



Small Business Credit Survey: Third District Insights

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The Third District of the Federal Reserve is an area that includes eastern Pennsylvania, southern New Jersey, and Delaware (see Map 1). 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 one page brief will summarize small business conditions in the Third District 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 to be considered in the next 12 months.

Map 1: The Third District of the Federal Reserve

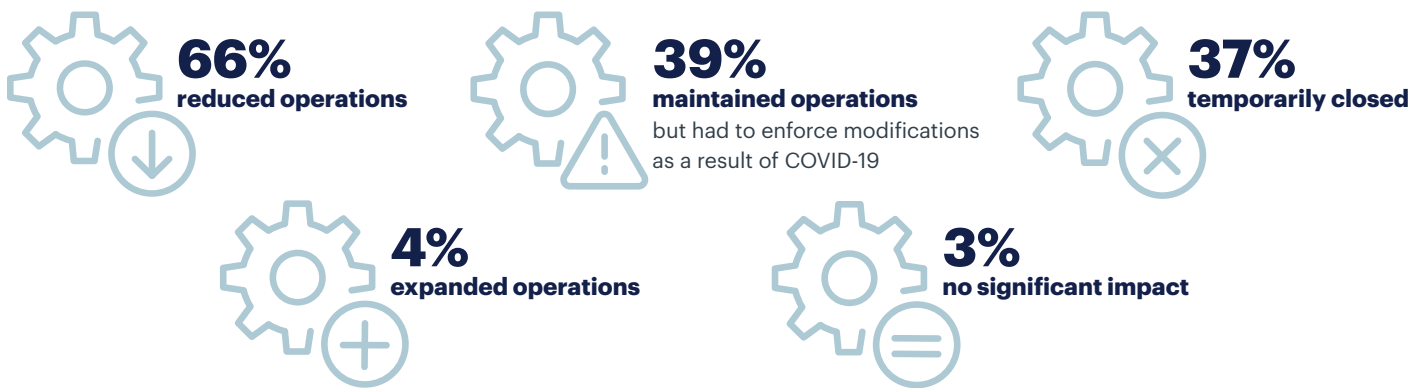


Performance and Challenges

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.

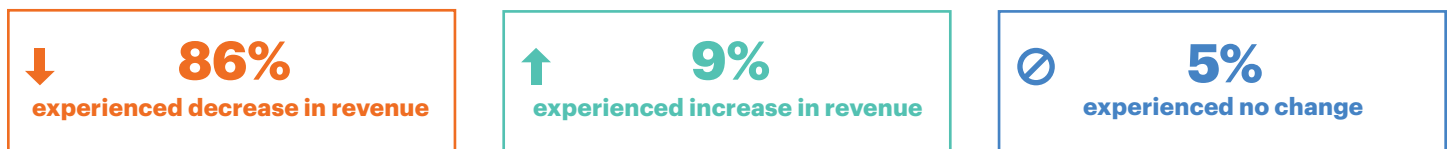
Impact of COVID-19 on Small Businesses

(Sample size: 1,553 small businesses)

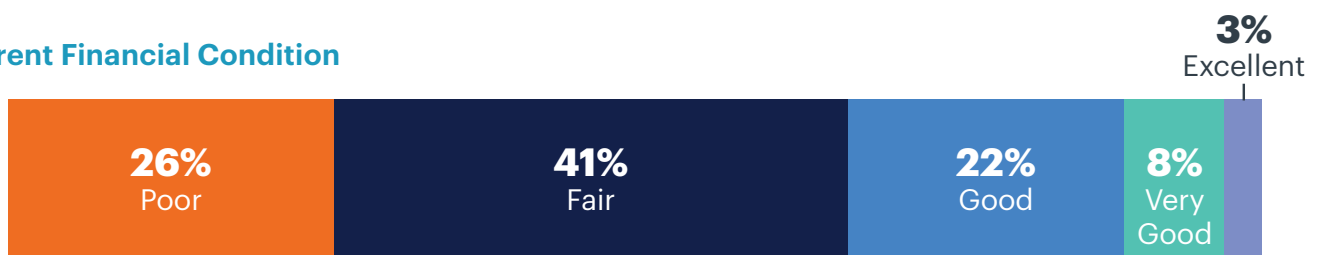


Revenue Change in the Past 12 Months³

The Small Business Credit Survey found that within the Third District, there were significant revenue decreases. Out of 1,542 small businesses:



Current Financial Condition



(Sample size: 1,553 small businesses)

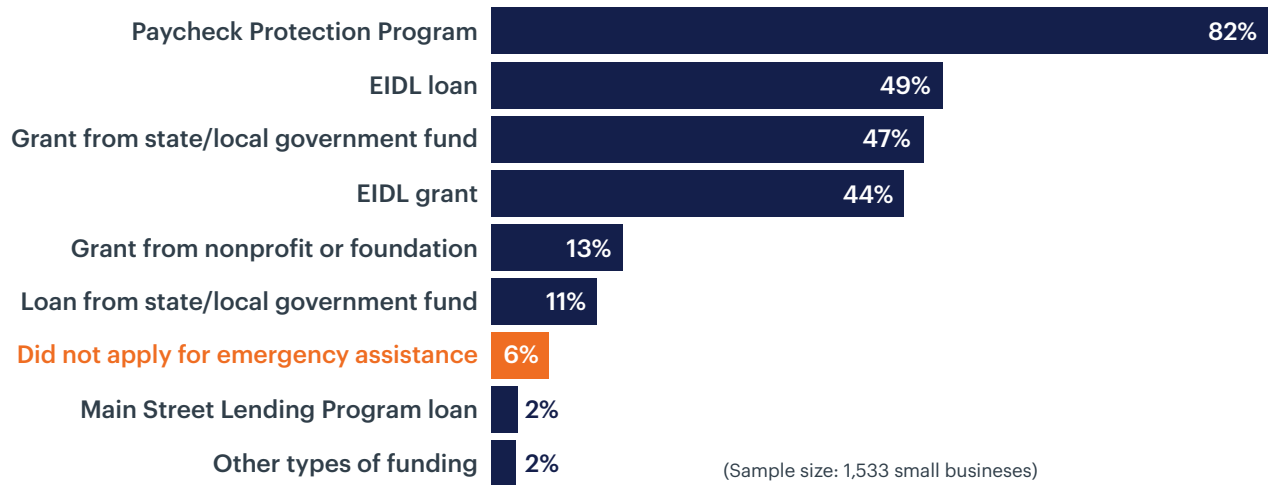
¹ Note: This brief has been updated since its initial release to reflect a change in the Small Business Credit Survey 2020 weighting scheme, which now more accurately reflects methods used in prior vintages of the data set. For more information, please reference the data appendix for the SBCS 2021 Report 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 businesses found themselves applying for emergency assistance because of a lack of revenue. There were multiple emergency assistance programs available, including 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.



(Sample size: 1,533 small businesses)

Note: Survey respondents had the ability to choose multiple loans.

Looking Ahead⁴

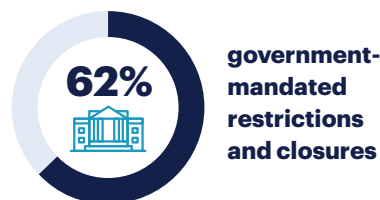
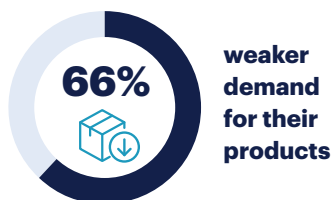
When small business owners from the Third District were asked what their expected revenue change would look like in the next 12 months, of the 1,548 firm owners who responded:



In terms of employment changes, based on the responses of 1,513 small business owners:



Challenges Small Businesses May Face



(Sample size: 1,549 firms)

Some other challenges small business owners predicted are limited credit availability, supply chain disruptions, labor shortages, and personal/family obligations, among other undisclosed challenges.

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