross-cutting conversations pointed to themes pointed to the importance of trust in working with small business owners, as well as the importance of networks of information and support.

In this research, we have learned not only of the gaps in credit access to small businesses but also some of the reasons behind the existence of these gaps. We see that gaps in credit access are not just an issue of being unbanked or lacking collateral, although those certainly play a large role, especially for businesses owned and run by undocumented residents. Rather, many of the participants in our listening sessions spoke of having banking relationships, and it was issues such as perceived lack of respect, trust, and investment in their businesses that were impediments to capital access and growth. This speaks to a need for broader public support for expansion of the private credit institutions focused on smaller, minority-owned businesses.

In this report, we also heard reflections on the importance of networks, whether organizations such as chambers of commerce and business development centers or less structured groups of small businesses, in helping small businesses navigate credit market access. Access to informed leaders and the pooling of resources, both technological and information-related, were instrumental in getting many small businesses the financial and other resources they needed to get through the worst of the pandemic. These networks have and will continue to play important roles in assisting small businesses, and the public sector should continue to work with these organizations to assist them with the information and resources they need.

Overall, we understand providing businesses access to capital and financing during this recovery does not address systemic disparities of access. Wealth disparities as well as explicit barriers around who can and cannot draw down funding will continue to exacerbate inequitable outcomes for small business owners. Future policy implications could consider how to leverage investments from public and private partners so that these small businesses not only survive but also thrive in the years following this crisis. To build more resilient, diverse, and healthy regional economies, we need to better consider the needs of the small businesses most at risk.

Technical Appendix

Data Set Background

The microdata used throughout the quantitative portion of the paper are derived from the 2020 Small Business Credit Survey (SBCS), fielded between September 9, 2020, and October 31, 2020. The SBCS is a national nonrandom convenience sample of small businesses, or firms with fewer than 500 employees. This means that the SBCS data may be susceptible to biases, relative to surveys that randomly sample small businesses. Therefore, certain firms in the sample were overrepresented or underrepresented, which necessitates the use of weighting, so that the weighting distribution of firms in the sample matches the distribution of firms in the U.S.

Based on industry groups, finance and insurance was particularly underrepresented, whereas nonmanufacturing goods production, retail, and health care and education were moderately underrepresented. Manufacturing was substantially overrepresented, while leisure and hospitality was fairly overrepresented. Professional services and real estate and business support and consumer services were both well represented. Based on the census region of firms, the Middle Atlantic portion of the U.S. (New Jersey, New York, Pennsylvania) was fairly overrepresented. Firms with 1 to 4 employees were underrepresented, while firms with 5–19 employees were overrepresented. Firms with 20 to over 499 employees were well represented. Women-owned firms were fairly overrepresented, while male- and equally owned firms were underrepresented. Firms owned by people of color were generally overrepresented in the sample, particularly Black-, Hispanic-, and Native American-owned firms. Both White- and Asian-owned firms were underrepresented in the sample. Firms between 0 and 2 years old and 6 to 10 years old were underrepresented, firms 16–20 years old were overrepresented, and other age groups were well represented. Urban firms were overrepresented, and rural firms were underrepresented.

The data we used throughout the study represent a subset of the responses from firms that reported that their business was located in New Jersey. Moreover, the microdata consisted of both employer and nonemployer firms. Employer firms are small businesses with paid employees, whereas nonemployer firms have no additional workforce other than the owner(s) of the business. This subset of responses from New Jersey represents approximately 1,350 employer and nonemployer firms, of the over 15,000 total responses collected for the entire nation through the 2020 SBCS.

SBCS Methodology

At the state level, SBCS responses are weighted to more accurately match the distribution of employer firms by several key firm demographic groups: the number of employees, age, industry, geographic location (census division and urban or rural location), gender of firm ownership, and the race or ethnicity of firm ownership.[23] Nonemployer weights are not available at the state level, which restricted our analysis to a sample of over 850 employer firms in New Jersey. Once the data are subset to New Jersey firms, we used the state-level weights to produce estimates for all statistics throughout the paper. To produce a series of estimates for New Jersey, we summed the state-level weights for each response to a given question. Afterward, we created the shares seen in each figure by dividing the previously described estimates for each response by the total state-level weights represented for that particular question. To produce a series of representative estimates for various firm demographic groups in New Jersey, we repeated the above exercise with one additional step: summing the state-level weights for each response to a given question by the firm size, age, gender of owner, and race or ethnicity of owner strata.

[23] For a thorough explanation of how the SBCS national and state-level weights were created, using a "raking" statistical technique, please see the *2021 Report on Employer Firms*, available at www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2021/2021-sbcs-employer-firms-report.