

2016

# SMALL BUSINESS CREDIT SURVEY

## REPORT ON MINORITY-OWNED FIRMS

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FEDERAL RESERVE BANK  
*of* CLEVELAND

 FEDERAL  
RESERVE  
BANK  
*of* ATLANTA

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<sup>1</sup> For a full list of community partners, please see p. 24.

<sup>2</sup> For complete information about the survey methodology, please see p. 22.

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# EXECUTIVE SUMMARY

This report is the third in a series of reports based on the 2016 Small Business Credit Survey (SBCS), a national collaboration of the Community Development Offices of the 12 Federal Reserve Banks. As a key financial regulator and economic policymaker, the Federal Reserve System plays an important role in ensuring fair access to credit and promoting economic growth for the well-being of all Americans. Small businesses are an important component of economic success and strong communities; they are responsible for 48% of private sector employees nationwide,<sup>4</sup> are important drivers of local and regional economic growth,<sup>5</sup> and are an important source of household wealth.<sup>6</sup> A healthy small business environment depends on an array of factors, not least of which is the ability to access funds for starting up, scaling up, or maintaining operations. However, as a growing number of studies document, access to funds—whether debt, equity, or personal resources—can vary across race and ethnicity even when business owners are similar in other respects such as business performance and credit risk.<sup>7</sup>

The SBCS provides new data on minority-owned small business performance, financing needs, decisions, and outcomes. This report shares the descriptive comparison of the SBCS results by different firm ownership types (with emphasis placed on results that are statistically significant).<sup>8</sup> A subsequent paper will investigate the independent marginal effects of race and ethnicity on credit experience. That paper will include analysis that controls for firm age, size, and other available variables. The 2016 SBCS, which was fielded in Q3 and Q4 2016, yielded 7,916 responses from employer firms with race/ethnicity information in 50 states and the District of Columbia. We primarily report results by four race/ethnicity categories: white, black or African American, Hispanic, and Asian or Pacific Islander.<sup>9</sup> However, when the respondent sample size by race for a particular survey question is too small, we report results in terms of minority- versus nonminority-owned firms [i.e., we compare the experience of minority-owned businesses to businesses with more than 50% ownership by white individual(s)]<sup>10</sup>. For select key statistics, we also report results for the 4,365 nonemployer respondents who provided race/ethnicity information. The SBCS Report on Minority-Owned Firms, therefore, offers unique insight into important, often underserved, segments of the small business population.

## OVERALL, THE RESULTS SHOW

- More white-owned firms are profitable than minority-owned firms. The gap is most pronounced between white- (57%) and black-owned (42%) firms.
- Black-owned firm application rates for new funding are 10 percentage points higher than white-owned firms, but their approval rates are 19 percentage points lower.
- Forty percent of nonapplicant black-owned firms did not apply for financing because they were discouraged (i.e., they did not think they would be approved), compared with 14% of white-owned

firms and 21% of Hispanic- and Asian-owned firms.

- Looking at just firms that were approved for at least some financing, when comparing minority- and nonminority-owned firms with good personal and/or business credit scores,<sup>11</sup> 40% of minority-owned firms received full amount sought compared to 68% of nonminority-owned firms.
- Large banks are the most common type of lender applied to overall, regardless of race. Black- and Hispanic-owned firms are less likely to apply for financing at small banks and more likely to apply at

community development financial institutions (CDFIs) and online lenders, relative to white-owned firms.

## MORE DETAILED RESULTS INCLUDE

**Black-, Asian-, and Hispanic-owned firms tend to be younger and smaller in terms of revenue size and are concentrated across different industries**

- Approximately 28% of black-owned firms, 28% of Asian-owned firms, and 25% of Hispanic-owned firms are 0–2 years old, compared with 19% of white-owned firms.

4 Small Business Administration. (2016). *United States Small Business Profile*. Retrieved from [https://www.sba.gov/sites/default/files/advocacy/United\\_States.pdf](https://www.sba.gov/sites/default/files/advocacy/United_States.pdf)

5 Deller, S.C. (2010). *Spatial Variations in the Role of Microenterprises in Economic Growth*. *The Review of Regional Studies*, 40(1), 71–97; Stephens, H., & Partridge, M. (2010). *Do Small Businesses Matter for Economic Growth in Appalachia? Working Paper presented to the 49th Southern Regional Science Association Meeting*; Fleming, D.A., & S.J. Goetz. (2011). *Does Local Firm Ownership Matter?* *Economic Development Quarterly*, 25(3), 277–81.

6 Klein, J. (2017). *Bridging the Divide: How Business Ownership Can Help Close the Racial Wealth Gap*. Washington DC: The Aspen Institute.

7 Robb, A. (2013). *Access to Capital among Young Firms, Minority-owned Firms, Women-owned Firms, and High-tech Firms*. Washington DC: Small Business Administration; Fairlie, R.W., and Robb, A.M. (2010). *Disparities in Capital Access between Minority and Non-Minority-Owned Businesses: The Troubling Reality of Capital Limitations Faced by MBEs*. Washington DC: U.S. Department of Commerce, Minority Business Development Agency.

8 Credibility intervals for each estimate in the report can be found in the Appendix. For additional information on how the credibility intervals were calculated, see the Methodology section.

9 The SBCS asks a combined race/ethnicity question. See Methodology section for more details. Firms are categorized according to the race/ethnicity group that owns more than 50% of the business. Respondents could identify race/ethnicity as “Native American,” as well, but the sample size for this group is too small to report results.

10 Firms that are equally owned by white and minority individuals are also categorized as nonminority-owned firms. They comprise approximately 3% of the 7,916 firms in the SBCS data.

11 Self-reported business credit score or personal credit score, depending on which is used to obtain financing for their business. If the firm uses both, the highest risk rating is used. “Low credit risk” is an 80–100 business credit score or 720+ personal credit score. “Medium credit risk” is a 50–79 business credit score or a 620–719 personal credit score. “High credit risk” is a 1–49 business credit score or a <620 personal credit score.

# EXECUTIVE SUMMARY

- Black-owned firms are most concentrated in the healthcare and education industry (24%). Asian-owned firms are most concentrated in the professional services and real estate industry (28%). Hispanic-owned firms are most concentrated in the nonmanufacturing goods production and associated services industry, which includes building trades and construction (27%). White-owned firms are more evenly distributed across several industries but most commonly operate in the professional services and real estate industry (19%) and the nonmanufacturing goods production and associated services industry (18%).
- Forty-two percent of black-owned firms, 21% of Asian-owned firms, and 24% of Hispanic-owned firms are smaller than \$100k in revenue size, compared with 17% of white-owned firms.

## **The profitability performance index<sup>12</sup> of minority-owned firms remains well below that experienced by nonminority-owned firms**

- In 2016, 42% of black-owned firms, 51% of Asian-owned firms, and 51% of Hispanic-owned firms reported operating at a profit, compared with 57% of white-owned firms.
- Black-owned firms report significantly higher expectations for revenue growth (86%) and employment growth (65%) than white-owned firms (70% and 43%, respectively).

## **The credit gap is most pronounced for black-owned firms, which are most likely to rely on personal funds**

- Black-owned firms report more credit availability challenges (58% vs. 32%) and difficulty obtaining funds for expansion (62% vs. 31%) than white-owned firms—even among firms with revenues more than \$1M (49% vs. 24% and 53% vs. 23%, respectively). A similar gap exists between Hispanic- and Asian-

owned firms compared with white-owned firms, but it is less pronounced.

- The use of personal funds is the most common action taken as a result of financial challenges, with 86% of black-owned firms, 77% of Asian-owned firms, 76% of white-owned firms, and 74% of Hispanic-owned firms using this source of financing. This is true even though black business owners tend to have lower personal wealth levels than white business owners.<sup>13</sup>
- Cutting staff is also a common action taken as a result of financial challenges. Asian-owned firms cited this action most at 48%.

## **A greater share of black- and Hispanic-owned firms increased debt in the past 12 months, but these firms still have lower debt levels than white- and Asian-owned firms**

- Thirty-six percent of black-owned firms and 33% of Hispanic-owned firms have existing debt less than \$100k, compared with 21% of white-owned firms and 14% of Asian-owned firms.
- The share of minority-owned firms with outstanding debt increased from 51% in 2015 to 70% in 2016; in comparison, the share of nonminority-owned firms increased from 63% in 2015 to 71% in 2016.
- A greater share of black- (25%), Hispanic- (26%), and Asian-owned (25%) firms also expect to increase their debt levels in the next 12 months, compared with white-owned firms (16%).
- However, minority-owned firms take on greater risk to obtain debt, with black-, Hispanic-, and Asian-owned firms using future sales as collateral more often than white-owned firms. For example, 18% of Hispanic-owned firms more than 5 years old use future sales as collateral, compared with only 6% of similarly aged white-owned firms.

## **Black-owned firms apply for credit at a higher rate and tend to submit more applications—but seek lower amounts of financing—than white-owned firms**

- Fifty-three percent of black-owned firms and 43% of white-owned firms applied for financing in 2016. Forty-three percent of black-owned firms submitted three or more applications, compared with 31% of white-owned firms.
- Regardless of race, the top reason for applying for financing is to expand business or pursue a new opportunity.
- Thirty-two percent of black business owners and 39% of Hispanic business owners sought more than \$100k in financing, compared with 46% of white business owners and 49% of Asian business owners.
- Of black-owned firms that did not apply for financing in the past 12 months, only 22% cited sufficient financing as the primary reason compared to 52% of white-, 37% of Asian-, and 32% of Hispanic-owned firms. Of the nonapplicant firms, 35% of black- and 30% of Hispanic-owned firms do not use external financing on a regular basis, compared to 21% of Asian- and 21% of white-owned firms.

## **Black- and Hispanic-owned firms tend to apply for higher-cost products and are more likely to apply to online lenders compared with white-owned firms**

- Black- (17%) and Hispanic-owned (19%) firms are at least twice as likely to seek financing via merchant cash advances and factoring (i.e., the sale of accounts receivable) compared with white-owned firms (7%).
- Black-, Hispanic, and Asian-owned firms applied to large banks for financing more than they applied to any other source of financing.

12 Index equals the share of firms profitable in the previous 12 months minus the share of firms operating at a loss.

13 Boshara, R., Emmons, W.R., and Noeth, Bryan J. (2015). The Demographics of Wealth: How Age, Education and Race Separate Thrivers from Strugglers in Today's Economy. St. Louis, MO: Federal Reserve Bank of St. Louis.

# EXECUTIVE SUMMARY

- Small banks remain among the most common sources of financing applied to by white-owned firms (50%). Black-owned firms apply to small banks 39% of time, with online lenders not far behind at 33%. Hispanic-owned firms apply to small banks 34% of the time and to online lenders 36% of the time.

## Not controlling for all firm characteristics, reported credit outcomes differ by race and credit risk

- Sixty-one percent of black-owned firms were approved for at least some financing on their loan/LOC applications, while the loan/LOC approval rate was 80% for white-owned firms, 73% for Asian-owned firms, and 74% for Hispanic-owned firms.
- Among low-risk<sup>14</sup> minority-owned firms that applied for new financing, 75% received at least some of the financing requested, compared with 85% of low-risk nonminority applicants who received at least some of the financing requested.<sup>15</sup>

## Reported credit outcomes differ by business location

- At large banks, SBCS data suggest that minority-owned firms located in low- and moderate-income minority zip codes experience higher approval rates than minority-owned firms in other zip codes, supporting previous research findings that attributed this to bank efforts to meet CRA requirements.<sup>16</sup> Conversely, at small banks, minority-owned firms located in low- and moderate-income minority zip codes experience lower approval rates than minority-owned firms located in other

zip codes. The differences in approval rates at small banks across zip codes are not robust at traditional levels of statistical significance, and further research is recommended to more precisely identify these effects.

## FOCUS ON NONEMPLOYER FIRMS

### Despite a relatively low percentage of firms operating profitably and experiencing revenue growth, black-owned nonemployer firms and Hispanic-owned nonemployer firms remain optimistic

- Approximately 53% of black-owned nonemployer firms operated at a loss during the past 12 months, compared with about 37% of Hispanic-owned nonemployer firms, 38% of Asian-owned nonemployer firms, and 33% of white-owned nonemployer firms.
- Of black-owned nonemployer firms, 87% are less than \$100k in revenue size, and nearly 70% experienced either no change or a decrease in revenue during the past 12 months. Only 69% of white-owned nonemployer firms are less than \$100k in revenue size, and approximately 54% experienced either no change or a decrease in revenue during the past 12 months.
- Still, approximately 84% of black-owned nonemployer firms and 76% of Hispanic-owned nonemployer firms expect revenue will increase in the next 12 months, compared with 69% of white-owned nonemployer firms and 67% of Asian-owned nonemployer firms.

### Nonemployer firms reported seeking financing at lower rates and experienced lower approval rates than employer firms, with black-owned nonemployer firms and Hispanic-owned nonemployer firms experiencing the most difficulty

- Only 24% of Asian-owned nonemployer firms applied for new financing in the previous 12 months, compared with 26% of white-owned nonemployer firms, 32% of Hispanic-owned nonemployer firms, and 34% of black-owned nonemployer firms.
- White-owned nonemployer firms experienced the highest approval rates (60%) for new financing, while black-owned nonemployer firms experienced the lowest approval rates (43%) for new financing. Even among low-risk applicants, only 56% of black-owned nonemployer firms were approved, compared with 74% of white-owned nonemployer firms.
- Among both minority- and nonminority-owned nonemployer firms, credit score (57% vs. 37%) and insufficient credit history (45% vs. 39%) were the most often cited reasons for denial, followed by business performance (41% vs. 37%) and insufficient collateral (37% vs. 33%).

<sup>14</sup> Self-reported business credit score or personal credit score, depending on which is used to obtain financing for their business. If the firm uses both, the highest risk rating is used. "Low credit risk" is an 80–100 business credit score or 720+ personal credit score. "Medium credit risk" is a 50–79 business credit score or a 620–719 personal credit score. "High credit risk" is a 1–49 business credit score or a <620 personal credit score.

<sup>15</sup> When specifying a logit model to control for credit risk and other demographic variables, minority status is a statistically significant variable in predicting whether a firm receives financing as are other variables, including credit risk, revenue size, and profitability.

<sup>16</sup> Bates, T. & A. Robb. (2014). Has the Community Reinvestment Act Increased Loan Availability among Small Businesses Operating in Minority Neighbourhoods? *Urban Studies*, 52(9), 1702–21.

# DEMOGRAPHICS

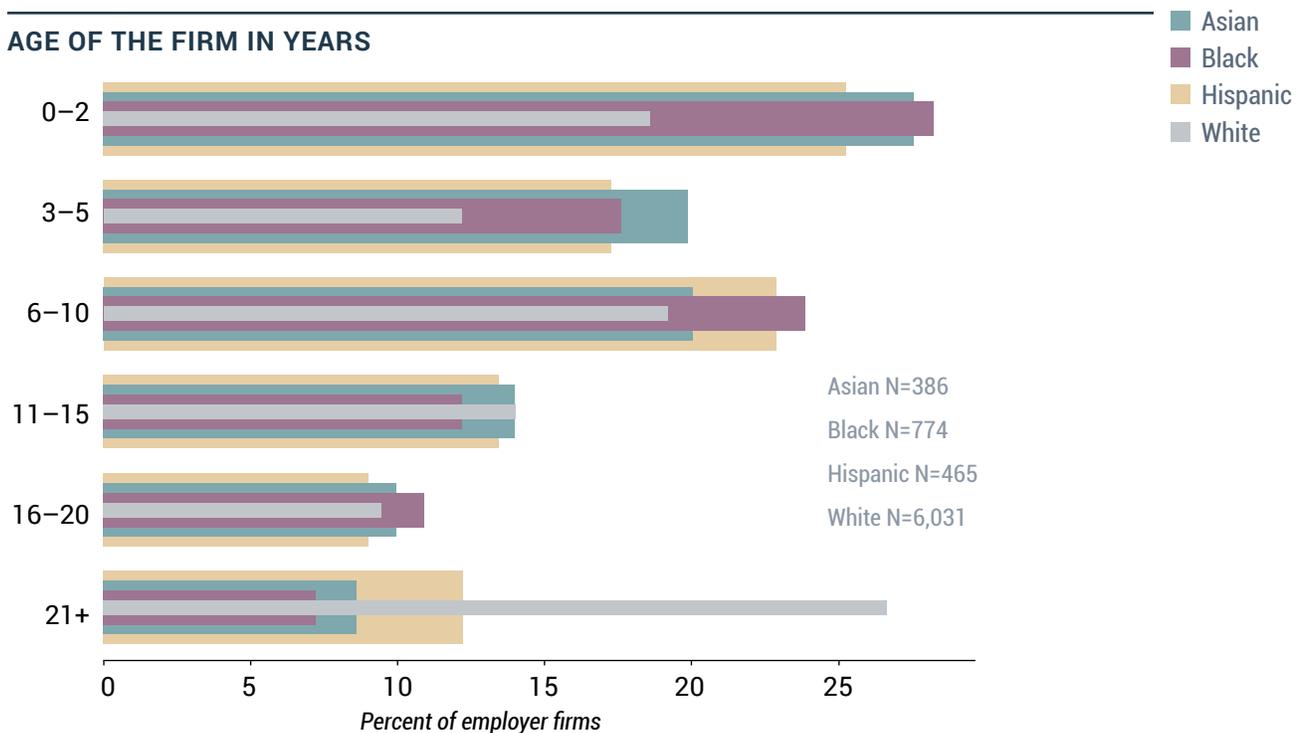


## EMPLOYER FIRMS BY RACE

	Asian	Black	Hispanic	White	N
SBCS unweighted sample*	5%	10%	6%	79%	7,656
Census Data	10%	2%	2%	87%	4,963,656

\* In order to make the sample more representative of the small-firm population in the US, employer firm estimates in this report are weighted by the number of employees, age, industry, geographic location (census division and urban or rural location), and minority status. For additional information on the weights used in this report, please refer to the Methodology section.

## AGE OF THE FIRM IN YEARS



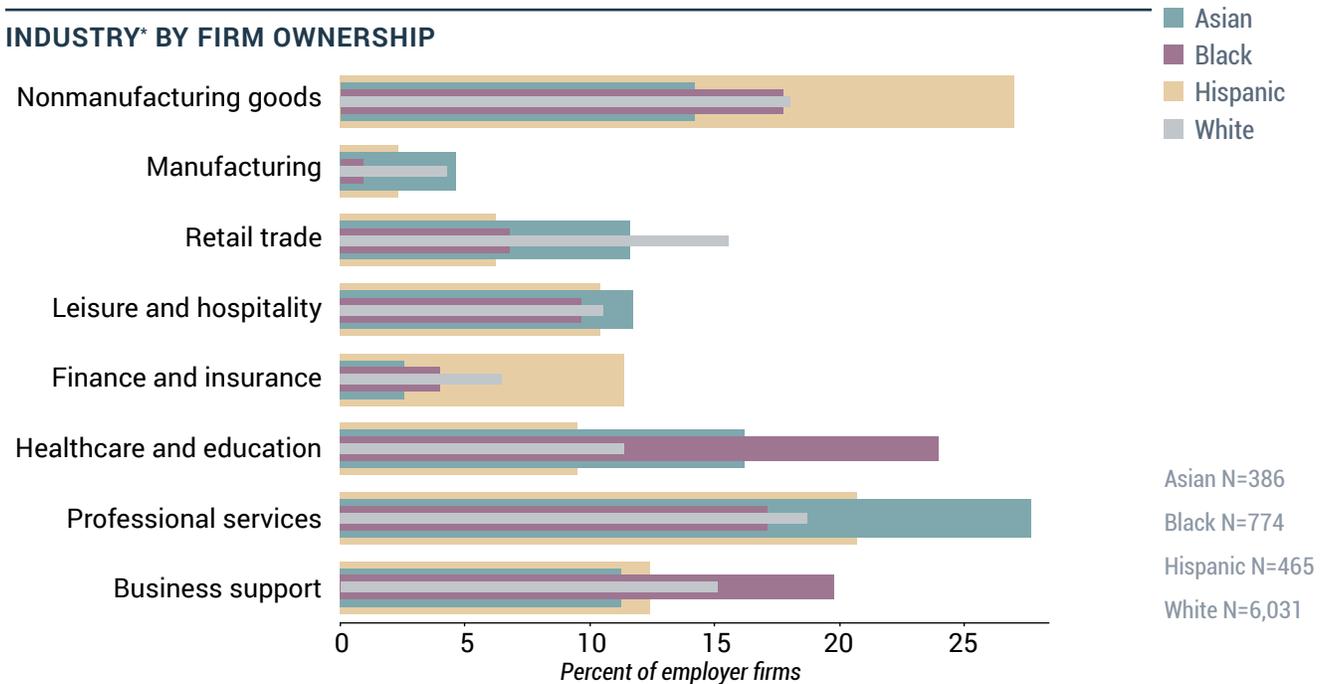
## LOCATION OF FIRMS

Region	Asian	Black	Hispanic	White
New England (CT, MA, ME, NH, RI, VT)	3%	2%	2%	6%
Middle Atlantic (NJ, NY, PA)	31%	18%	14%	13%
East North Central (IL, IN, MI, OH, WI)	4%	14%	9%	15%
West North Central (IA, KS, MN, MO, ND, NE, SD)	2%	4%	4%	8%
South Atlantic (DC, DE, FL, GA, MD, NC, SC, VA, WV)	9%	30%	26%	19%
East South Central (AL, KY, MS, TN)	2%	5%	1%	5%
West South Central (AR, LA, OK, TX)	7%	12%	13%	11%
Mountain (AZ, CO, ID, MT, NM, NV, UT, WY)	6%	2%	6%	8%
Pacific (AK, CA, HI, OR, WA)	37%	13%	25%	15%
<b>N</b>	<b>386</b>	<b>774</b>	<b>465</b>	<b>6,031</b>

# DEMOGRAPHICS

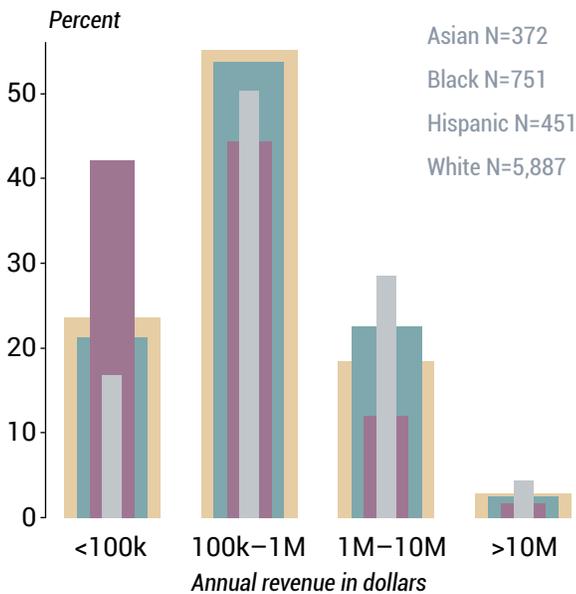


## INDUSTRY\* BY FIRM OWNERSHIP

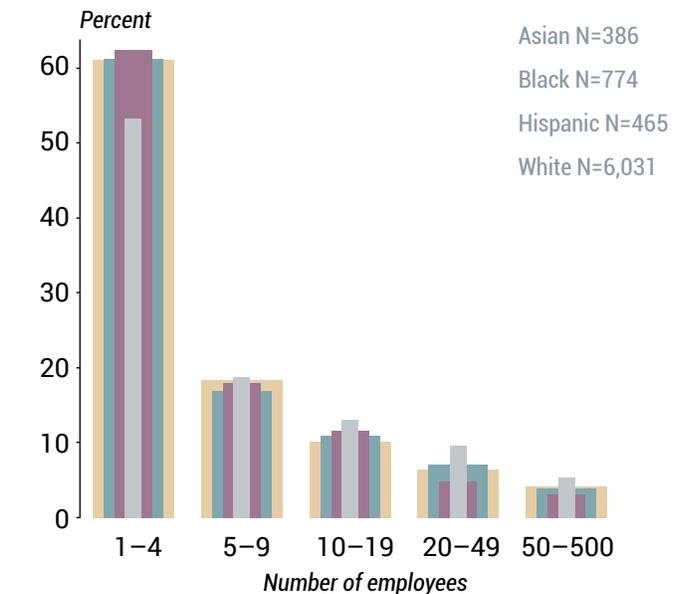


\* For full definition of Industry breakdowns, see the Appendix.

## REVENUE SIZE OF FIRMS



## NUMBER OF EMPLOYEES



## SHARE USING CONTRACT WORKERS

Contract workers	Asian	Black	Hispanic	White
1	23%	20%	18%	25%
2	24%	20%	28%	24%
3 or more	53%	60%	54%	51%
<b>N</b>	<b>196</b>	<b>425</b>	<b>223</b>	<b>2,586</b>

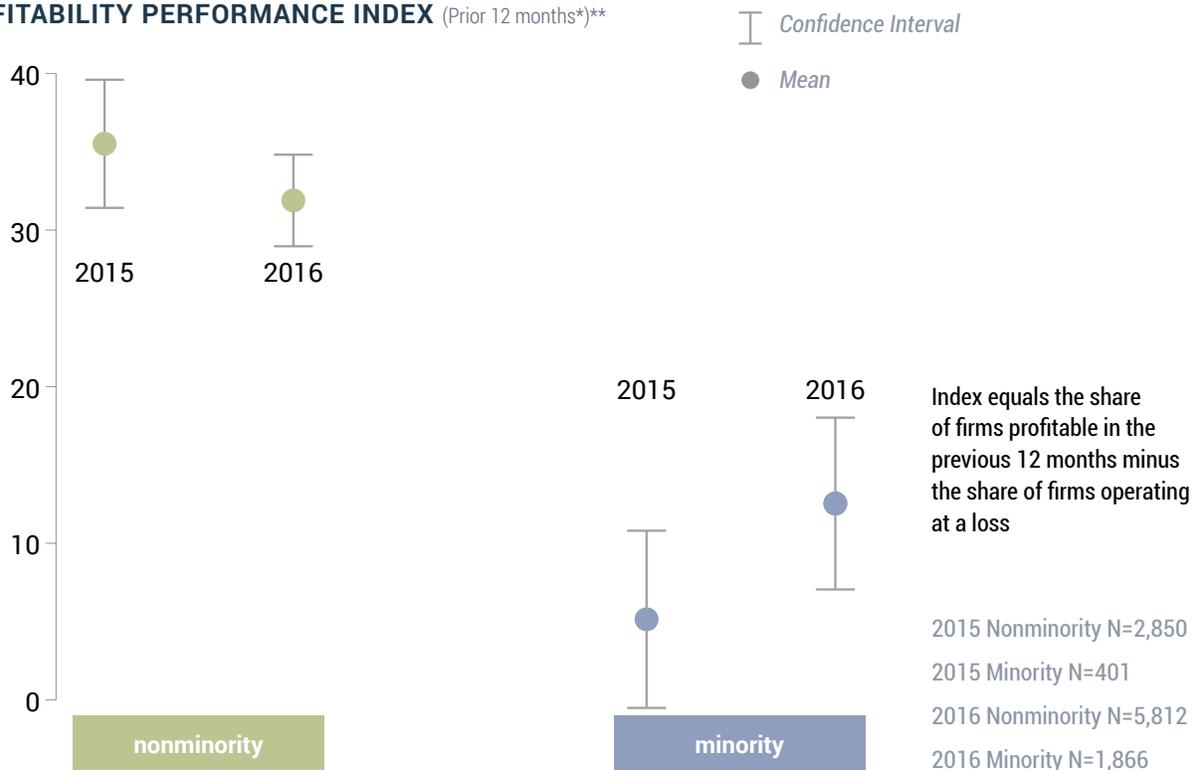
**81%** of nonminority-owned firms are in urban areas  
**93%** of minority-owned firms are in urban areas

# PERFORMANCE



Not controlling for other firm characteristics, fewer minority-owned firms were profitable compared to nonminority-owned firms during the past two years.

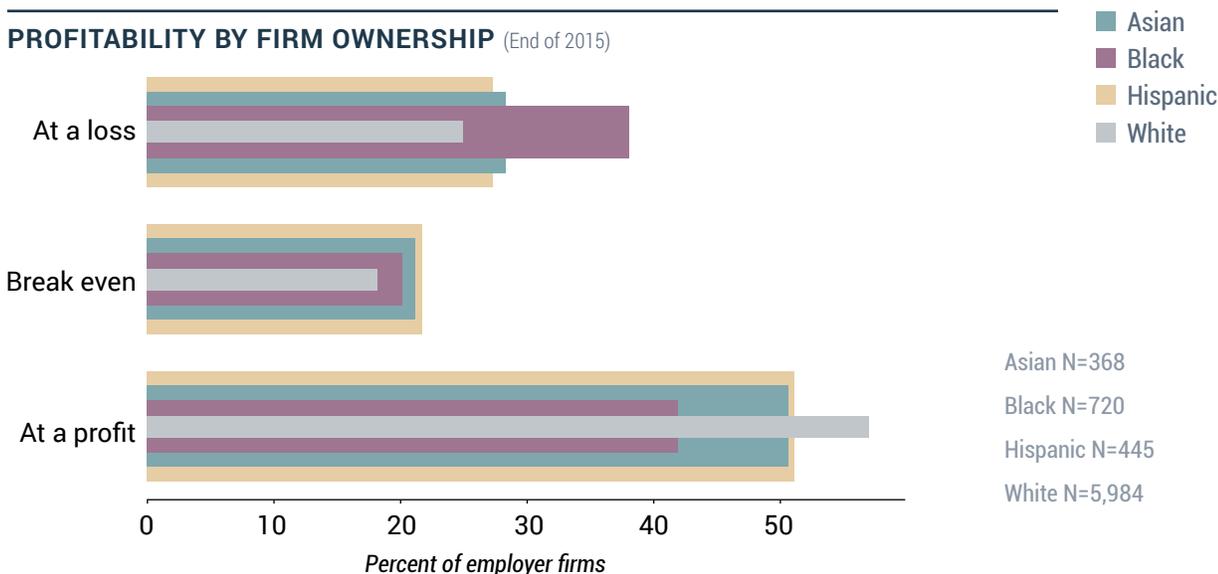
## PROFITABILITY PERFORMANCE INDEX (Prior 12 months)\*\*



\* Approximately the second half of the prior year through the second half of the surveyed year.

\*\* Comparisons to the 2015 SBCS survey data are made using a time-consistent weighting approach. Please see p. 22 for more detail.

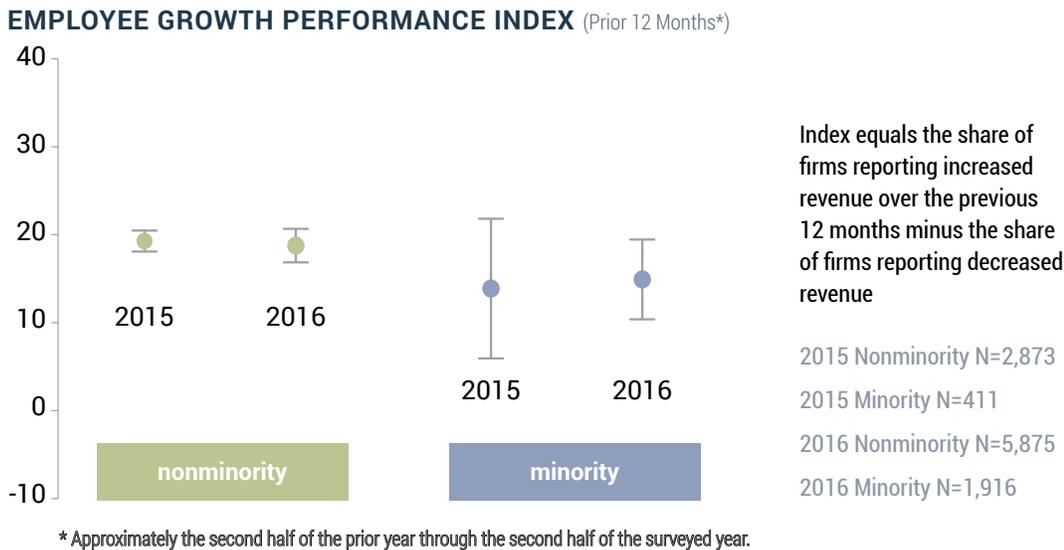
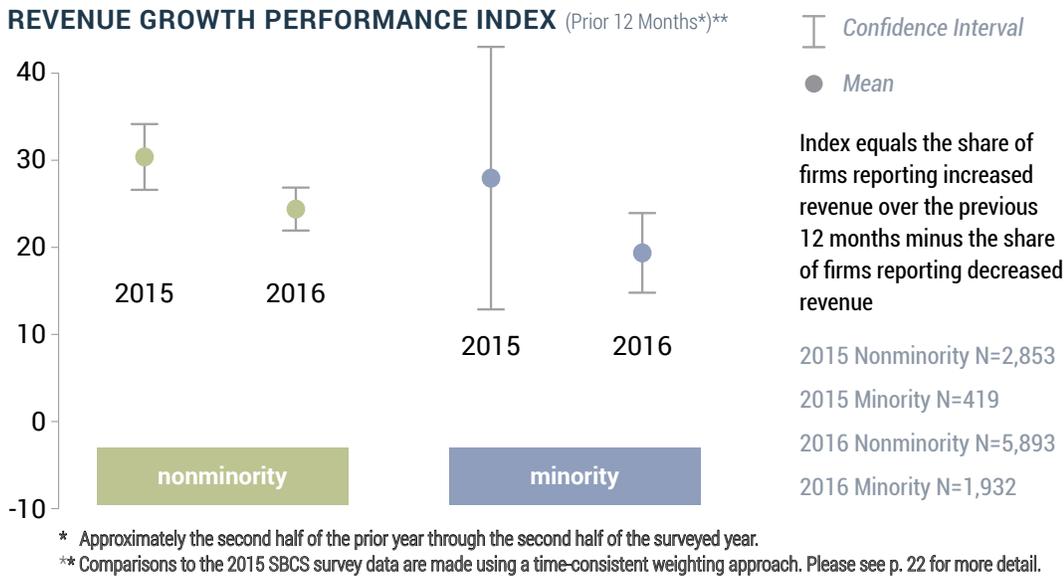
## PROFITABILITY BY FIRM OWNERSHIP (End of 2015)



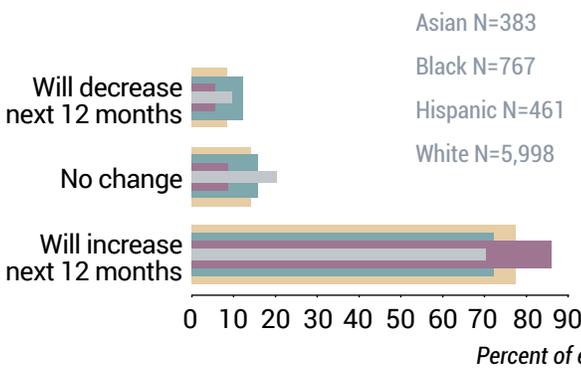
# PERFORMANCE



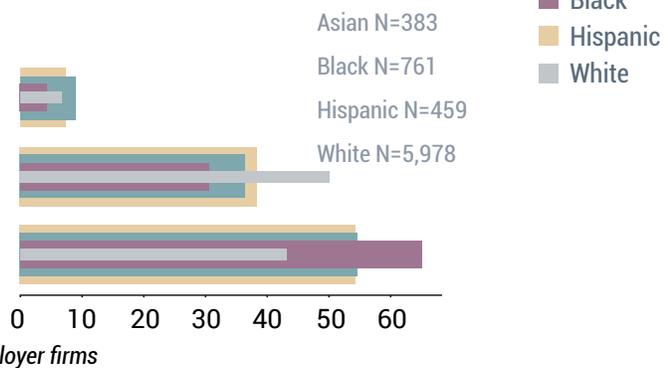
On average, minority-owned firms and nonminority-owned firms were about as likely to be growing in terms of number of employees and revenues.



### REVENUE CHANGE\*\*\*



### EMPLOYMENT CHANGE\*\*\*



\*\*\* Expected change in approximately the second half of the surveyed year through the second half of the following year.

# FINANCIAL CHALLENGES

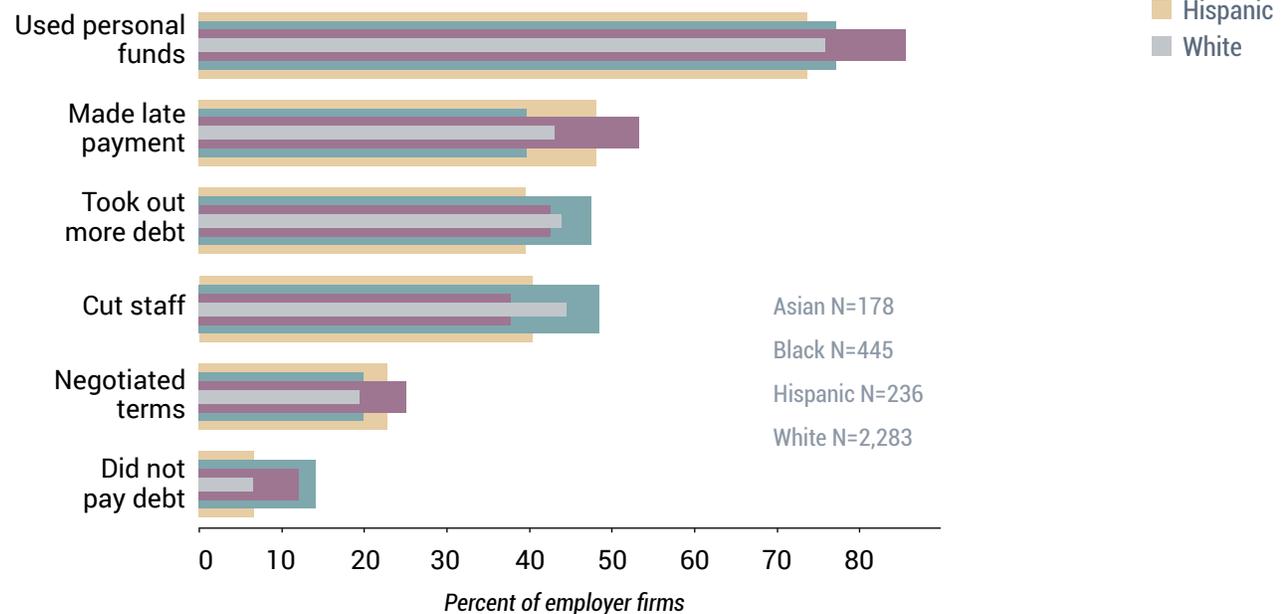


Black-owned firms report more credit availability challenges or difficulties obtaining funds for expansion—even among firms with revenues of more than \$1M.

## FINANCIAL CHALLENGES BY SIZE OF FIRM (Past 12 Months)

Percent of employer firms <\$1M in revenues				
	Asian	Black	Hispanic	White
Funds for expansion	45%	62%	47%	31%
Credit availability	42%	58%	45%	32%
Operating expenses	49%	49%	43%	39%
Debt payments	34%	33%	30%	27%
Fulfill contracts	23%	28%	26%	17%
None of these	25%	18%	23%	38%
<b>N</b>	<b>200</b>	<b>570</b>	<b>268</b>	<b>2,727</b>
Percent of employer firms ≥\$1M in revenues				
	Asian	Black	Hispanic	White
Funds for expansion	31%	53%	28%	23%
Credit availability	38%	49%	34%	24%
Operating expenses	27%	39%	31%	26%
Debt payments	15%	33%	22%	17%
Fulfill contracts	14%	15%	17%	11%
None of these	46%	28%	47%	55%
<b>N</b>	<b>166</b>	<b>172</b>	<b>177</b>	<b>3,077</b>

## ACTIONS TAKEN AS A RESULT OF CHALLENGES (Past 12 Months)



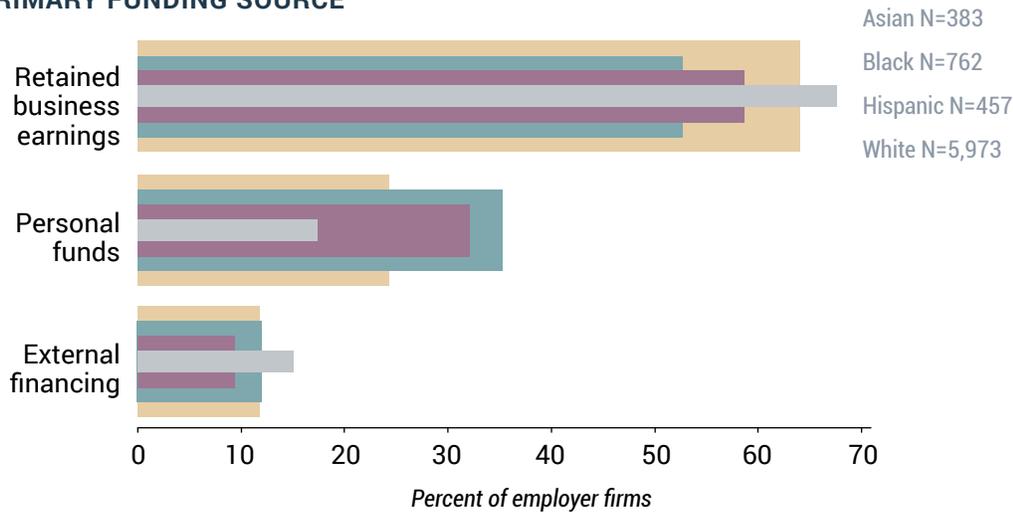
# FINANCING AND DEBT



Black-owned firms are more likely to report relying on personal funds of owner(s) when they experience financial challenges to fund their business.

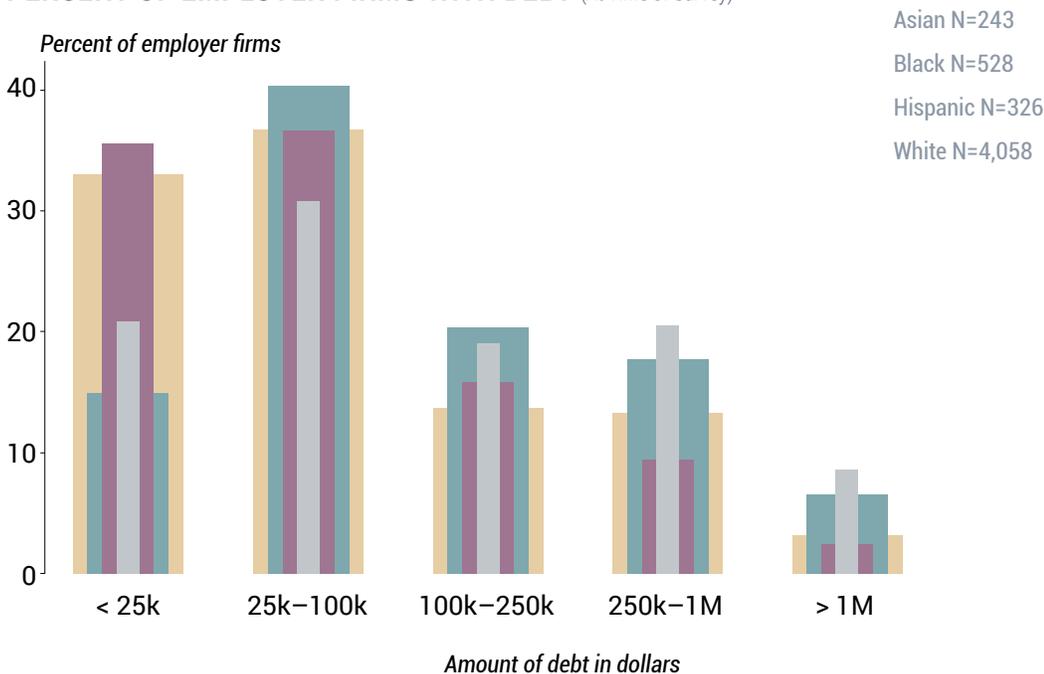
- Asian
- Black
- Hispanic
- White

## PRIMARY FUNDING SOURCE



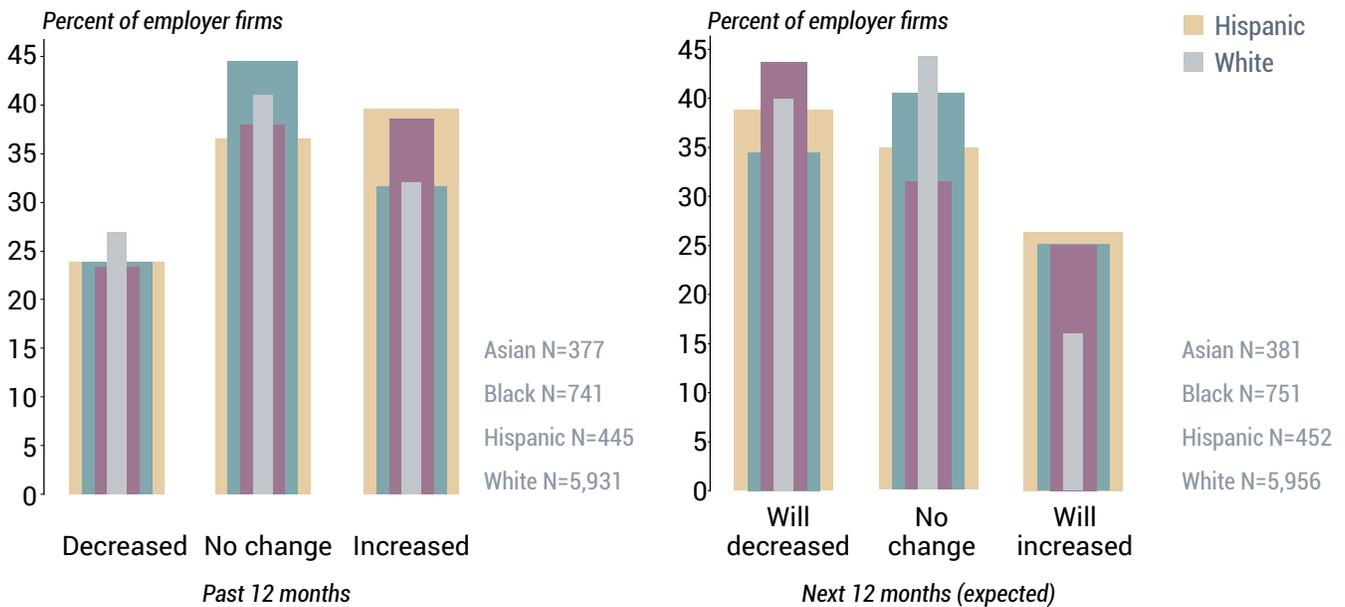
White- and Asian-owned firms report higher debt levels than black- and Hispanic-owned firms.

## PERCENT OF EMPLOYER FIRMS WITH DEBT (At Time of Survey)





## CHANGE IN DEBT LEVELS



## COLLATERAL USED TO SECURE DEBT (By Age of Firm)

Percent of employer firms with debt ≤ 5 years old				
	Asian	Black	Hispanic	White
Personal guarantee	49%	51%	49%	58%
Business assets	36%	28%	33%	46%
Personal assets	25%	34%	31%	44%
Future assets	19%	13%	14%	9%
None	11%	17%	17%	12%
<b>N</b>	<b>73</b>	<b>177</b>	<b>97</b>	<b>836</b>

Percent of employer firms with debt > 5 years old				
	Asian	Black	Hispanic	White
Personal guarantee	65%	55%	70%	61%
Business assets	46%	36%	38%	55%
Personal assets	34%	33%	33%	37%
Future assets	15%	13%	19%	6%
None	8%	14%	10%	12%
<b>N</b>	<b>175</b>	<b>378</b>	<b>244</b>	<b>3,495</b>

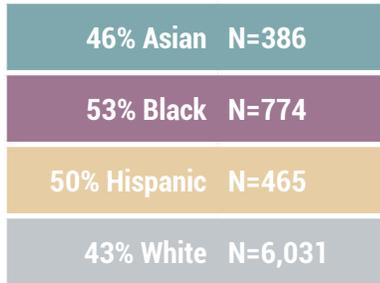
# DEMAND FOR FINANCING



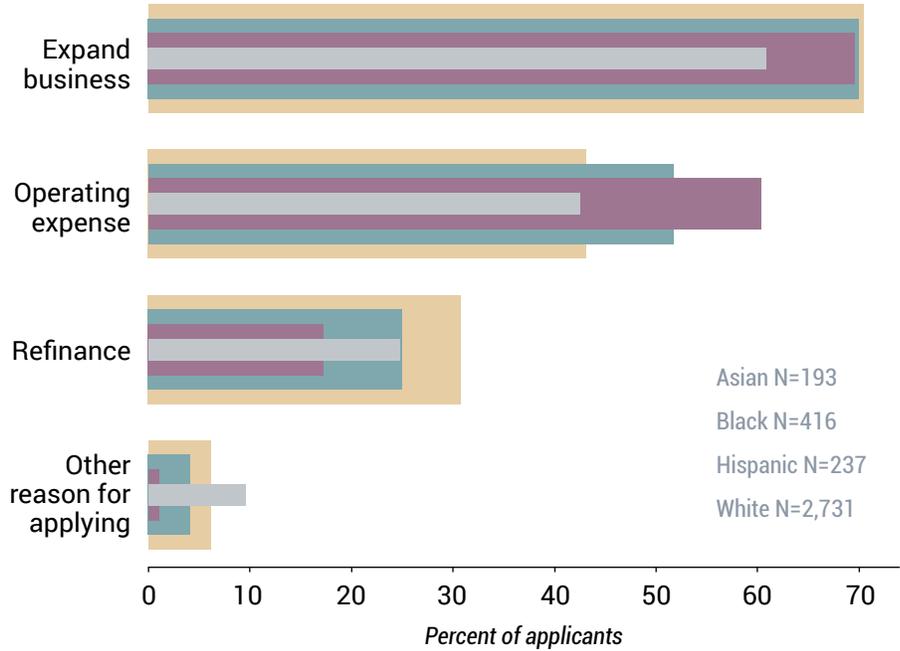
#1 reason for applying for financing is to expand business or pursue a new opportunity.

## FIRM APPLICATION RATES

Percent of employer firms

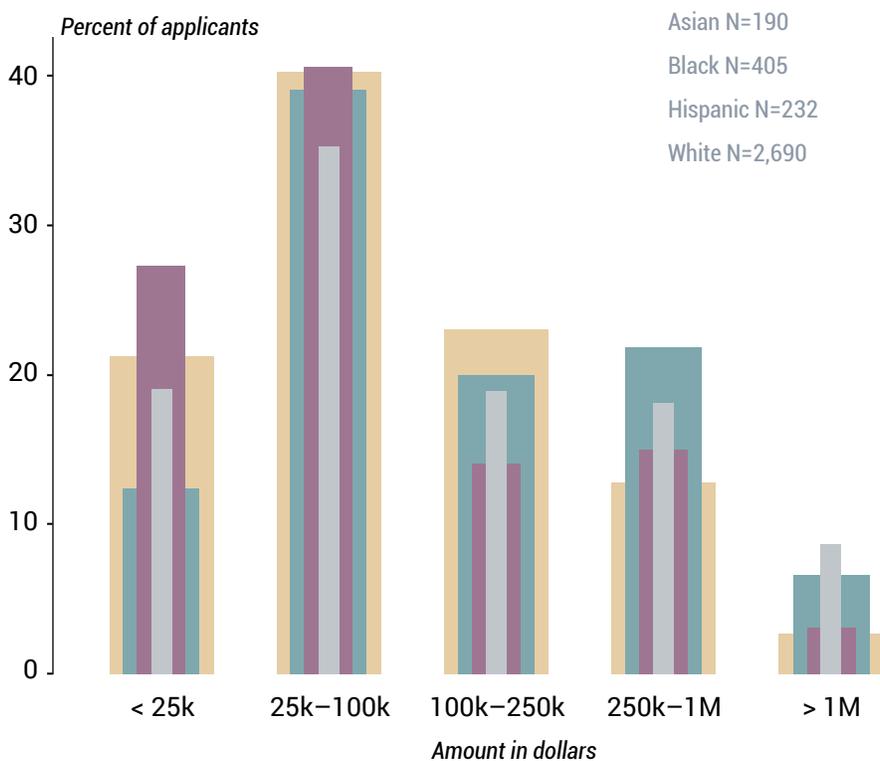


## REASON(S) FOR APPLYING (At Time of Survey)



## TOTAL AMOUNT OF FINANCING SOUGHT

Percent of applicants



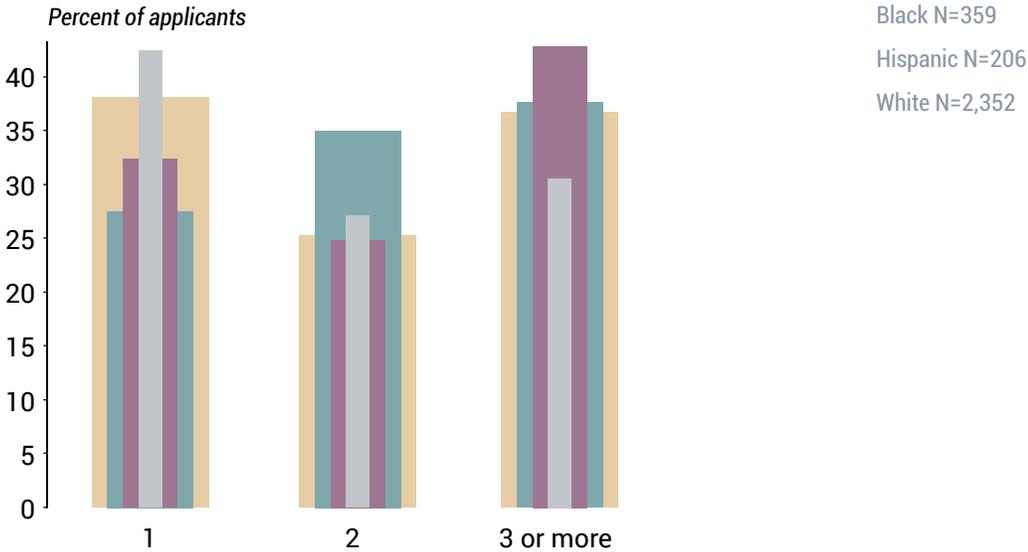
# DEMAND FOR FINANCING



Black-owned firms report more attempts to access credit than white-owned firms but seek lower amounts of financing.

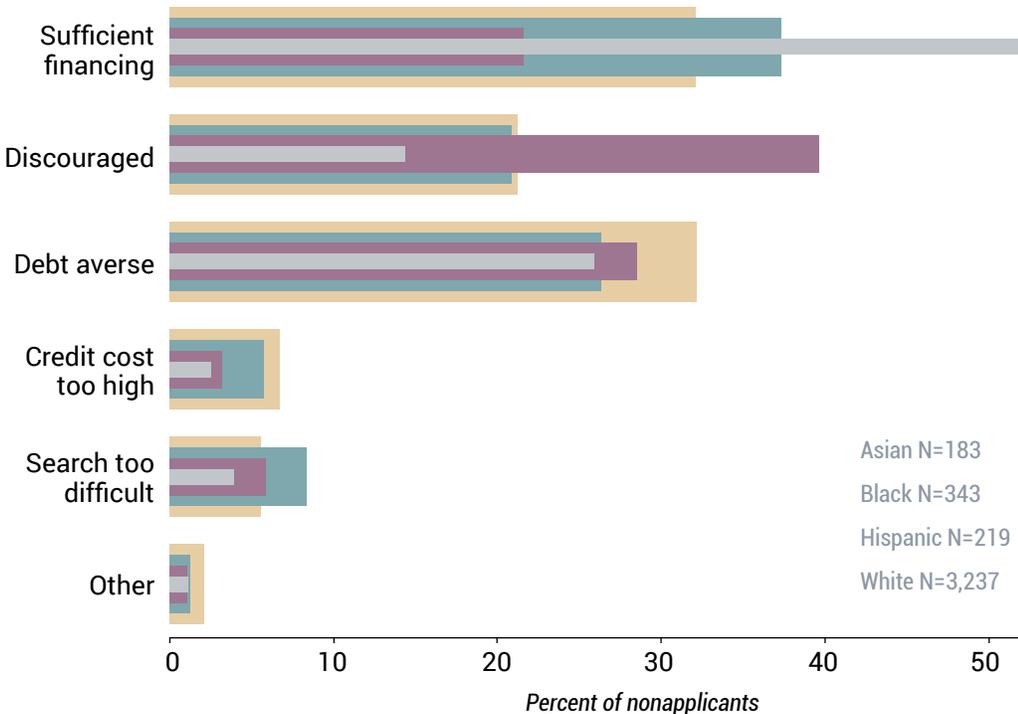
- Asian
- Black
- Hispanic
- White

## NUMBER OF APPLICATIONS SUBMITTED IN PAST 12 MONTHS



40% of black-owned firms did not apply because they were discouraged compared to 14% of white-owned firms.

## PRIMARY REASON FOR NOT APPLYING



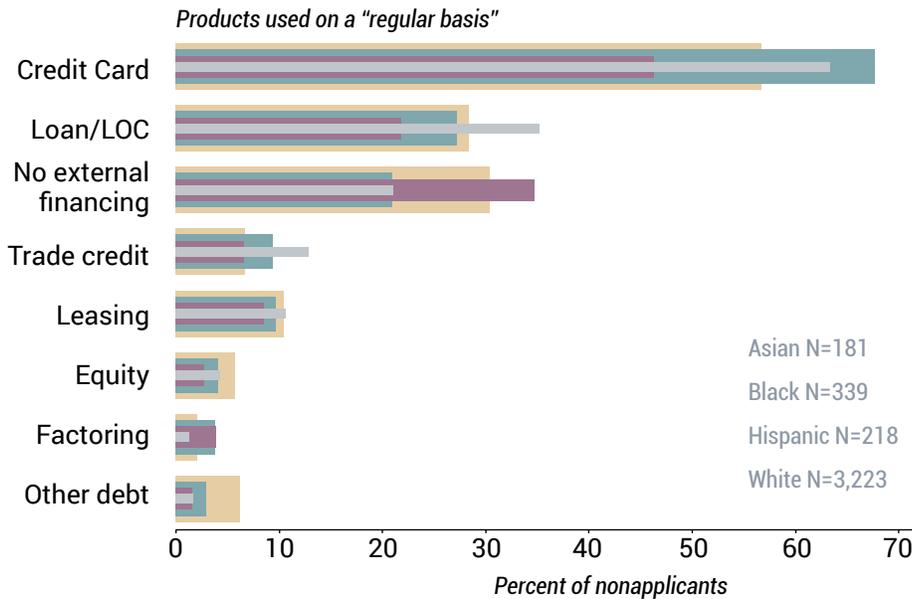
# NONAPPLICANTS



35% of nonapplicant black-owned firms and 30% of nonapplicant Hispanic-owned firms report that they do not use external financing on a regular basis compared to 21% of white-owned firms and 21% of Asian-owned firms.

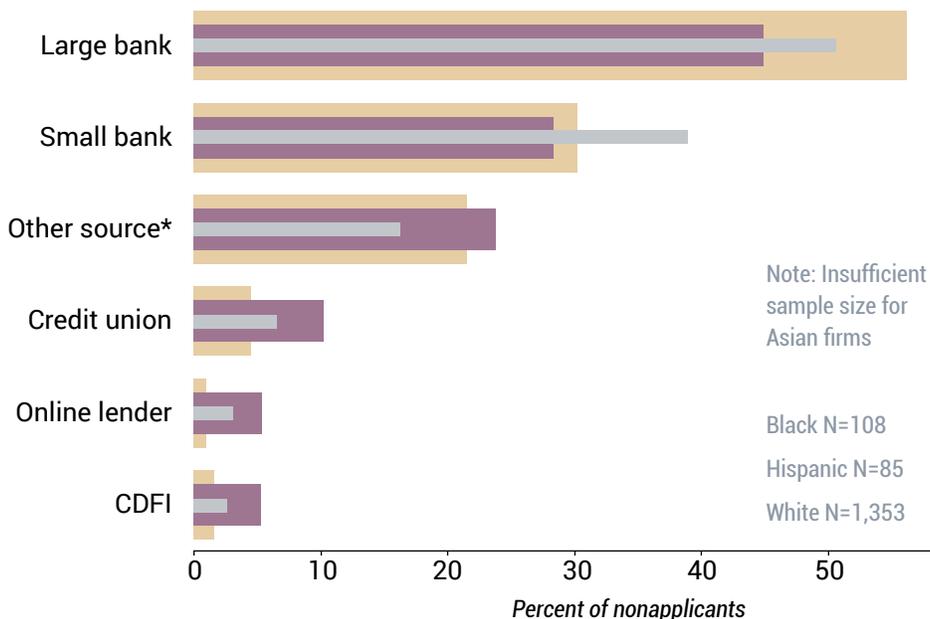
- Asian
- Black
- Hispanic
- White

## NONAPPLICANT USE OF CREDIT AND FINANCING



White firms are more likely to hold existing debt with small banks than black- and Hispanic-owned firms.

## SOURCES OF EXISTING FINANCING



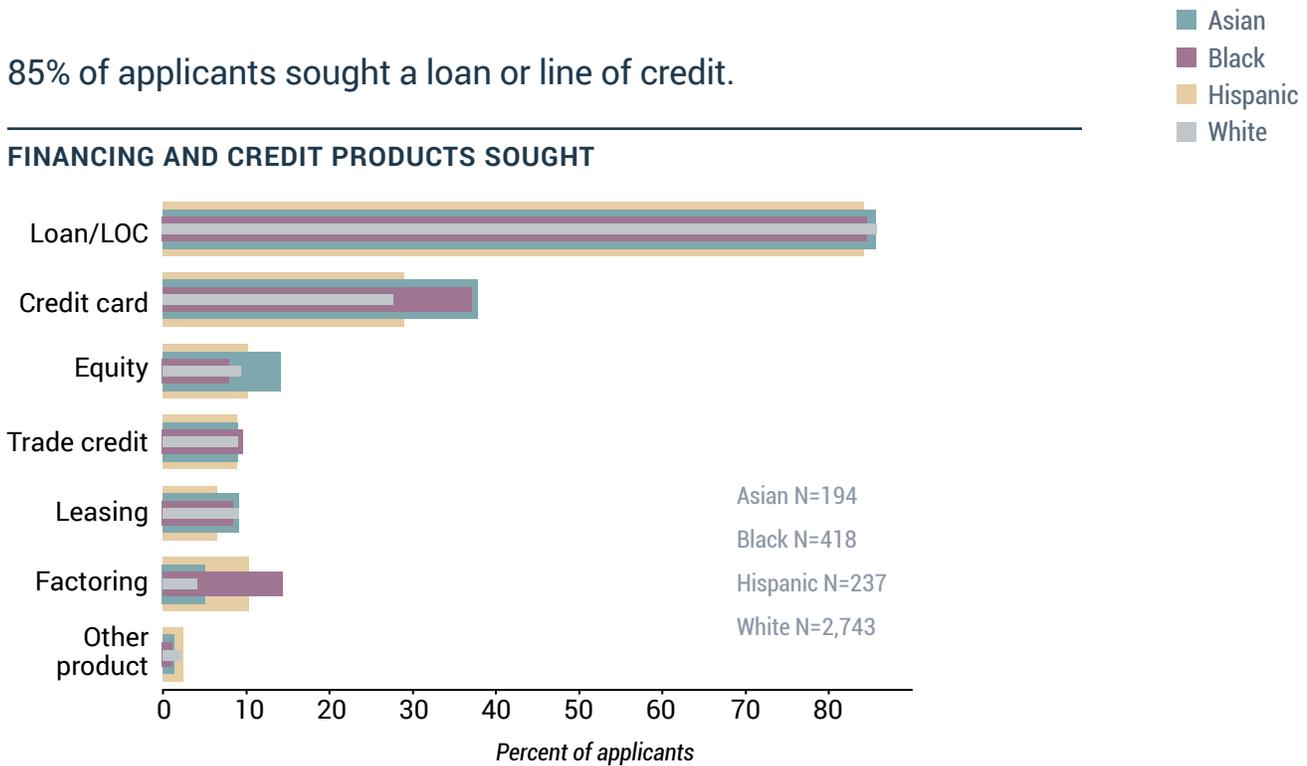
\* Respondents who selected "other" were asked to describe the source. They most frequently cited auto/equipment dealers, farm-lending institutions, friends/family/owner, nonprofit organizations, and private investors.

# CREDIT APPLICATIONS



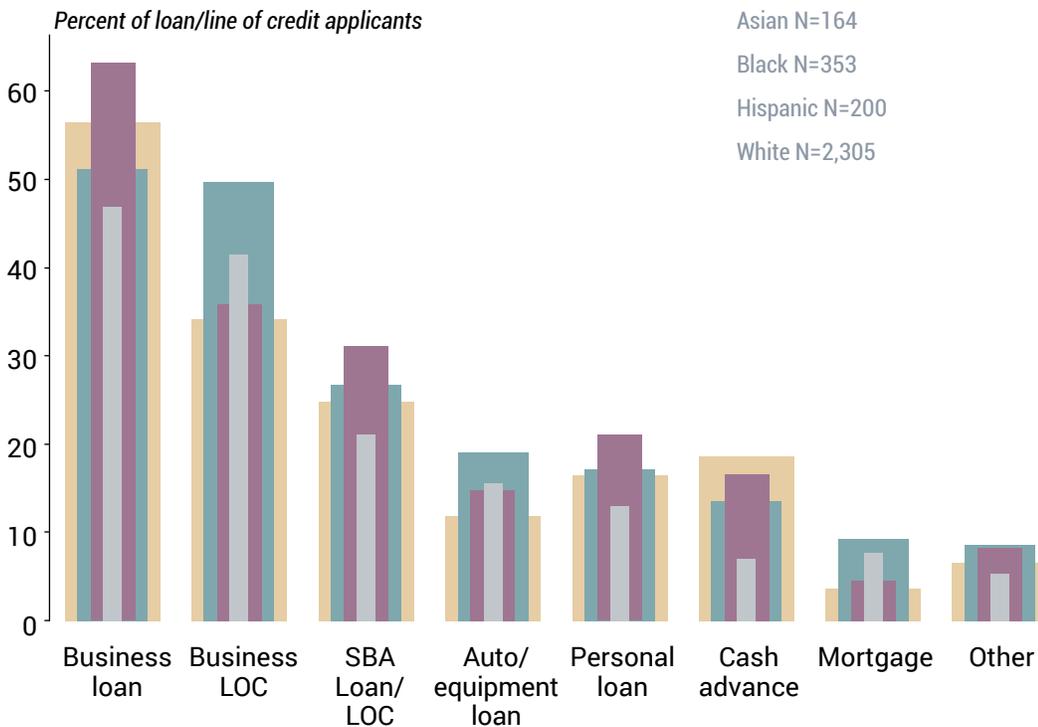
85% of applicants sought a loan or line of credit.

## FINANCING AND CREDIT PRODUCTS SOUGHT



Nearly one-third of black-owned firms applied for an SBA-guaranteed loan or line of credit.

## APPLICATIONS FOR LOANS AND LINES OF CREDIT



# CREDIT SOURCES



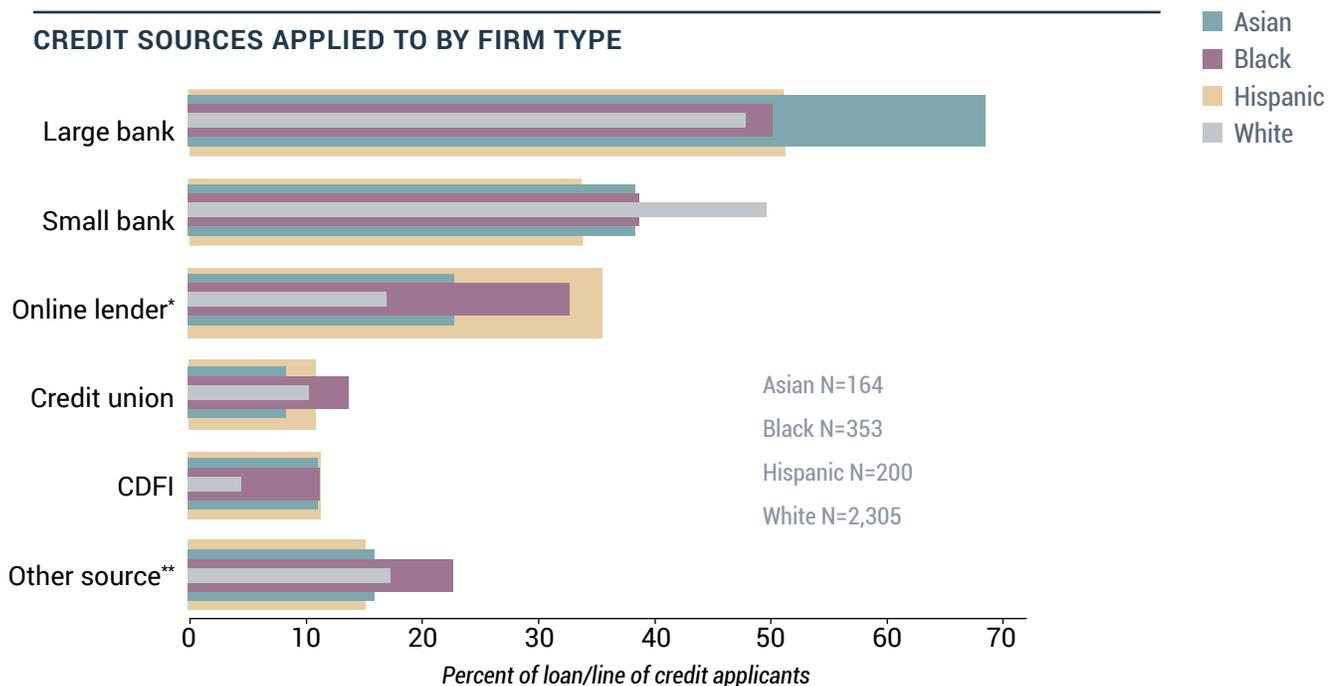
An existing relationship with a lender is more important to white-owned firms when choosing where to apply compared to black-, Hispanic-, and Asian-owned firms.

## FACTORS INFLUENCING WHERE FIRMS APPLY (Percent of Applicants)

	Asian		Black		Hispanic		White	
	< \$1M	≥ \$1M	< \$1M	≥ \$1M	< \$1M	≥ \$1M	< \$1M	≥ \$1M
<i>Revenues</i>								
<b>Chance</b>	61%	52%	66%	62%	59%	47%	57%	39%
<b>Existing Relation</b>	55%	68%	44%	46%	39%	71%	59%	74%
<b>Cost</b>	32%	41%	38%	35%	32%	54%	40%	44%
<b>Ease</b>	35%	42%	37%	36%	38%	31%	33%	29%
<b>Speed</b>	32%	42%	37%	48%	32%	32%	31%	28%
<b>Flex</b>	15%	19%	20%	25%	27%	11%	15%	15%
<b>Referral</b>	8%	0%	10%	6%	2%	1%	5%	3%
<b>Other</b>	6%	6%	3%	0%	2%	1%	2%	3%
<b>N</b>	97	91	289	112	135	92	1,098	1,585

Hispanic- and black-owned firms are more likely to apply to online lenders.

## CREDIT SOURCES APPLIED TO BY FIRM TYPE



\* "Online lenders" are defined as nonbank alternative and marketplace lenders, including Lending Club, OnDeck, CAN Capital, and PayPal Working Capital.

\*\* Respondents who selected "other" were asked to describe the source. They most frequently cited auto/equipment dealers, farm-lending institutions, friends/family/owner, nonprofit organizations, and private investors.

# FINANCING APPROVAL



## SHARE RECEIVING AT LEAST SOME FINANCING

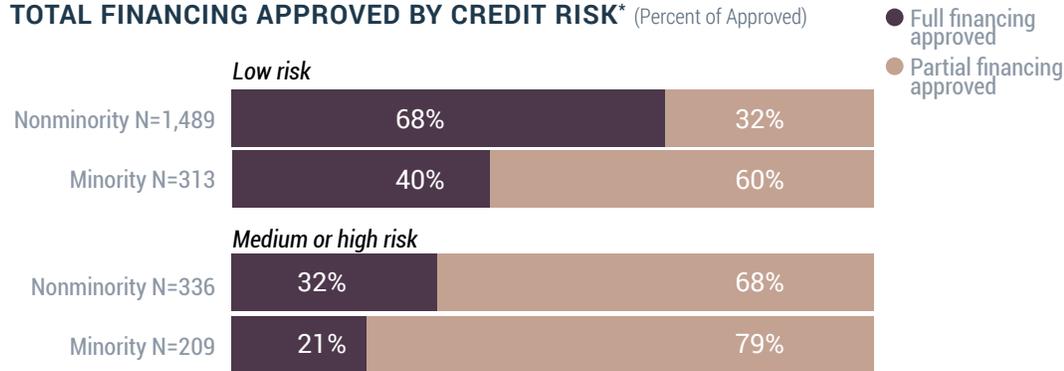
Percent of applicants

73% Asian	N=191
61% Black	N=407
74% Hispanic	N=232
80% White	N=2,653

## SHARE RECEIVING AT LEAST SOME FINANCING BY CREDIT RISK

	% of applicants	N
Low Credit Risk		
nonminority	85%	1,689
minority	75%	404
Medium or High Credit Risk		
nonminority	65%	508
minority	59%	352

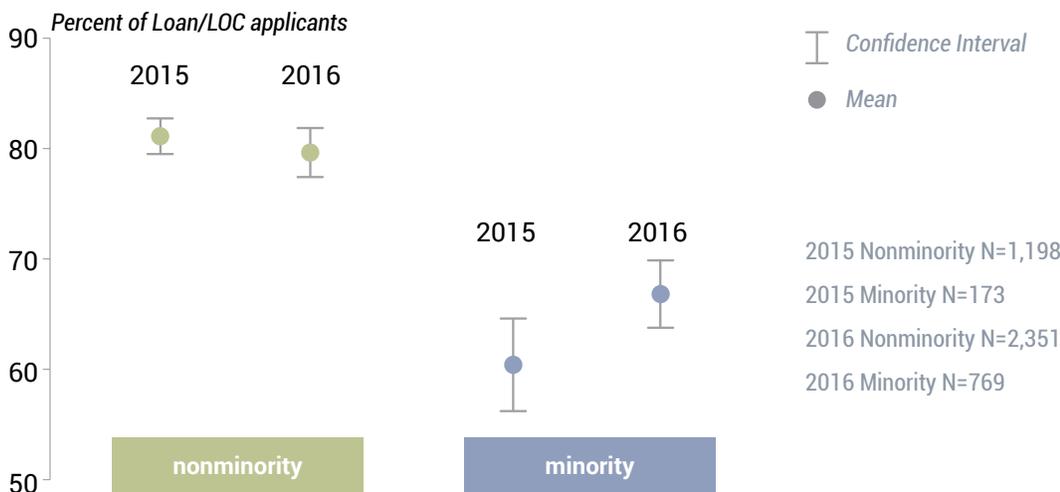
## TOTAL FINANCING APPROVED BY CREDIT RISK\* (Percent of Approved)



\* Self-reported business credit score or personal credit score, depending on which is used to obtain financing for their business. If the firm uses both, the highest risk rating is used. "Low credit risk" is an 80-100 business credit score or 720+ personal credit score. "Medium credit risk" is a 50-79 business credit score or a 620-719 personal credit score. "High credit risk" is a 1-49 business credit score or a <620 personal credit score.

While not controlling for other firm characteristics, approval rates from 2015 to 2016 increased for minority-owned firms and stayed about the same for nonminority-owned firms.

## LOAN/LINE OF CREDIT AT LEAST SOME FINANCING APPROVED (2016 Survey vs. 2015 Survey\*)



\* Comparisons to the 2015 SBCS survey data are made using a time-consistent weighting approach. Please see p. 22 for more detail.

# FINANCING APPROVAL

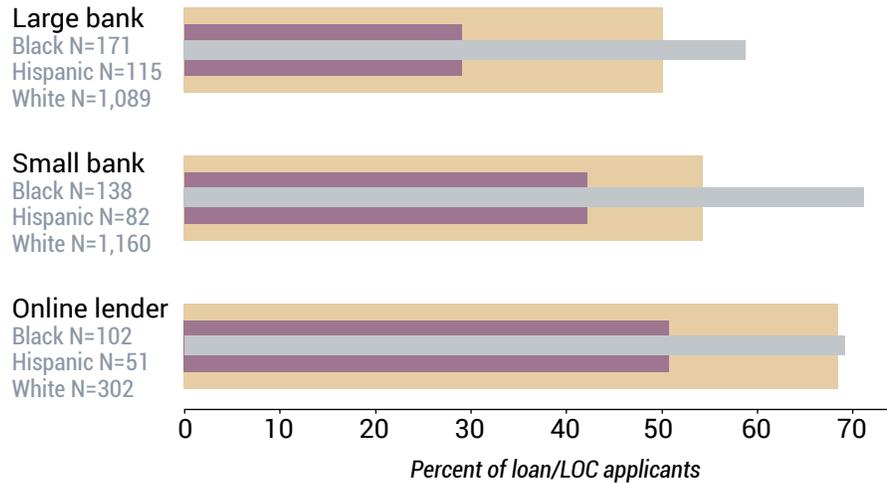


Hispanic- and black-owned firms reported the highest approval rates at online lenders.

■ Black  
■ Hispanic  
■ White

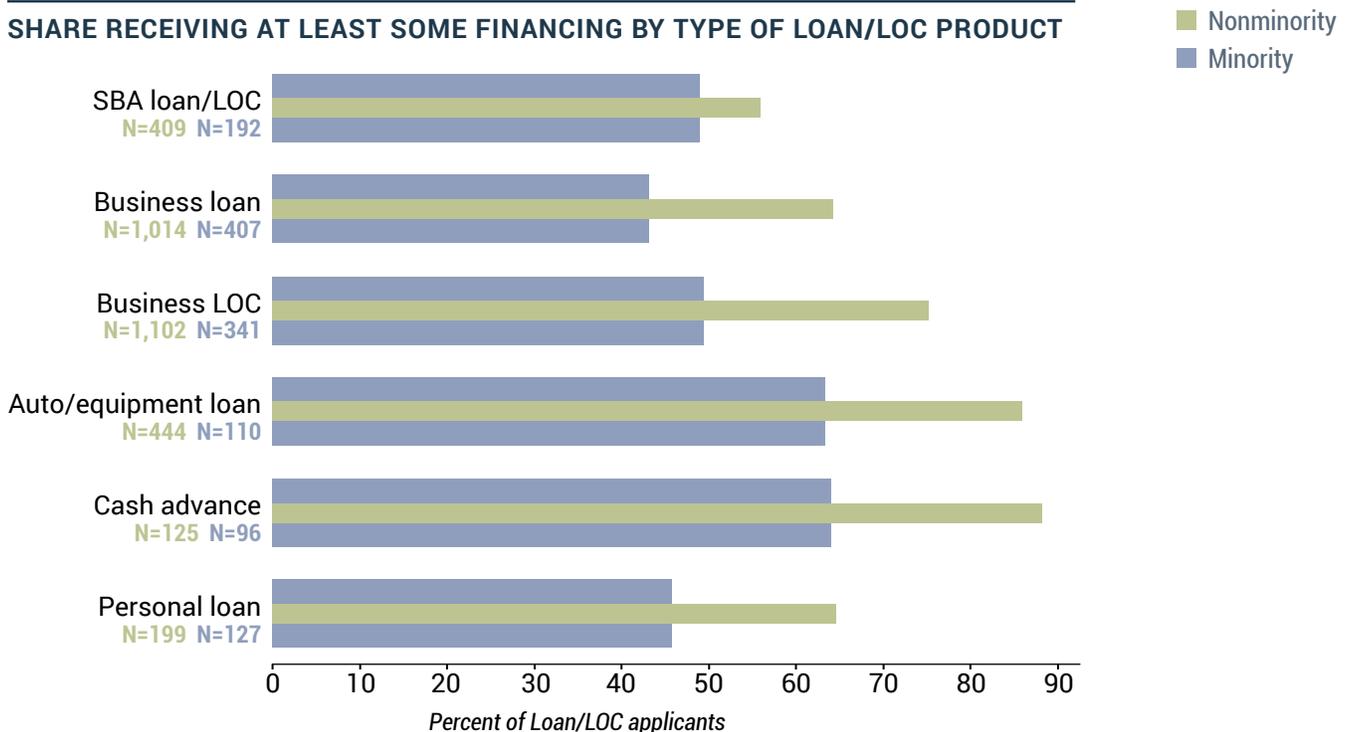
Note: Insufficient sample size for Asian firms

## SHARE RECEIVING AT LEAST SOME FINANCING BY SOURCE



The share of minority-owned firms receiving at least some financing was lower across all financing products, compared with nonminority-owned firms.

## SHARE RECEIVING AT LEAST SOME FINANCING BY TYPE OF LOAN/LOC PRODUCT



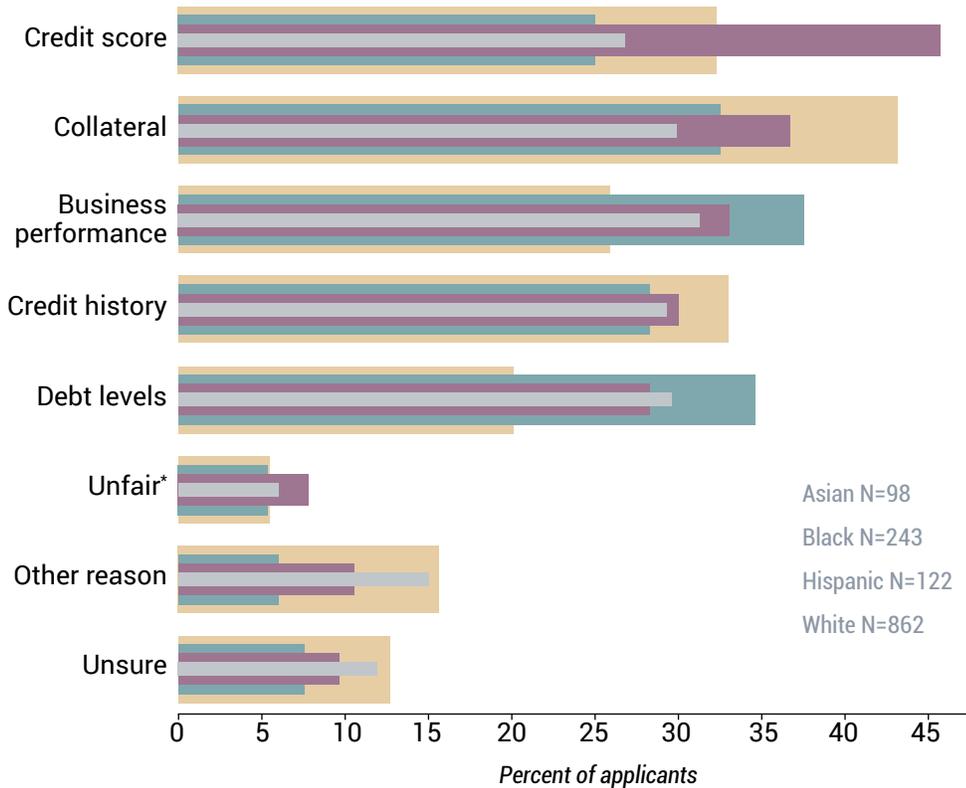
# FINANCING SHORTFALLS



Low credit score and lack of collateral are the top reported reasons for denial of black- and Hispanic-owned firms.

- Asian
- Black
- Hispanic
- White

## REASON FOR CREDIT DENIAL

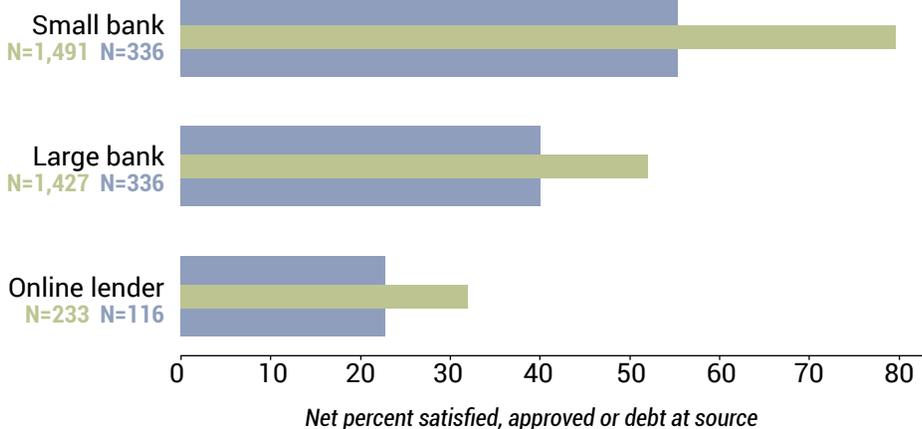


\* "Unfair" refers to perceived unfair lending practices.

Satisfaction levels were lowest at online lenders for both minority- and nonminority-owned firms.

## LENDER SATISFACTION SCORE

- Nonminority
- Minority



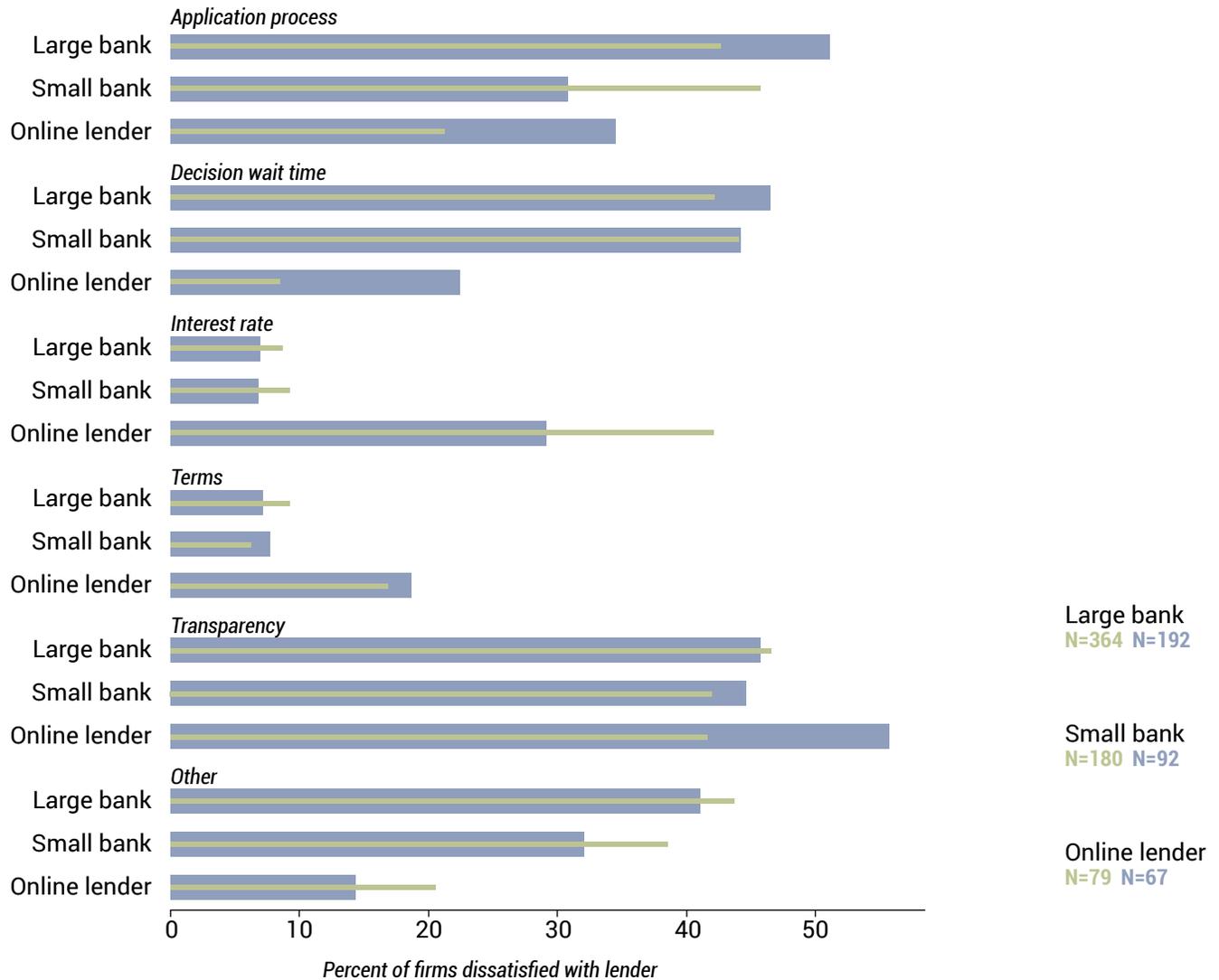


# LENDER SATISFACTION

■ Nonminority  
■ Minority

Lack of transparency is among the top reasons for lender dissatisfaction for minority applicants and borrowers.

## REASONS FOR DISSATISFACTION



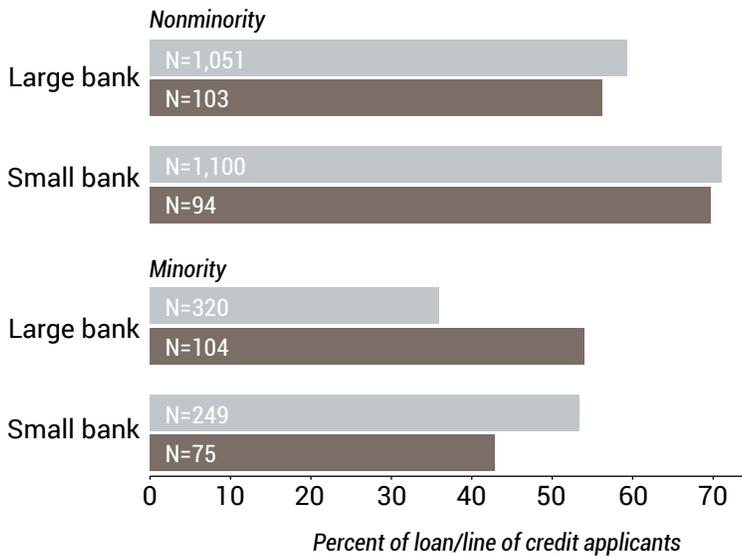
# BUSINESS LOCATION



Not controlling for other firm characteristics, minority-owned firms located in low-income minority zip codes report better credit outcomes at large banks, compared with minority-owned firms in other zip codes.

SHARE RECEIVING AT LEAST SOME FINANCING BY LENDER AND ZIP CODE

Other zip code  
LMI minority zip code



# FOCUS ON NONEMPLOYER BUSINESSES



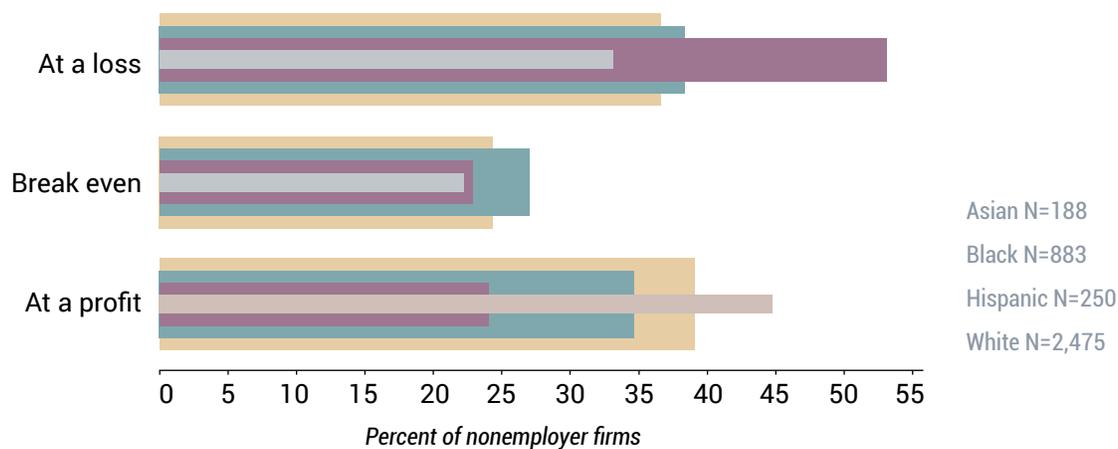
## NONEMPLOYER FIRMS BY RACE

	Asian	Black	Hispanic	White	N
SBCS unweighted sample*	5%	24%	7%	64%	4,365
Census Data	7%	12%	6%	75%	20,186,821



\* In order to make the sample more representative of the small-firm population in the US, nonemployer firm estimates in this report are weighted by age, industry, geographic location (census division and urban or rural location), and minority status. For additional information on the weights used in this report, please refer to the Methodology section.

## PROFITABILITY BY FIRM OWNERSHIP (End of 2015)



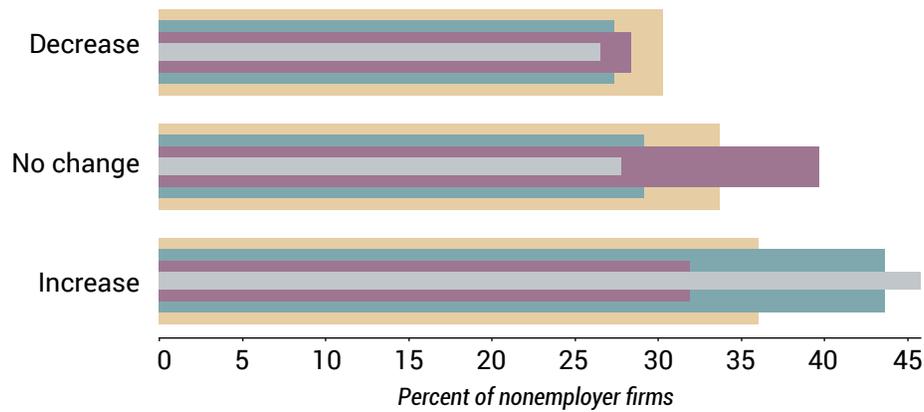
## PERCENT OF FIRMS <100K IN REVENUE



# FOCUS ON NONEMPLOYER BUSINESSES



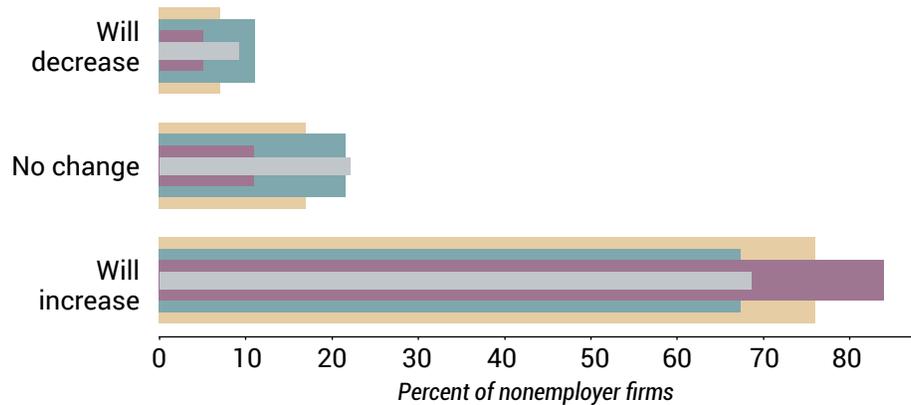
## REVENUE GROWTH (Past 12 Months)



Asian  
Black  
Hispanic  
White

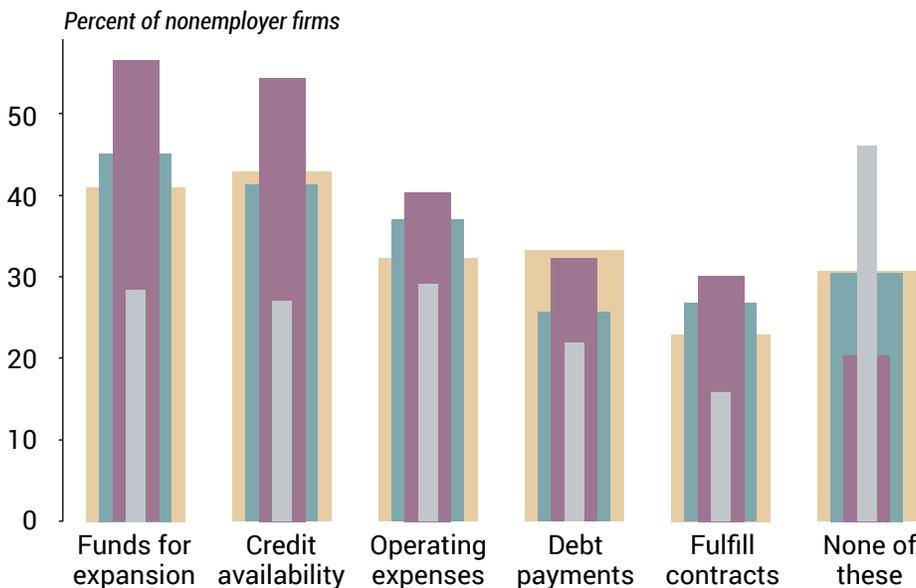
Asian N=214  
Black N=1,022  
Hispanic N=289  
White N=2,740

## EXPECTED REVENUE GROWTH (Next 12 Months)



Asian N=215  
Black N=1,032  
Hispanic N=291  
White N=2,757

## FINANCIAL CHALLENGES (Past 12 Months)



Asian N=216  
Black N=1,045  
Hispanic N=294  
White N=2,751

# FOCUS ON NONEMPLOYER BUSINESSES



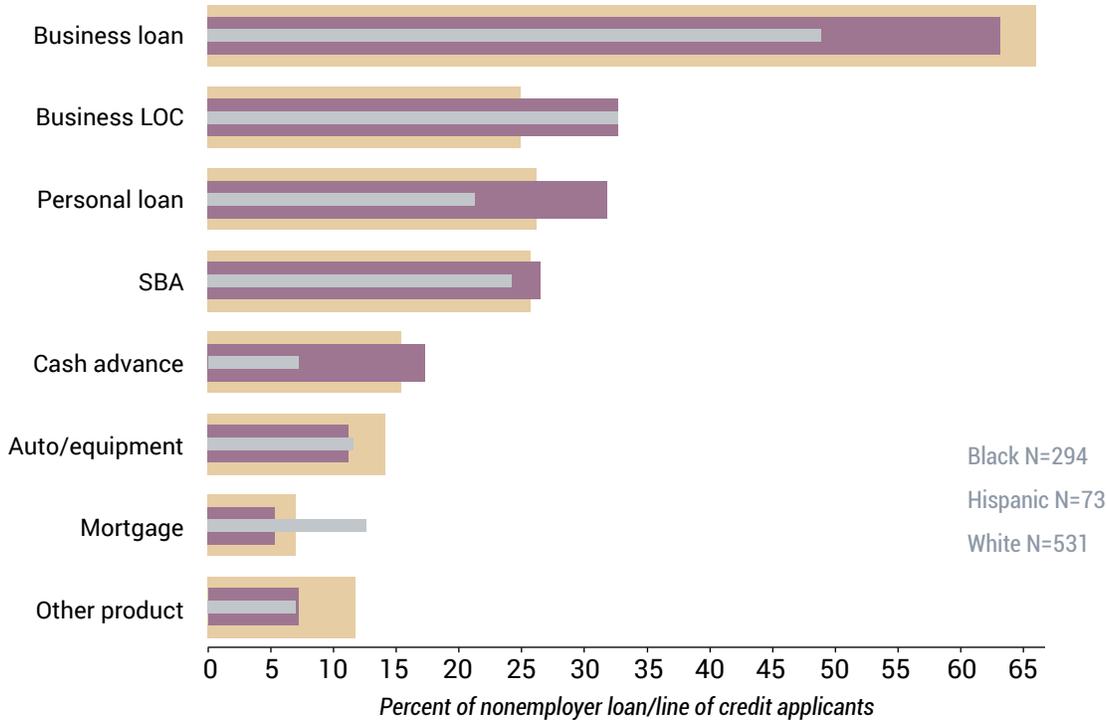
## NONEMPLOYER FIRM APPLICATION RATES



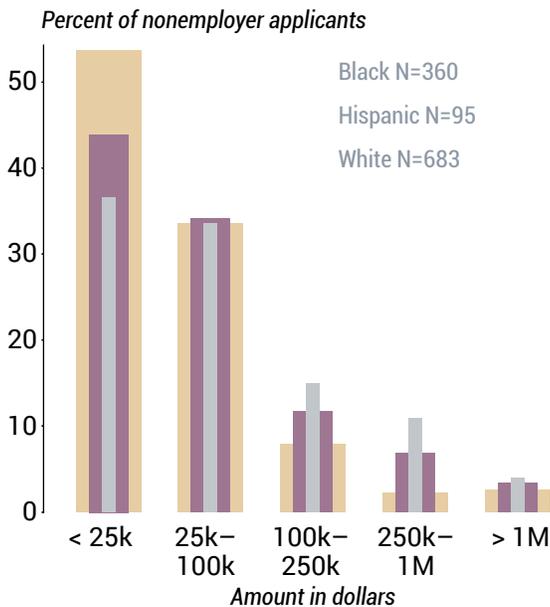
- Asian
- Black
- Hispanic
- White

Note: Insufficient sample size for Asian firms

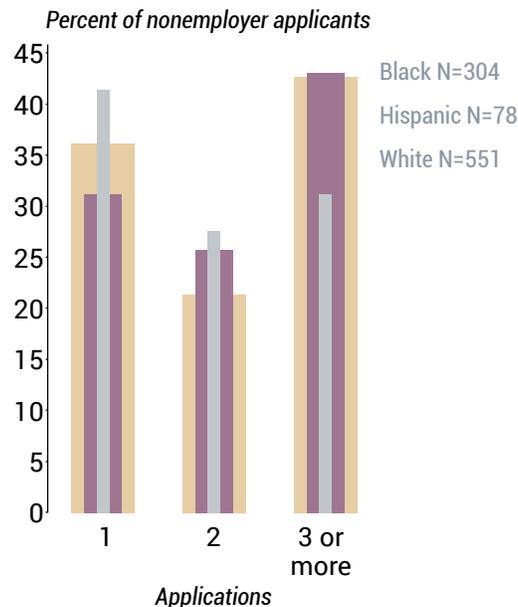
## APPLICATION RATE FOR LOANS AND LINES OF CREDIT



## TOTAL AMOUNT OF FINANCING SOUGHT



## NUMBER OF APPLICATIONS SUBMITTED



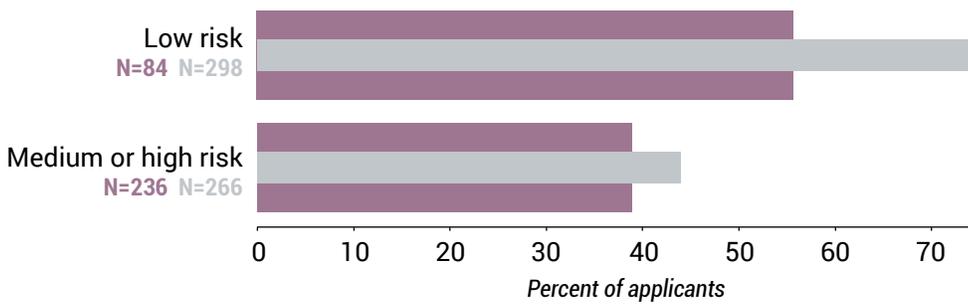
# FOCUS ON NONEMPLOYER BUSINESSES



## SHARE RECEIVING AT LEAST SOME FINANCING



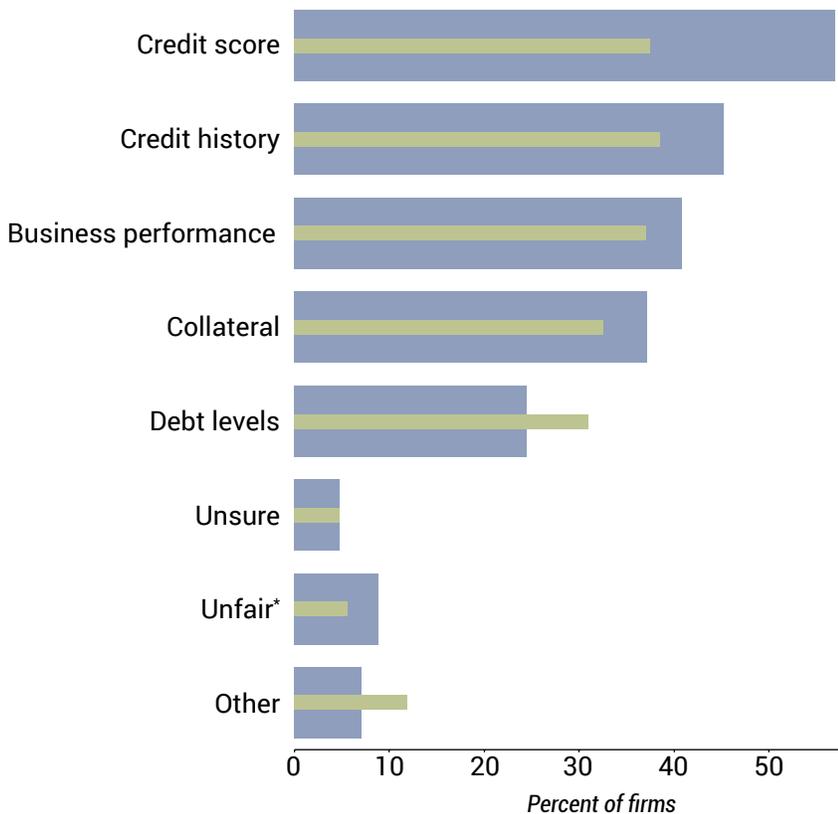
## SHARE RECEIVING AT LEAST SOME FINANCING BY CREDIT RISK



■ Black  
■ White

Note: Insufficient sample size for Asian firms and Hispanic firms

## REASONS FOR CREDIT DENIAL



■ Nonminority  
■ Minority

N=331 N=312

\*Unfair\* refers to perceived unfair lending practices.

# METHODOLOGY

## DATA COLLECTION

The SBCS uses a convenience sample of establishments. Businesses are contacted by email through a diverse set of organizations that serve the small business community.<sup>17</sup> Prior SBCS participants and small businesses on publicly available email lists<sup>18</sup> are also contacted directly by one of the Federal Reserve Banks. The survey instrument is an online questionnaire that typically takes 6 to 12 minutes to complete, depending upon the intensity of a firm's search for financing. The questionnaire uses question branching and flows based upon responses to survey questions. For example, financing applicants receive a different line of questioning than nonapplicants. Therefore, the number of observations for each question varies according to how many firms receive and complete a particular question.

Respondents are asked the following question about the race and ethnicity of the owner(s):

What percentage of your business is owned and controlled by an owner(s) who is (are): Please slide the appropriate bar to indicate the percentage. NOTE: Percentages must sum to 100.

\_\_\_\_\_ Asian or Pacific Islander?

\_\_\_\_\_ African American?

\_\_\_\_\_ Hispanic, Latino, or Spanish?

\_\_\_\_\_ Native American?

\_\_\_\_\_ White?

If a respondent identifies business ownership as greater than 50% "Asian or Pacific Islander," the firm is categorized as an Asian-owned firm. If business ownership is identified as greater than 50% "African

American," the firm is identified as an African American or black-owned firm, etc.

For statistics reported only by minority status, a firm is identified as nonminority-owned if business ownership is greater than 50% white or if the firm is equally owned by white and minority individuals. The firm is identified as minority-owned if Asian, African American, Hispanic, or Native American individuals own more than 50% of the business.

## WEIGHTING

A sample for the SBCS is not selected randomly; thus, the SBCS may be subject to biases not present with surveys that do select firms randomly. For example, there are likely small employer firms not on one of our contact lists, and this may lead to a noncoverage bias. We control for potential biases by weighting the employer firm sample data so that the weighted distribution of employer firms in the SBCS matches the distribution of the small-firm (1 to 499 employees) population in the United States by the number of employees, age, industry, geographic location (census division and urban or rural location), and minority status. Nonemployer sample data is weighted by age, industry, geographic location (census division and urban or rural location), and minority status so that the weighted distribution of nonemployer firms in the SBCS matches the distribution of the nonemployer firm population in the United States. We collaborate with the National Opinion Research Center (NORC) to calculate these weights. The data used for weighting come from data collected by the U.S. Census Bureau.<sup>19</sup> While weighting the data makes the sample considerably more representative of the small-firm population, the SBCS is still potentially affected by nonresponse bias,

something that should be taken into consideration when interpreting the results.

## COMPARISONS TO PAST REPORTS

Because previous SBCS reports have varied in terms of the population scope, geographic coverage, and weighting methodology, the survey reports are not directly comparable across time.

For example, both employer and nonemployer firm results from the 2014 survey are combined into one report (published in 2015) while employers and nonemployers are divided into separate reports or metrics for the 2015 and 2016 surveys (published in 2016 and 2017,<sup>20</sup> respectively).

Moreover, geographic coverage and weighting strategies varied from year to year. In the employer/nonemployer combined report using 2014 survey data, geographic coverage includes only 10 states, and data are weighted by firm age, nonemployer/employer, number of employees (if employer firm), state, and industry. The employer report using 2015 survey data covers 26 states and is weighted by firm age, number of employees, and industry. The employer report using 2016 survey data includes respondents from all 50 states and the District of Columbia. The data are weighted by firm age, number of employees, industry, and geographic location (census division and urban or rural location). In addition to being weighted by different firm characteristics over time, the categories used within each characteristic have also differed across survey years (there were three employee size categories in 2015 and five employee size categories in 2016). Further, respondents are weighted according to the composition of firms in the geographic area of coverage.

<sup>17</sup> For a full list of community partners, see p. 24.

<sup>18</sup> These lists include the System for Award Management (SAM) Entity Management Extracts Public Data Package, the Small Business Administration (SBA) Dynamic Small Business Search (DSBS), state-maintained lists of certified disadvantaged business enterprises (DBEs), state and local government procurement vendor lists, state and local government-maintained lists of small or disadvantaged small businesses, and a list of veteran-owned small businesses maintained by the Department of Veterans Affairs.

<sup>19</sup> Age-of-firm data come from the 2014 Business Dynamics Statistics. Industry, employee size, and geographic location data are from the 2014 County Business Patterns. We use data from the Center for Medicare and Medicaid Services to classify a business's zip code as urban or rural. Demographic data by race of the owner(s) come from the 2012 Survey of Business Owners.

<sup>20</sup> The 2016 nonemployer report will be released later this year, and it will focus exclusively on nonemployer firms.

# METHODOLOGY

In addition to population scope, geographic coverage, and weighting differences, some of the survey questions have also changed slightly from year to year, making some question comparisons impossible even when using a time-consistent weighting approach. This report uses a time-consistent weighting approach when comparing results over time. For more information on this weighting approach, please see the [2016 SBCS Report on Employer Firms](#).

## CREDIBILITY INTERVALS

The analysis in this report is aided by the use of credibility intervals. Where there are large differences in estimates between types of businesses, we perform additional checks on the data to determine whether the difference appears significant. The results of these tests help guide our analysis and help us decide what ultimately is included in the report. In order to determine whether a difference is significant, we develop credibility intervals using a balanced half-sample approach.<sup>21</sup> Because the SBCS does not come from a probability-based sample, the credibility intervals we develop should be interpreted as model-based measures of deviation from the true national population values.<sup>22</sup> Ninety-five percent credibility intervals for each statistic in this report are listed in the appendix tables, which you can download separately. More granular results with smaller observation counts will generally have larger credibility intervals.

<sup>21</sup> Wolter. (2007). "Introduction to Variance Estimation."

<sup>22</sup> AAPOR. (2013). "Task Force on Non-probability Sampling."

# PARTNER ORGANIZATIONS

## NATIONAL PARTNER ORGANIZATIONS

- Accion U.S. Network
- Association for Enterprise Opportunity (AEO)
- National Association for Latino Community Asset Building
- National Association of Manufacturers
- National Association of Women Business Owners
- NFIB Research Foundation
- National League of Cities
- National Retail Federation
- Opportunity Finance Network (OFN)
- U.S. Chamber of Commerce

## AFFILIATES OF NATIONAL PARTNER ORGANIZATIONS

- Accion Chicago
- Accion New Mexico
- Alabama MicroEnterprise Network (AMEN)
- AltCap
- Anchor Financial Services
- Asian Pacific Islander Small Business Program
- Avenida Guadalupe Association
- BBIF Florida
- CAP Services, Inc.
- CDC Small Business Finance
- CIELO
- City First Enterprises
- City of Austin Small Business Program
- City of Chicago
- City of Dallas—Office of Economic Development
- City of San Diego
- Colorado Enterprise Fund
- Common Capital
- Community Business Partnership
- Community Concepts Finance Corporation
- Community Investment Corporation
- Community Loan Fund of the Capital Region, Inc.
- Cooperative Fund of New England
- DC Department of Small & Local Business Development
- Economic and Community Development Institute
- Entrepreneur Works Fund
- FINANTA
- Fresno CDFI
- Golden State Certified Development Corporation
- Green America's Green Business Network
- Gulf Coast Renaissance Corporation
- HAP
- Hispanic Economic Development Corporation
- IICDC
- Jefferson Economic Development Institute
- Kansas City, Missouri Business Customer Service Center
- LAUNCH
- Lower 9th Ward Neighborhood Empowerment Network Association (NENA)
- MACED
- Main Street Launch
- Main Street Project
- Maryland Capital Enterprises, Inc.
- Microenterprise Resources, Initiatives and Training (MERIT)
- National Coalition of 100 Black Women Central Florida Chapter
- Natural Capital Investment Fund
- Neighborhood Lending Partners
- NeighborWorks of Western Vermont
- Northern Initiatives
- Northwest Pennsylvania Regional Planning and Development Commission
- Ohio Council of Retail Merchants
- Opportunities Credit Union
- Opportunity Fund
- Pacific Coast Regional Small Business Development Corporation
- Pacific Community Ventures
- Pacific Island Knowledge 2 Action Resources
- Partners for the Common Good
- Pathway Lending
- PIDC
- PPEP Microbusiness & Housing Development Corporation
- Rural Enterprise Assistance Project-REAP
- San Antonio for Growth on the Eastside, Inc. (SAGE)
- Santa Cruz Community Credit Union
- SBCP
- SF OEWD
- South Dakota Retailers Association
- Start Small Think Big
- Tampa Bay BBIC
- The Community Economic Development Fund Foundation, Inc.
- The Enterprise Center Capital Corporation

# PARTNER ORGANIZATIONS

- The Wright Way Up Of Atlanta, Inc.
- Tierra del Sol Housing Corporation
- TILT Forward Network
- TruFund Financial Services, Inc.
- Uptima Business Bootcamp
- Women's Opportunities Resource Center
- WORC
- World Beyond Boundaries

## FEDERAL RESERVE BANK OF ATLANTA

- Alabama Chamber of Commerce
- Alabama Department of Commerce
- Alabama Department of Economic and Community Affairs
- Alabama SBDC Network
- Albany Business League
- American Sugar Cane League
- BancorpSouth
- Chatham Business Association
- Chattanooga Area Chamber of Commerce
- Cherokee County Chamber of Commerce
- Citizens National Bank
- Clarksville Area Chamber of Commerce
- Coastal Alabama Business Chamber
- Coastal Georgia Indicators Coalition
- Committee of 100
- Community Bank of Mississippi
- Community Enterprise Investments, Inc.
- Economic Development Commission of Florida's Space Coast
- Florida Bank of Commerce
- Florida Capital Bank
- Florida Chamber of Commerce
- Florida SBDC at FIU
- Florida SBDC at University of West Florida College of Business
- Florida SBDC Network
- Gainesville Area Chamber of Commerce
- Georgia Council for Arts
- Georgia Department of Community Affairs
- Georgia Florida Alliance
- Georgia Hispanic Chamber
- Georgia Micro Enterprise Network (GMEN)
- Georgia Minority Supplier Development Council
- Georgia SBDC
- Greater Fort Lauderdale Convention and Visitors Bureau
- Greater New Orleans, Inc.
- Gulf Coast Business Council
- Hispanic Chamber of Commerce of Louisiana
- Home Builders Association of Greater Knoxville
- Home Builders Association of Tennessee
- Hope Enterprise Corporation
- Huntsville Chamber of Commerce
- Jackson State SBDC
- Jackson State University
- Jeff Davis Parish Economic Development & Tourism Commission
- Kingsport Chamber
- Louisiana Chamber of Commerce
- Louisiana Economic Development
- Louisiana SBDC
- Meridian East Mississippi Business Development Corp.
- Metro Atlanta Chamber
- Middle Tennessee Association of Realtors
- Mississippi Manufacturing Association
- Mississippi Minority Business Alliance, Inc.
- Mississippi SBA
- Mobile Area Chamber of Commerce
- Montgomery Chamber of Commerce
- New Orleans Chamber of Commerce
- New Orleans Metropolitan Convention and Visitors Bureau
- New Orleans Regional Committee of Business Economists
- North Alabama Revolving Loan Fund
- Northeast Florida Association of Realtors
- NOW Corp
- Pathway Lending
- Regions Bank, Jackson, MS
- South Florida Manufacturers Association
- Southern Region Minority Supplier Development Council
- Southern University at New Orleans SBDC Management Institute
- SW Louisiana Economic Development Alliance
- Tech Square Labs
- Technology Association of Georgia
- Tennessee Chamber of Commerce
- The New Orleans Board of Trade
- United Bank, Atmore, AL

# PARTNER ORGANIZATIONS

- United Way of Southeast Louisiana
- University of Georgia SBDC
- University of Georgia SBDC Network
- USDA
- Village Micro Fund
- Wells Fargo
- Women's Business Enterprise Council South

## FEDERAL RESERVE BANK OF BOSTON

- Cape Cod Chamber of Commerce
- City of Boston
- Commonwealth of Massachusetts, Operational Services Division
- Greater Boston Chamber of Commerce
- Greater Concord Chamber of Commerce
- Greater Manchester Chamber of Commerce
- Greater Nashua Chamber of Commerce
- Greater Providence Chamber of Commerce
- HarborOneU
- Interise
- Massachusetts Small Business Development Center
- Metro South Chamber of Commerce
- Middlesex County Chamber of Commerce
- New Bedford Area Chamber
- New Hampshire Business & Industry Association
- North Central Massachusetts Chamber of Commerce
- Plymouth Area Chamber of Commerce
- Retailers Association of Massachusetts
- Rhode Island Small Business Development Center
- Souhegan Valley Chamber of Commerce
- Worcester Regional Chamber of Commerce

## FEDERAL RESERVE BANK OF CLEVELAND

- CityWide Development Corp
- Commerce Lexington
- Dayton Area Chamber of Commerce
- Dayton HRC
- Gannon University SBDC
- Indiana County Chamber of Commerce
- Kentucky Small Business Development Center
- Manufacturer & Business Association
- Youngstown/Warren Regional Chamber

## FEDERAL RESERVE BANK OF KANSAS CITY

- Adams County Economic Development
- Albuquerque Hispano Chamber of Commerce
- Boulder SBDC
- Catholic Charities
- CML Collective, LLC
- Denver Metro Chamber of Commerce
- Fab Lab ICC at Independence Community College
- Greater Fremont Development Council
- Greater Kansas City Hispanic Chamber Commerce
- Greater Oklahoma City Chamber of Commerce
- Greater Omaha Chamber
- Kauffman Foundation
- KC SourceLink
- McPherson Chamber of Commerce
- Missouri Chamber of Commerce and Industry
- Mountain Plains MSDC
- Nebraska Enterprise Fund
- Nebraska Extension
- NetWork Kansas
- NM Economic Development Department
- North Kansas City Business Council
- Office of Minority and Women Business, Kansas Department of Commerce
- OK Dept. of Career & Technology Education
- Overland Park Chamber of Commerce
- REI Oklahoma
- Santa Fe Business Incubator
- Southeast Missouri State University-Institute for Regional Innovation and Entrepreneurship
- The Colorado Office of Economic Development and International Trade
- The Finance New Mexico project (Holly Co publishers)
- Wichita Hispanic Chamber of Commerce
- Wichita Metro Chamber of Commerce
- Women's Business Center
- Wyoming Business Council

# PARTNER ORGANIZATIONS

## FEDERAL RESERVE BANK OF MINNEAPOLIS

- Affinity Plus Federal Credit Union
- African Development Center of Minnesota
- Bemidji Area Chamber of Commerce
- Central (CERT) Certification Program, The City of Saint Paul
- Community Reinvestment Fund, USA
- Dakota Resources
- Entrepreneur Fund
- Four Band Community Fund
- Initiative Foundation
- Iverson Corner Drug
- Metro Independent Business Alliance
- MetroNorth Chamber
- Metropolitan Consortium of Community Developers
- Metropolitan Economic Development Association (MEDA)
- Minnesota American Indian Chamber of Commerce
- Minnesota Chamber of Commerce
- Minnesota District, U.S. Small Business Administration
- Minnesota Indian Business Alliance (MNIBA)
- MJB home center
- Neighborhood Development Center
- New Ulm Area Chamber of Commerce
- North 65 Chamber of Commerce
- Northwest Minnesota Foundation
- Park Rapids Lakes Area Chamber of Commerce
- PGC
- Pinnacle
- Progress Plus
- Quarks American Bento
- RP Broadcasting, Inc.
- The Dive Depot
- Top Shelf Hockey Shop
- Vadnais Heights Economic Development Corporation
- Wisconsin Indian Business Alliance
- Worthington Area Chamber of Commerce

## FEDERAL RESERVE BANK OF NEW YORK

- BOC Capital Corp.
- Bridgeport Regional Business Council
- Capital for Change
- Connecticut Business and Industry Association
- Connecticut Economic Resource Center (CERC)
- Connecticut Office of Business and Industry Development
- Connecticut Small Business Development Center
- Dept. of Economic and Comm. Dev., Connecticut Office of Small Business Affairs
- Empire State Development
- Endeavor
- Greater Bridgeport Latino Network
- Greater Newark Enterprise Corp.
- Intersect Fund
- Metro Hartford Alliance
- New Jersey Community Capital (NJCC)
- New Jersey Innovation Institute @ NJIT
- New Jersey Institute of Technology
- NJ Economic Development Authority
- NYC Department of Small Business Services
- Polsky Center for Entrepreneurship and Innovation
- reSET
- Rising Tide Capital
- Rutgers University Graduate School
- Statewide Hispanic Chamber of Commerce of New Jersey
- Statewide Hispanic Chamber of Commerce of NJ
- The Business Council of Fairfield County
- The WorkPlace
- UCEDC, a nonprofit economic development corporation
- USDA Rural Development
- Women's Center for Entrepreneurship

## FEDERAL RESERVE BANK OF PHILADELPHIA

- Delaware Small Business Development Center
- Latin American Economic Development Association
- Pennsylvania SBDC Lead Office
- SEDA-Council of Governments
- Upper Bucks Chamber of Commerce

# PARTNER ORGANIZATIONS

## FEDERAL RESERVE BANK OF RICHMOND

- Asheville Area Chamber of Commerce
- Baltimore Community Lending
- Blowing Rock Chamber of Commerce
- Botetourt County Chamber of Commerce
- Carolina Small Business Development Fund
- CommunityWorks
- Danville Pittsylvania County Chamber of Commerce
- Falls Church Chamber of Commerce
- Franklin-Southampton Area Chamber of Commerce
- Garrett County Chamber of Commerce
- Greater Raleigh Chamber of Commerce
- Greater Winston-Salem Chamber of Commerce
- Greensboro Chamber of Commerce
- Henderson County Chamber of Commerce
- Howard County Chamber of Commerce
- Latino Economic Development Center
- Leadership Maryland
- Loudoun County Chamber of Commerce
- Maryland Capital Enterprises, Inc.
- Maryland Economic Development Association (MEDA)
- Maryland Governor's Office of Minority Affairs
- Maryland Hispanic Chamber of Commerce
- Maryland Southern Region Small Business Development Center
- Natural Capital Investment Fund (NCIF)
- Neighborhood BusinessWorks, Maryland Department of Housing and Community Development
- North Carolina District Office, U.S. Small Business Administration
- North Carolina Small Business and Technology Development Center (NC SBTDC)
- North Carolina Small Business Center Network, North Carolina Community College System (SBCN)
- Northern Virginia Chamber of Commerce
- Richmond SCORE

- Roxboro Area Chamber of Commerce
- RVA Works
- South Carolina Association for Community Economic Development (SCACED)
- South Carolina Department of Commerce
- State Delegation District and State Directors, Congressional Offices
- Unlimited Future, Inc.
- Virginia Peninsula Chamber of Commerce
- Virginia Small Business Development Center Network
- Virginia Small Business Financing Authority
- West Virginia Small Business Development Center
- Windsor-Bertie County Chamber of Commerce
- Women Presidents' Educational Organization—DC (WPEO-DC)
- Yadkin County Chamber of Commerce

## FEDERAL RESERVE BANK OF ST. LOUIS

- Arkansas Innovation Hub
- Arkansas Small Business and Technology Development Center
- Arkansas State Chamber of Commerce
- Communities Unlimited
- Community Services Microbusiness Program
- Community Ventures
- eFactory-Missouri State University Business Incubator
- Entrepreneur Center at Mississippi Development Authority
- Green River Area Development District
- Justine Peterson (CDFI)
- LiftFund
- Mid-South Minority Business Continuum
- Office of Entrepreneurship-KY Cabinet for Economic Development
- Southern Illinois University—Office of Economic & Regional Development
- Tennessee Small Business Development Center-Memphis
- Winrock International

# PARTNER ORGANIZATIONS

## FEDERAL RESERVE BANK OF SAN FRANCISCO

- Accion San Diego
- California Small Business Association
- Chamber of Commerce Hawaii
- College of the Canyons Small Business Development Center
- Clearinghouse CDFI
- Council for Native Hawaiian Advancement
- Enterprise Honolulu (Oahu Economic Development Board)
- Fresno SBA Office
- Hawaii Alliance for Community Based Economic Development
- Hawaii Green Infrastructure Authority
- Hawaii Small Business Development Center
- Honolulu Business Network
- Local First Arizona
- Los Angeles Regional SBDC
- Main Street BIDCO Capital
- Maricopa Small Business Development Center
- Maui Economic Development Board
- National Development Council—Greater Salt Lake Area
- Nevada Small Business Development Center
- Northern Nevada SCORE
- Orange County/Inland Empire Regional SBDC
- Orange County SBDC
- Pacific Asian Consortium in Employment (PACE)
- Patsy T. Mink Center for Business & Leadership
- SBA, Hawaii District Office
- State of Hawaii Department of Commerce and Consumer Affairs Business Action Center
- State of Hawaii, Department of Business, Economic Development & Tourism
- The Kohala Center
- University of La Verne SBDC
- USDA Rural Development
- Valley Small Business Development Corporation
- Women's Economic Ventures