



Small Business Credit Survey: **New Jersey Insights**

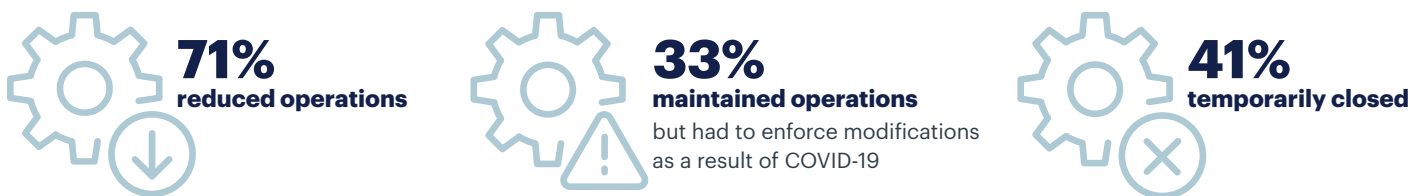
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The past year has been especially challenging for small business owners as they continue to weather the effects of the ongoing COVID-19 pandemic. The Small Business Credit Survey was conducted in September and October 2020, with 9,693 responses from a nationwide sample of small employer firms. Data are reflective of that time frame. This brief summarizes small business conditions in New Jersey between 2019 and 2020 using 2021 Small Business Credit Survey: Report on Employer Firms data.² Moreover, this brief highlights employer firm performance and challenges, information about emergency funding, and expected challenges in the next 12 months.

Performance and Challenges

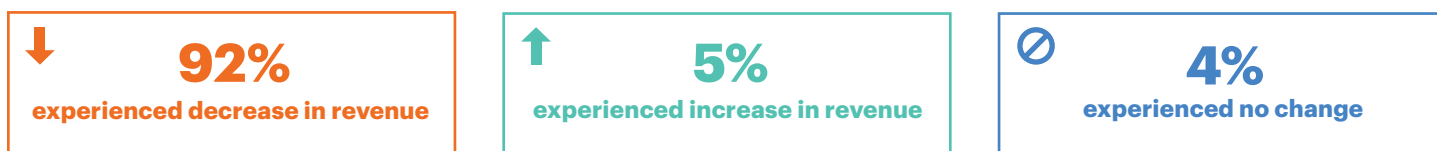
Impact of COVID-19 on Small Businesses

New Jersey small businesses experienced changes in revenue due to policies implemented as a result of COVID-19. Because of government mandates, some businesses had to close, reduce operations, or maintain operations with modifications, whereas others did not face a significant impact or were able to expand operations. Of the 849 small businesses that responded, approximately:



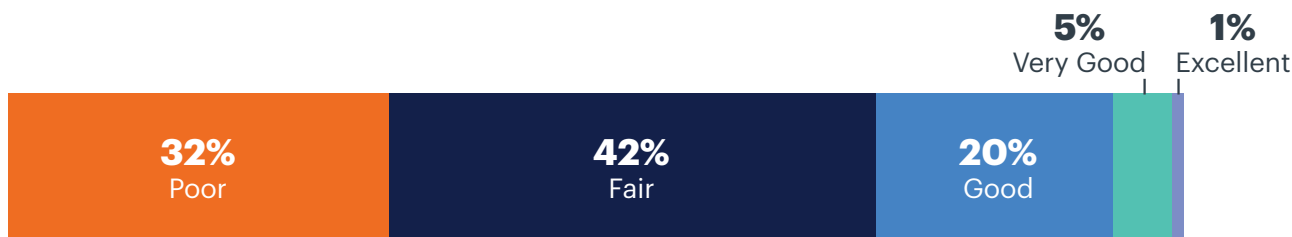
Revenue Change in the Past 12 Months³

The COVID-19 pandemic prompted an increase in safety protocols such as curfews, social distancing measures, and even lockdowns of business and residential activity that have constrained economic activity. The Small Business Credit Survey found that out of 843 small businesses, approximately:



Current Financial Condition

A substantial majority of New Jersey firms (74 percent) reported that their financial condition was poor or fair:



(Sample size: 848 small businesses)

¹ Note: This brief 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.

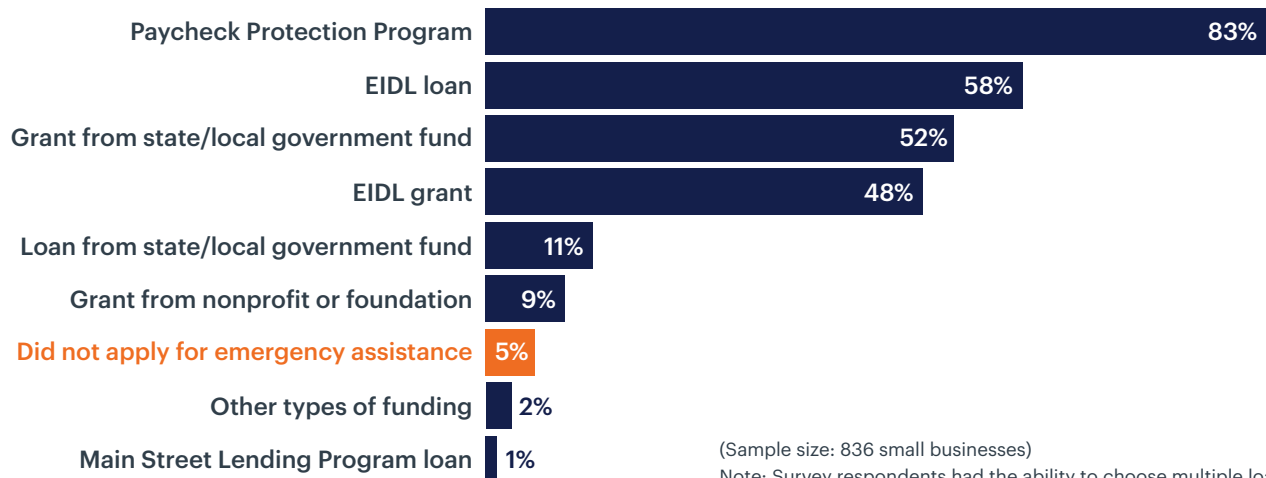
² The Small Business Credit Survey is a national sample of small businesses, or firms with fewer than 500 employees, aimed at providing insight into firms' financing and debt needs and experiences. Analysis of this data set is issued through a series of reports. See www.fedsmallbusiness.org/survey/2021/report-on-employer-firms.

³ Revenue change figures in the Small Business Credit Survey are based on the previous 12 months.

Emergency Funding

During the pandemic, many small business owners found themselves applying for emergency assistance because of the lack of revenue. There were multiple emergency assistance programs available: the Paycheck Protection Program (PPP), Economic Injury Disaster Loan (EIDL) Program loans, EIDL Program grants, loans from state or local government funds, grants from state or local government funds, grants from nonprofits or foundations, Main Street Lending Program loans, and other funding sources, or small businesses did not apply for emergency assistance.

Eighty-three percent of small business owners applied for PPP loans, 58 percent applied for EIDL loans, 52 percent sought grants from state and local government funds, and 48 percent applied for EIDL grants.



Of the small business owners who did not apply for PPP loans, the majority did not fill out applications because they did not qualify for the loan or forgiveness, they found alternate funding sources, or they could not find a lender who would accept the application. However, only 3 percent of the small business owners who did not apply for PPP loans did not need the funding.

Looking Ahead⁴

When small business owners were asked what their expected revenue change would look like in the next 12 months, of the 845 firm owners that responded:

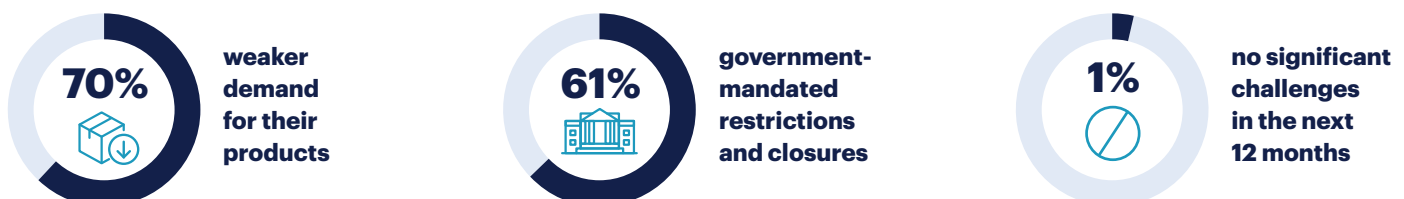


In terms of employment changes, based on the responses of 820 small business owners:



Challenges Small Businesses May Face

(Sample size: 846 firms)



Other challenges that small business owners may face include limited credit availability, supply chain disruptions, labor shortages, personal/family challenges, and other unidentified challenges.

⁴Expected change figures in the Small Business Credit Survey are based on estimates for the 12 months following the survey.