

# SMALL BUSINESS

UPDATED FROM 2025 RELEASE OF 2024 SURVEY |  
NATIONAL

Asani Sarkar

## Takeaways | Small Business

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- Profitability fell sharply during the COVID-19 pandemic but recovered partially in 2021 and has been relatively unchanged since then. Firms reported profits 11 percentage points more often than losses in December 2023, far below the pre-pandemic differential of 46 percentage points in December 2019. Profits vary by firm size, with worse outcomes for smaller firms.
- Post-pandemic recovery in revenue growth has been slower and less sustained than profit recovery, with the net share of firms reporting higher revenues remaining well below that in 2019. In 2024, more respondents reported lower than higher revenues for the first time since the pandemic, with firms employing less than 10 workers being entirely responsible for this decline. Across size groups, lower shares of firms raised prices while higher shares reported weaker sales in 2024, although these changes were small. Nevertheless, revenue expectations for 2025 remained stable.
- Consistent with declining inflation, fewer firms reported higher input and wage costs as a financial challenge in recent years.
- As with revenue growth, employment growth exhibited a gradual but weak recovery from the pandemic, especially for smaller firms. Smaller shares of firms of all sizes reported difficulties hiring qualified workers in 2024. Among firms with more than 10 employees, higher shares reported downsizing in 2024, and lower shares expected higher employment in 2025, relative to the previous year.
- Debt per employee declined in 2024, especially for firms with 1-9 employees. Higher shares of firms received less than the full amount that they applied for. There was a decline in the fraction of firms that did not apply because they did not need funds.
- In 2024, more firms (especially those with 1-9 employees) reported difficulties with utilizing technology such as cybersecurity, e-commerce, and social media. The share of firms reporting supply chain issues has declined 30 percentage points since 2021.

# Full Report Highlights

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## ▪ INFLATION

- Hispanic, high-income, Southern, and young households saw lower inflation than the national average.
- Low-income, Northeastern, Western, and rural households experienced higher inflation than the national average.

## ▪ EARNINGS

- Black and Hispanic workers experienced an increase in earnings ratio to white workers relative to August 2025.
- Workers without a college degree earned more as a fraction of the earnings of workers with a degree than they did during most of the past six years.
- Women workers' earnings have held steady as a share of men's earnings since August 2025.
- Earnings of workers in large-sized businesses have grown at a higher rate than earnings of workers in medium-sized and small businesses.

## ▪ EMPLOYMENT

- Employment losses and unemployment increases have leveled off for Black men and women, though employment remains low and unemployment remains high for them relative to the post-pandemic period.
- Employment gaps between college graduates and nongraduates are close to pre-pandemic levels.
- Workers with disabilities were much less (nearly half as) likely to participate in the labor force and be employed, and more than twice as likely to be unemployed than workers without disabilities.
- Employment has grown faster at large businesses than at small and medium-sized businesses.

## Full Report Highlights (continued)

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### ▪ CONSUMER SPENDING

- Since 2023, high-income households have increased nominal consumption by a higher percentage than have middle-income and low-income households. In real terms, consumption of high-income households has grown, that of middle-income households remained flat, while the consumption of low-income households decreased by November 2025.
- The trend since 2023 is different from the trend during the pandemic recession and recovery, when consumption growth was similar across income groups.
- Consumption growth in nominal and real terms since 2023 has also been higher for college graduate relative to nongraduate households, AAPI and white relative to Hispanic and Black households and young relative to old households.

### ▪ WEALTH

- Growth in wealth after 2019 was faster for some groups with little wealth growth relative to population.
- This growth did not meaningfully reduce stark wealth inequalities across demographic groups.
- Financial assets grew strongly in 2025:Q3, raising net worth across the board but particularly for high-income and high-wealth groups.

### ▪ SMALL BUSINESS

- Small business conditions improved after the COVID-19 pandemic but have largely plateaued, with the smallest businesses struggling the most.
- Wage and input costs have been easing, and supply-chain problems have largely faded.

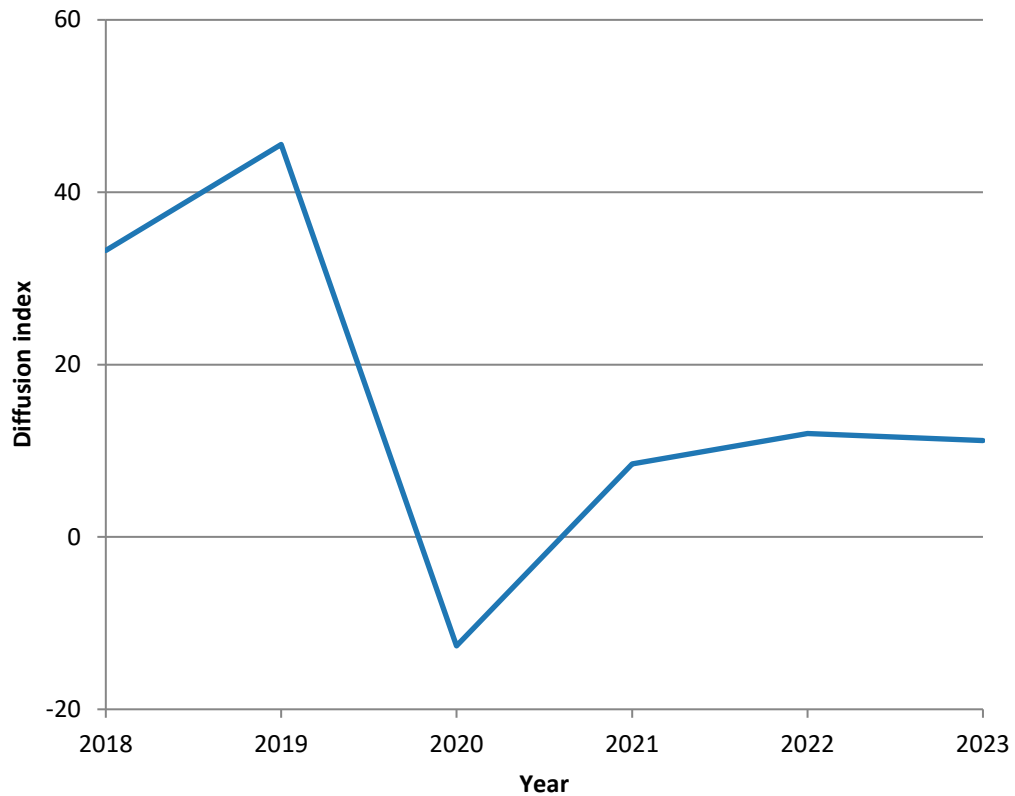
## Data & Methods

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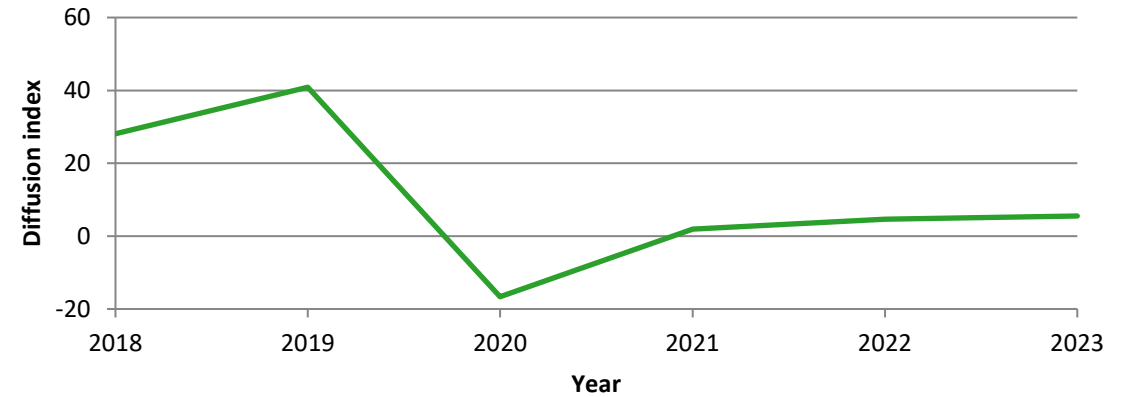
- Outcomes are reported from the Small Business Credit Survey (SBCS), a national survey of firms with fewer than 500 employees administered by the 12 Federal Reserve Banks annually between September and November of each year.
- Profitability questions refer to profit levels for year-end before the survey year, which is reflected in the profitability charts. For example, the 2024 survey responses refer to profit levels at the end of 2023. All other questions refer to the 12 months preceding the survey.
- The core survey questions remain consistent from year to year, covering firm demographics, performance, and financing. The questionnaire follows a "branching process," in which firms are directed to complete different modules based on previous answers.
- This analysis focuses on the subsample of "employer" firms, which have at least one part-time employee on payroll, in addition to the business owner.
- Because the sample includes a non-random set of firms contacted directly by community organizations, the survey responses are weighted by industry, location, and demographics so that the adjusted sample distribution of firms mirrors the U.S. population of small firms.

## Profitability, End of Year

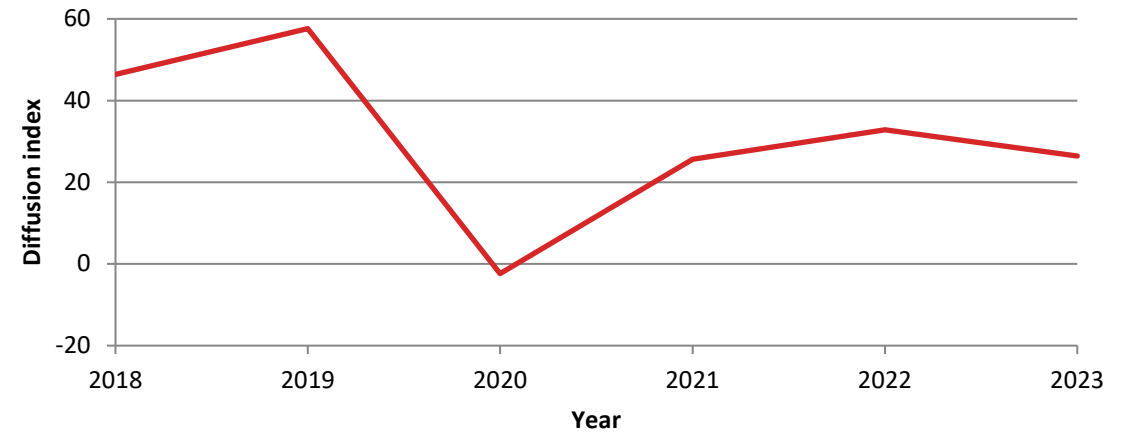
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2019-2024 Small Business Credit Surveys.

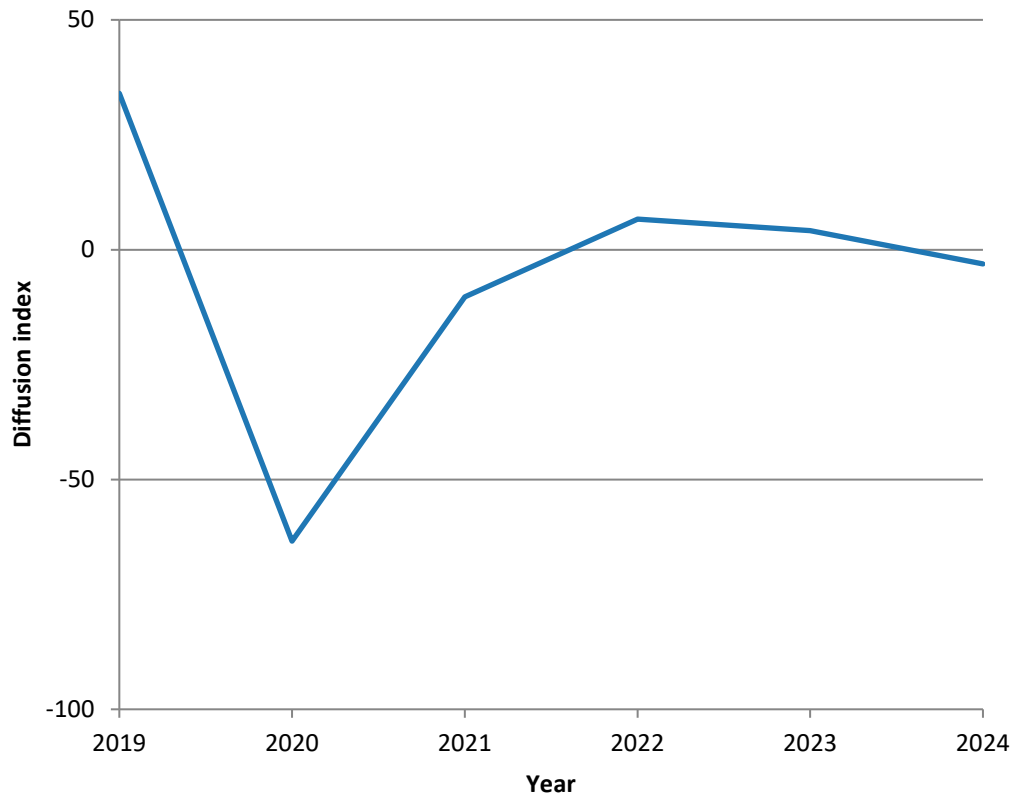
Notes: The figure plots the diffusion index (% At a profit - % At a loss) of responses to the question: "At the end of [this] year, was your business operating at a profit, break-even, or loss?"

Total number of respondents by year: 2018, 4942; 2019, 9225; 2020, 10,213; 2021, 7503; 2022, 5913; 2023, 7340

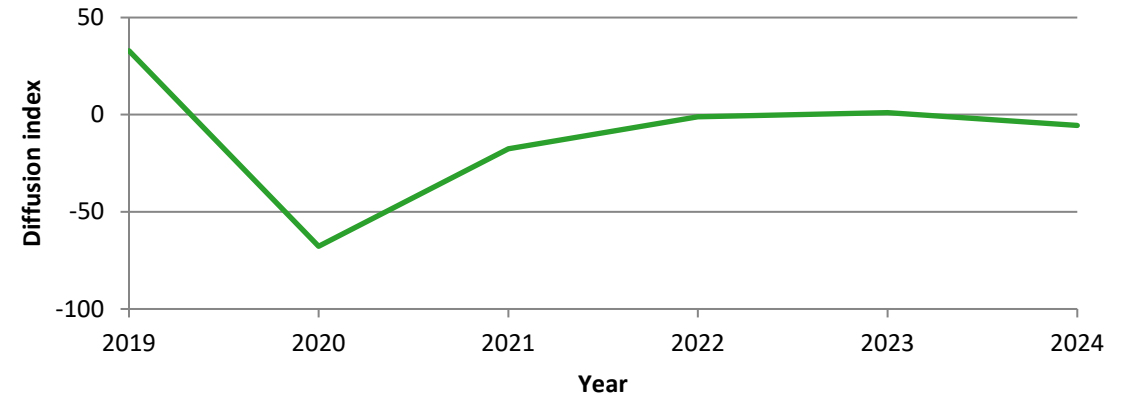
Number of respondents with 1-9 employees by year: 2018, 3022; 2019, 6302; 2020, 6676; 2021, 4945; 2022, 3789; 2023, 4721

## Revenue, Past 12 Months

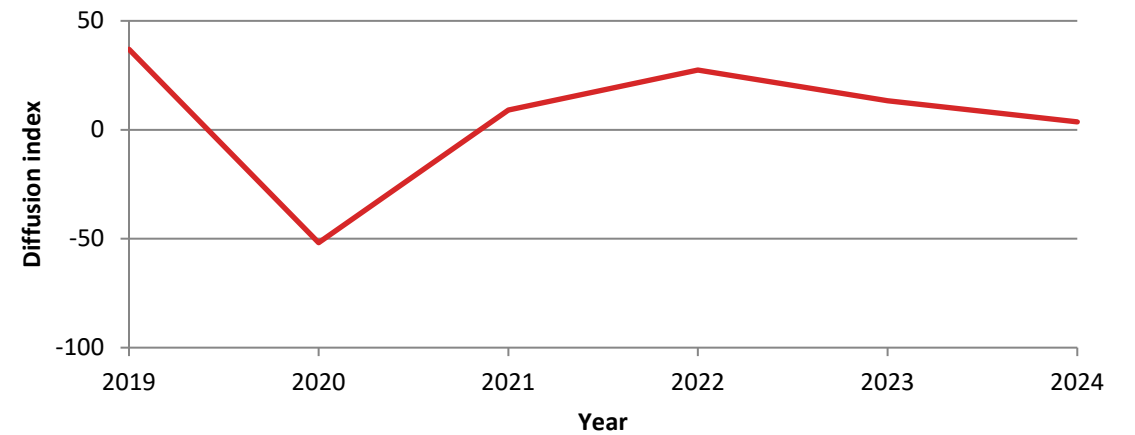
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2019-2024 Small Business Credit Surveys.

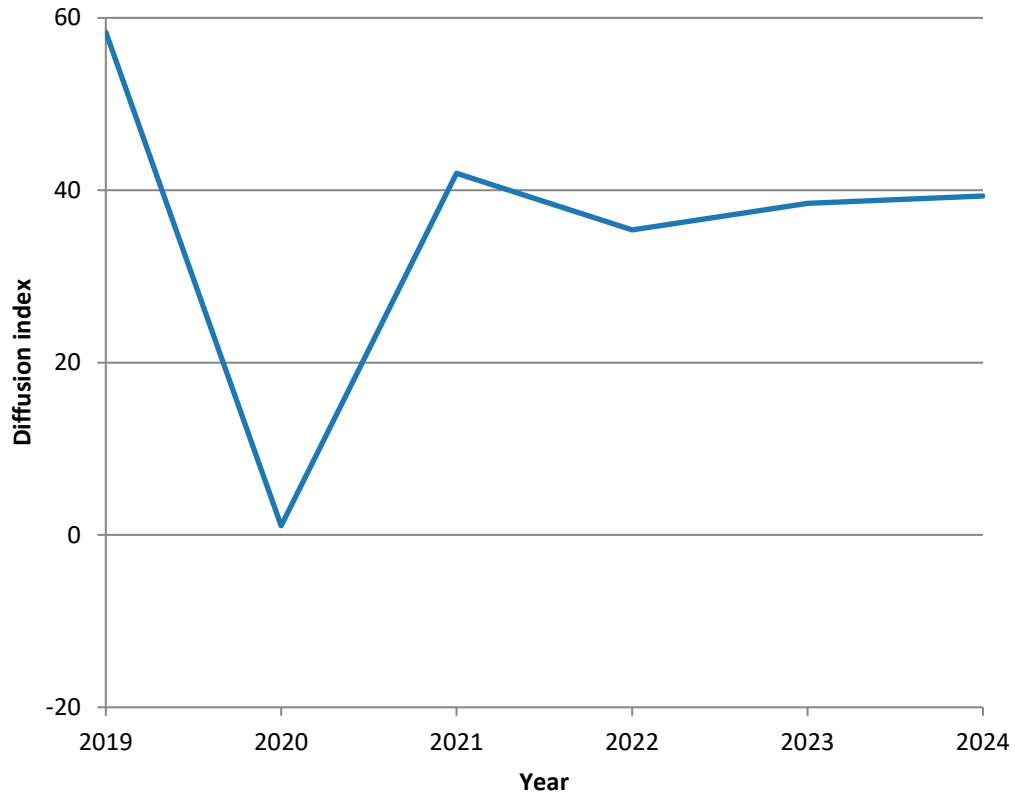
Notes: The figure plots the diffusion index (% Increase - % Decrease) of responses to the question: "How did your revenue change over the past 12 months?"

Total number of respondents by year: 2019, 4983; 2020, 9561; 2021, 10,617; 2022, 7589; 2023, 5856; 2024, 7344

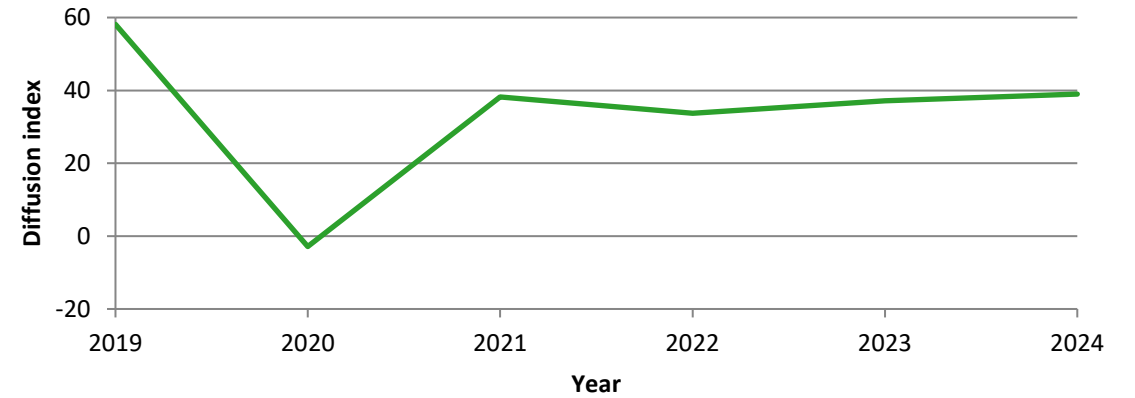
Number of respondents with 1-9 employees by year: 2019, 3064; 2020, 6588; 2021, 7005; 2022, 5043; 2023, 3778; 2024, 4762

## Revenue, Next 12 Months

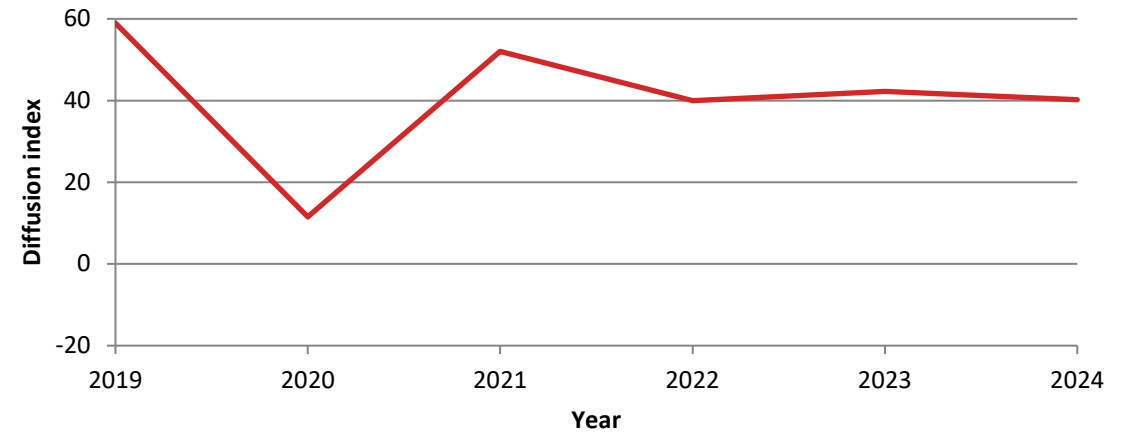
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2019-2024 Small Business Credit Surveys.

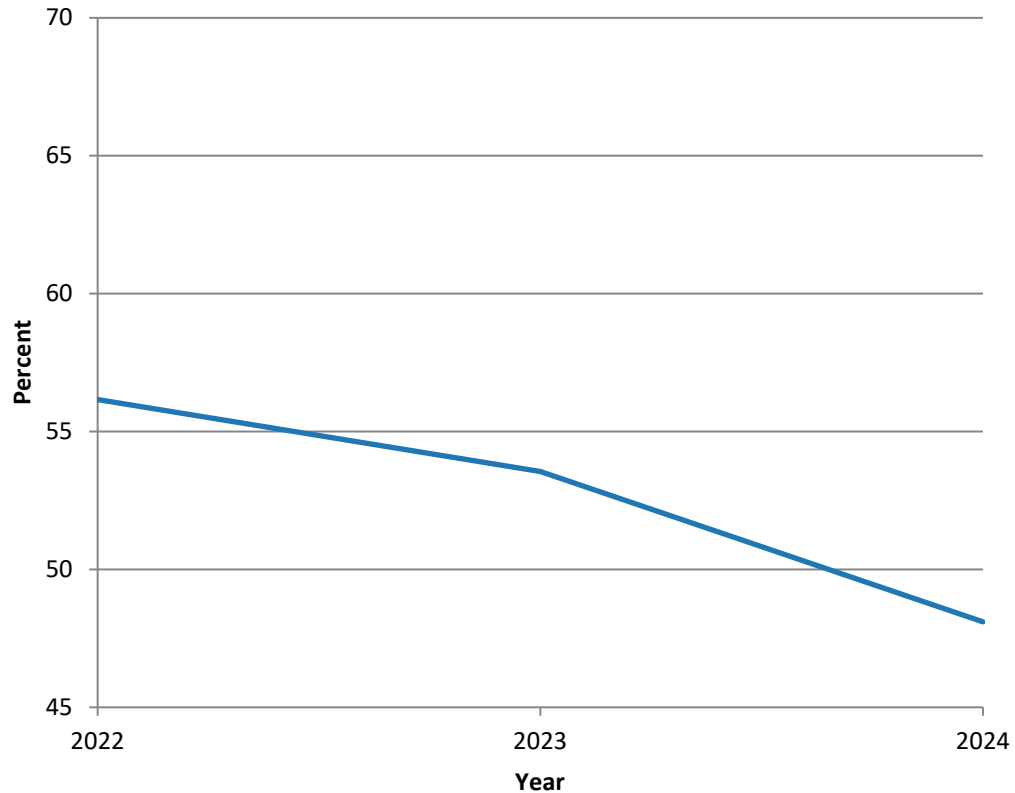
Notes: The figure plots the diffusion index (% Increase - % Decrease) of responses to the question: "How does your business expect its revenue to change over the next 12 months?"

Total number of respondents by year: 2019, 4967; 2020, 9616; 2021, 10,692; 2022, 7674; 2023, 5945; 2024, 7456

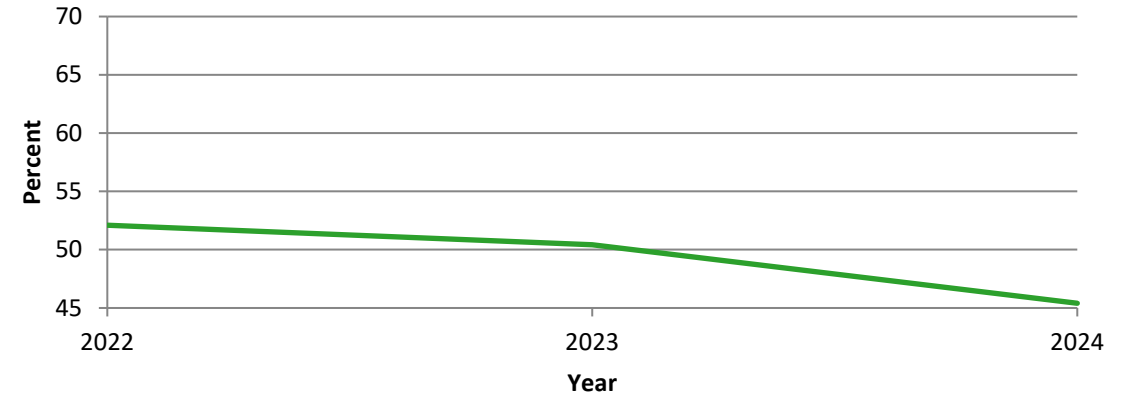
Number of respondents with 1-9 employees by year: 2019, 3070; 2020, 6624; 2021, 7050; 2022, 5100; 2023, 3833; 2024, 4838

## Raised Prices

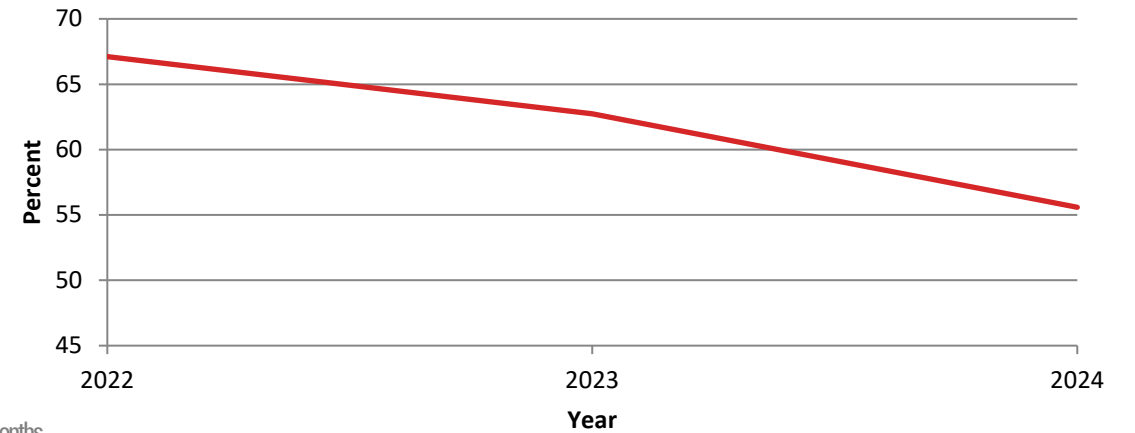
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2022-2024 Small Business Credit Surveys.

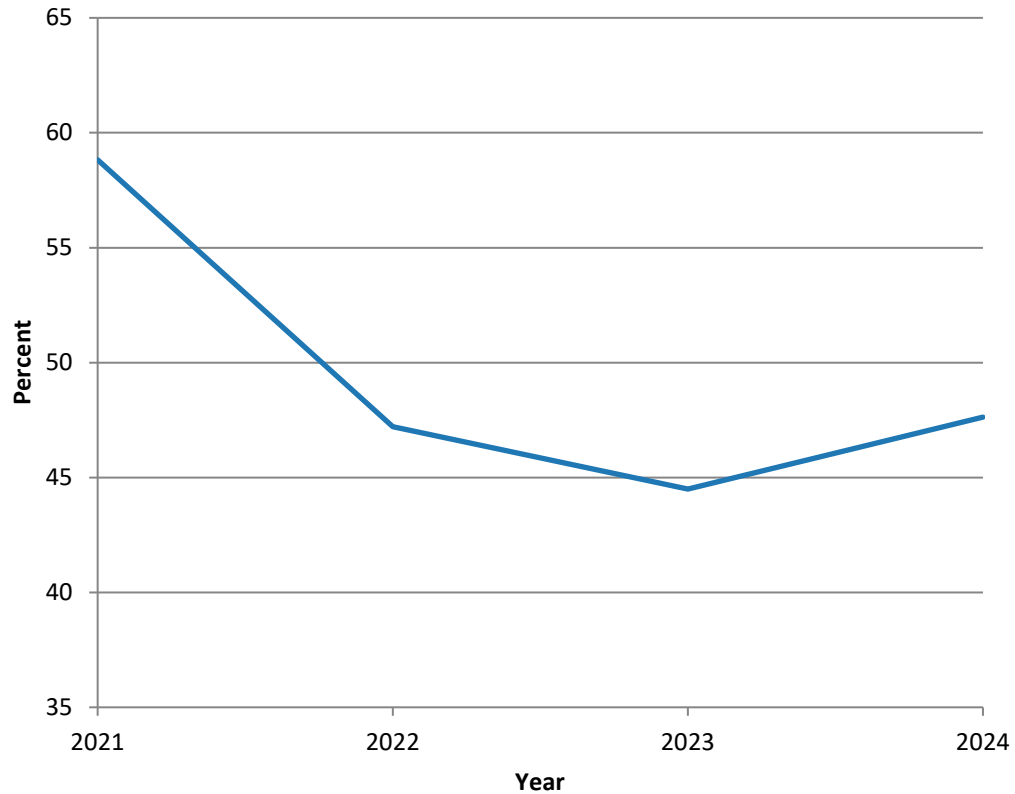
Notes: The figure plots the percentage of firms selecting "raised prices the business charges" as an action taken to deal with financial challenges during the past 12 months.

Total number of respondents by year: 2022, 7493; 2023, 5777; 2024, 7179

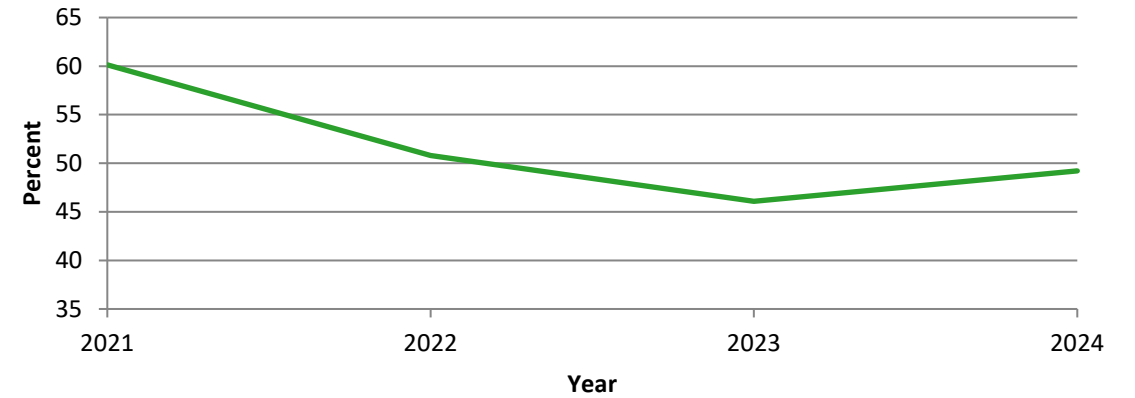
Number of respondents with 1-9 employees by year: 2022, 5005; 2023, 3742; 2024, 4651

## Weak Sales

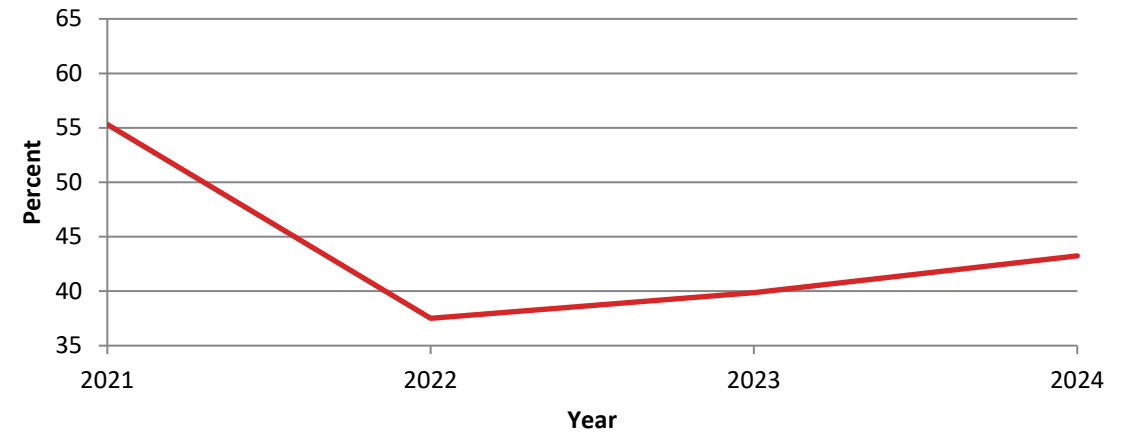
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-2024 Small Business Credit Surveys.

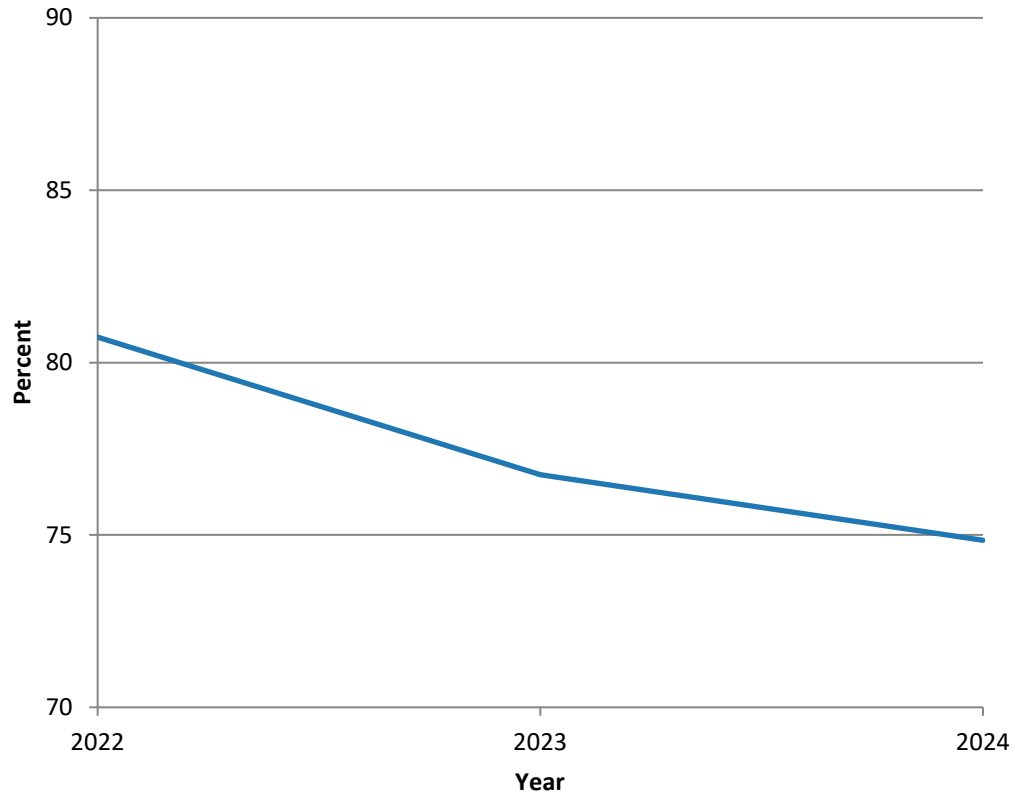
Notes: The figure plots the percentage of firms selecting "weak sales" as a challenge experienced during the past 12 months.

Total number of respondents by year: 2021, 10,851; 2022, 7,837; 2023, 6,103; 2024, 7,625

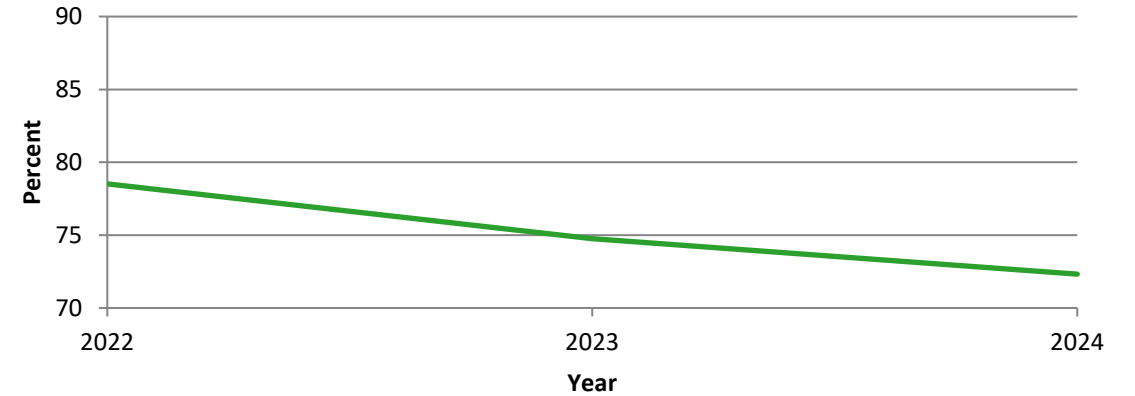
Number of respondents with 1-9 employees by year: 2021, 7,186; 2022, 5,213; 2023, 3,947; 2024, 5,944

## Increased Costs

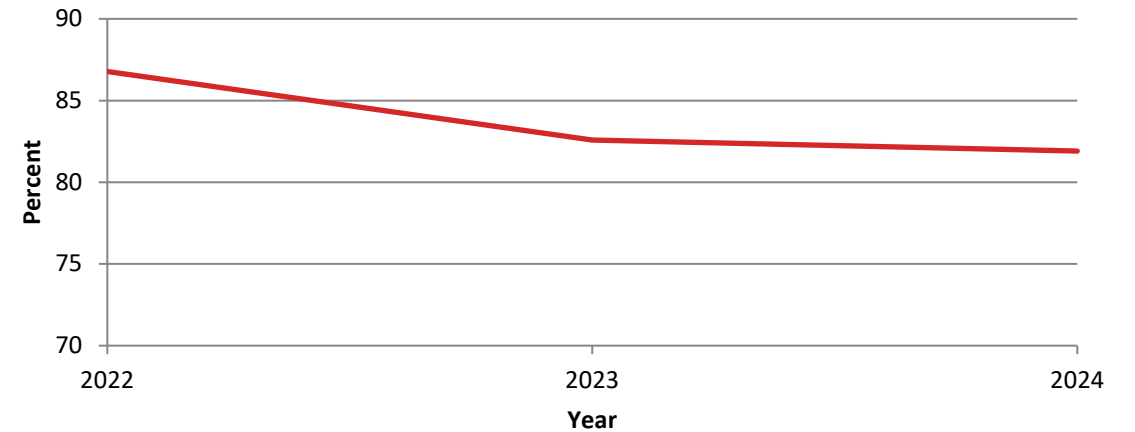
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2022-2024 Small Business Credit Surveys.

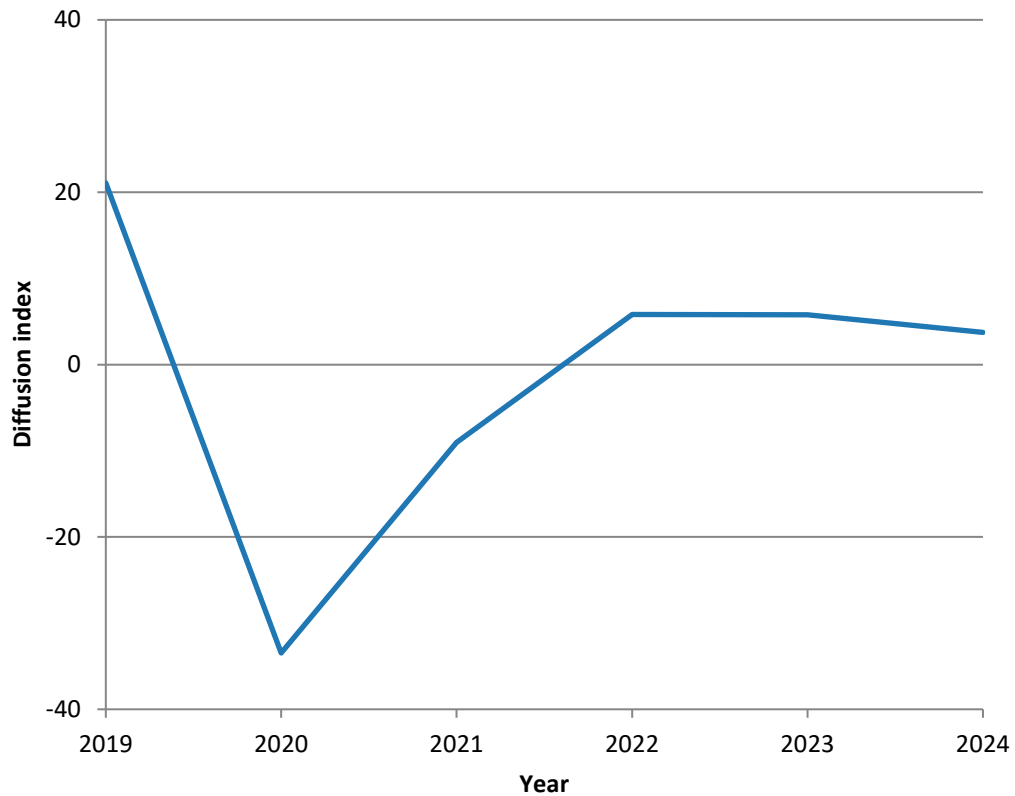
Notes: The figure plots the percentage of firms selecting "increased cost of goods, services, and/or wages" as a challenge experienced during the past 12 months.

Total number of respondents by year: 2022, 7837; 2023, 6103; 2024, 7625

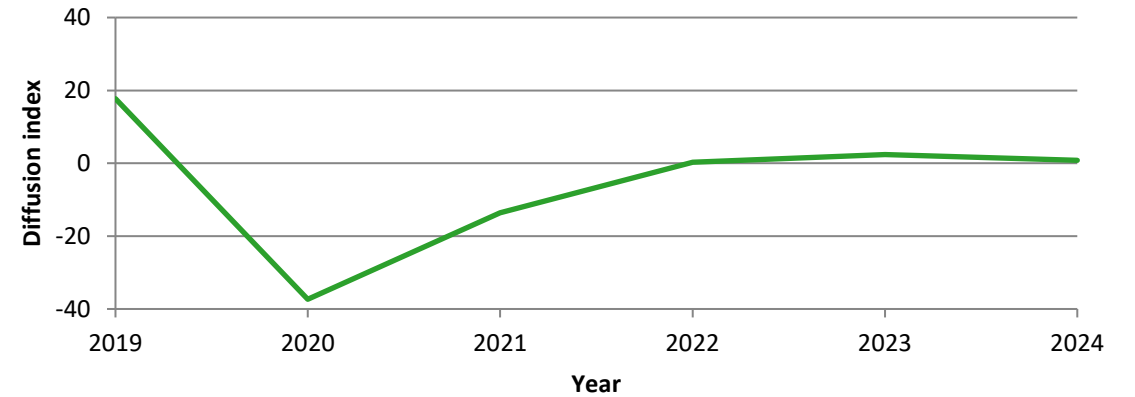
Number of respondents with 1-9 employees by year: 2022, 5213; 2023, 3947; 2024, 4944

## Employment, Past 12 Months

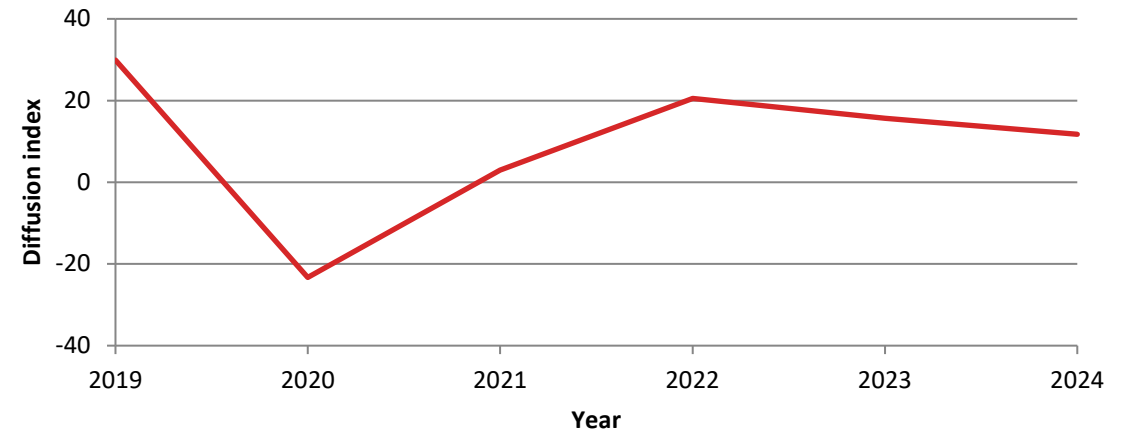
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2019-2024 Small Business Credit Surveys.

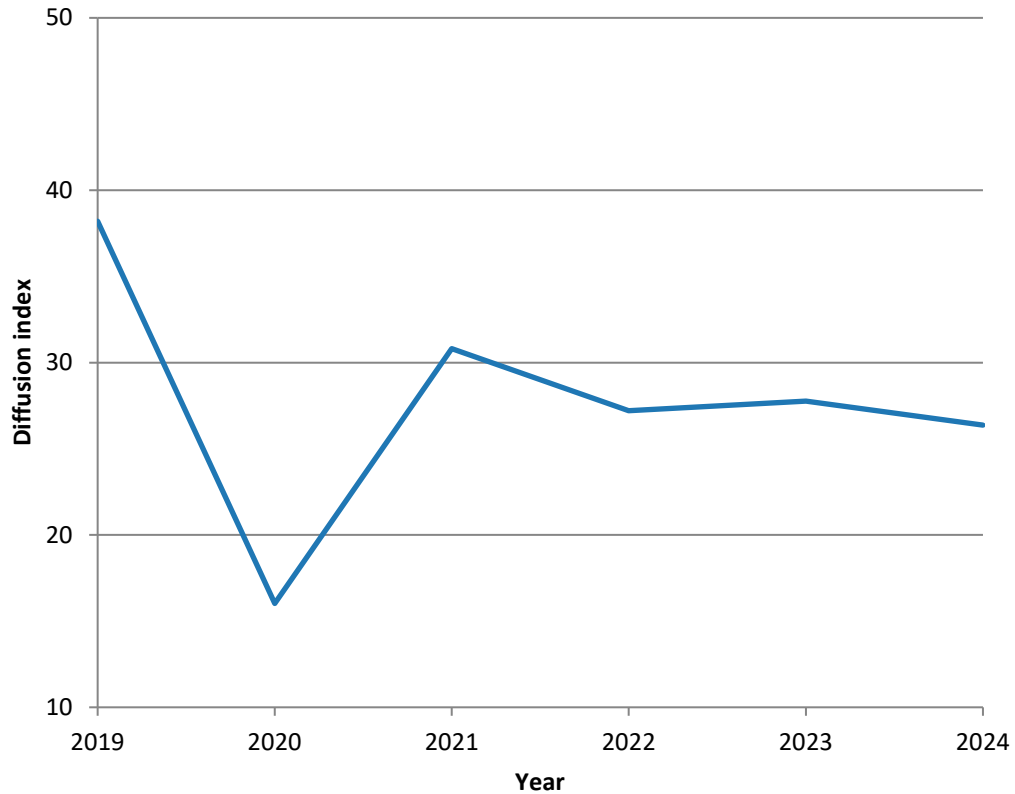
Notes: The figure plots the diffusion index (% Increase - % Decrease) of responses to the question: "How did your number of employees change over the past 12 months?"

Total number of respondents by year: 2019, 4810; 2020, 9392; 2021, 10,571; 2022, 7538; 2023, 5995; 2024, 7625

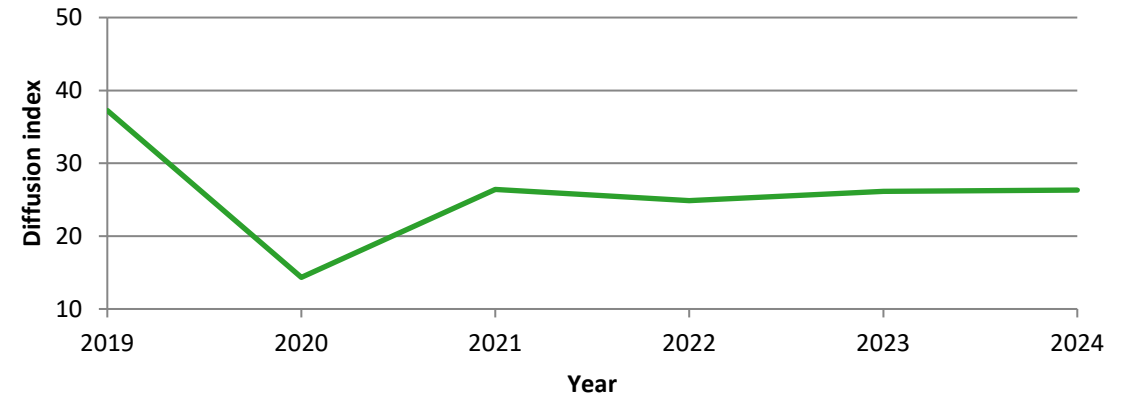
Number of respondents with 1-9 employees by year: 2019, 2939; 2020, 6436; 2021, 6931; 2022, 4958; 2023, 3859; 2024, 4799

## Employment, Next 12 Months

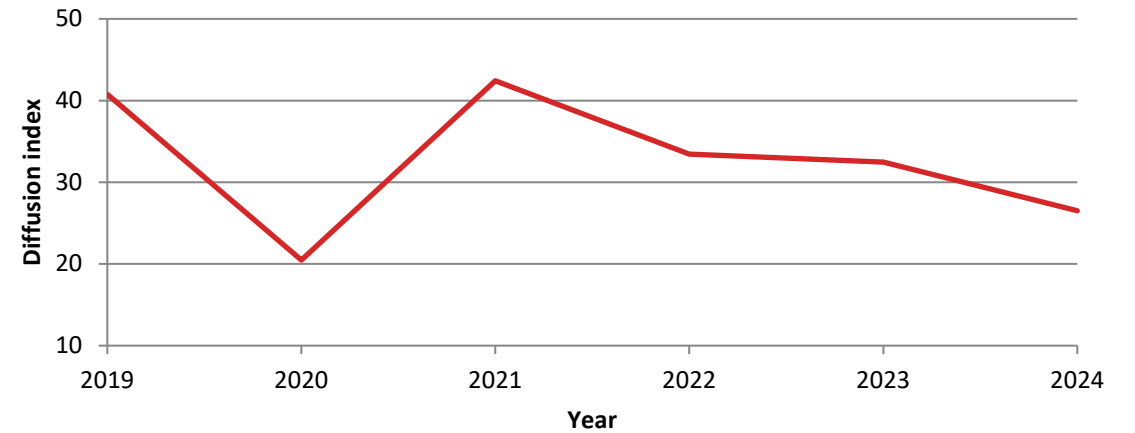
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2019-2024 Small Business Credit Surveys.

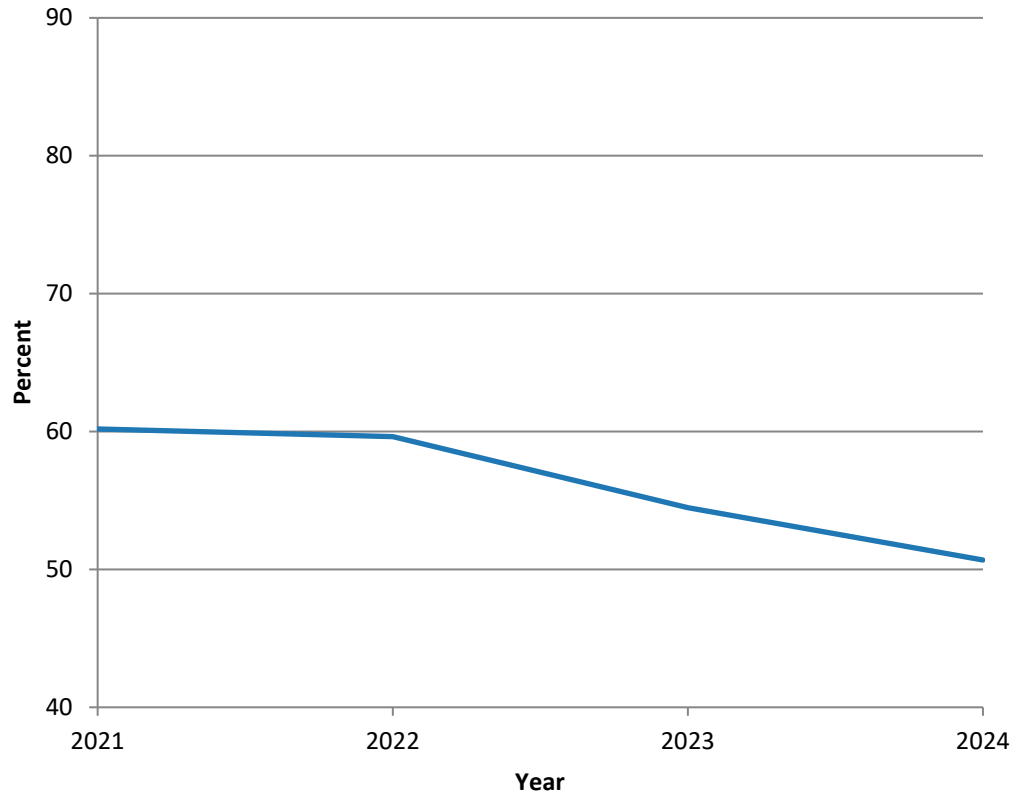
Notes: The figure plots the diffusion index (% Increase - % Decrease) of responses to the question: "How does your business expect its number of employees change over the next 12 months?"

Total number of respondents by year: 2019, 5024; 2020, 9412; 2021, 10,635; 2022, 7599; 2023, 6033; 2024, 7480

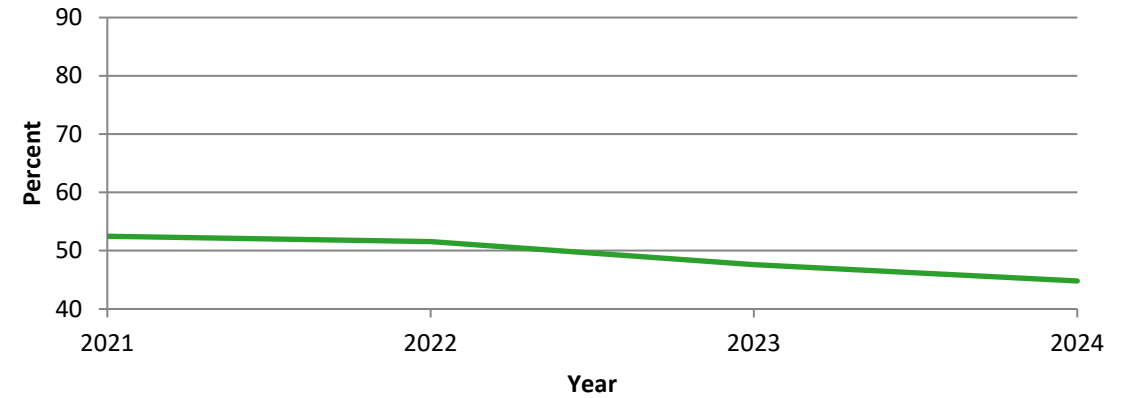
Number of respondents with 1-9 employees by year: 2019, 3095; 2020, 6456; 2021, 6982; 2022, 5003; 2023, 3886; 2024, 4826

## Difficulty Hiring Staff

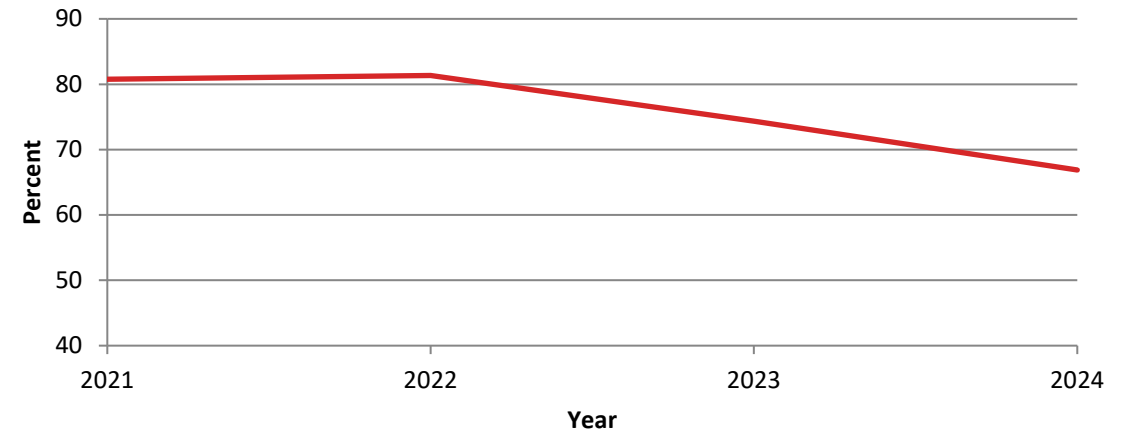
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-2024 Small Business Credit Surveys.

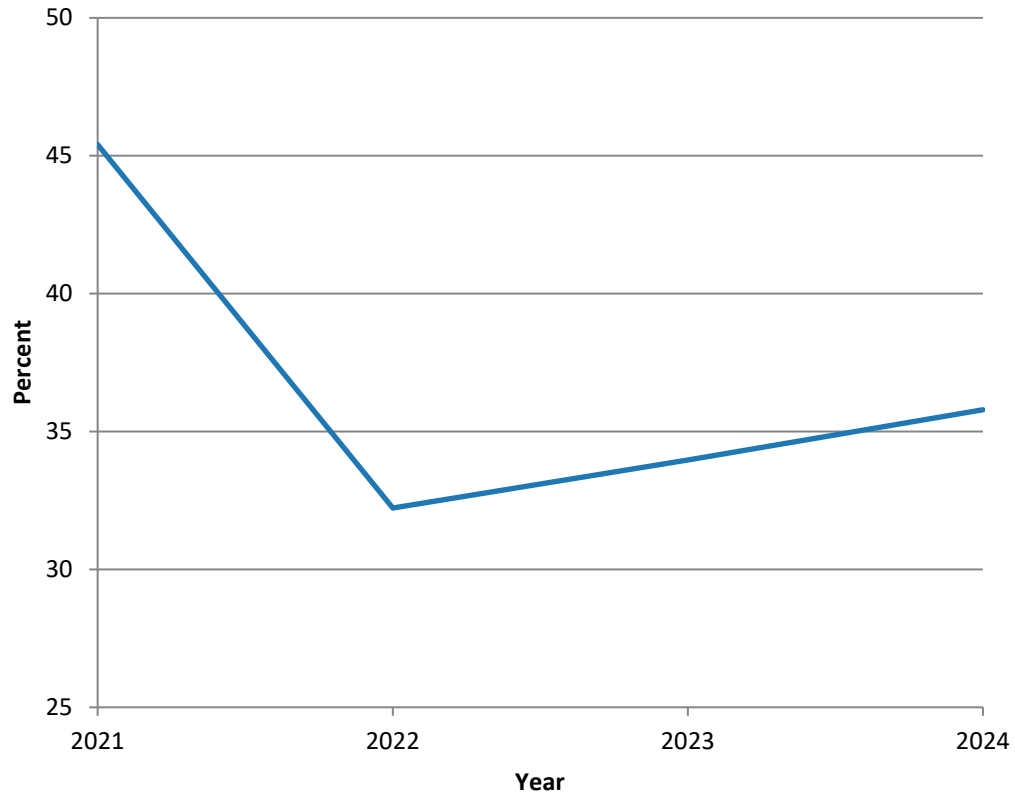
Notes: The figure plots the percentage of firms selecting "hiring or retaining qualified staff" as a challenge experienced during the past 12 months.

Total number of respondents by year: 2021, 10,870; 2022, 7817; 2023, 6056; 2024, 7545

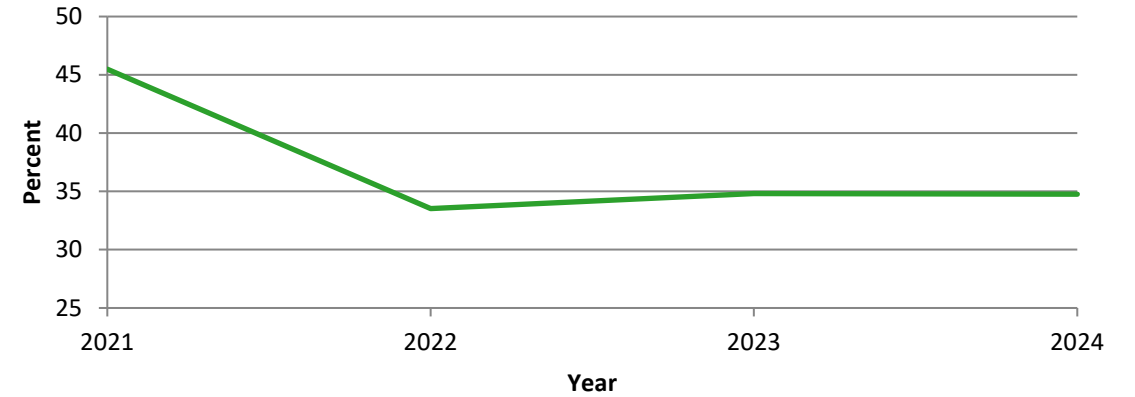
Number of respondents with 1-9 employees by year: 2021, 7178; 2022, 5188; 2023, 3905; 2024, 4887

## Downsized

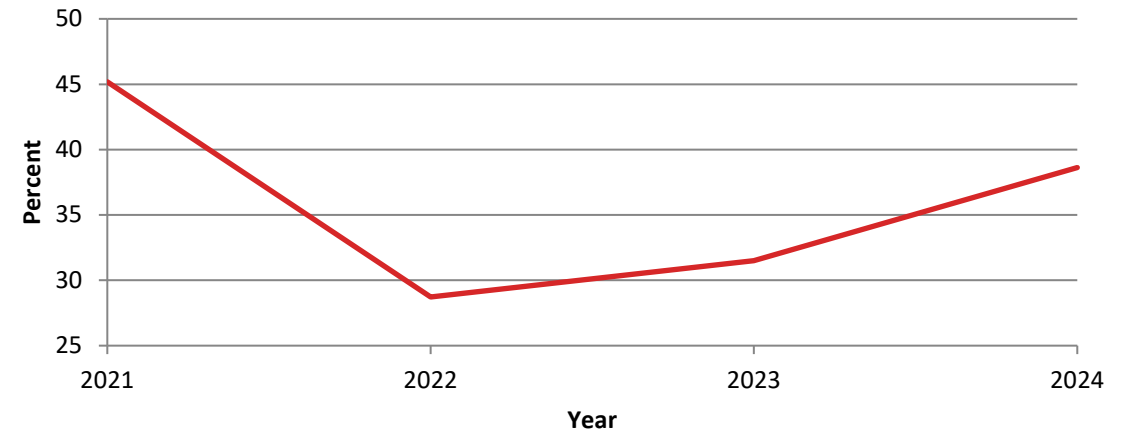
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-2024 Small Business Credit Surveys.

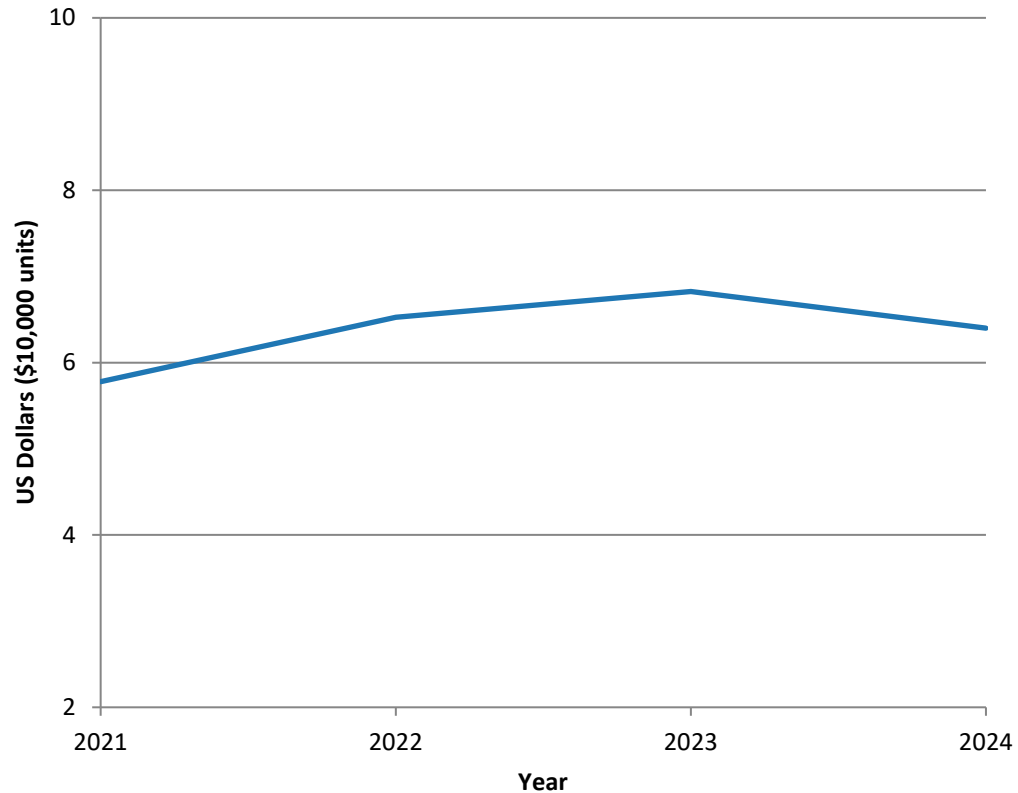
Notes: The figure plots the percentage of firms selecting “cut staff, hours, and/or downsized operations” as an action taken to deal with financial challenges during the past 12 months.

Total number of respondents by year: 2021, 9537; 2022, 7493; 2023, 5777; 2024, 7179

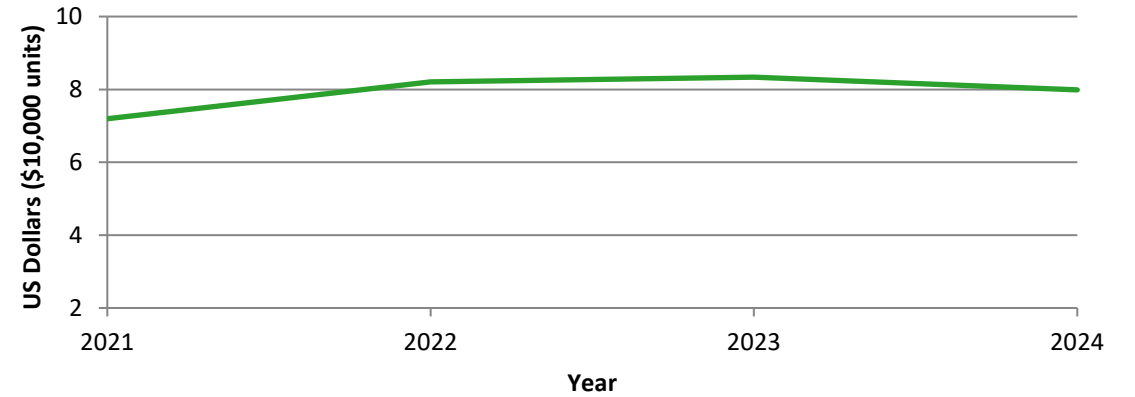
Number of respondents with 1-9 employees by year: 2021, 6452; 2022, 5005; 2023, 3472; 2024, 4651

## Debt Per Employee

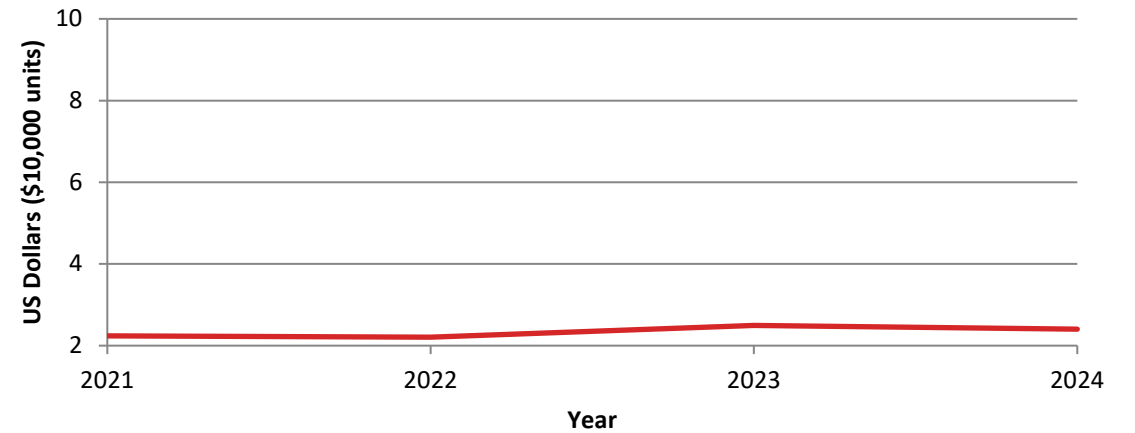
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-2024 Small Business Credit Surveys.

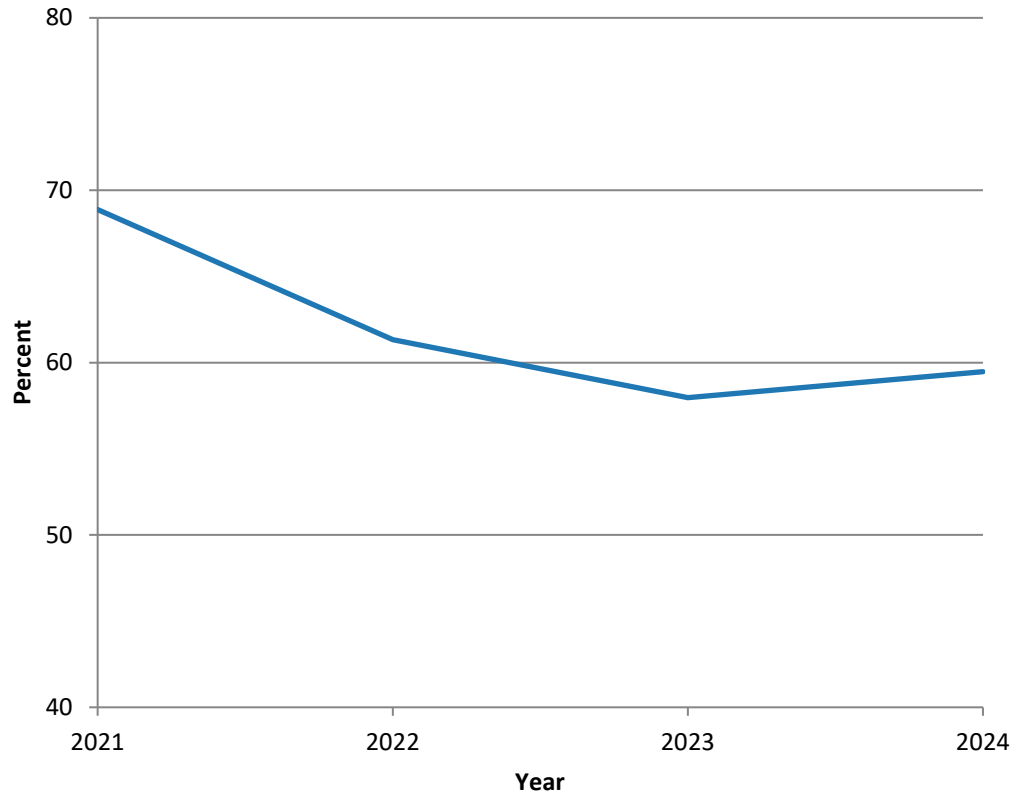
Notes: The figure plots the average total debt outstanding divided by number of employees.

Total number of respondents by year: 2021, 8168; 2022, 5900; 2023, 4583; 2024, 5705

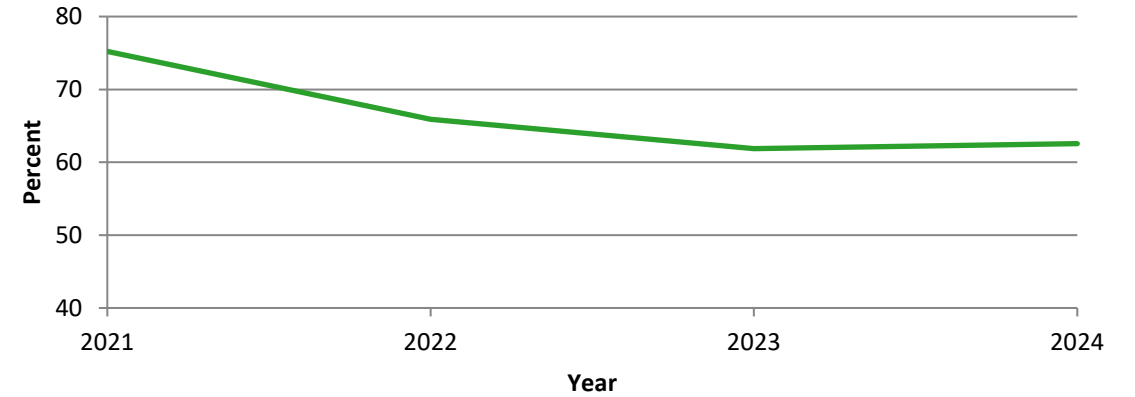
Number of respondents with 1-9 employees by year: 2021, 5272; 2022, 3901; 2023, 2944; 2024, 3613

## Received Less Than Full Amount of Financing Requested

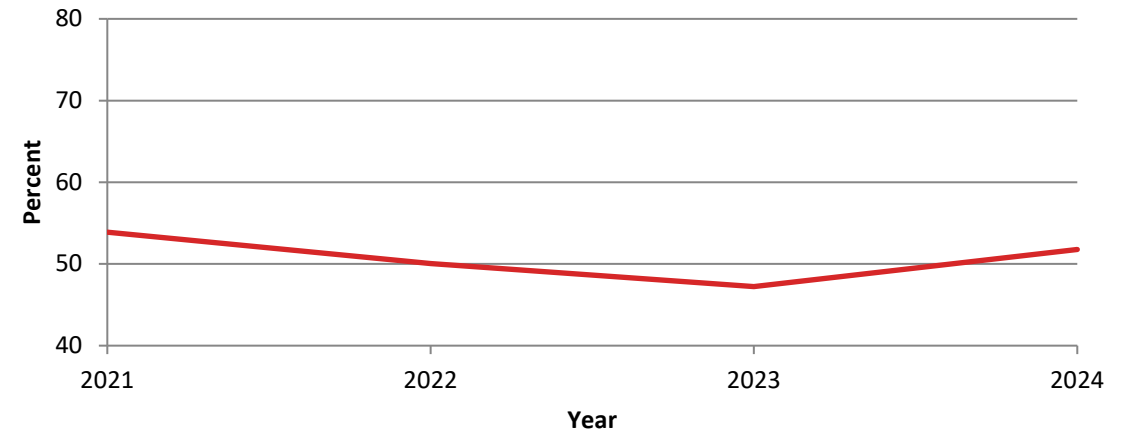
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-2024 Small Business Credit Surveys.

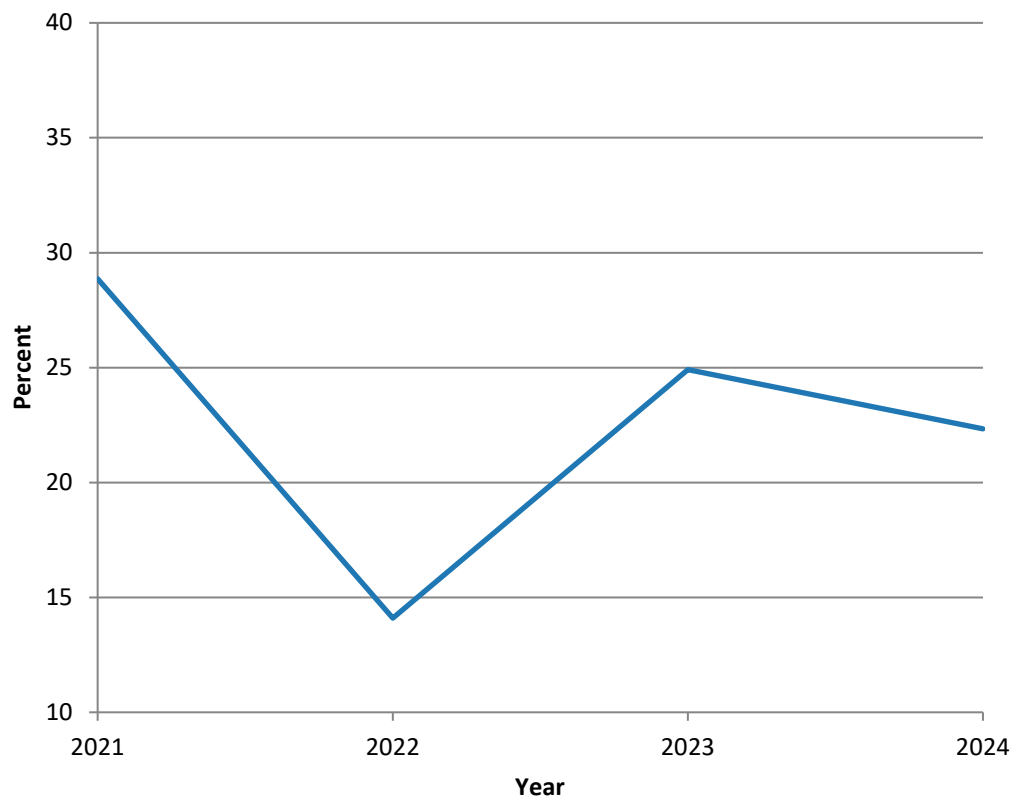
Notes: The figure plots the percentage of firms that applied for financing in the past 12 months who received less than 100% of the total financing dollars sought.

Total number of respondents by year: 2021, 3602; 2022, 5140; 2023, 3399; 2024, 4284

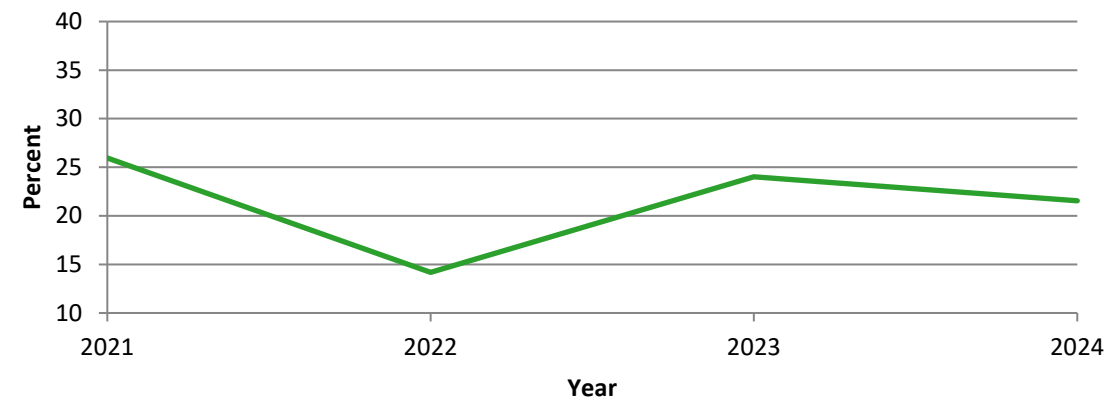
Number of respondents with 1-9 employees by year: 2021, 2329; 2022, 3347; 2023, 2148; 2024, 2662

## Nonapplicants With No Need for Funds

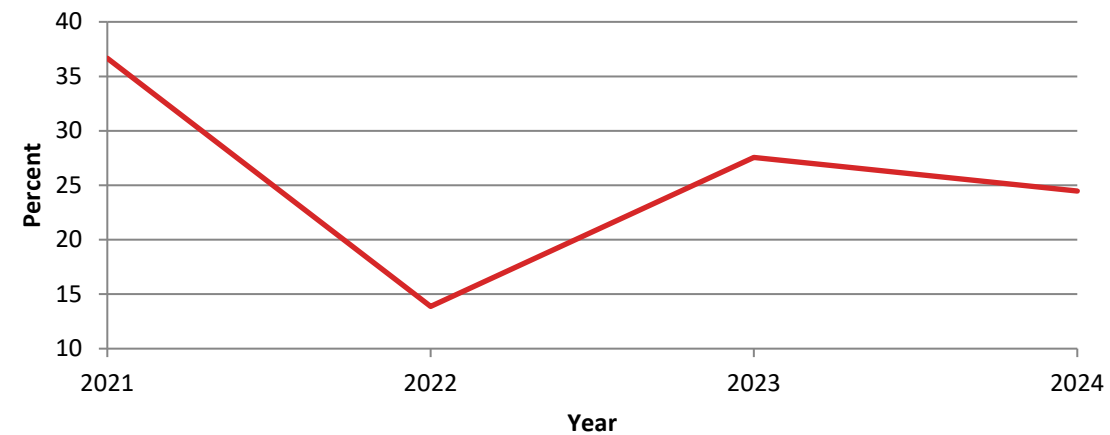
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-2024 Small Business Credit Surveys.

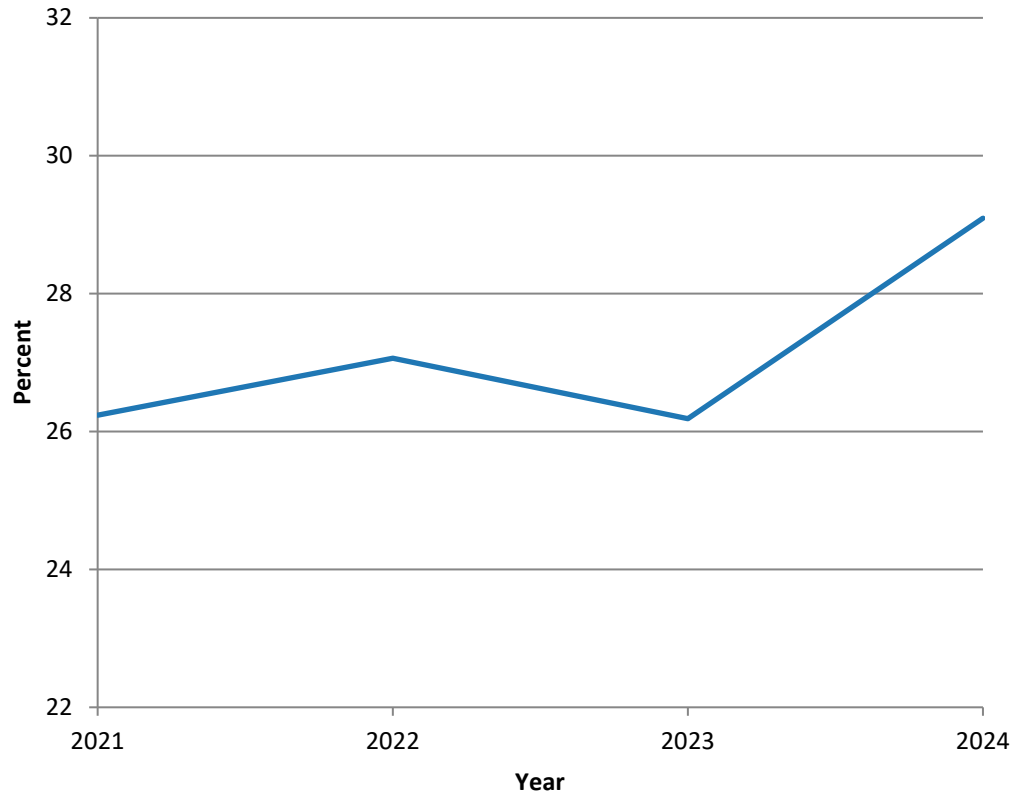
Notes: The figure plots the percentage of firms who selected that financing was “not needed” and thus did not apply for any type of financing.

Total number of respondents by year: 2021, 10,914; 2022, 7864; 2023, 6131; 2024, 7653

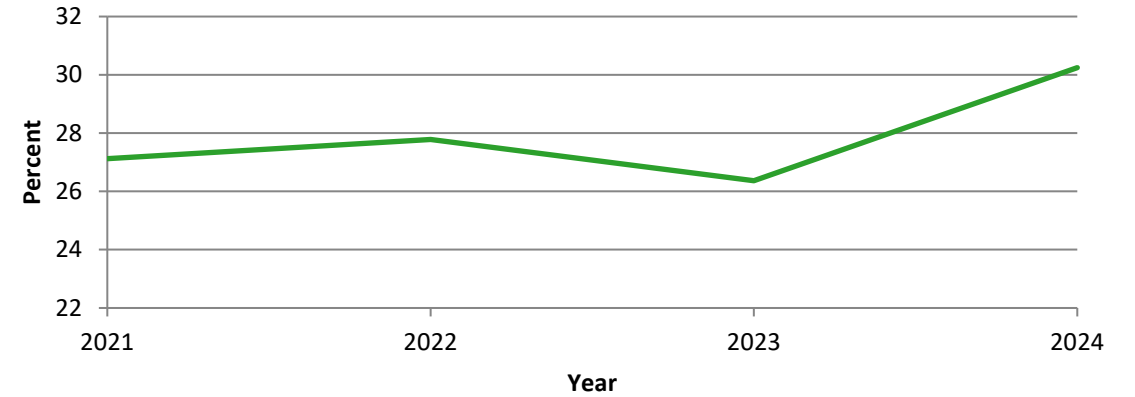
Number of respondents with 1-9 employees by year: 2021, 7217; 2022, 5228; 2023, 3963; 2024, 4962

## Technological Difficulties

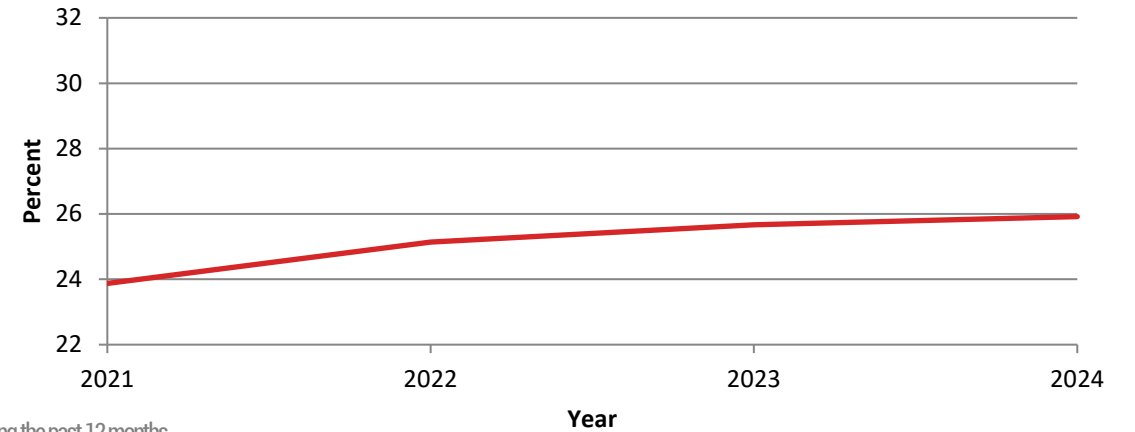
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-2024 Small Business Credit Surveys.

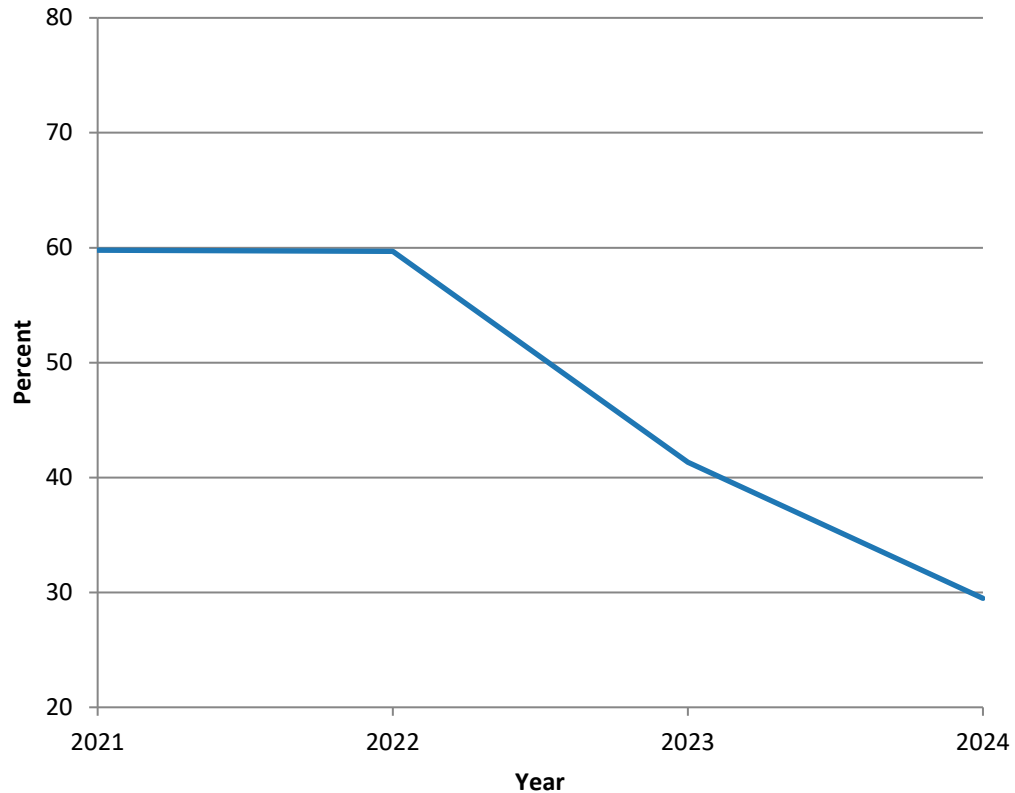
Notes: The figure plots the percentage of firms selecting "utilizing technology (e.g., website, social media, ecommerce, cybersecurity)" as a challenge experienced during the past 12 months.

Total number of respondents by year: 2021, 10,870; 2022, 7817; 2023, 6131; 2024, 7653

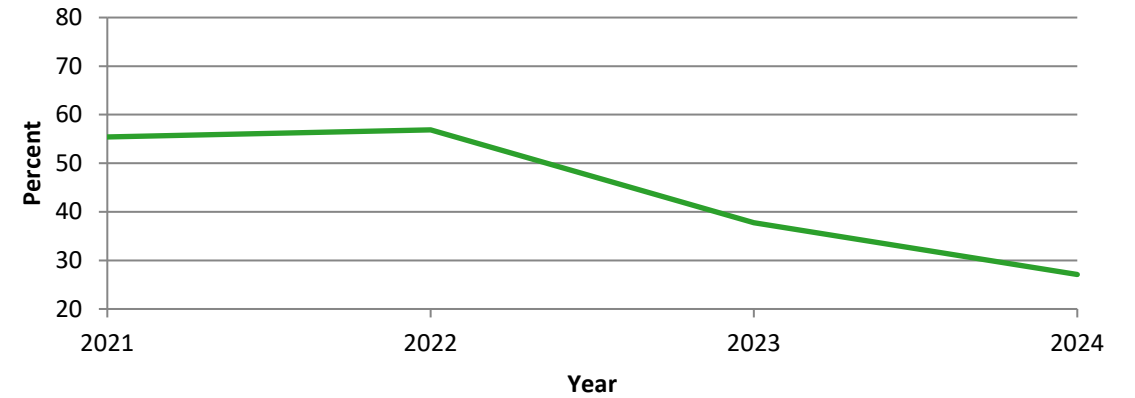
Number of respondents with 1-9 employees by year: 2021, 7178; 2022, 5188; 2023, 3905; 2024, 4887

## Supply Chain Difficulties

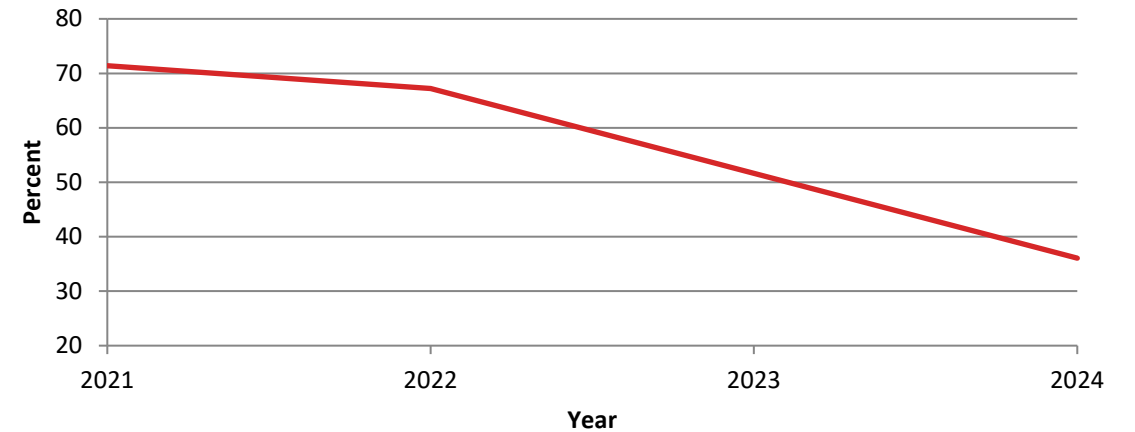
### All Businesses



### 1-9 Employees



### 10+ Employees



Sources: Federal Reserve Banks, 2021-24 Small Business Credit Surveys.

Notes: The chart plots the percentage of firms selecting "supply chain issues" as a challenge experienced during the past 12 months.

Total number of respondents by year: 2021, 10,870; 2022, 7817; 2023, 6131; 2024, 7653

Number of respondents with 1-9 employees by year: 2021, 7178; 2022, 5188; 2023, 3905; 2024, 4887