

# State of the Older Entrepreneur During COVID-19

---



# State of the Older Entrepreneur During COVID-19

Released March 30, 2021

## Authors

### Jessica Battisto

Senior Analyst, Federal Reserve Bank of New York

### Claire Kramer Mills

AVP, Federal Reserve Bank of NY

### Felicia Brown

Senior Advisor, AARP

### Susan Weinstock

VP, AARP

We thank the following colleagues for their comments on earlier drafts of this report:

### Rhett Buttle

Public Private Strategies

### Colin Danly

Public Private Strategies

### Stephan Jordan

Public Private Strategies

### Jeffrey Love

AARP

### Shelley Pitterson

Federal Reserve Bank of New York

### Ellen Simon

Federal Reserve Bank of New York

This report includes quotes from twenty-five detailed interviews with age 45+ business owners. For the full report of qualitative research from AARP and the New York Fed, visit: <https://www.aarp.org/research/topics/economics/info-2021/assessing-needs-small-business-owners.html>.

# Introduction

The economic toll of COVID-19 on America's small businesses is acute and ongoing. Uncertainty related to public health protocols, consumer demand, technology adoption, supply chains, and government relief programs has upended the operating environment for small firms that frequently lived on the financial margins even before the pandemic.<sup>1</sup> This is especially true for small firms owned by people 45 and older, which saw significant closures in spring 2020 and whose numbers remain well below pre-pandemic levels. Among people of color, the drop was even more stark.<sup>2</sup>

Business ownership has the potential to be a financial bulwark, especially for business owners of color.<sup>3</sup> Age 45+ business owners entered the pandemic with much stronger financial cushions than similar age employees and business owners under the age of 45. However, our analysis of survey data for small employer firms<sup>4</sup> collected in late 2020 and detailed interviews with 25 business owners<sup>5</sup> finds that older small business owners, and particularly business owners of color, had difficulty accessing funds to stay open and have experienced significant personal financial hardship during the pandemic. The future of these businesses—and the owners' personal financial lives—is particularly salient, given that they are the lion's share of small businesses.

Overall, we find:

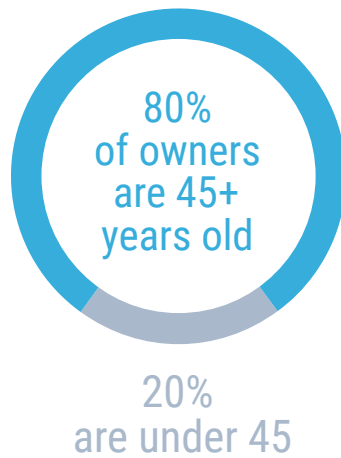
- **1** Business owners, particularly those aged 45+, tend to hold more assets and savings than their traditionally employed peers. However, the COVID-19 pandemic has caused significant financial strain, which has not only impacted their businesses but has also eaten into their personal assets.
- **2** Going into the pandemic, not all older small business owners were starting with similar financial cushions. Self-employed people of color had fewer assets and savings than their white counterparts. Their firms were also less likely to be financially healthy.
- **3** During the pandemic, older entrepreneurs have seen a more dramatic decline in active business ownership than their younger counterparts. The drop has been even steeper for older entrepreneurs of color and particularly pronounced among Asian business owners.
- **4** Applications for PPP funds among older small business owners were predominantly for small-dollar loans. Businesses owned by people of color were less likely to receive the full amount of PPP funding sought compared to their white peers.
- **5** Older small business owners continue to face challenges operating their businesses. Most would like to seek additional government aid beyond what they received in 2020.

# Overview of 45+ business owners and their firms

## Characteristics of 45+ small business owners and their firms (Among employer firms)

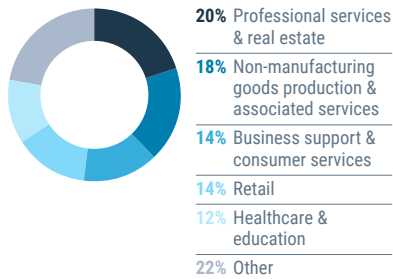
### Age of owner

N=9,139



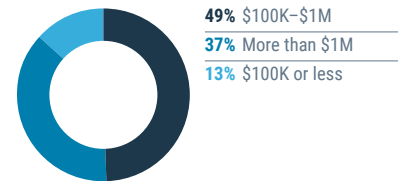
### Firms with 45+ year-old owners by industry

N=7,286



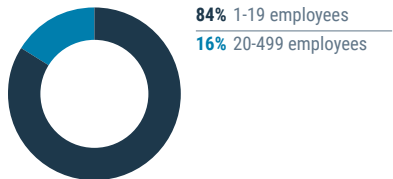
### Firms with 45+ year-old owners by annual revenue

N=7,142



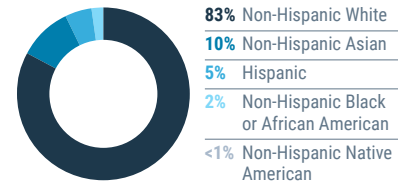
### Firms with 45+ year-old owners by number of employees

N=7,286



### Firms with 45+ year-old owners by race/ethnicity of ownership<sup>6</sup>

N=7,286

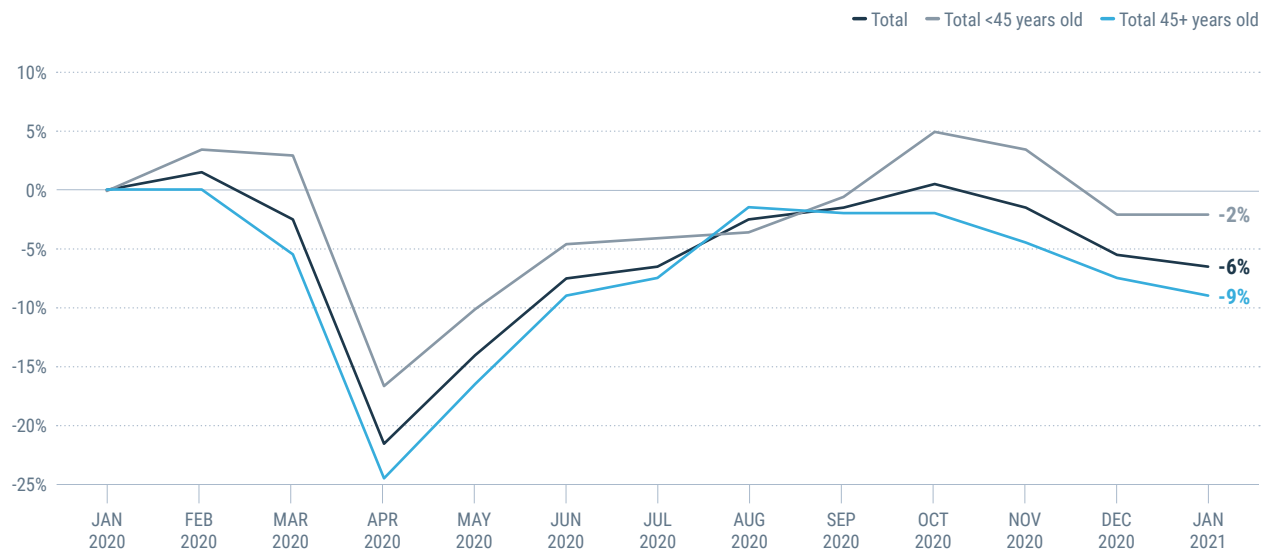


Source: Federal Reserve Banks, 2020 Small Business Credit Survey

# Small businesses owned by individuals who are age 45+ were hit especially hard by COVID-19

An often underappreciated aspect of small businesses is that four out of five small employer firms have owners who are age 45 or older. This holds true across gender, race, and ethnicity. During the spring of 2020, at the height of the first wave of COVID-19, more than 20% of small businesses shuttered. Business closures were highest among age 45+ business owners (one in four closed). Although the total number of small businesses has rebounded, it is still below early 2020 levels, with the number of active firms owned by 45+ year-old people down 9% compared to a decline of 2% for firms with owners under the age of 45.

**% Change in active business ownership by age from Jan 2020 (Jan 2020=0)**



Source: U.S. Census, Current Population Survey Basic Monthly Tables

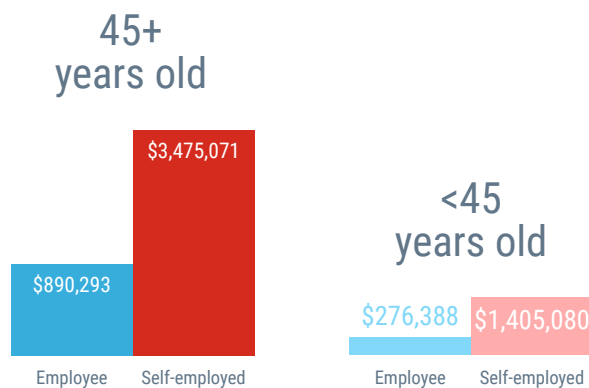
**“ We’re in survival mode. The revenues have gone up since the beginning of the year, but they’re not back to regular pre-COVID times. ”** D.H. (Latinx), Leisure and Hospitality

**“ In my neighborhood...there have been five other businesses closed down. So we have lost the attraction of those other five because any business district that is arts and culture, it brings in clients. ”** R.B. (LGBTQ), Arts

# Business ownership is generally associated with greater financial security among individuals who are 45+, but this varies by race and ethnicity

Business ownership has long been associated with greater savings, asset holdings, and wealth accumulation.<sup>7</sup> Data from the Fed’s 2019 Survey of Consumer Finances indicate that the typical business owner holds mean assets and savings that are two to seven times greater than a comparable employee.<sup>8</sup> The financial security differences are even greater among those 45 and older, with wider gaps between owners and workers, as seen in the chart on the left. The same data broken down by race and ethnicity, as seen on the right, show that white, Black, and Latinx owners age 45+ all tend to have greater assets than their worker peers. The gaps are striking. For example, the mean asset holdings of a Latinx owner age 45+ are approximately \$721,000 compared to \$335,000 for an employee. For Black owners age 45+, the differences are notably larger, with owners holding \$1.2 million in mean assets compared to \$251,000 for employees. Similarly, the mean savings of an older Latinx business owner is roughly \$14,000 compared to \$6,000 for an employee. Again, the differences between Black owners and workers are more pronounced; a typical Black business owner age 45+ holds \$27,000 in savings, compared to \$5,000 for an employee. White owners age 45+, however, tend to hold significantly greater mean assets than either Black or Latinx owners.

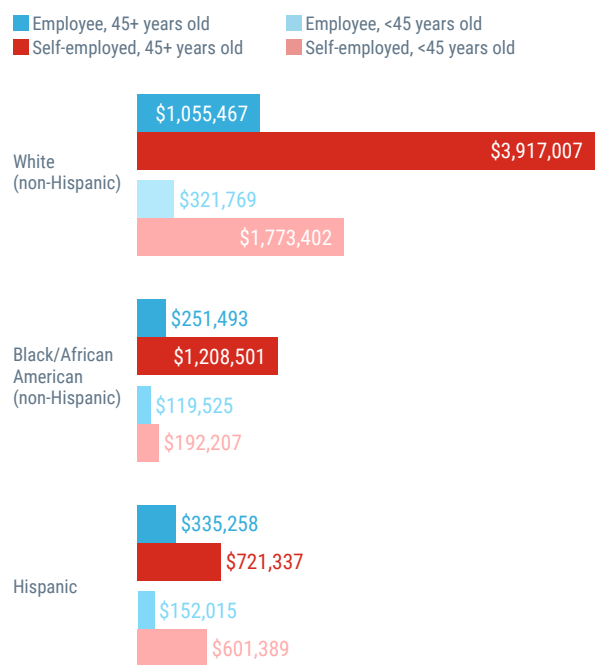
**Mean total assets by work status and age of reference person, 2019**



Source: Board of Governors of the Federal Reserve System, 2019 Survey of Consumer Finances

**“ I’m starting a business in my fifties. I’m using my 401K to run my business. Will I be able to retire? I don’t know. E.S. (African American), Healthcare**

**Mean total assets by work status, age, and race/ethnicity of reference person, 2019**

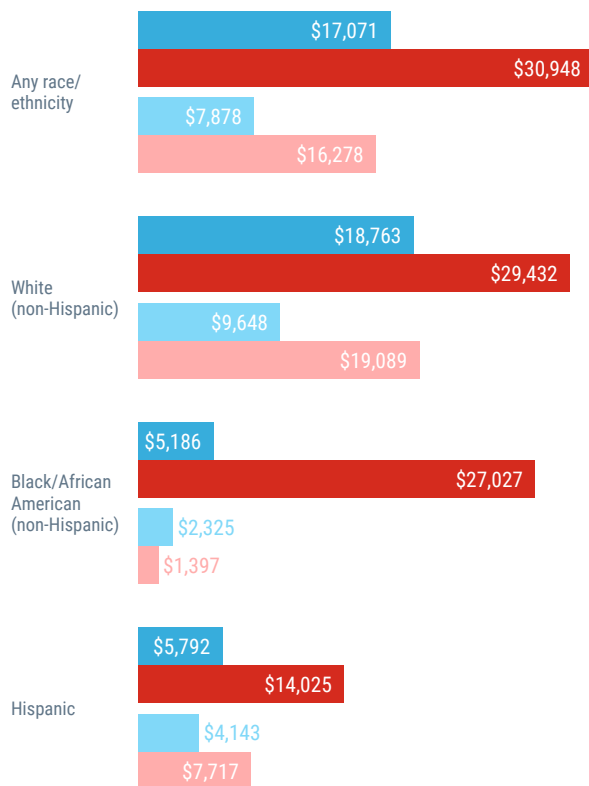


Source: Board of Governors of the Federal Reserve System, 2019 Survey of Consumer Finances

In terms of personal financial stability, retirement savings are an important financial asset, particularly for owners age 45+. As seen in the chart on the right, mean retirement savings are consistently greater for 45+ year-old business owners than similar age employees across racial and ethnic groups. It is important to note that the differences in financial holdings among age 45+ white, Black, and Latinx owners are smaller for both personal savings and retirement savings than for mean assets. The gap in mean asset holdings is likely due to several factors that previous studies have highlighted, including significant differences in inherited assets, home ownership, and business assets.<sup>9</sup> These factors are significant for both the personal financial security of the owners and their ability to secure debt for their businesses, notably lines of credit. It is common for small business to be asked to pledge personal assets as collateral.<sup>10</sup>

### Mean savings by work status, age, and race/ethnicity of reference person, 2019

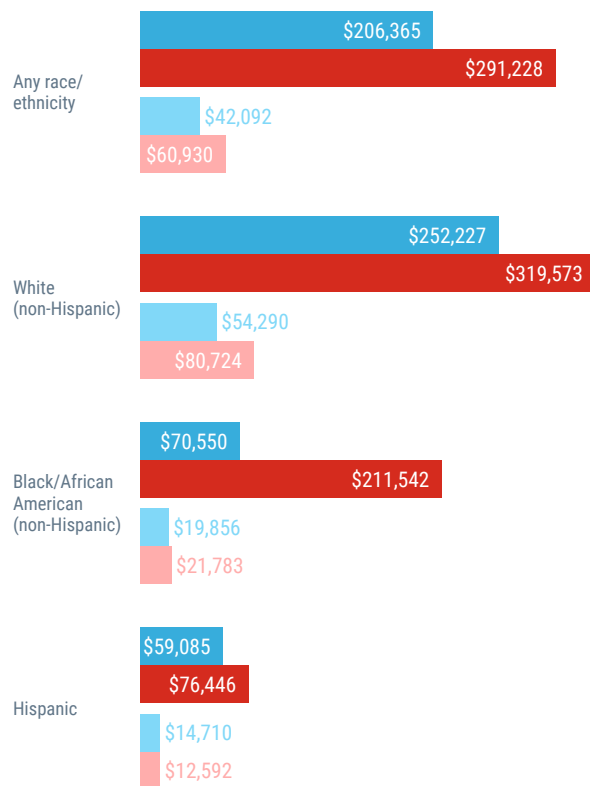
Employee, 45+ years old      Employee, <45 years old  
 Self-employed, 45+ years old      Self-employed, <45 years old



Source: Board of Governors of the Federal Reserve System, 2019 Survey of Consumer Finances

### Mean retirement savings by work status, age, and race/ethnicity of reference person, 2019

Employee, 45+ years old      Employee, <45 years old  
 Self-employed, 45+ years old      Self-employed, <45 years old

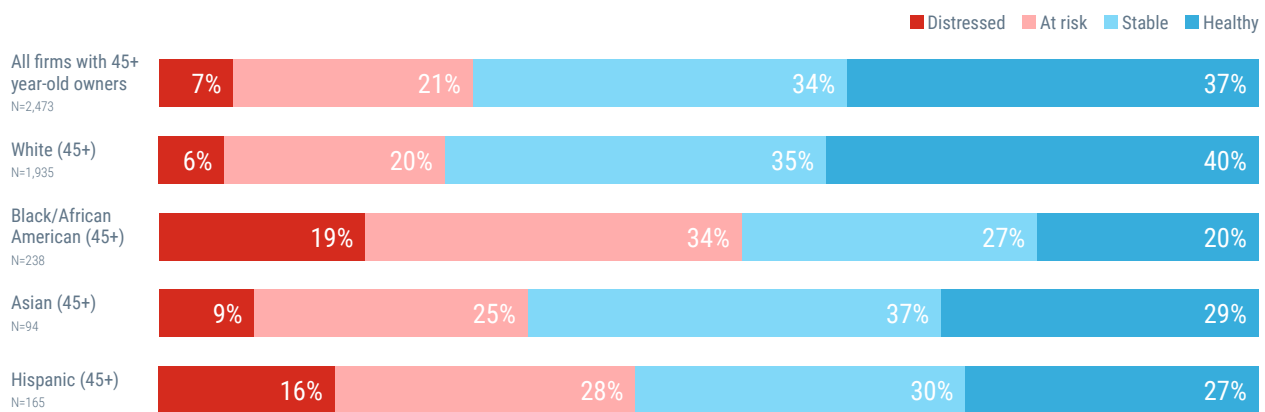


Source: Board of Governors of the Federal Reserve System, 2019 Survey of Consumer Finances

# The pre-pandemic financial health of firms with 45+ year-old owners varied, with greater insecurity among businesses owned by people of color

Similar to the disparities in the owners’ personal financial assets, firms with 45+ year-old owners did not enter the pandemic with similar financial cushions. Businesses owned by people of color exhibited greater insecurity. In the following charts, we categorize a firm’s financial health in 2019 based on their profitability, credit score, and source of business funding.<sup>11</sup> We find that 37% of firms with 45+ year-old owners had a healthy financial picture going into the pandemic; yet, this share drops to just 20% for firms with owners who are 45+ and Black and 27% for firms with owners who are 45+ and Latinx. With more firms owned by people of color starting from an “at risk” or “distressed” financial position, they likely had a harder time staying afloat when the pandemic hit.

**Financial health spectrum by race/ethnicity of owner, 2019<sup>12</sup>** (Among employer firms)

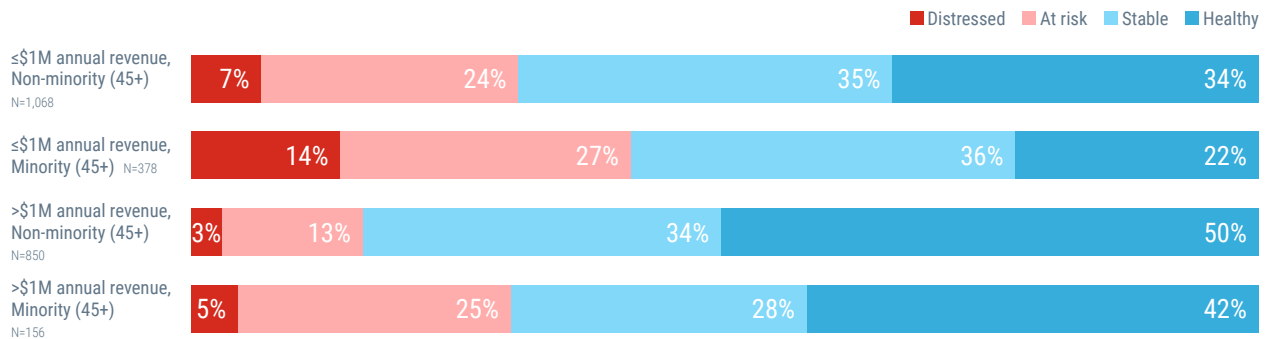


Source: Federal Reserve Banks, 2019 Small Business Credit Survey

Moreover, financial distress is particularly relevant for minority-owned firms that have not yet scaled their annual revenues past \$1 million. Surpassing that \$1 million revenue threshold is a large hurdle, with the bulk of 45+ entrepreneurs making \$1 million or less in a year. Research shows that minority-owned firms have even more difficulty than their white peers in scaling their revenues,<sup>13</sup> which should place even greater attention on this segment of firms. One in three “unscaled” firms with white, 45+ year-old owners was financially healthy going into the pandemic. In contrast, one in five of their non-white counterparts was in a healthy financial position. Minority-owned firms with 45+ year-old owners that have scaled to earn more than \$1 million annually have comparable financial health to their white-owned peers.



## Financial health spectrum by annual revenue and minority status of owner, 2019<sup>14</sup> (Among employer firms)

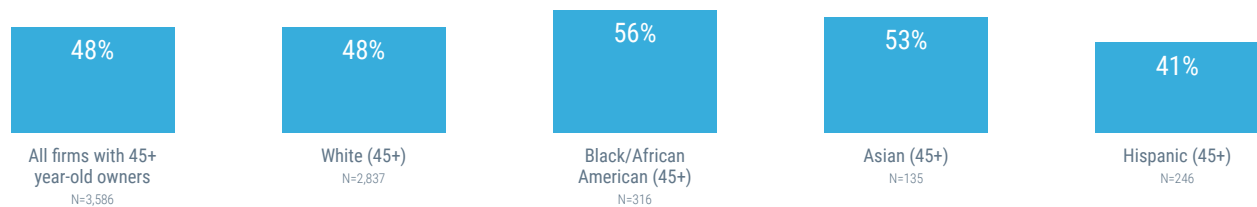


Source: Federal Reserve Banks, 2019 Small Business Credit Survey

Prior to the pandemic, we also asked firms how they planned to handle a hypothetical loss of two months' worth of revenues. Answers to this question provide evidence for a firm's financial resilience, since firms with fewer cash reserves or financing options will have to dig into personal funds, lay off workers, or take other significant actions. As shown in the chart below, we find that 48% of firms with 45+ year-old owners would use the owner's personal funds if faced with such a loss. This number increases to 53% and 56% for firms with age 45+ Asian and Black owners, respectively. As a result, we can expect that an event that results in prolonged revenue loss, such as the COVID-19 pandemic, would have a substantial financial impact on an entrepreneur's personal assets in addition to the business.

## Share of firms that had planned to use the owner's personal funds to bridge a hypothetical loss of 2 months of revenues

(Among employer firms) Based on a survey question asked in 2019, before the onset of the COVID-19 pandemic



Source: Federal Reserve Banks, 2019 Small Business Credit Survey

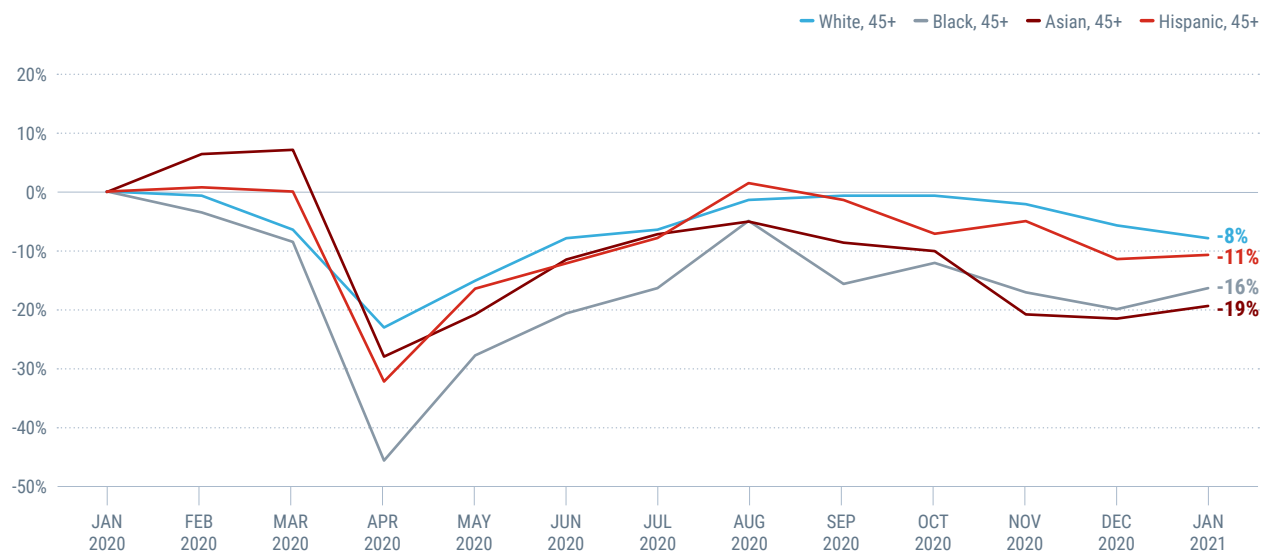
“There's rules for minority companies, and there's rules for everybody else. I run \$5-6 million through my bank every month and I still have to personally guarantee things that don't even come close to that amount. B.R. (Asian/African-American Vet), Professional & Business Services

“The line of credit to me is like the lifeblood for a small business, but they are so hard to get. You can't go after certain contracts that you're perfectly qualified for because you can't finance them. B.N. (Asian American), Marketing

# 45+ owned firms have experienced significant financial hardship during the pandemic, most acutely among businesses owned by people of color

The number of active business owners age 45+ has fallen during the course of the COVID-19 pandemic, with the most significant declines in April 2020.<sup>15</sup> Among firms with age 45+ owners, the drop was notable (a 24% drop from January 2020, compared to a 16% drop among those under the age of 45). As of January 2021, active ownership among the 45+ age group was still below January 2020 levels. In contrast, younger entrepreneurs have bounced back for the most part, even surpassing January 2020 levels in the fourth quarter of 2020. Within the 45+ age group, active business ownership is most depressed for persons of color (by -11% for Latinx entrepreneurs, -16% for Black entrepreneurs, and -19% for Asian entrepreneurs). Age 45+ Black entrepreneurs saw the biggest drop over the year, with a decrease in active ownership by 45% between January 2020 and April 2020. Notably, age 45+ Asian entrepreneurs experienced the highest rates of growth in active businesses in early 2020, but as of January 2021, they reported the largest decline in active business ownership, lagging behind all other groups one year into the pandemic.

**% Change in active business ownership by age and race/ethnicity from Jan 2020 (Jan 2020=0)<sup>16</sup>**

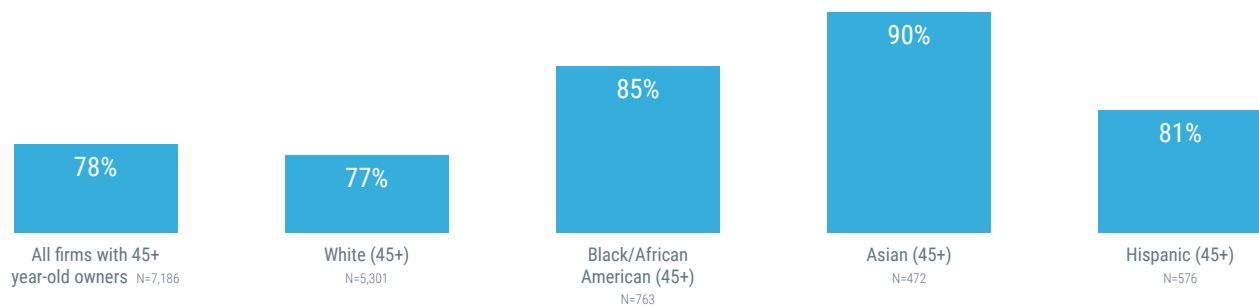


Source: U.S. Census, Current Population Survey Basic Monthly Tables

**“ There are still cash flow issues because we’re still paying for office space, at least partially. Our technology cost increased because we’re completely dependent on technology. ”**  
 B.N. (Asian American), Marketing

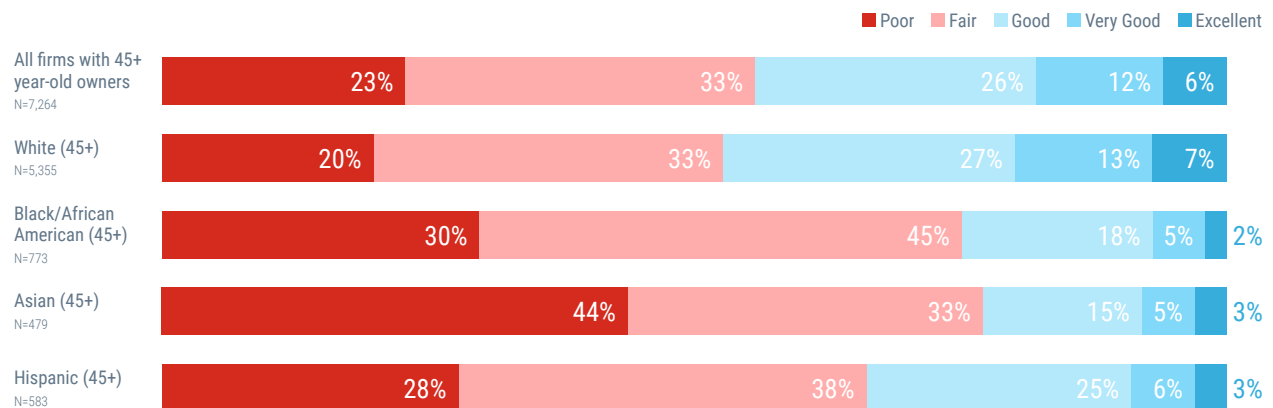
For the firms that survived, many continue to face significant hardship. The vast majority of firms with 45+ year-old owners saw their year-over-year revenues decline, which has implications for their ability to remain afloat and financially secure, as seen in the chart below. For firms with Latinx, Black, and Asian age 45+ owners, the percentages were even larger: 81% of Latinx-owned, 85% of Black-owned, and 90% of Asian-owned firms reported revenue losses, compared to 77% of white-owned firms. In fact, half of surviving firms with 45+ year-old owners characterized their financial condition as being “fair” or “poor” at the end of 2020. While this is pervasive across demographic groups, it is particularly so for firms owned by people of color. The share of firms citing fair or poor financial conditions jumps to 66% for 45+ Latinx-owned firms, 75% for 45+ Black-owned firms, and 77% for 45+ Asian-owned firms.

### Share reporting a revenue decline for 2020 (Among employer firms)



Source: Federal Reserve Banks, 2020 Small Business Credit Survey

### Self-reported financial condition by race/ethnicity of owner, 2020 Q3/Q4 (Among employer firms)



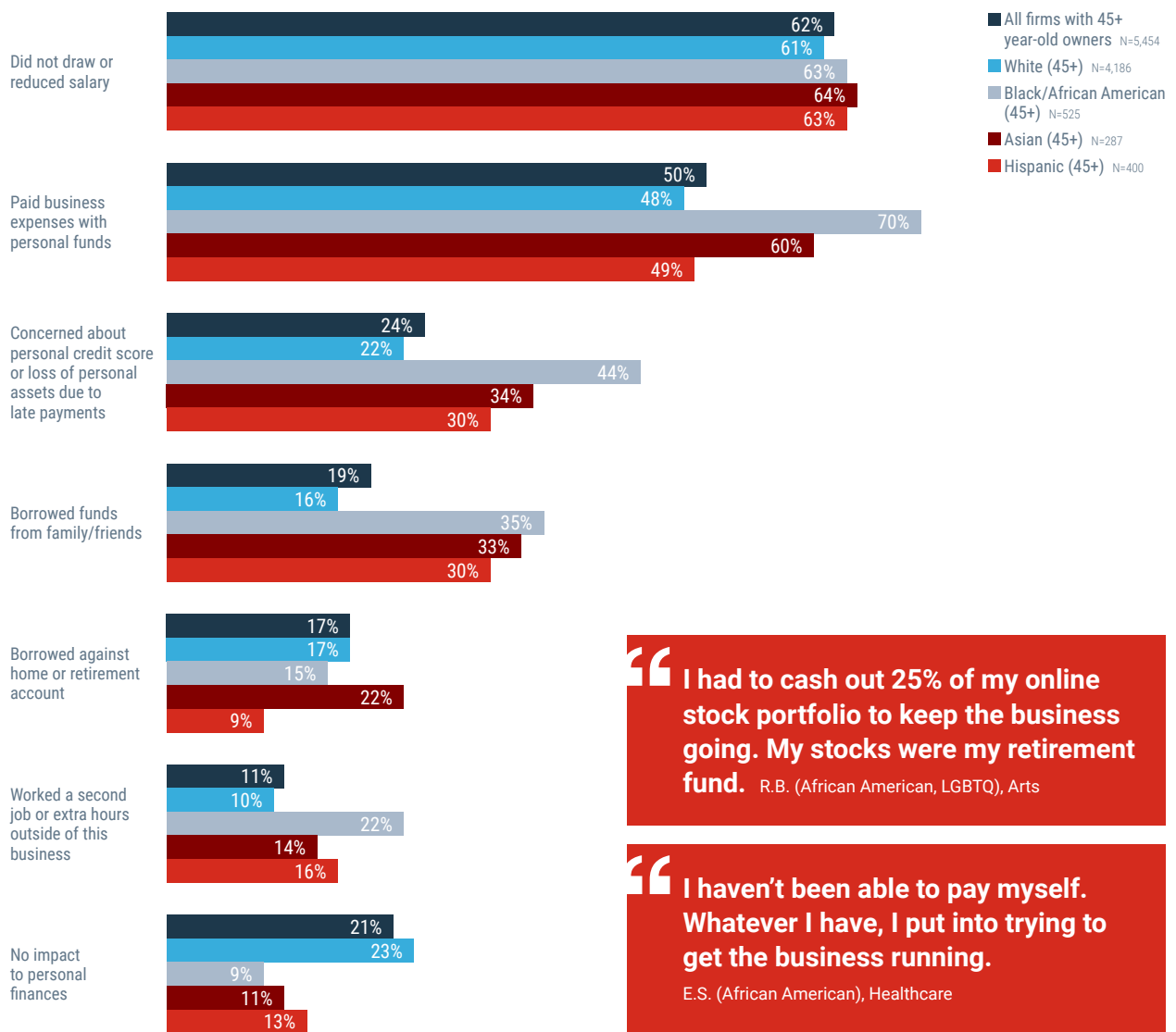
Source: Federal Reserve Banks, 2020 Small Business Credit Survey

**“ We’re dealing with a lot of big corporations and as a small business you’re a prisoner to when they change terms. They’re making money off of not spending money when they extend the payment period from 30 to 45 days. B.N. (Asian American), Marketing**

# 45+ small business owners took a personal financial toll from the pandemic

The following chart from the Fed's 2020 *Small Business Credit Survey* depicts the profound toll the pandemic has had on business owners' personal finances. Strong majorities of older small business owners, across all races and ethnicities, did not draw a salary from their firms in 2020. Near majorities across all races and ethnicities dipped into personal funds to pay business expenses, most notably 70% of age 45+ Black business owners and 60% of age 45+ Asian business owners.

**Pandemic impacts to personal finances by race/ethnicity of owner** (Among employer firms)



**“ I had to cash out 25% of my online stock portfolio to keep the business going. My stocks were my retirement fund. ”** R.B. (African American, LGBTQ), Arts

**“ I haven't been able to pay myself. Whatever I have, I put into trying to get the business running. ”** E.S. (African American), Healthcare

Source: Federal Reserve Banks, 2020 Small Business Credit Survey

The impact was especially dire for firms owned by people of color, reflected in working extra hours to make ends meet and delaying payments due to weakened cash flow. Indeed, our research shows that nearly one-quarter of Black business owners aged 45+ reported working a second job or extra hours outside of their business. Forty-four percent of older Black, 34% of older Asian, and 30% of older Latinx owners made late payments, which create both immediate financial pain in terms of late fees and more lasting effects in the form of downgraded credit scores or losses of personal assets.

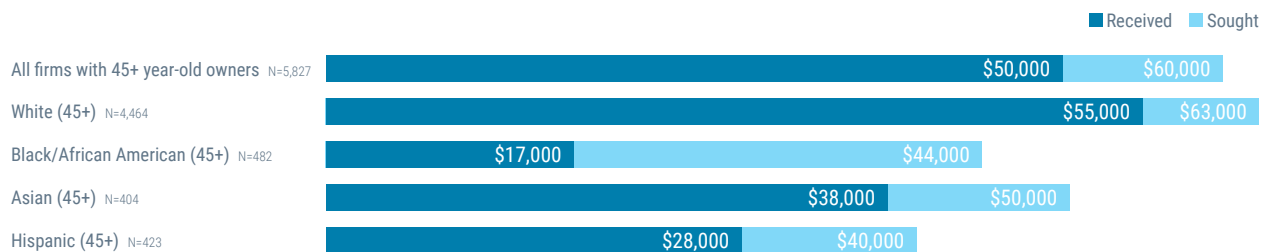
**“ I don’t own a home, I actually don’t own a car. I’ve exhausted all of my savings, my 401(k), so my personal resources aren’t strong enough for me to qualify for credit.**

K.M., Personal Services/Tech

# Businesses owned by older people of color also reported large gaps in access to aid and in their ability to secure loans

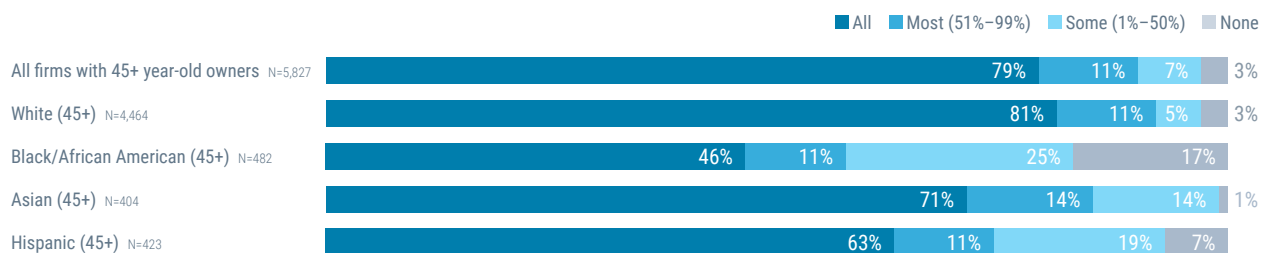
The majority of older business owners (82%) sought relief through the Paycheck Protection Program (PPP).<sup>17</sup> On average, older small business owners requested small dollar amounts (<\$100K), which was common among applicants overall.<sup>18</sup> The small amounts are consistent with the typical number of employees at these firms; 84% of small employer firms with age 45+ owners have 1 to 19 employees. Despite the consistency of amounts requested, there were notable differences in the success rates of firms in receiving the full amount of PPP dollars requested, as shown in the figure below. While 81% of 45+ white-owned firms reported receiving the full amount requested, firms owned by older people of color were more likely to indicate financing gaps; 71% of Asian firms, 63% of Latinx firms, and 46% of Black firms obtained the full amount. It is especially striking that nearly one in five older Black business owners reported receiving *none* of the financing they sought.

**Median PPP dollars sought and received by race/ethnicity of owner** (Among employer firms)



Source: Federal Reserve Banks, 2020 Small Business Credit Survey

**Share of PPP funds sought that were received by race/ethnicity of owner<sup>19</sup>** (Among employer firms)

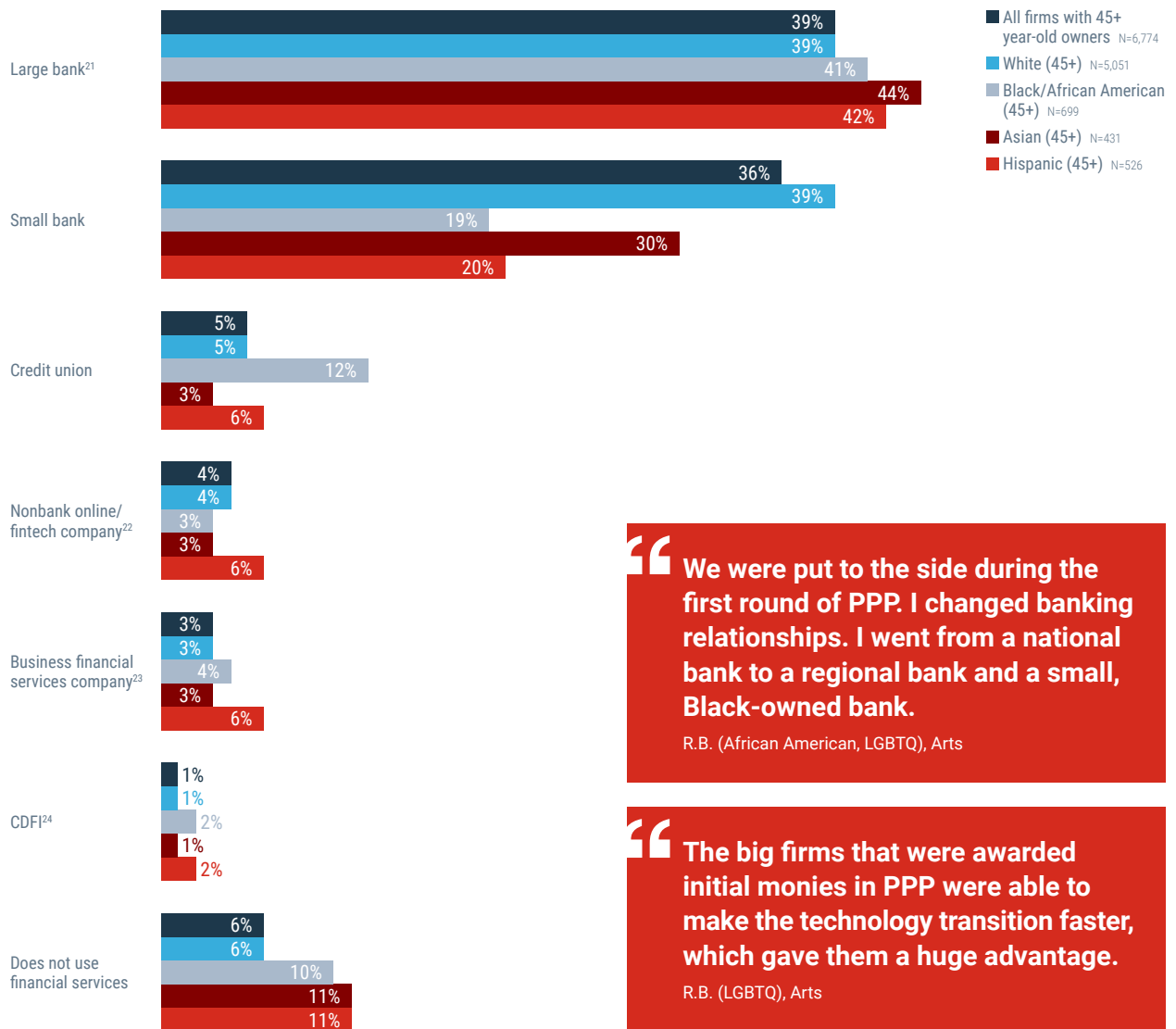


Source: Federal Reserve Banks, 2020 Small Business Credit Survey

**“ The PPP proved preferential treatment for large customers. The smaller ones were left hanging. S.K. (Asian American), Information Technology**

Previous analysis of the PPP program has pointed out the important role that banks played in administering the PPP program, particularly in the first round.<sup>20</sup> The chart below shows which financial services providers older business owners identify as their primary provider. Notably, near majorities of firms across race and ethnicity cite large banks as their primary providers. However, the percentages of business owners identifying small banks are an important indicator, since those banks were critical sources of funds to small businesses, particularly in the early stages of the PPP. White-owned firms with 45+ year-old owners had a clear advantage, with 78% selecting banks as their primary providers; equal percentages of age 45+ white business owners chose community banks as their primary provider (39%) and large banks (also 39%). Firms with age 45+ owners of color were much less likely to bank primarily at community banks: only 19% of older Black business owners, 20% of older Latinx owners, and 30% of older Asian business owners chose community banks as their primary providers.

**Share of firms citing lender as primary financial services provider by race/ethnicity of owner** (Among employer firms)



**“ We were put to the side during the first round of PPP. I changed banking relationships. I went from a national bank to a regional bank and a small, Black-owned bank.**

R.B. (African American, LGBTQ), Arts

**“ The big firms that were awarded initial monies in PPP were able to make the technology transition faster, which gave them a huge advantage.**

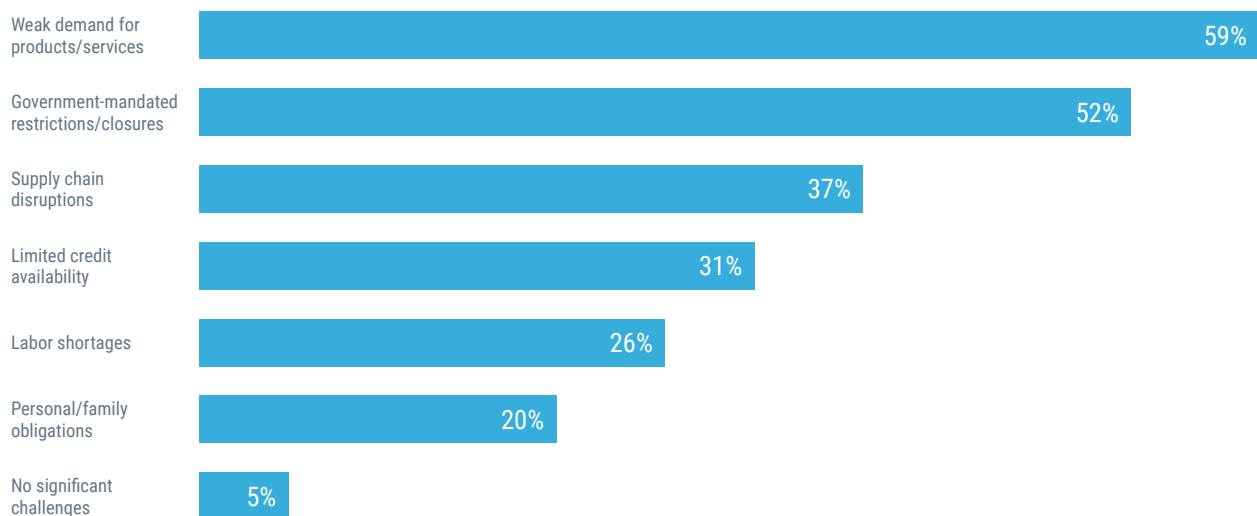
R.B. (LGBTQ), Arts

Source: Federal Reserve Banks, 2020 Small Business Credit Survey

# Businesses are concerned about depressed demand and seek further government aid

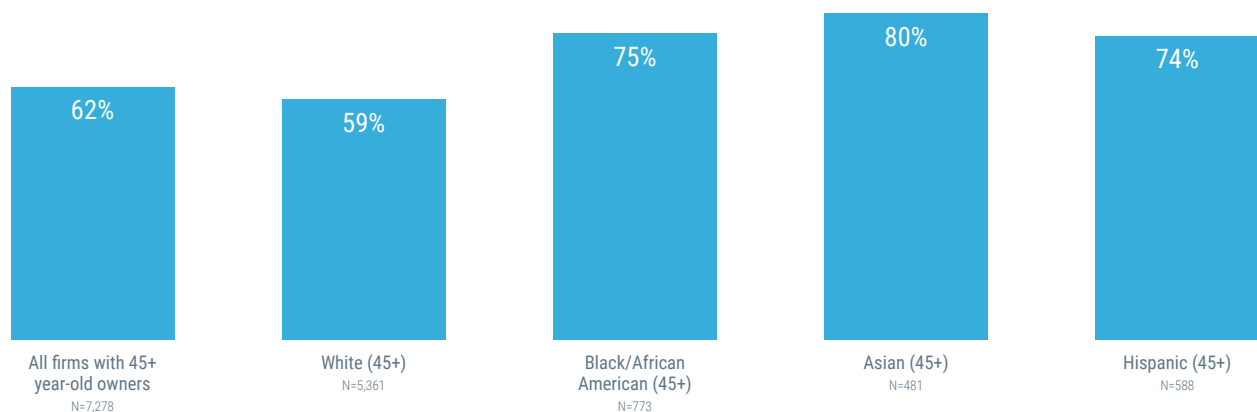
Looking forward, a majority of older owners are worried about revenues in 2021, with six in ten age 45+ business owners expressing concern about weak demand for their products and services and a majority fearful about government-mandated restrictions and closures. Only 5% of owners foresee no significant challenges ahead in 2021. In keeping with this, strong majorities of older small business owners—across all demographics—reported that they would apply for additional government aid.

## Expected COVID-19 challenges among firms with 45+ year-old owners, next 12 months (Among employer firms) N=7,259



Source: Federal Reserve Banks, 2020 Small Business Credit Survey

## Share of firms that would apply for additional government aid if available (Among employer firms)

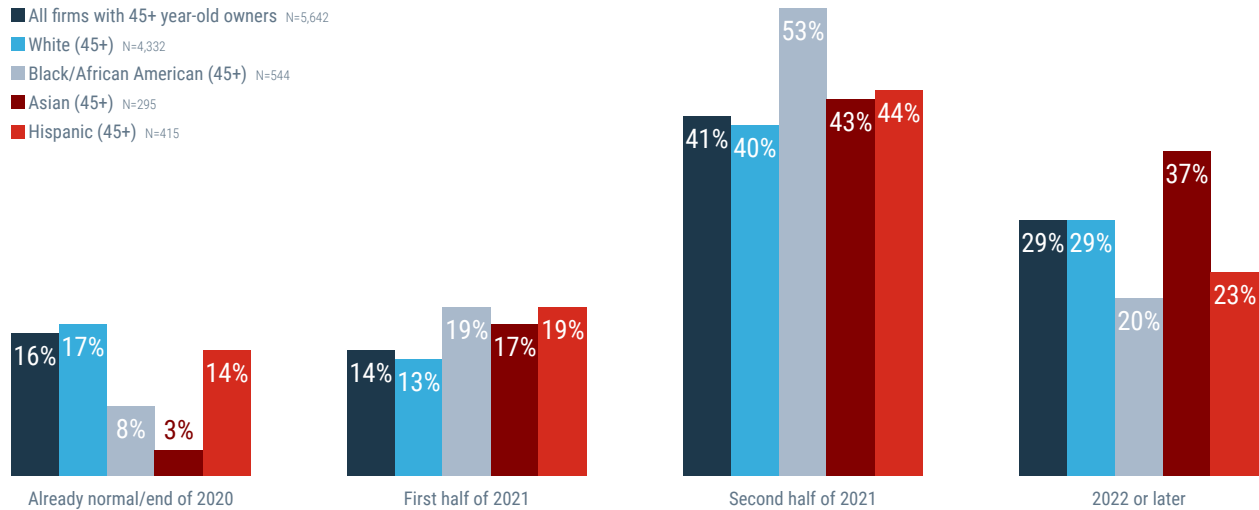


Source: Federal Reserve Banks, 2020 Small Business Credit Survey



At the same time, older business owners that survived the earlier stages of the crisis expressed optimism that sales would return to pre-pandemic (2019) levels sometime in 2021, with most expecting a rebound before or during the second half of 2021.

**Expected timing of sales' return to "normal" (i.e. 2019 levels)<sup>25</sup>** (Among employer firms)



Source: Federal Reserve Banks, 2020 Small Business Credit Survey

**“ I think sales will slowly start going back up. The question is, will it be fast enough because so many businesses have already permanently gone out, they died out. ”**  
 D.H. (Latinx), Leisure and Hospitality

## Conclusion

Older business owners are the nucleus of America's small business community. As the COVID-19 crisis enters its second year, many of these local employers have stopped operating altogether. Indeed, the number of active businesses remains below pre-pandemic levels in the age 45+ owner cohort and is significantly depressed for firms with Black and Asian owners. Among surviving firms, the COVID-19 pandemic has caused business and personal financial strain, weakening revenue streams and straining the personal assets and savings of owners. Our analysis finds that majorities of older business owners have foregone salaries and tapped into personal savings to pay business expenses to weather the crisis. One in four age 45+ owners is concerned about their personal credit score or about losing assets due to late debt payments, and this fear is even higher among Black, Latinx, and Asian owners. Early rounds of federal relief through the Paycheck Protection Program were delayed in reaching these firms and often fell short of the amounts the owners requested, with the largest relief gaps reported by Black and Latinx business owners. Even so, their needs are ongoing and surveys and interviews in late 2020 suggest that nearly two-thirds of firms with age 45+ owners anticipate applying for more government aid. As surviving firms adapt to changing business conditions, our analysis indicates that many will be looking to repair both their business and personal finances. The experience of the pandemic creates opportunities for financial institutions to rethink how they can serve the financial needs of older entrepreneurs, particularly those owned by people of color, more effectively.

**“ Small businesses, we're the ones who are busy cooking, running, doing things. Sometimes we're unaware of programs and aid. It's a hot topic for 2021 to make sure these grassroots mom and pop entrepreneurs understand what's available and what they need to do. J.I.E. (Asian American), Leisure and Hospitality**

# Endnotes

- 1 Diana Farrell, Chris Wheat, and Chi Mac, 2020. A Cash Flow Perspective on the Small Business Sector. JP Morgan Chase & Co. Institute. Available at: <https://www.jpmorganchase.com/content/dam/jpmc/jpmorgan-chase-and-co/institute/pdf/institute-cash-flow-perspective-small-business.pdf>; Federal Reserve Banks, 2021. Report on Employer Firms. Available at: <https://www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2021/2021-sbcs-employer-firms-report>.
- 2 Aria Florant, Nick Noel, Shelley Stewart, and Jason Wright, 2020. COVID-19: Investing in Black Lives and Livelihoods. McKinsey & Company. Available at: <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/covid-19-investing-in-black-lives-and-livelihoods>; Claire Kramer Mills and Jessica Battisto, 2020. Double Jeopardy: COVID-19's Concentrated Health and Wealth Effects in Black Communities. Federal Reserve Bank of New York. Available at: [https://www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2020/DoubleJeopardy\\_COVID19andBlackOwnedBusinesses](https://www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2020/DoubleJeopardy_COVID19andBlackOwnedBusinesses).
- 3 Robert W. Fairlie, 2004. "Does Business Ownership Provide a Source of Upward Mobility for Blacks and Hispanics?" In *Public Policy and the Economics of Entrepreneurship*, Douglas Holtz-Eakin and Harvey S. Rosen eds., 153-79. Cambridge, MA, London England: The MIT Press. Fairlie finds that self-employed black and Hispanic men have greater earnings over time than their minority wage/salary counterparts. Available at: <https://ssrn.com/abstract=1497271>.
- 4 Small employer firms have between 1 and 499 full- and part-time employees, in addition to the owner, on payroll.
- 5 In 2020, the AARP Work & Jobs team and the New York Fed conducted interviews of 25 business owners ages 45 and older. See: Jeffrey Love, 2021. Supporting Small Business Owners 50+: March 2021. Available at: <https://www.aarp.org/research/topics/economics/info-2021/assessing-needs-small-business-owners.html>.
- 6 Throughout the remainder of this report, we use simplified race/ethnicity labels when referring to Small Business Credit Survey data. For example, a label of "white" refers to "Non-Hispanic white" owners.
- 7 Association for Enterprise Opportunity, 2017. *The Tapestry of Black Business Ownership in America: Untapped Opportunities for Success*. Available at: <https://community-wealth.org/content/tapestry-black-business-ownership-america-untapped-opportunities-success>.
- 8 Board of Governors of the Federal Reserve System, 2019 Survey of Consumer Finances.
- 9 Neil Bhutta, Andrew C. Chang, Lisa J. Dettling, and Joanne W. Hsu, 2020. Disparities in Wealth by Race and Ethnicity in the 2019 Survey of Consumer Finances. Board of Governors of the Federal Reserve System, FEDS Notes. Available at: <https://www.federalreserve.gov/econres/notes/feds-notes/disparities-in-wealth-by-race-and-ethnicity-in-the-2019-survey-of-consumer-finances-20200928.htm>; M'Balou Camara, Khaing Zaw, Darrick Hamilton, and William Darity, Jr., 2019. *Entering Entrepreneurship: Racial Disparities in the Pathways into Business Ownership*. The Samuel Dubois Cook Center on Social Equity at Duke University. Available at: <https://socialequity.duke.edu/portfolio-item/entering-entrepreneurship/>.
- 10 Data from the Federal Reserve Banks' 2019 Small Business Credit Survey indicate that 31% of small employer firms held debt collateralized by personal assets. See also: James S. Ang, James Wuh Lin, and Floyd Tyler, 1995. Evidence on the Lack of Separation of between Business and Personal Risks among Small Businesses. *Journal of Small Business Finance*, Vol. 4, Iss. 2/3: 197-210. Available at: <https://www.econstor.eu/bitstream/10419/114691/1/jef-1995-04-2-g-ang.pdf>
- 11 For more information on how we estimate a firm's financial health, see: Claire Kramer Mills and Jessica Battisto, 2020. *Can Small Firms Weather the Economic Effects of COVID-19?* Federal Reserve Bank of New York. Available at: <https://www.fedsmallbusiness.org/medialibrary/FedSmallBusiness/files/2020/covid-brief.pdf>.
- 12 Percentages may not sum to 100 due to rounding.
- 13 David Baboolall, Kelemwork Cook, Nick Noel, Shelley Stewart, and Nina Yancy, 2020. *Building Supportive Ecosystems for Black-owned US Businesses*. McKinsey & Company. Available at: <https://www.mckinsey.com/industries/public-and-social-sector/our-insights/building-supportive-ecosystems-for-black-owned-us-businesses>; *Gazelle Index*, 2012. *Scaling Minority and Small Businesses*. Available at: <http://gazelleindex.com/2012/04/21/scaling-minority-and-small-businesses/>.
- 14 Percentages may not sum to 100 due to rounding.
- 15 Active business ownership is defined as being self-employed and "at work" in the U.S. Census Current Population Survey. Methodology adapted from: Rob Fairlie, 2020. *The Impact of Covid-19 on Small Business Owners: Evidence of Early Stage Losses from the April 2020 Current Population Survey*. NBER Working Paper No. 27309. Available at: <https://www.nber.org/papers/w27309>.
- 16 In this chart only, racial categories include both Hispanic and non-Hispanic individuals. For example, "white" refers to an aggregation of "Hispanic white" and "non-Hispanic white" individuals.
- 17 Based on authors' calculations from the Federal Reserve Banks' 2020 Small Business Credit Survey. Percentage does not include PPP funds sought by nonemployers/sole proprietorships.
- 18 U.S. Small Business Administration, 2020. *Paycheck Protection Program Report: Approvals through 08/08/2020*. Available at: [https://www.sba.gov/sites/default/files/2020-08/PPP\\_Report%20-%202020-08-10-508.pdf](https://www.sba.gov/sites/default/files/2020-08/PPP_Report%20-%202020-08-10-508.pdf).
- 19 Percentages may not sum to 100 due to rounding.
- 20 Haoyang Liu and Desi Volker, 2020. *Where Have the Paycheck Protection Program Loans Gone So Far?* Federal Reserve Bank of New York, Liberty Street Economics Blog. Available at: <https://libertystreeteconomics.newyorkfed.org/2020/05/where-have-the-paycheck-protection-loans-gone-so-far.html>.
- 21 Respondents were provided a list of large banks (those with at least \$10B in total deposits) operating in their state.
- 22 Online lenders/fintech companies are nonbanks that operate online. Examples include: OnDeck, Kabbage, Paypal, Square, etc.
- 23 "Financial services company" includes nonbanks that provide business financial services (payroll processing, merchant services, accounting, etc.).
- 24 Community development financial institutions (CDFIs) are financial institutions that provide credit and financial services to underserved markets and populations. CDFIs are certified by the CDFI Fund at the US Department of the Treasury.
- 25 Percentages may not sum to 100 due to rounding.