

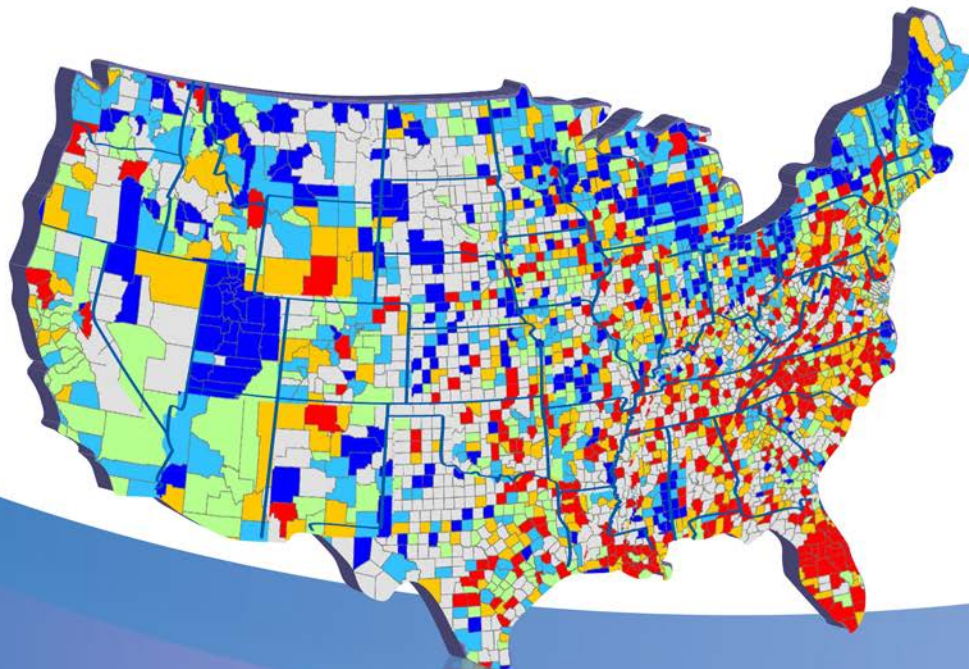
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National Community Reinvestment Coalition Analysis Small Business Lending Deserts and Oases



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About the National Community Reinvestment Coalition

The National Community Reinvestment Coalition is a nonprofit, nonpartisan association of more than 600 organizations dedicated to the mission of building and protecting wealth in America's underserved communities. For more than 20 years, we've advocated to ensure vibrant communities for America's working families by actively promoting access to basic banking services and products, homeownership and the development of affordable rental housing, local business growth, workforce training, and strong consumer protections in the financial sector. To learn more about NCRC, visit our website at www.ncrc.org.

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Executive Summary

Small businesses employ most of the workers in the United States and are therefore key to economic growth and recovering from the Great Recession. Despite this, barriers to credit remain for small businesses. This study assesses disparities in access to credit by geography and demographic characteristics of the small business.

This report finds the following trends:

Private-Sector Lending

- On a national level, lending levels have plummeted since the Great Recession. In 2007, banks issued 13.4 million small business loans, and 61.6 percent of the small businesses received loans. By 2012, banks made just over 5 million loans, and 16.4 percent of the small businesses received loans.
- Disparities in lending are significant across the country. Grouping counties by quintile reveals that only 7.5 percent of small businesses in the lowest or worst quintile of counties received loans while 21.3 percent of the small businesses in the best quintile received loans during 2012.
- Counties in the West and East Coasts tend to be in the best quintiles and can be considered “oases” in terms of access to small business loans, while counties in the Midwest and South tend to be in the worst quintiles and can be considered “deserts.”
- Lending levels are even lower when considering the smallest businesses or those less than \$1 million in revenue. Just ten percent of the smallest businesses received loans during 2012 compared to 16 percent of all small businesses.
- Considering the number of loans, credit card loans were about 72 percent of all small business loans and ranged from 48 to 72 percent of loans across counties. While credit card loans serve legitimate credit needs, concerns arise when certain counties receive disproportionate numbers of credit card loans. In these instances, it would be desirable to strive for more of a balance between credit card and lower-interest-rate non-credit card loans.

Federally Supported Lending

As well as analyzing private-sector bank lending, this report evaluates the distribution of federally supported lending, in particular lending guaranteed by the Small Business Administration (SBA) and lending supported by the Community Development Financial Institutions (CDFI) Fund. An important question is whether the federally supported lending flows to the lending deserts and thus helps alleviate gaps in credit availability.

- The SBA 7(a) program, the primary guarantee program of the SBA, guaranteed about 44,300 loans during 2012, which is about one percent of overall bank small business lending.
- There were instances of SBA 7(a) lending increasing in counties that received relatively few bank small business loans, including some counties in Mississippi and in the Midwest. Overall, however, SBA lending was not consistently higher where overall bank lending was lower.
- In contrast to overall lending, the SBA 7(a) publicly available data has information on race and gender of the small business owner. Increased lending to minorities and women must be a priority of the SBA.
- During 2012, only 1,080 African-American-owned businesses and 3,147 Hispanic-owned businesses received loans. About 32.7 SBA 7(a) loans were issued per 10,000 Asian-owned small businesses and 16.2 loans were issued per 10,000 white-owned small businesses while just 12.3 and 6.7 SBA 7(a) loans were issued per 10,000 Hispanic-owned and African-American-owned small businesses, respectively.
- During 2012, despite their rapid growth over the last several years, only 7,213 women-owned small businesses received SBA 7(a) loans in contrast to 34,371 loans received by male-owned small businesses. Lenders issued about 9.3 SBA 7(a) loans per 10,000 women-owned businesses in contrast to 24.7 loans per 10,000 male-owned small businesses.
- Community Development Financial Institutions (CDFIs) issued about 13,000 small business loans and 33,700 microloans during 2012. High concentrations of CDFI small business and microloans occurred in northern counties in Michigan, Wisconsin, and Minnesota, and in Kentucky and South Dakota. These counties were generally underserved by Community Reinvestment Act (CRA) small business loans. CDFI lending activity appears to be appropriately targeted. Small loan volumes and uneven CDFI capacity prevents targeting of underserved counties across the country, suggesting that the CDFI Fund might choose to focus on priority areas.

Composite Rankings

- The National Community Reinvestment Coalition (NCRC) used four performance measures for private-sector lending and federally supported lending to rank the counties. After this exercise, the overall patterns remained the same with counties on the East and West Coasts experiencing the most access while counties in the Midwest and South experienced the least access.
- Some notable exceptions occurred to the overall spatial patterns. Three counties in the Milwaukee, Wisconsin region were in the top four counties. Other counties in the Midwest doing well were those in the Chicago and Minneapolis regions.
- When considering the “top” counties, it must be remembered that the volume of small business lending plummeted during the Great Recession, meaning that all counties were experiencing a significant drop in small business lending compared to a few years ago.
- The bottom counties in terms of access included those in West Virginia, Ohio, and Tennessee.
- Rural counties experienced less access than metropolitan counties, but these findings must be interpreted with some caution due to smaller banks not being required to report small business loan data.

Recommendations

- The majority of Women Business Centers (WBCs)¹ and CDFIs are located in the two quintiles of counties with the greatest access to small business loans. Relatively few are located in the counties with the least access to loans. Stakeholders should consider increasing WBCs and CDFIs in counties struggling with access to responsible small business loans.
- The SBA, CDFI Fund, and the bank regulatory agencies should conduct or sponsor this type of analysis on a regular basis. By depicting lending patterns in counties across the country, this report is a credit-needs analysis. In particular, it identifies “lending deserts” and should therefore encourage stakeholders (public agencies, lenders, and community groups) to work together to increase lending to underserved counties and small businesses.

¹ WBCs are centers funded by the Small Business Administration that provide technical assistance to women-owned small businesses.

- This report provides important data for the performance context analysis conducted in CRA exams. Bank regulatory agencies should expect greater effort from banks to expand their small business lending in counties identified as lending deserts. This particularly applies to large banks desiring “credit” outside of assessment areas.
- Section 1071 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 requires the Consumer Financial Protection Bureau (CFPB) to significantly improve the publicly available small business loan data. In particular, lending institutions are to report the race and gender of the small business owner in the data. This report is able to analyze race and gender only in the case of SBA lending. The CFPB must expeditiously implement the Dodd-Frank reporting requirement because a comprehensive assessment of lending by race and gender simply cannot be completed at the present time. In addition, Section 1071 mandates reporting by more financial institutions. For this study, data reporting by smaller banks would have improved the accuracy of the analysis for rural counties.

Introduction

Small businesses are drivers of economic growth and job creation. Ensuring that small businesses have adequate access to credit is key to ending the recession and revitalizing our economy.

The Small Business Administration (SBA) calculates small businesses account for 60 percent of net new jobs created from mid-2009 to mid-2013.² Women- and minority-owned firms are also engines of economic growth. Women-owned businesses account for \$1.3 trillion in revenue from more than 8.6 million individual firms.³ The employment growth of women-owned businesses since 1997 was more than the growth rate of all but the largest publicly traded firms. Also, the number of small businesses since 1997 surged by 68 percent, much faster than the increase of 47 percent for all businesses.⁴

In the first decade of the new millennium, minority-owned firms employed a workforce of 4.7 million with an annual payroll of \$115 billion. In addition, over the last two decades, the growth in the number of minority-owned firms and their gross receipts outpaced the growth of non-minority-owned firms.⁵

Despite playing a key role in job creation, barriers in access to credit exist for small businesses, particularly women- and minority-owned small businesses. Women-owned firms had a loan approval rate that was 15 to 20 percent lower than their male counterparts according to a research study released by Biz2Credit.⁶ Regression analysis based on Kauffman Firm Survey data on start-ups and their experience over time reveals that women-owned small businesses are less likely to have debt financing.⁷

Research commissioned by the Minority Business Development Administration (MBDA) finds that minority-owned firms are less likely to receive loans than non-minority-owned firms. Among firms with gross receipts under \$500,000, 23 percent of non-minority-owned firms received loans compared to 17 percent of minority-owned firms. Among high sales firms (firms with annual gross receipts of \$500,000 or more), the disparity remains, with 52 percent of non-minority-owned firms receiving loans compared to 41 percent of minority-owned firms.⁸

2 U.S. Small Business Administration, Frequently Asked Questions, March 2014, available via http://www.sba.gov/sites/default/files/FAQ_March_2014_0.pdf.

3 National Women's Business Council, *The Economic Impact of Women-Owned Businesses in the United States*, available via <http://www.nwbc.gov/research/economic-impact-women-owned-businesses-united-states>

4 *The 2013 State of Women-Owned Businesses Report, A Summary of Important Trends, 1997-2013*, Women Able and American Express OPEN, available via https://c401345.ssl.cf1.rackcdn.com/wp-content/uploads/2013/03/13ADV-WBI-E-StateOfWomenReport_FINAL.pdf. Also, see *Women Starting Small Businesses at Torrid Pace*, Associated Press, May 15, 2014, <http://bigstory.ap.org/article/women-starting-small-businesses-torrid-pace>

5 MBDA, *Disparities in Capital Access between Minority and Non-Minority Owned Businesses: The Troubling Reality of Capital Limitations Faced by MBEs*, January 2010.

6 Biz2Credit Analysis of Women-Owned Businesses Identifies Challenges for Female Entrepreneurs Seeking Small Business Loans, March 27, 2013, available via <http://www.biz2credit.com/research-reports/analysis-of-women-owned-businesses.html>.

7 MDDA, *Disparities in Capital*, op. cit., p. 43.

8 MDDA, *Disparities in Capital*, op cit. p. 5.

Against this backdrop of the importance of small businesses and the difficulties in accessing credit, the National Community Reinvestment Coalition (NCRC) analyzed small business lending patterns across the country for 2012, the latest year for which data is available. NCRC compared private-sector lending reported by large banks covered by the Community Reinvestment Act (CRA) to lending guaranteed or subsidized by the federal government. The objectives were to assess disparities in access to small business loans by geography as well as by the characteristics of the small business owner. The comparison between private-sector and federally supported lending provides insights into whether federally supported lending is counteracting some of the spatial or demographic gaps in private-sector lending.

National Lending Levels

The impacts of the Great Recession and financial crisis on overall small business lending levels in the country are dramatic. In 2003, CRA-covered banks issued about 7.4 million small business loans and 41.7 percent of the nation's small businesses received loans. By 2007, a year of economic growth, CRA-covered banks made 13.4 million small business loans and 61.6 percent of small businesses received loans. Then, in 2010, as the effects of the Great Recession were keenly felt, CRA-covered banks issued just 4.2 million loans and 19.5 percent of small businesses received loans.

During 2012, the year that is the focus of this report, lending rebounded modestly from 2010 but nevertheless remains depressed compared to earlier years. In 2012, CRA-covered banks made just over 5 million loans and 16.4 percent of the nation's small businesses received loans.

Figure 1: Percent of Small Businesses Receiving Loans in U.S.

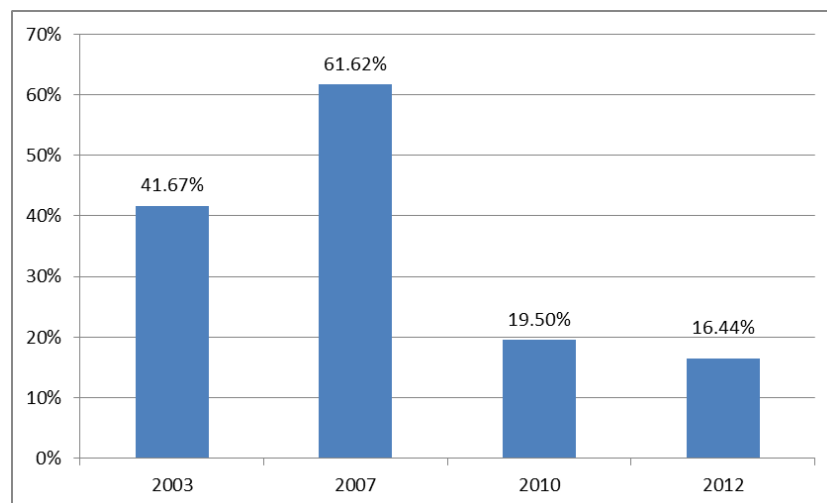


Table 1: Percent of Small Businesses Receiving Loans in U.S.

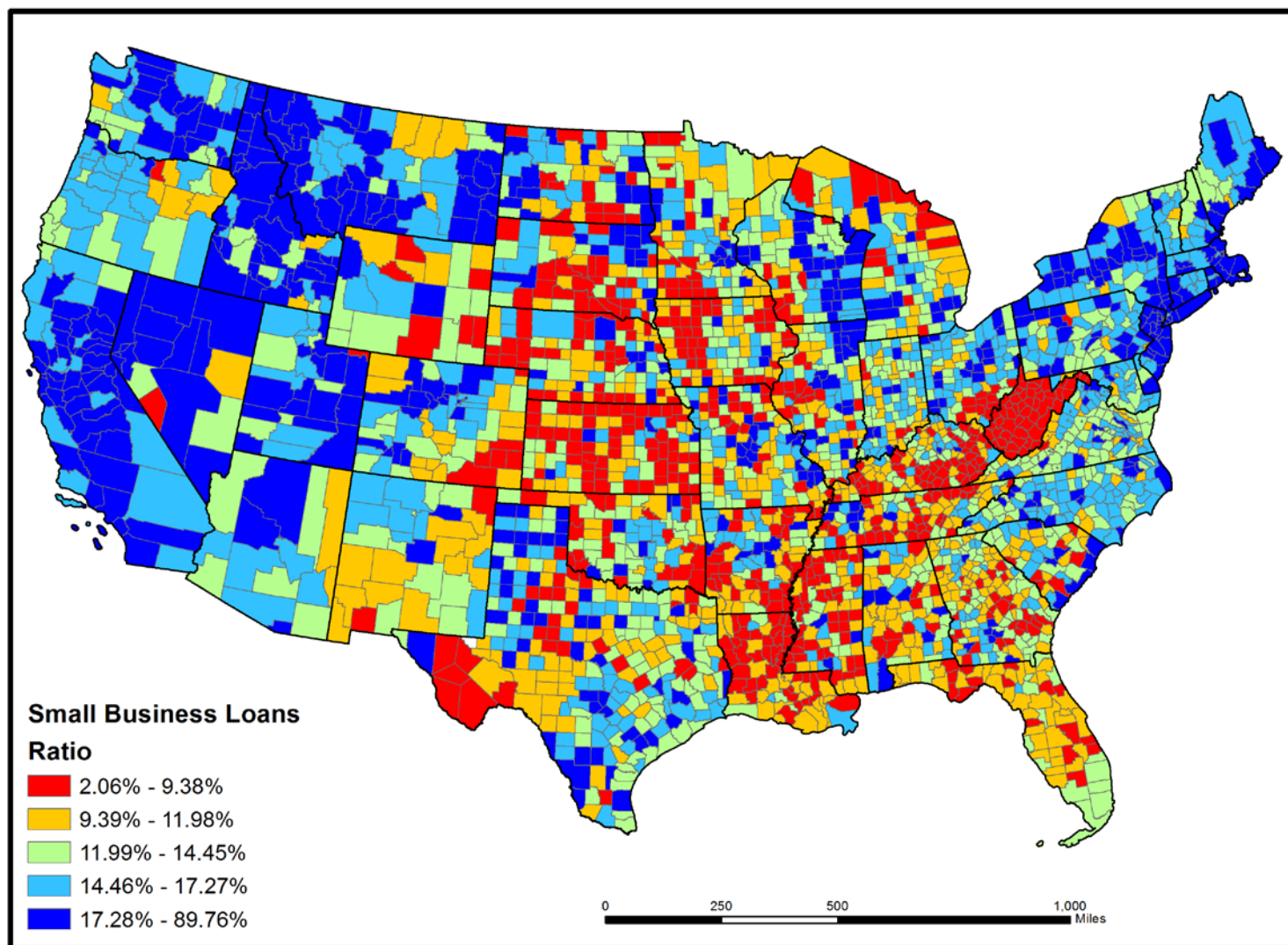
	Number of loans	Number of businesses	Percent of Businesses Receiving Loans
2003	7,428,630	17,828,895	41.67%
2007	13,437,779	21,808,201	61.62%
2010	4,197,610	21,530,378	19.50%
2012	5,072,096	30,849,229	16.44%

Private-Sector Lending Across Counties

Overall Lending Patterns Across Counties

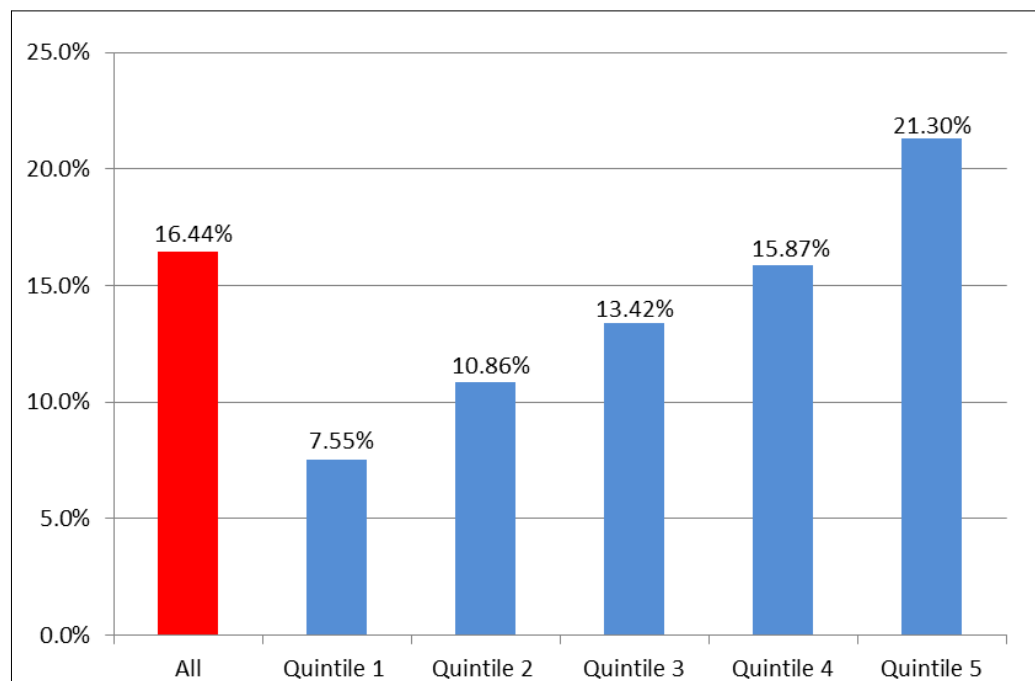
In order to assess small business lending patterns across counties, this report divides the nation's 3,219 counties in quintiles, or fifths, depending on the percentage of small businesses receiving loans. Figure 2 shows that only 7.5 percent of the small businesses in the worst quintile of counties received loans. In contrast, 21.3 percent of the small businesses in the best quintile of counties received loans during 2012. In the accompanying map, the two best quintiles are shown in blue shades while the two worst quintiles are displayed in yellow and red shades. The map (Map 1) dramatically reveals that the highest percentages of small businesses receiving loans were on the West and East Coasts, while the mid-section of the country and large portions of the South experienced the least access to loans during 2012. The situation is particularly grim in West Virginia, in which all the counties were in the worst quintile in terms of access to loans.

In other words, counties in the West and East Coasts can be considered "oases" in terms of access to small business loans while the Midwest and South can be considered "deserts" in terms of access. Yet it must be remembered that while the disparities across regions of the country were dramatic, no region was experiencing particularly high access to credit since overall bank small business lending levels had plummeted since the onset of the Great Recession.

Map 1: Small Business Loans Ratio, 2012

Map Title: Small Business Loans Ratio, 2012

Data Source: CRA small business loan data and Dun and Bradstreet (D&B), 2010

Figure 2: Ratio of Small Business Loans to Small Businesses**Table 2: Ratio of Small Business Loans to Small Businesses**

	Number of Loans to Small Business	Number of Small Businesses	Ratio
Quintile 1 (2.06%-9.38%)	101,173	1,340,845	7.55%
Quintile 2 (9.39%-11.98%)	414,250	3,813,058	10.86%
Quintile 3 (11.99%-14.45%)	717,602	5,346,960	13.42%
Quintile 4 (14.46%-17.27%)	1,446,517	9,115,181	15.87%
Quintile 5 (17.28%-89.76%)	2,392,554	11,233,185	21.30%
All	5,072,096	30,849,229	16.44%

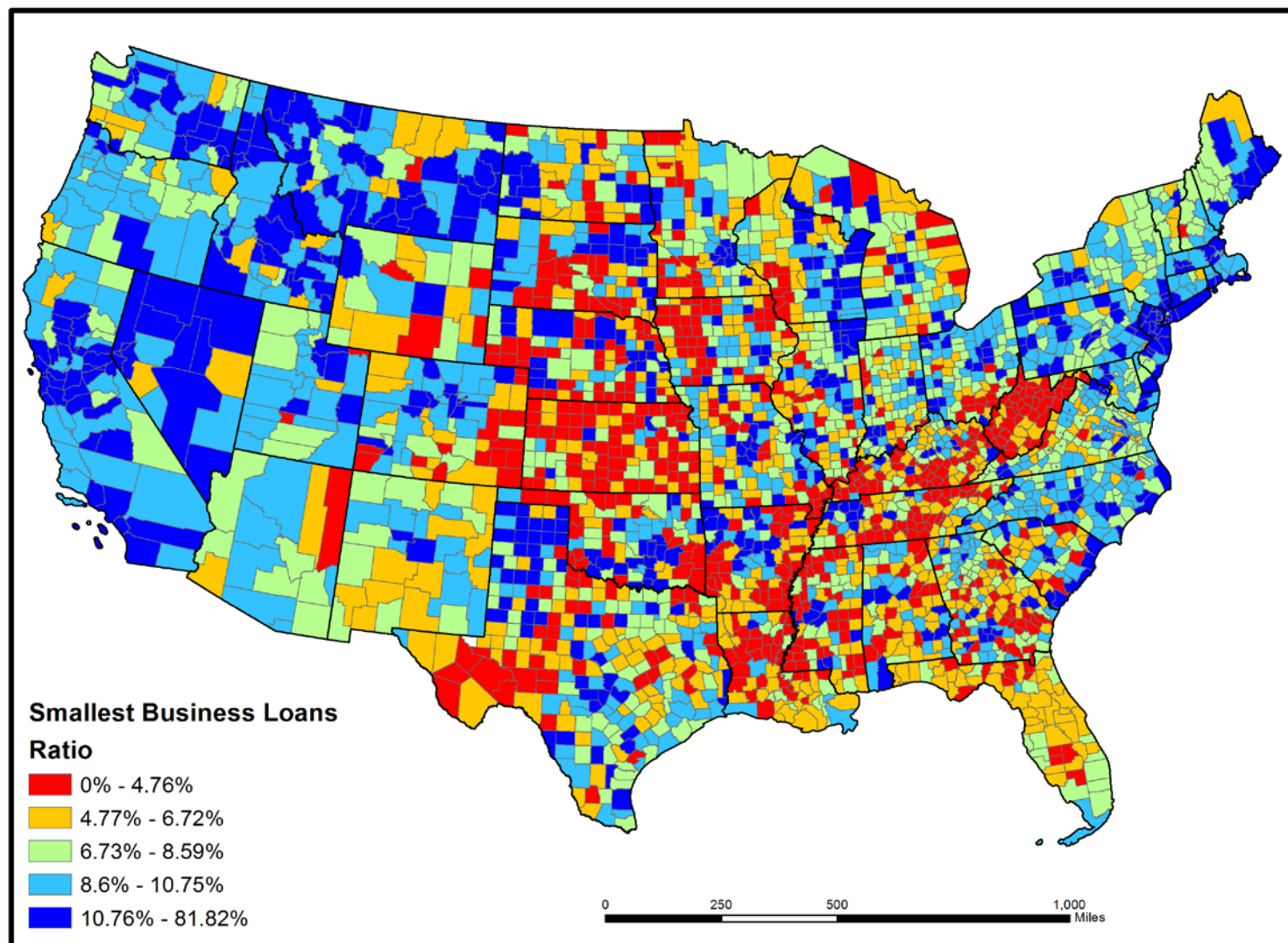
Note: Total Number of Small Business Loans = 5,073,468 and Total Number of Small Business = 30,849,229. The total number of loans in the table does not equal the total in this note because the total in this note includes counties in U.S. territories.

Lending to the Smallest Businesses

The CRA small business loan data has a crude measure of lending to the smallest businesses in that the data indicates whether the loan was issued to a small business with revenues less than \$1 million.⁹ This report uses this data to calculate the percentages of small businesses with revenues under \$1 million receiving loans (ideally, the data would be more refined and have additional categories below \$1 million in revenues so access to loans for very small businesses could be analyzed).

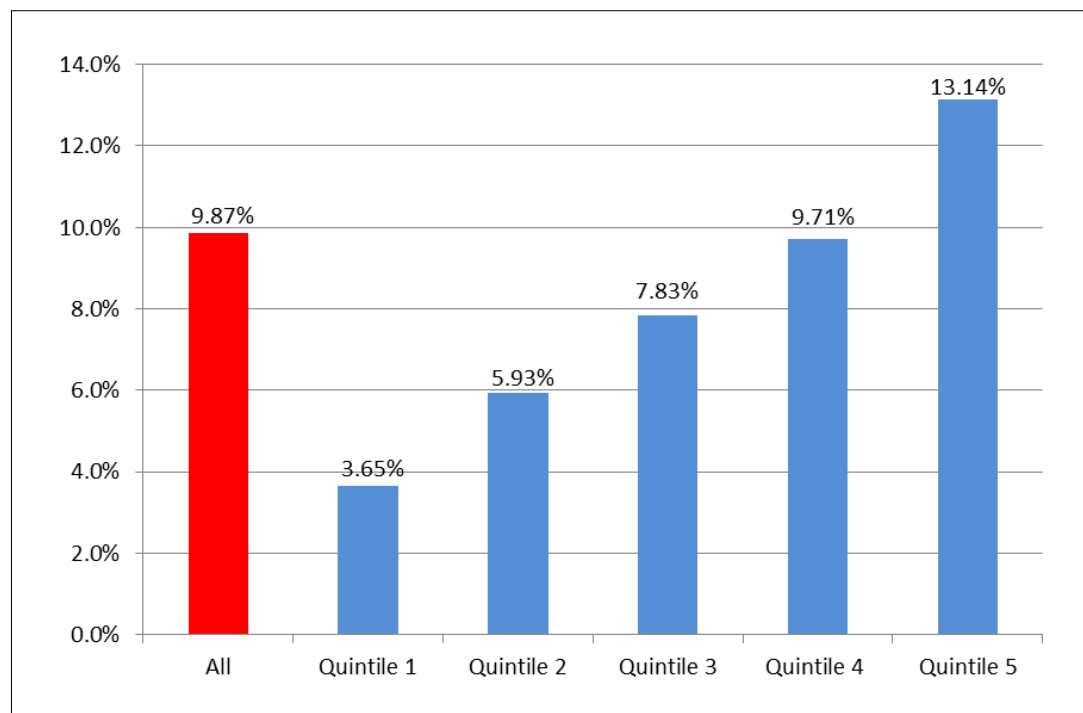
As Figure 3 and Table 3 indicate, the smallest businesses (with revenues under \$1 million) experienced less access to loans than other small businesses. Just ten percent of the smallest businesses received loans during 2012 compared with 16 percent of all small businesses. In addition, in the worst quintile of counties, only 3.7 percent of the smallest businesses received loans while in the second worst quintile, about six percent of the smallest businesses received loans. Map 2 shows that the spatial patterns were similar for the smallest businesses, with the smallest businesses on the East and West Coasts receiving the highest percentages of loans while those in the Midwest and South received the lowest percentages of loans.

⁹ The CFPB is required under the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 to refine the revenue size categories of the small business data. NCRC recommends that additional categories be added to capture the smallest of the small businesses such as those with revenues under \$100,000 as well as those with revenues under \$500,000.

Map 2: Smallest Business Loans Ratio, 2012

Map Title: Smallest Business Loans Ratio, 2012

Data Source: CRA small business loan data and Dun and Bradstreet (D&B), 2012

Figure 3: Ratio of Loans to Small Businesses with Revenue Less Than \$1 Million to Small Businesses with Revenue Less Than \$1 Million**Table 3: Ratio of Loans to Small Businesses with Revenue Less Than \$1 Million to Small Businesses with Revenue Less Than \$1 Million**

	Number of Loans to Small Business with Revenue less than \$1 Million	Number of Small Businesses with Revenue less than \$1 Million	Ratio
Quintile 1 (0.00%-4.76%)	29,373	804,736	3.65%
Quintile 2 (4.76%-6.71%)	139,200	2,345,918	5.93%
Quintile 3 (6.71%-8.59%)	370,739	4,733,278	7.83%
Quintile 4 (8.59%-10.75%)	652,799	6,725,441	9.71%
Quintile 5 (10.75%-81.82%)	1,001,543	7,621,548	13.14%
All	2,193,654	22,230,921	9.87%

Note: Total Number of Loans to Small Business with Revenue Less Than \$1 Million = 2,232,045. The total in the table does not equal the total in this note because the total in this note includes counties in U.S. territories.

Credit Card Lending

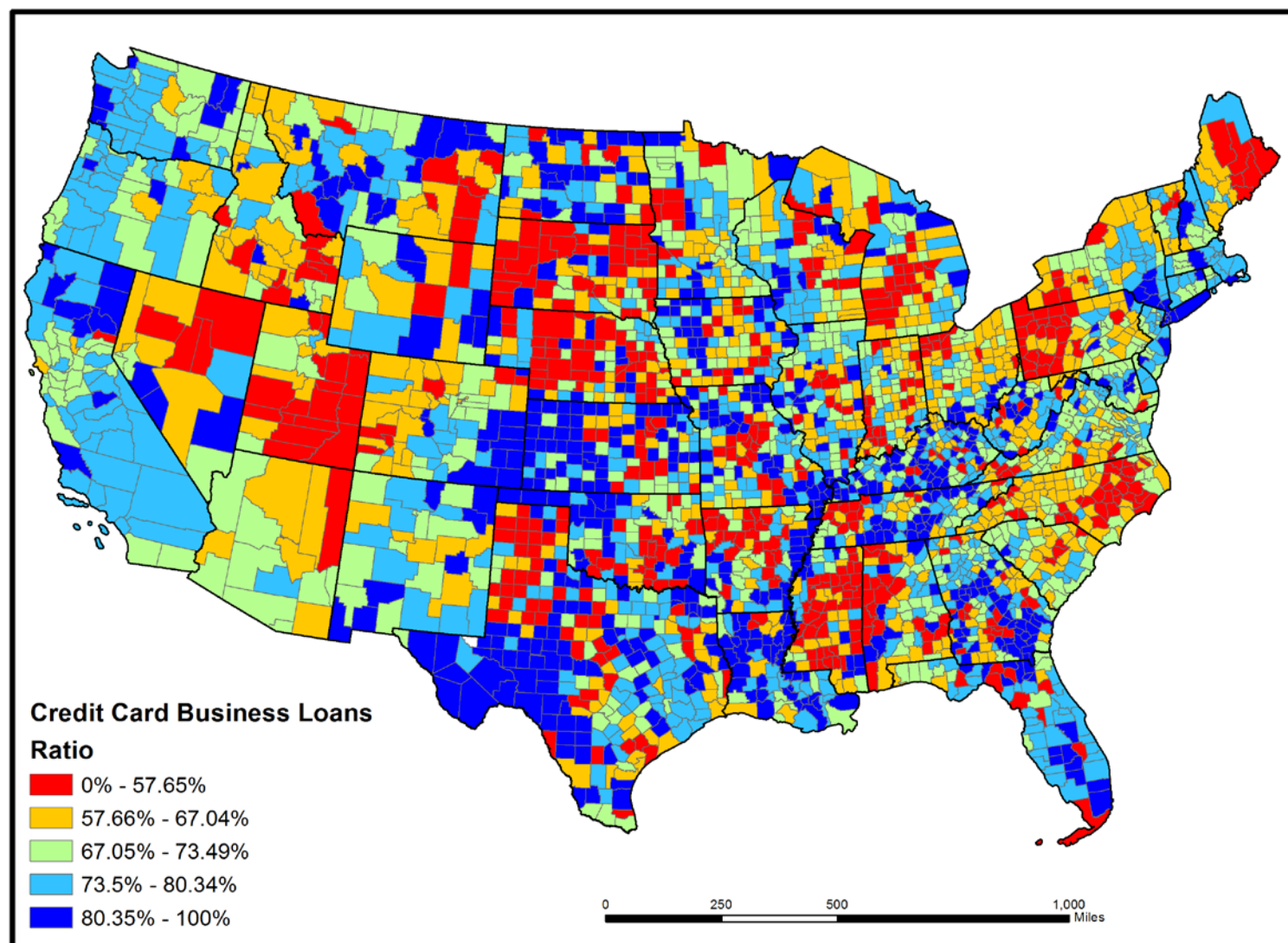
The CRA small business loan data includes credit card loans. The challenge is that the publicly available data does not identify each loan as a credit card or non-credit card loan. Instead, analysts group banks into credit card and non-credit card specialists, using an average loan amount of \$10,000 or less to separate banks into the two groups. Using this approach, our report includes a spatial distribution of credit card loans.

Credit card small business loans fill legitimate credit needs, but credit card loans are offered at higher interest rates and have shorter terms than non-credit card loans. Concerns arise if certain groups of counties have a disproportionate amount of credit card loans. In these instances, questions arise about whether these counties could have a healthier balance of credit card and lower interest rate non-credit card loans.

In terms of the number of loans (not the dollar amount), credit card specialists issued approximately 72 percent of the small business loans during 2012. Dividing the nation's counties into quintiles, credit card loans as a percentage of all small business loans ranged from 48 percent to 85 percent. The counties with the highest percentage of credit card loans are represented in the blue shades on Map 3 while those with the lower percentage of credit card loans are in the yellow and red shades.

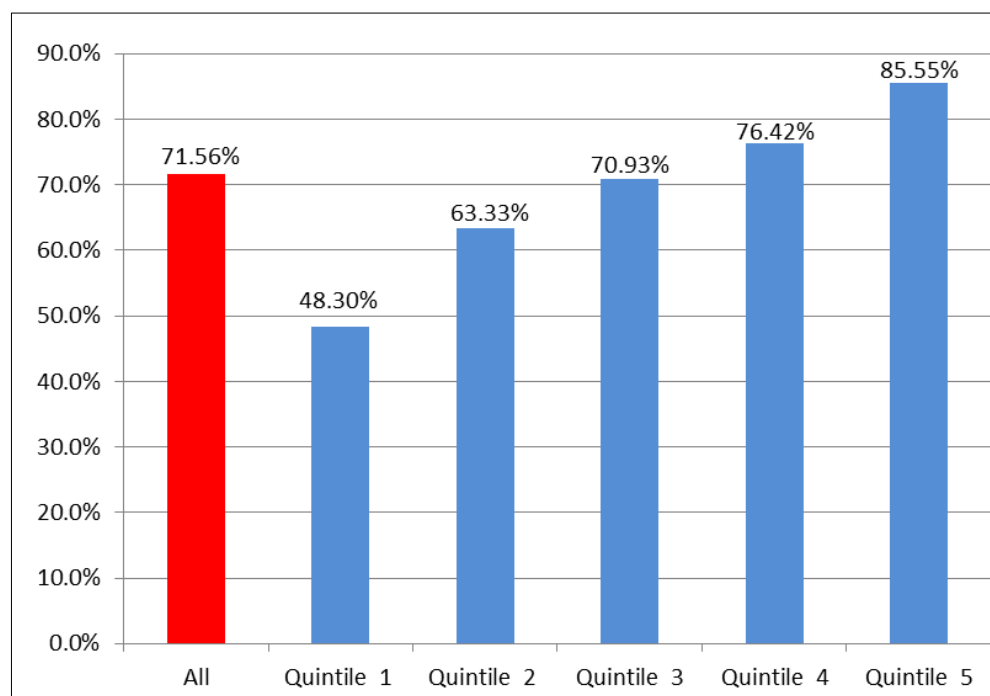
The maps on credit card lending and all small business loans show areas of overlap between credit card and non-credit card lending but also significant divergences in the two types of lending. For example, the West Coast received a high percentage of all small business loans and credit card loans. Yet sections of the South, in particular Florida and Louisiana, which received a lower percentage of all small business loans also received a higher percentage of credit card loans. Likewise, parts of Texas and West Virginia which received lower percentages of all small business loans received higher percentages of credit card loans.

For the nation as a whole, statistical analysis reveals that there was no correlation between credit card lending and non-credit card lending. Although exceptions exist, credit card lending did not systematically increase in counties when non-credit card lending decreased. In other words, credit card lending was not like subprime mortgage lending which had a tendency to increase where lower-cost prime lending decreased. Also, credit card and non-credit card lending did not generally increase together.

Map 3: Credit Card Business Loans Ratio, 2012

Map Title: Credit Card Business Loans Ratio, 2012

Data Source: CRA small business loan data and Dun and Bradstreet (D&B), 2012

Figure 4: Market Share of Credit Card Business Loans to Small Business Loans**Table 4: Market Share of Credit Card Business Loans to Small Business Loans**

	Number of Credit Card Business Loans	Number of Small Business Loans	Market Share
Quintile 1 (0.00%-57.65%)	195,634	405,061	48.30%
Quintile 2 (57.66%-67.04%)	518,412	818,578	63.33%
Quintile 3 (67.05%-73.49%)	1,016,252	1,432,752	70.93%
Quintile 4 (73.50%-80.34%)	1,398,780	1,830,392	76.42%
Quintile 5 (80.35%-100.00%)	500,757	585,313	85.55%
All	3,629,835	5,072,096	71.56%

Note: Total Number of Small Business Loans = 5,073,468. The total in the table does not equal the total in this note because the total in this note includes counties in US territories.

SBA Lending

The Small Business Administration (SBA) offers a number of programs to support small business lending by providing guarantees covering losses banks and other lenders incur on loans to small businesses. The primary program is the SBA 7(a) loan program that provides guarantees for up to ten years for working capital and up to 25 years for fixed assets.¹⁰ NCRC obtained 7(a) loan data on a county level from the SBA for 2012.

The SBA 7(a) lending level in 2012 was 44,376 loans compared to 5,073,468 loans reported by CRA-covered banks. SBA 7(a) loan volume was about one percent of the volume of CRA-covered bank lending. SBA 7 (a) lending has an important role to play in serving small businesses that may not otherwise qualify for conventional, non-guaranteed CRA-covered lending. However, since the 7(a) loan volume is small compared to that of CRA-covered lending, it makes sense to see if 7(a) lending resources are used efficiently and are directed to counties that are relatively underserved by CRA-covered lending.

In terms of overall lending levels as shown in Figure 5 and Table 5, 14.6 SBA 7(a) loans were issued per 10,000 small businesses during 2012. Dividing the nation's counties into quintiles reveals significant differences in SBA 7(a) loan penetration rates. For the counties in the lowest quintile, 3.9 SBA 7(a) loans were issued per 10,000 businesses. In contrast, 18.6 and 36 SBA 7(a) loans were issued per 10,000 small businesses in the second-highest and highest quintile of counties during 2012.

The maps for SBA 7(a) and CRA small business lending reveal areas of overlap but also divergences across the country (see Map 1 for overall lending and Map 4 for SBA lending). Areas of the country that have high percentages of SBA 7(a) and CRA lending include counties in New England and the Great Lakes states as well as Utah. Areas of the country where SBA 7(a) and CRA small business lending are low include the Midwest and South. Interestingly, the Atlantic seaboard has low levels of SBA lending but high percentages of CRA-covered lending.

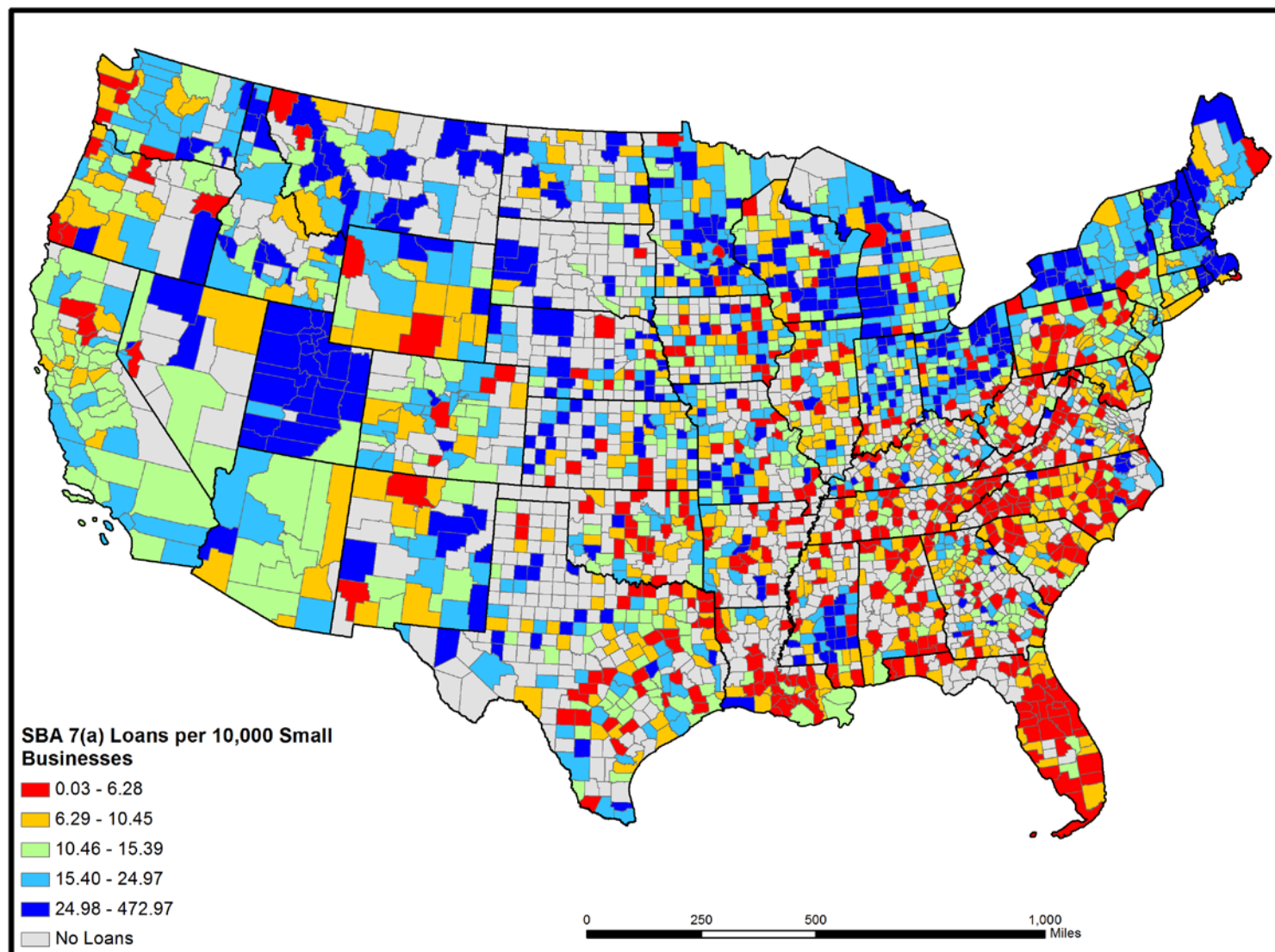
Perhaps of most interest is whether there are counties of the country with relatively low percentages of CRA-covered lending and higher levels of SBA lending. SBA lending would be helping to increase lending in these counties, which would be areas of CRA deserts. However, it does not appear that SBA lending was consistently increasing where CRA-covered lending was lower. There were instances of this phenomenon: counties in Mississippi and some counties in the Midwest that had lower percentages of CRA-covered bank lending had higher levels of SBA 7(a) lending.

¹⁰ See <http://www.sba.gov/content/7a-loan-program> for a description of the SBA 7(a) program.

In the nation as a whole, statistical analysis reveals that a modest positive correlation of .523 existed between CRA-covered lending and SBA lending.¹¹ In other words, SBA lending increased in counties where CRA lending increased. In some areas of the country, it would be desirable for SBA lending to increase where CRA lending levels were lower so that SBA lending could address a credit gap. This was the case for counties in Mississippi and the Midwest. It is unrealistic to expect a negative correlation between SBA and CRA lending, which would suggest that SBA lending was mainly increasing in counties with lower levels of CRA lending. However, it is desirable for stakeholders to study SBA and CRA lending patterns and see if there are ways to increase SBA lending in CRA lending deserts and thereby decrease the modestly positive correlation coefficient.

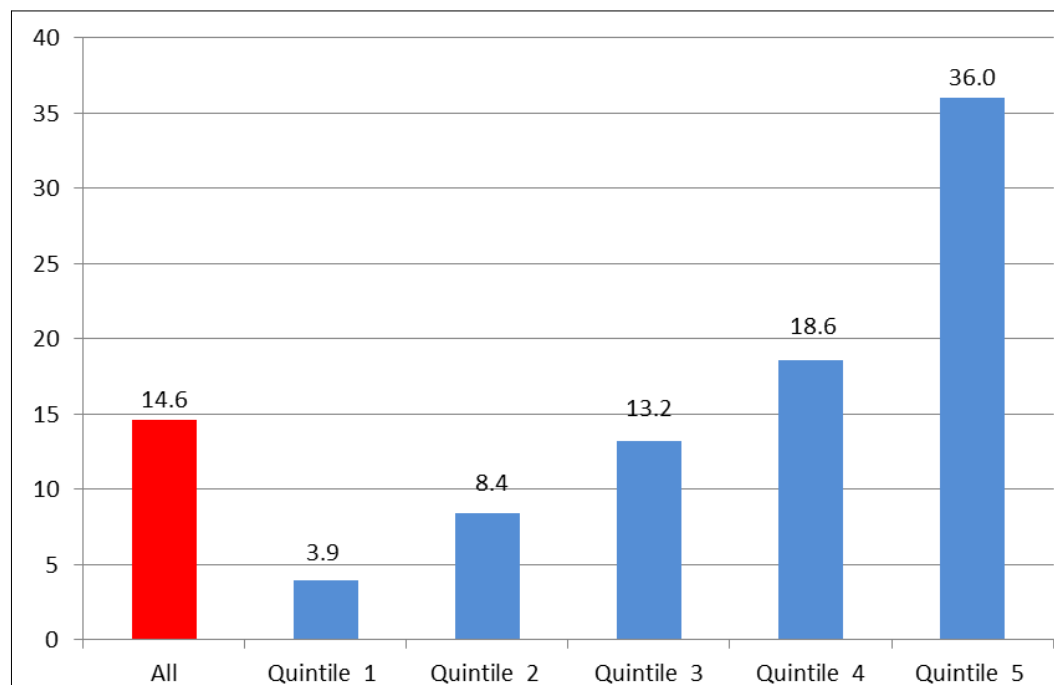
¹¹ It is not clear to what extent the bank regulatory agencies instruct banks to report SBA loans in their CRA small business data submissions. NCRC did not find references to SBA lending in "A Guide to CRA Data Collection and Reporting," which is an instruction manual published by the Federal Financial Institutions Examination Council. The interagency Question and Answer document has an obscure reference to SBA lending (page 11670) which even conscientious bank CRA officers may miss. However, even if it is the case that all SBA lending is reported as CRA lending, the relatively small loan volumes of SBA lending will not noticeably impact CRA lending volumes or the spatial distribution of CRA lending. This means that an analyst can look at the maps in this report and observe distinct patterns for CRA and SBA lending.

Map 4: SBA 7(a) Loans per 10,000 Small Businesses, 2012



Map Title: SBA 7(a) Loans per 10,000 Small Businesses, 2012

Data Source: SBA lending programs, CRA small business loan data and Dun and Bradstreet (D&B), 2012

Figure 5: Number of SBA 7(a) Loans per 10,000 Small Businesses**Table 5: Number of SBA 7(a) Loans per 10,000 Small Businesses**

	Number of SBA 7(a) Loans	Number of Small Businesses	Number of SBA 7(a) Loans per 10,000 Small Businesses
Quintile 1 (0.03-6.28)	2,035	5,168,897	3.94
Quintile 2 (6.29-10.45)	4,726	5,634,761	8.39
Quintile 3 (10.46-15.39)	11,049	8,378,733	13.19
Quintile 4 (15.40-24.97)	14,735	7,928,446	18.58
Quintile 5 (24.98-472.97)	11,758	3,265,890	36.00
All	44,303	30,376,727	14.58

Note: Total Number of SBA 7(a) loans during 2012 is 44, 376 and Total Number of Small Businesses is 30,849,229.

A few counties did not have small business demographic data. Only the counties with demographic data are employed to estimate ratios. Thus, the total number of loans in the table is less than the total number of SBA 7(a) loans in the note. Also, only the counties receiving SBA 7(a) loans are included in this table.

SBA Lending to Minority-Owned Small Businesses

In contrast to CRA small business loan data, the SBA data contains information on lending to minority-owned and women-owned small businesses. NCRC compared SBA 7(a) lending levels to the number of minority-owned and women-owned small businesses.

In 2012, the SBA 7(a) program issued 10,005 loans to minority-owned small businesses. Asian-owned businesses received 5,373 loans, the plurality of the loans to minority-owned small businesses. Hispanic-owned small businesses received 3,147 SBA 7(a) loans while African-American-owned small businesses received just 1,080 SBA 7(a) small business loans in 2012.

Figure 6: Number of SBA 7(a) Loans per 10,000 Small Businesses

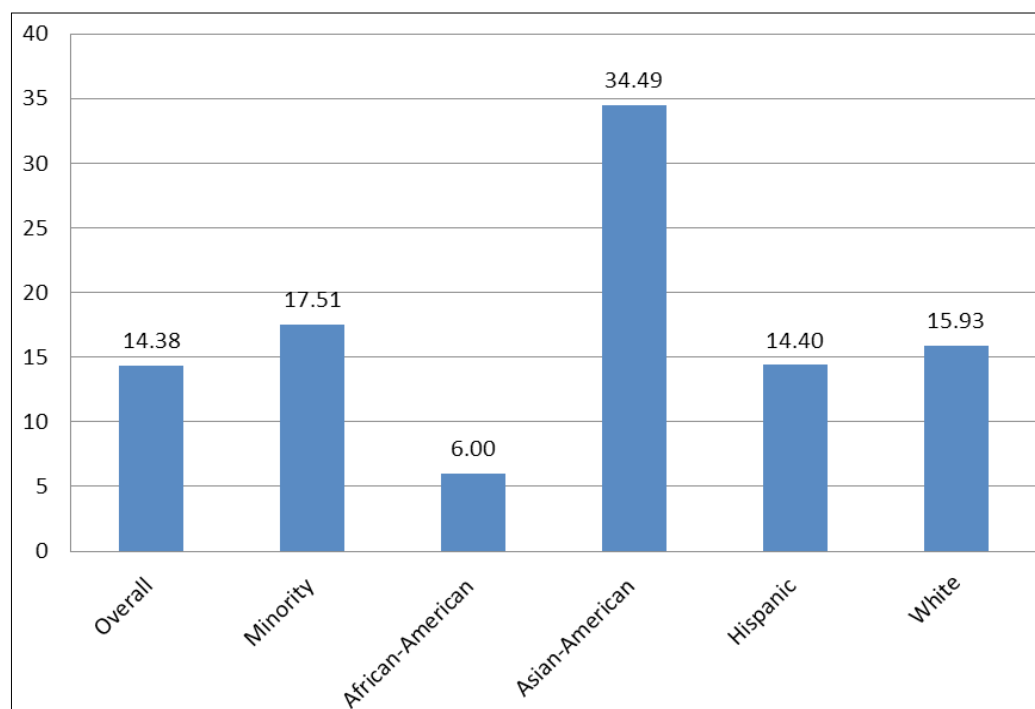


Table 6: Number of SBA 7(a) Loans per 10,000 Small Businesses

	Overall	Minority	African-American	Asian-American	Hispanic	White
Count of Loans	44,376	10,005	1,080	5,373	3,147	34,371
Count of Small Businesses	30,849,229	5,714,602	1,799,134	1,557,621	2,186,165	21,578,556
Loans per 10,000 Small Businesses	14.38	17.51	6.00	34.49	14.40	15.93

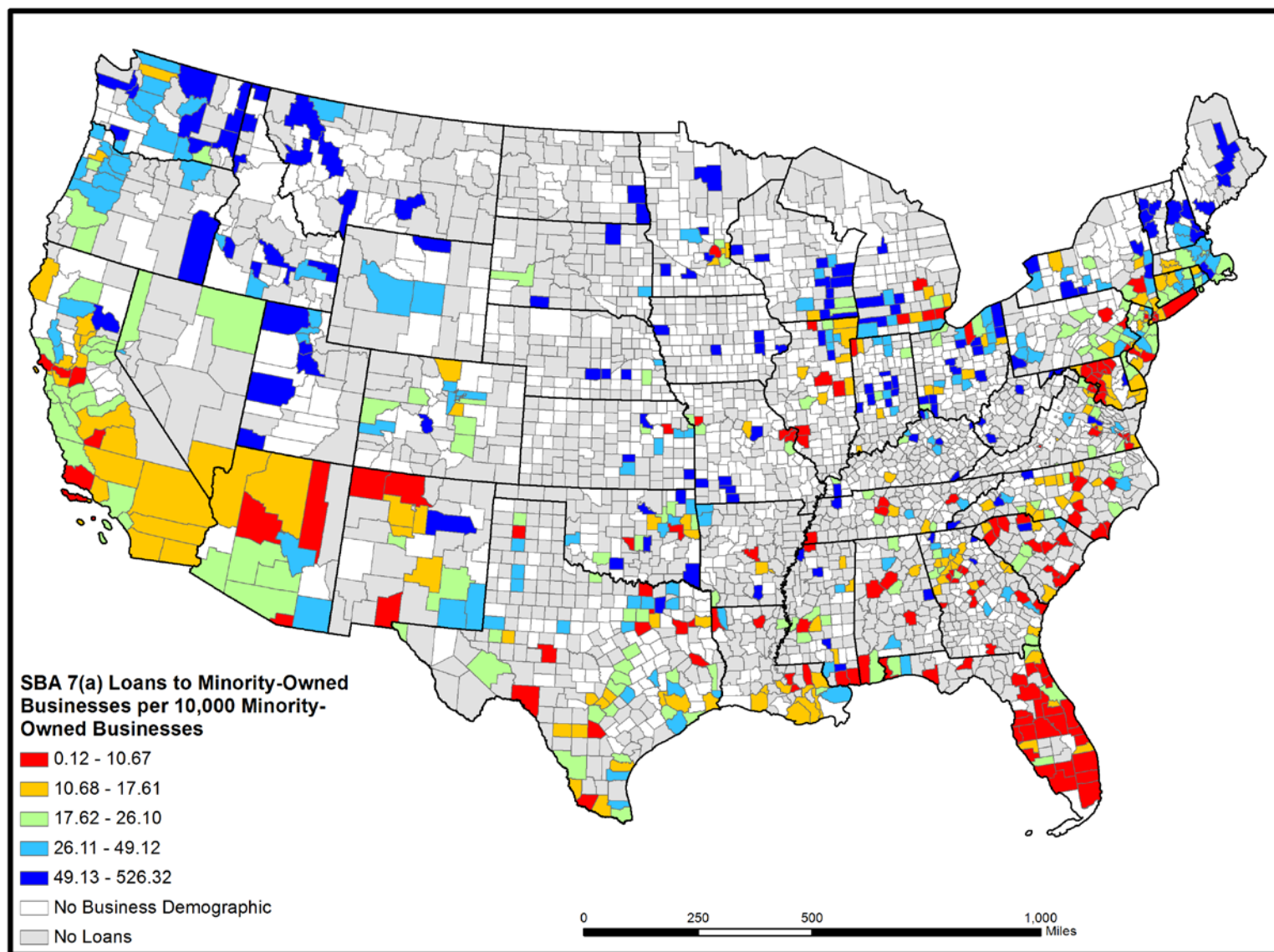
Note: This is a national comparison, not a tabulation of counties by quintile. Thus the numbers in this table are not the same as Tables 7-11, where only the counties with loan information and business demographic information are included.

The ratios per 10,000 small businesses were consistent with the absolute numbers of loans received by the various sub-categories of minority-owned small businesses. About 34.5 SBA 7(a) loans were issued per 10,000 Asian-owned small businesses while just 14.4 and 6 SBA 7(a) loans were issued per 10,000 Hispanic-owned and African-American-owned small businesses, respectively, during 2012.

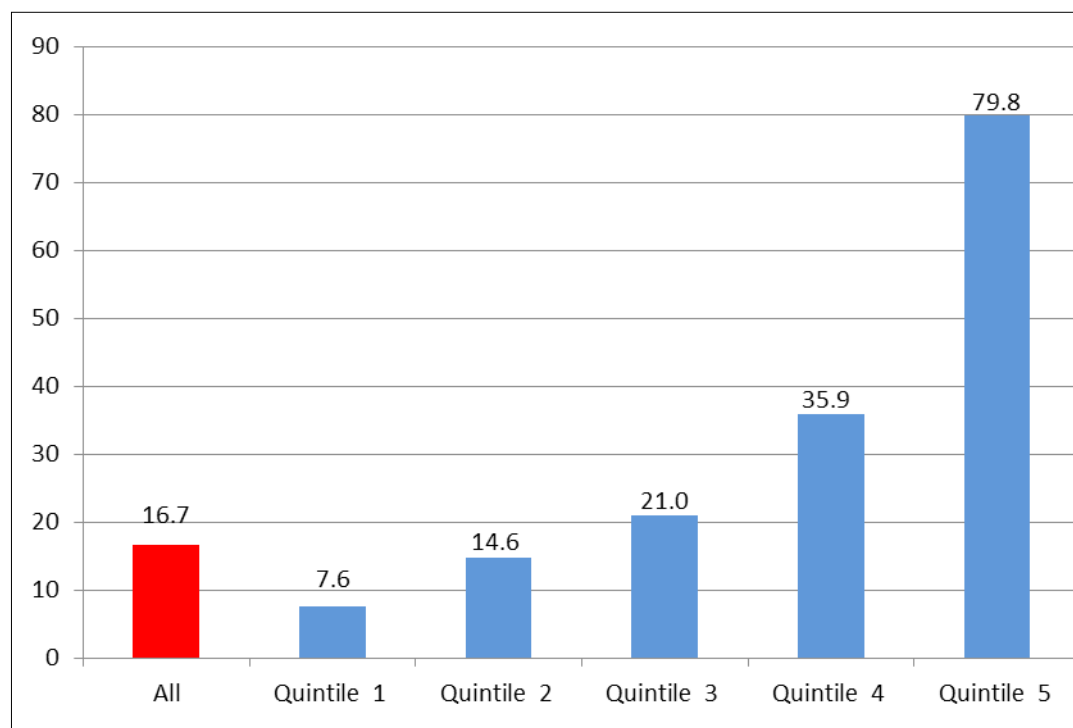
White-owned businesses received 34,371 SBA 7(a) loans during 2012. In terms of loans per 10,000 businesses, white-owned businesses recorded about 16 loans per 10,000 small businesses, which is higher than African-American- and Hispanic-owned small businesses but lower than Asian-owned small businesses.

An analysis of loans per quintile of counties reveals that the SBA 7(a) program was not generally successful in serving minority-owned small businesses in areas with higher numbers of minority-owned small businesses. In the case of Hispanic-owned small businesses, for example, the ratio of SBA 7(a) loans per 10,000 small businesses is particularly low in California and Florida, areas of the country with high numbers of Hispanics.

Map 5: SBA 7(a) Loans to Minority-Owned Businesses per 10,000 Minority-Owned Businesses, 2012



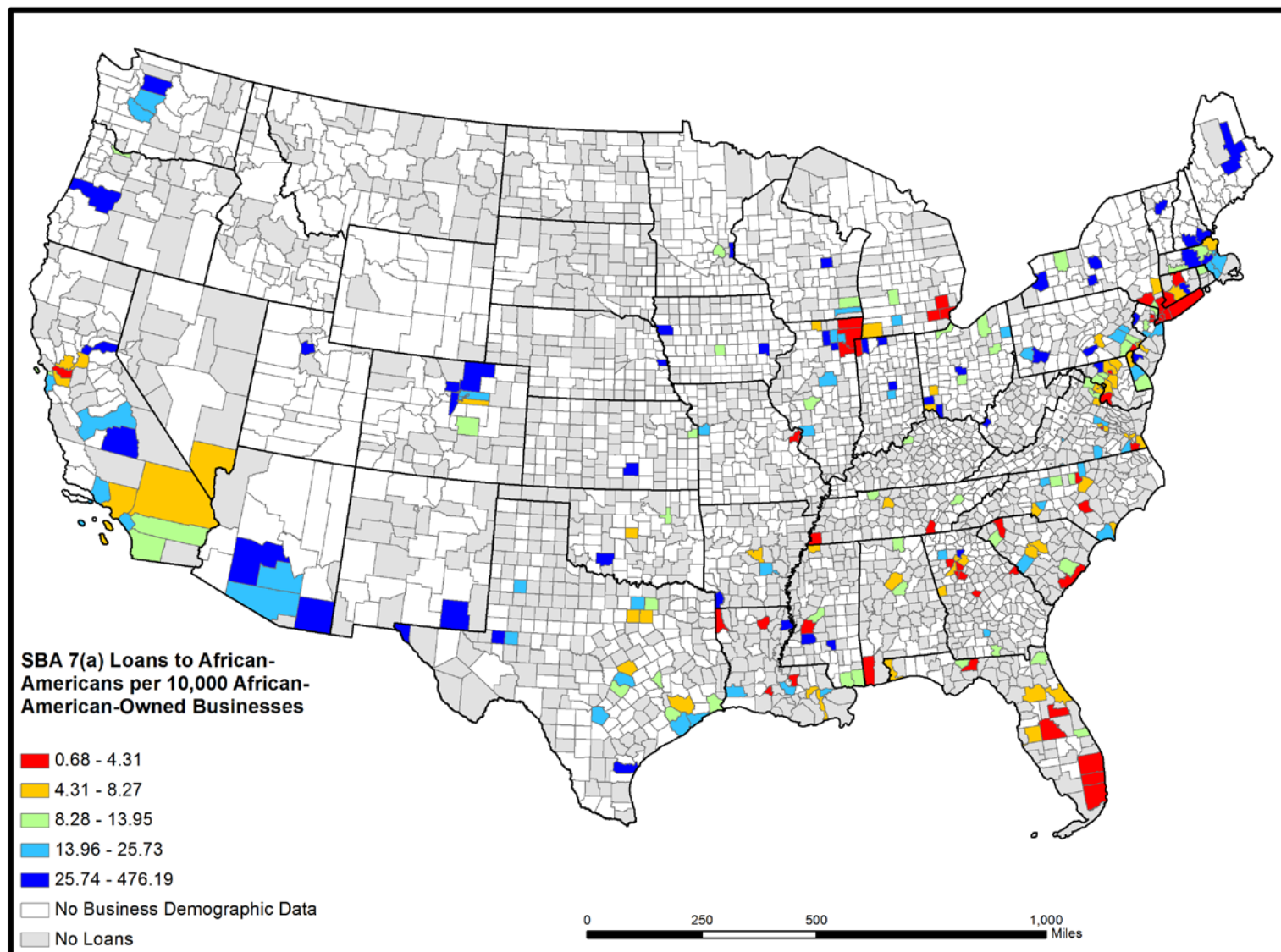
Map Title: SBA 7(a) Loans to Minority-Owned Businesses per 10,000 Minority-Owned Businesses, 2012
Data Source: SBA lending programs, 2012; U.S. Census Bureau, Survey of Business Owner data, 2007

Figure 7: Number of SBA 7(a) Loans to Minority-Owned Businesses per 10,000 Minority-Owned Businesses**Table 7: Number of SBA 7(a) Loans to Minority-Owned Businesses per 10,000 Minority-Owned Businesses**

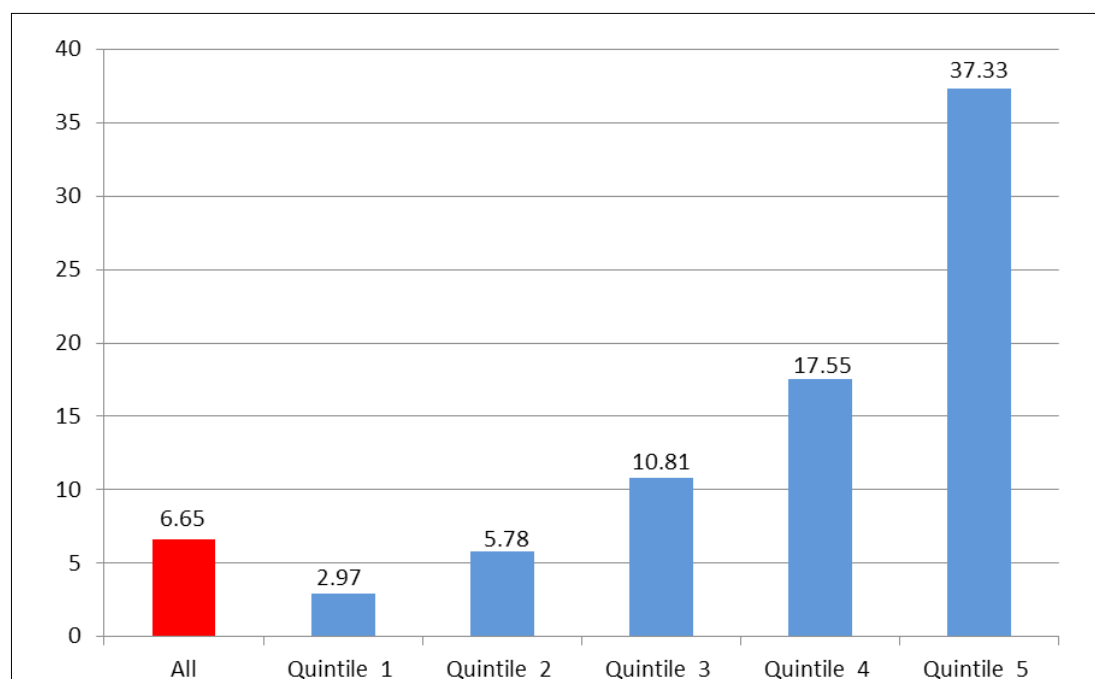
	Number of Minority Approved SBA 7(a) Loans	Number of Minority Owned Businesses	Number of Minority Approved SBA 7(a) Loans per 10,000 Minority Owned Businesses
Quintile 1 (0.12-10.67)	1,383	1,827,501	7.57
Quintile 2 (10.68-17.61)	2,242	1,531,911	14.64
Quintile 3 (17.62-26.10)	3,419	1,625,581	21.03
Quintile 4 (26.11-49.12)	1,527	424,945	35.93
Quintile 5 (49.13-526.32)	581	72,762	79.85
All	9,152	5,482,700	16.69

Note: Total Number of SBA7(a) Loans to Minority-Owned Businesses = 10,005 and Total Number of Minority-Owned Businesses = 5,714,602. The total in the table does not equal the total in this note because counties with no loans or no business demographic data are not included.

Map 6: SBA 7(a) Loans to African-American-Owned Businesses per 10,000 African-American-Owned Businesses, 2012



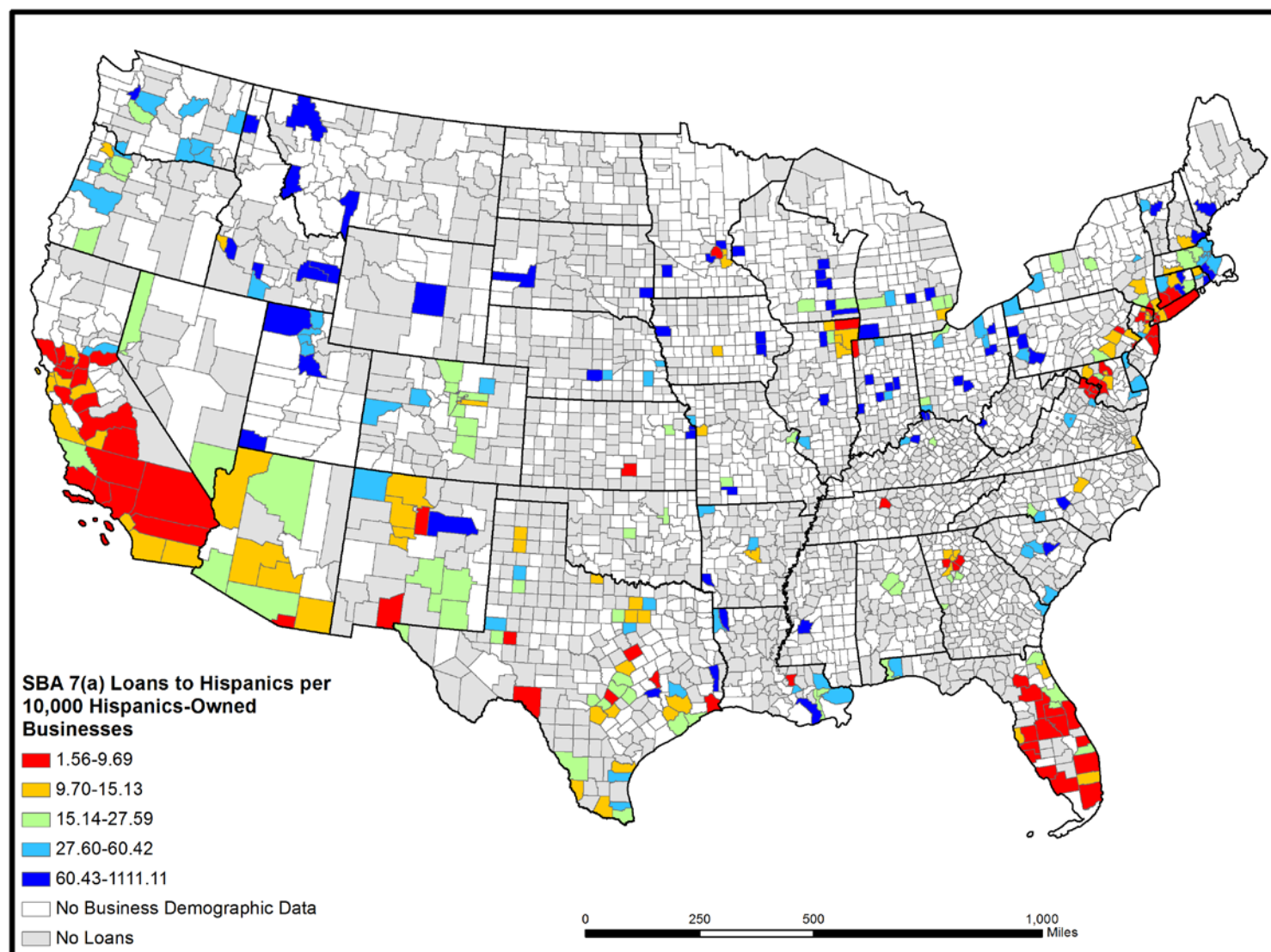
Map Title: SBA 7(a) Loans to African-American-Owned Business per 10,000 African-American-Owned Businesses, 2012
Data Source: SBA lending programs, 2012; U.S. Census Bureau, Survey of Business Owner data, 2007

Figure 8: Number of SBA 7(a) Loans to African-American-Owned Businesses per 10,000 African-American-Owned Businesses**Table 8: Number of SBA 7(a) Loans to African-American-Owned Businesses per 10,000 African-American-Owned Businesses**

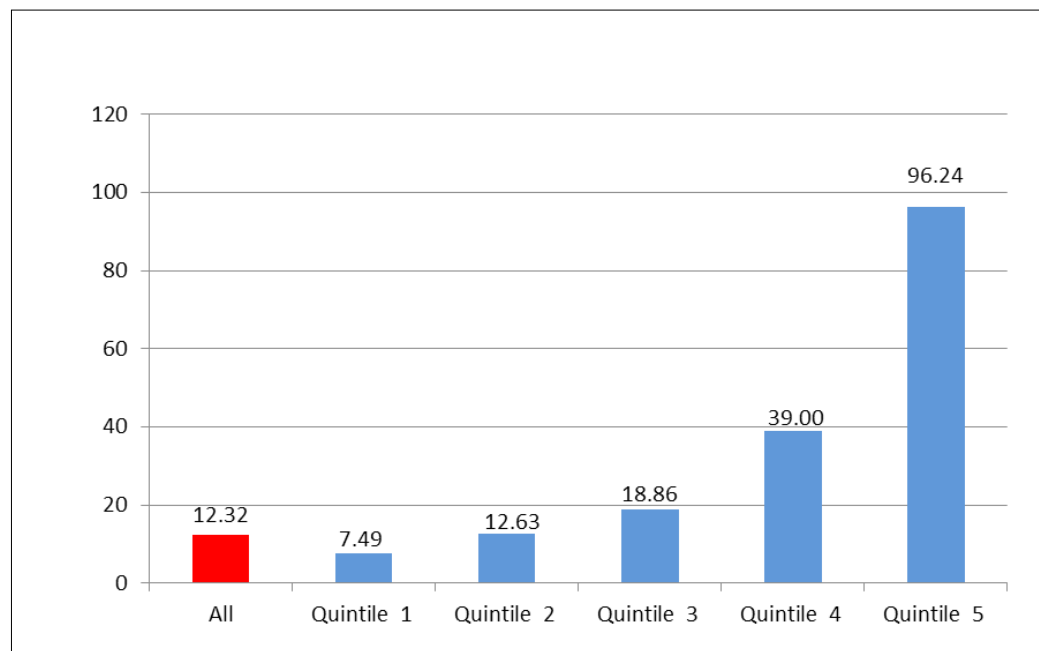
	Number of SBA 7(a) Loans to African-American-Owned Business	Number of African-American-Owned Businesses	Number of SBA 7(a) Loans to African-American-Owned Business per 10,000 African-American-Owned Businesses
Quintile 1 (0.68-4.31)	202	680,786	2.97
Quintile 2 (4.32-8.27)	276	477,720	5.78
Quintile 3 (8.28-13.95)	209	193,378	10.81
Quintile 4 (13.96-25.73)	172	98,010	17.55
Quintile 5 (25.74-476.19)	128	34,293	37.33
All	987	1,484,187	6.65

Note: Total Number of SBA 7(a) Loans to African-American-Owned Businesses = 1,080 and Total Number of African-American-Owned Businesses = 1,799,134. The total in the table does not equal the total in this note because counties with no loans or no business demographic data are not included.

Map 7: SBA 7(a) Loans to Hispanic-Owned Businesses per 10,000 Hispanic-Owned Businesses, 2012

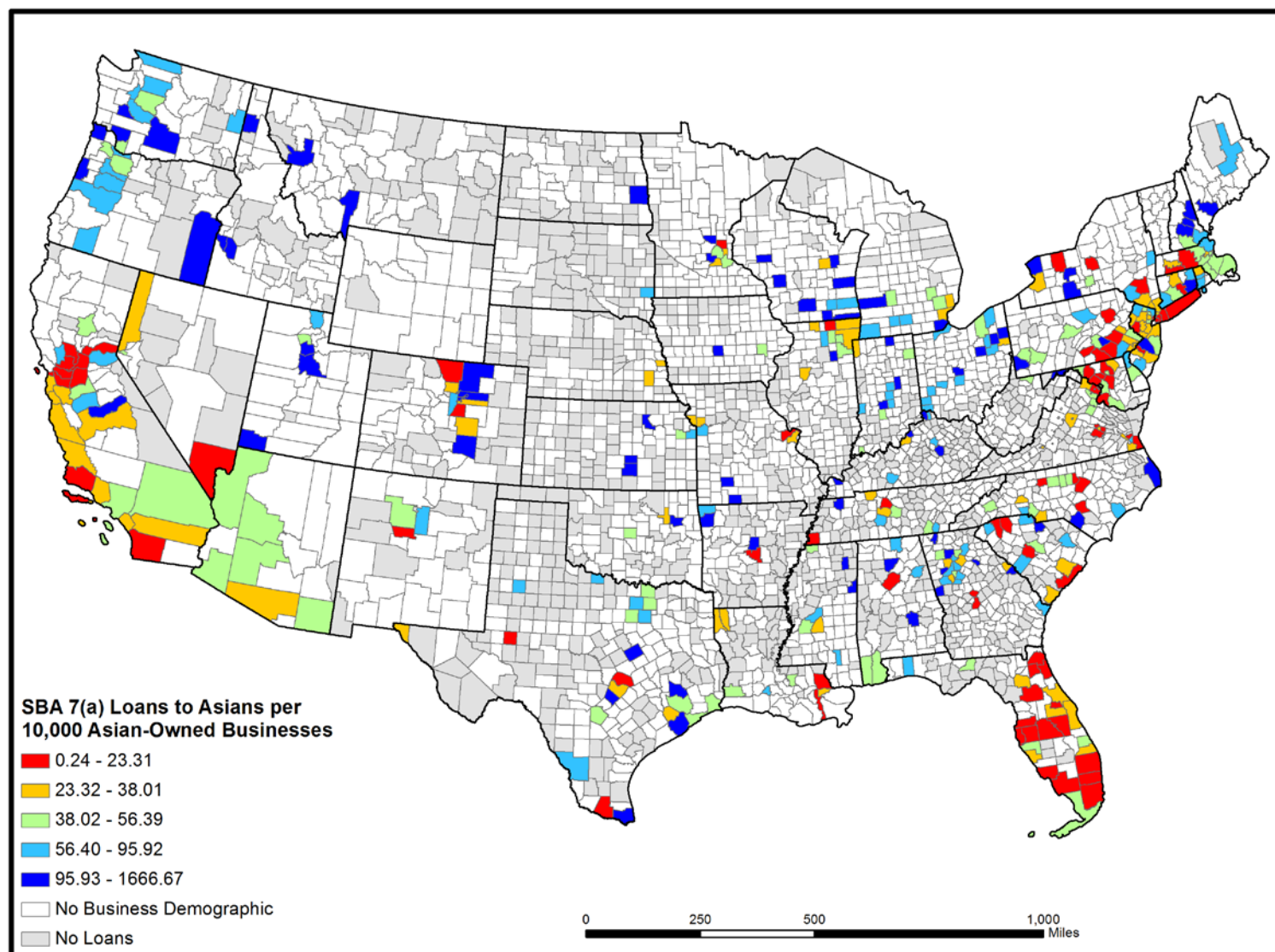


Map Title: SBA 7(a) Loans to Hispanic-Owned Businesses per 10,000 Hispanic-Owned Businesses, 2012
Data Source: SBA lending programs, 2012; U.S. Census Bureau, Survey of Business Owner data, 2007

Figure 9: Number of SBA 7(a) Loans to Hispanic-Owned Businesses per 10,000 Hispanic-Owned Businesses**Table 9: Number of SBA 7(a) Loans to Hispanic-Owned Businesses per 10,000 Hispanic-Owned Businesses**

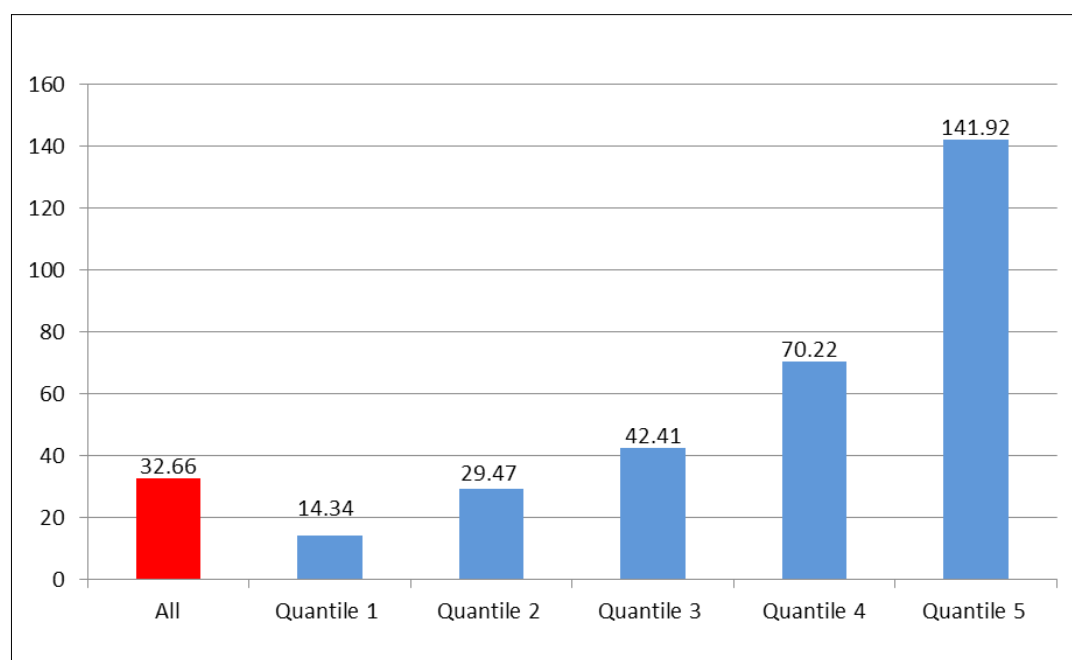
	Number of SBA 7(a) Loans to Hispanic-Owned Business	Number of Hispanic-Owned Businesses	Number of SBA 7(a) Loans to Hispanic-Owned Business per 10,000 Hispanic-Owned
Quintile 1 (1.56-9.69)	770	1,028,328	7.49
Quintile 2 (9.70-15.13)	865	684,932	12.63
Quintile 3 (15.14-27.59)	425	225,308	18.86
Quintile 4 (27.60-60.42)	269	68,971	39.00
Quintile 5 (60.43-1111.11)	165	17,145	96.24
All	2,494	2,024,684	12.32

Note: Total Number of SBA 7(a) Loans to Hispanic-Owned Business = 3,147 and Total Number of Hispanic-Owned Businesses = 2,186,165. The total in the table does not equal the total in this note because counties with no loans or no business demographic data are not included.

Map 8: SBA 7(a) Loans to Asian-Owned Businesses per 10,000 Asian-Owned Businesses, 2012

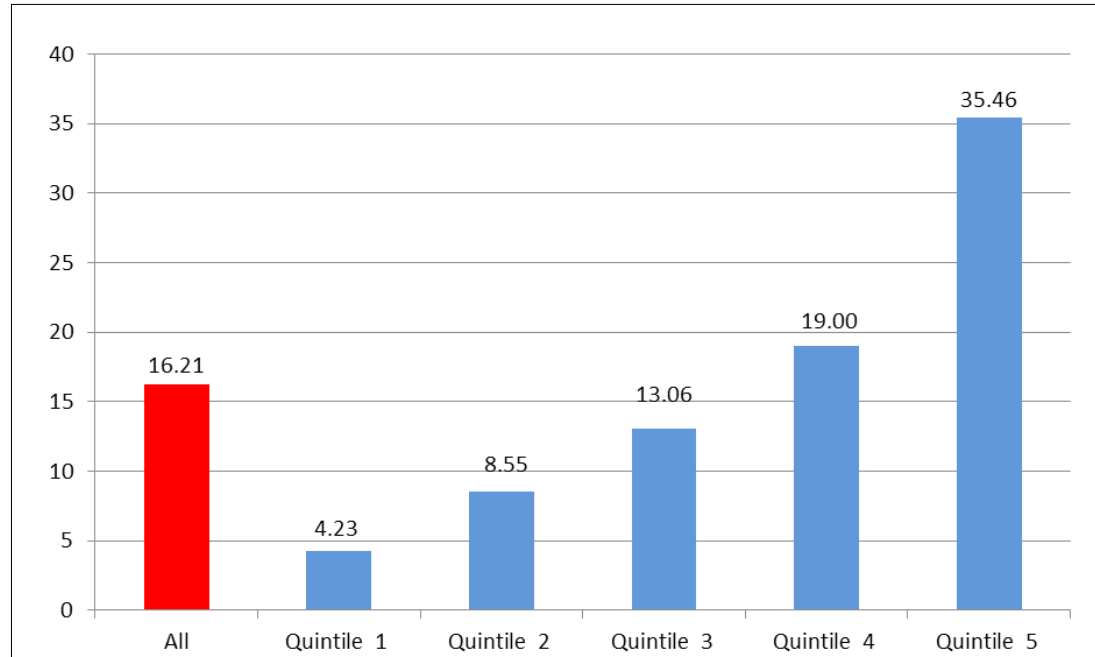
Map Title: SBA 7(a) Loans to Asian-Owned Businesses per 10,000 Asian-Owned Businesses, 2012

Data Source: SBA lending programs, 2012; U.S. Census Bureau, Survey of Business Owner data, 2007

Figure 10: Number of SBA 7(a) Loans to Asian-Owned Businesses per 10,000 Asian-Owned Businesses**Table 10: Number of SBA 7(a) Loans to Asian-Owned Businesses per 10,000 Asian-Owned Businesses**

	Number of SBA 7(a) Loans to Asian-Owned Businesses	Number of Asian-Owned Businesses	Number of SBA 7(a) Loans to Asians per 10,000 Asian-Owned Businesses
Quintile 1 (0.24-23.31)	803	560,157	14.34
Quintile 2 (23.32-38.01)	1,058	358,969	29.47
Quintile 3 (38.02-56.39)	1,880	443,241	42.41
Quintile 4 (56.40-95.92)	766	109,079	70.22
Quintile 5 (95.93-1666.67)	388	27,340	141.92
All	4,895	1,498,786	32.66

Note: Total Number of SBA 7(a) Loans to Asian-Owned Businesses = 5,373 and Total Number of Asian-Owned Businesses = 1,557,621. The total in the table does not equal the total in this note because counties with no loans or no business demographic data are not included.

Figure 11: Number of SBA 7(a) Loans to White-Owned Businesses per 10,000 White-Owned Businesses**Table 11: Number of SBA 7(a) Loans to White-Owned Businesses per 10,000 White-Owned Businesses**

	Number of SBA 7(a) Loans to White-Owned Businesses	Number of White-Owned Businesses	Number of SBA 7(a) Loans to White-Owned Businesses per 10,000 White-Owned Businesses
Quintile 1 (0.17-6.80)	1,008	2,381,907	4.23
Quintile 2 (6.81-10.58)	3,594	4,205,635	8.55
Quintile 3 (10.59-15.55)	7,630	5,841,406	13.06
Quintile 4 (15.56-24.52)	10,136	5,334,455	19.00
Quintile 5 (24.53-431.71)	11,832	3,336,274	35.46
All	34,200	21,099,677	16.21

Note: Total Number of SBA 7(a) Loans to White-Owned Businesses = 34,371 and Total Number of White-Owned Businesses = 21,578,556. The total in the table does not equal the total in this note because counties with no loans or no business demographic data are not included.

SBA Lending to Women-Owned Small Businesses

During 2012, women-owned small businesses received 7,213 SBA 7(a) loans or 9.3 SBA 7(a) loans per 10,000 women-owned small businesses. Male-owned small businesses received 34,371 SBA 7(a) loans or 24.7 SBA 7(a) loans per 10,000 male-owned small businesses.

Compared to minority-owned small businesses, women-owned small businesses received more loans per 10,000 small businesses than African-American-owned small businesses, but less than Hispanic-owned and Asian-owned small businesses.

The penetration rates for women-owned small businesses are low on the West Coast and in Florida and southern parts of the East Coast. Penetration rates are highest in some counties in New England and the Great Lakes states, according to Map 9.

Figure 12: Number of SBA 7(a) Loans per 10,000 Small Businesses, by Gender

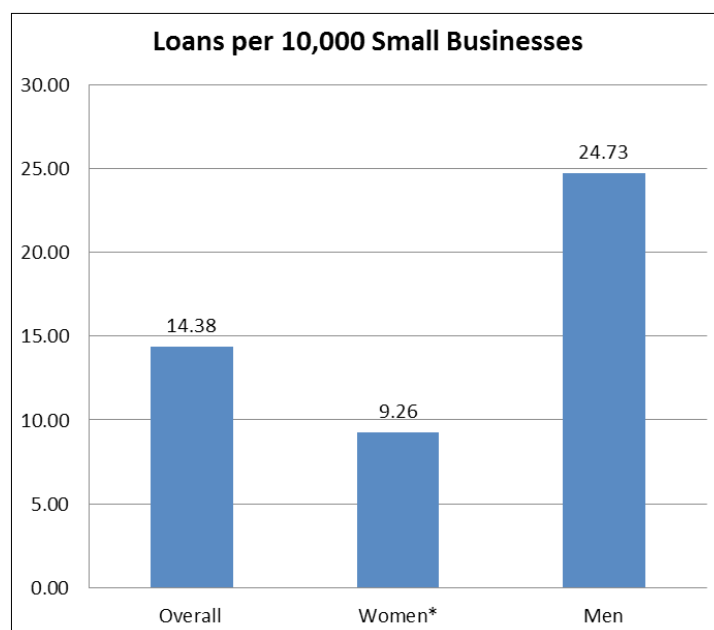
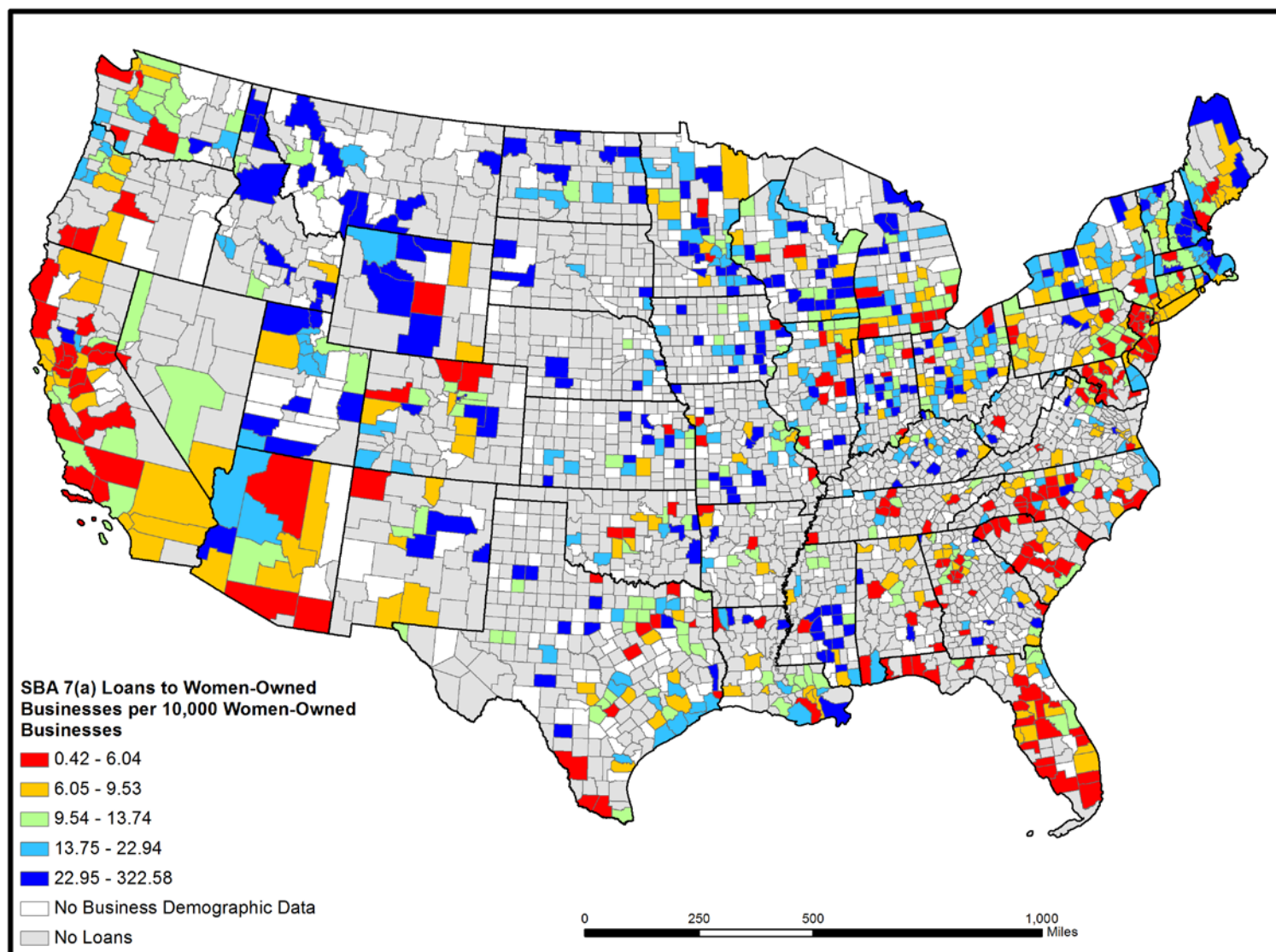


Table 12: Number of SBA 7(a) Loans per 10,000 Small Businesses, by Gender

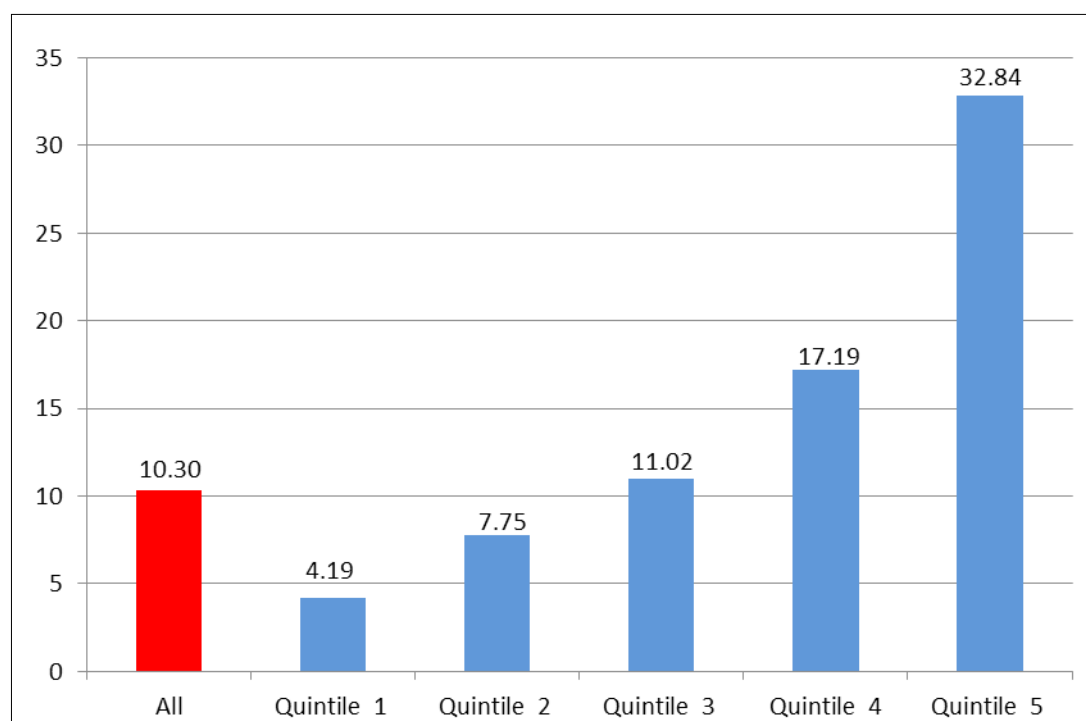
	Overall	Women*	Men
Count of Loans	44,376	7,213	34,371
Count of Small Businesses	30,849,229	7,792,115	13,900,554
Loans per 10,000 Small Businesses	14.38	9.26	24.73

* "Women-Owned" is a business in which women own more than 50% of the business. This is a national comparison instead of a tabulation of counties by quintile. Thus the numbers in this table are not the same as Table 13, in which only the counties with loan information and business demographic information are used.

Map 9: SBA 7(a) Loans to Women-Owned Businesses per 10,000 Women-Owned Small Businesses, 2012

Map Title: SBA 7(a) Loans to Women-Owned Businesses per 10,000 Women-Owned Businesses, 2012

Data Source: SBA lending programs, 2012; U.S. Census Bureau, Survey of Business Owner data, 2007

Figure 13: Number of SBA 7(a) Loans to Women-Owned Businesses per 10,000 Women-Owned Small Businesses**Table 13: Number of SBA 7(a) Loans to Women-Owned Businesses per 10,000 Women-Owned Small Businesses**

	Number of SBA 7(a) Loans to Women-Owned Business	Number of Women-Owned Businesses	Number of SBA 7(a) Loans to Women-Owned Business per 10,000 Women-Owned Small Businesses
Quintile 1 (0.42-6.04)	702	1,674,778	4.19
Quintile 2 (6.05-9.53)	1,510	1,947,671	7.75
Quintile 3 (9.54-13.74)	2,037	1,848,806	11.02
Quintile 4 (13.75-22.94)	1,632	949,171	17.19
Quintile 5 (22.95-322.58)	1,063	323,677	32.84
All	6,944	6,744,103	10.30

Note: Total Number of SBA 7(a) Loans to Women-Owned Business = 7,213 and Total Number of Women-Owned Businesses = 7,792,115. The total in the table does not equal the total in this note because counties with no loans or no business demographic data are not included.

SBA Microloan Program

The SBA microloan program provides debt capital for lending to microbusinesses or very small businesses. Loans can be up to \$50,000; the average loan amount is \$13,000. Loans can be used for working capital, inventory and supplies, and machinery and equipment. Nonprofit, community-based lenders approved by the SBA make the loans under the microloan program.¹²

In 2012, the SBA microloan program totaled 3,493 loans. There were approximately two loans per 10,000 microbusinesses. The lowest quintile of counties had about one loan per 10,000 microbusinesses. In contrast, the second-highest and highest quintile of counties had about seven and 18.8 loans per 10,000 microbusinesses, respectively.

The map shows that microloan program penetration rates are the highest in Nebraska, Kentucky, and some counties in Maine, North Dakota, South Dakota, and Minnesota. This is likely due to successful nonprofit lenders operating in those states.

The Nonprofit Microlending Industry

An estimated 36,936 microloans were disbursed in 2012 by the nonprofit lenders comprising the U.S. microenterprise industry. This represents a 49 percent increase in the number of microloans estimated to have been disbursed during the prior year.¹³ Table 14 below shows the lending activity reported for Fiscal Year 2012 by the programs responding to the U.S. Microenterprise Census conducted by FIELD at the Aspen Institute. Those programs (122 reported) disbursed 24,607 microloans. For the dollar amount, 120 programs reported disbursing \$123.5 million in microloans.

Table 14: Microloans Disbursed and Outstanding in Fiscal Year 2012

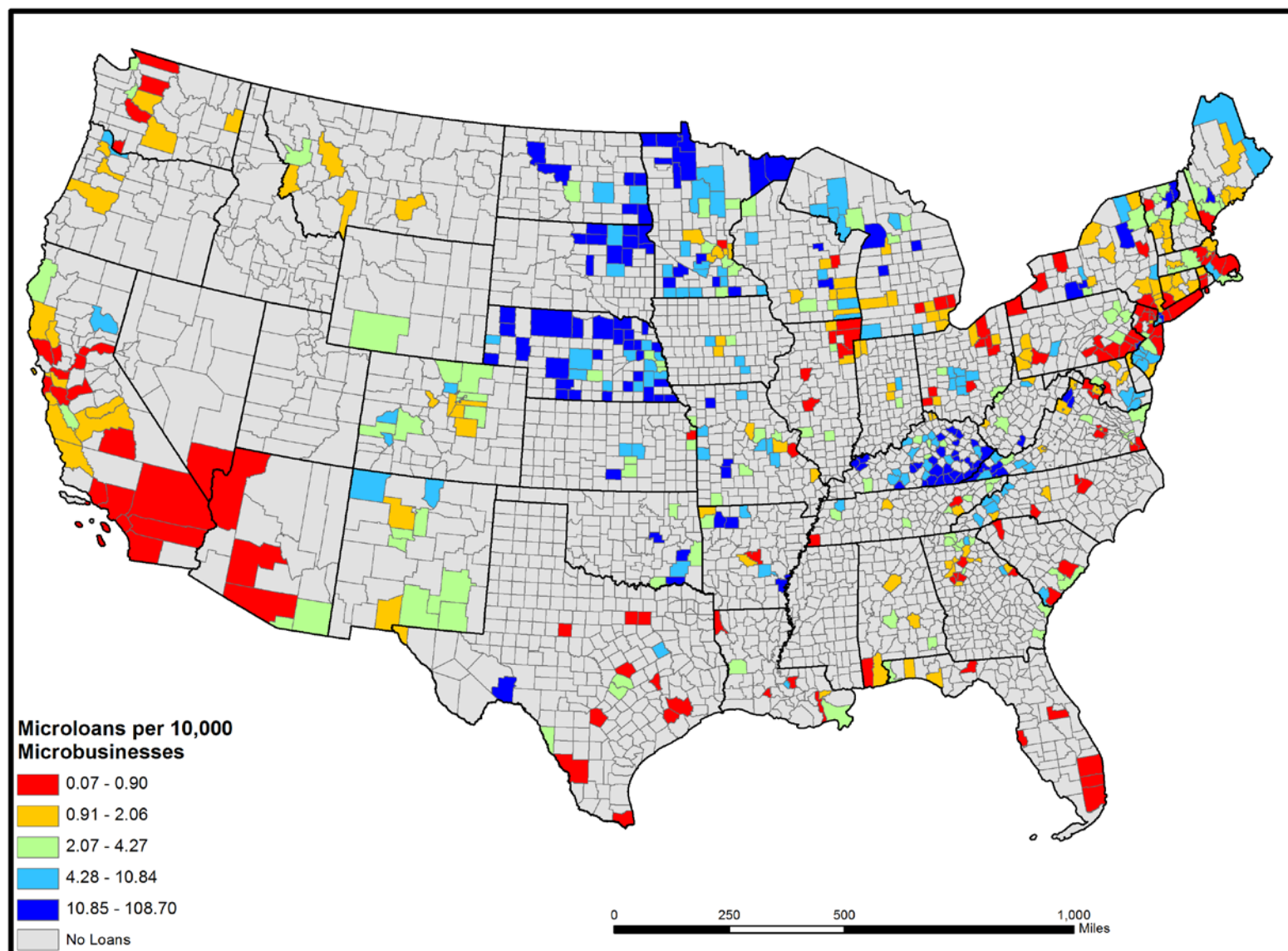
	# Microloans Disbursed	\$ Microloans Disbursed	# Microloans Outstanding	\$ Microloans Outstanding	Average Size of Microloans Disbursed
Median	16	\$209,890	46	\$434,987	\$15,000
Mean (Average)	201	\$1,029,243	206	\$1,319,071	\$16,601
Minimum	0	\$0	0	\$0	\$808
Maximum	17,500	\$34,479,000	10,300	\$18,139,229	\$46,875
Number reporting	122	120	112	112	116

(Table Source: FIELD at the Aspen Institute, <http://fieldus.org/Stories/Microfinancing.html>)

¹² See <http://www.sba.gov/content/microloan-program>.

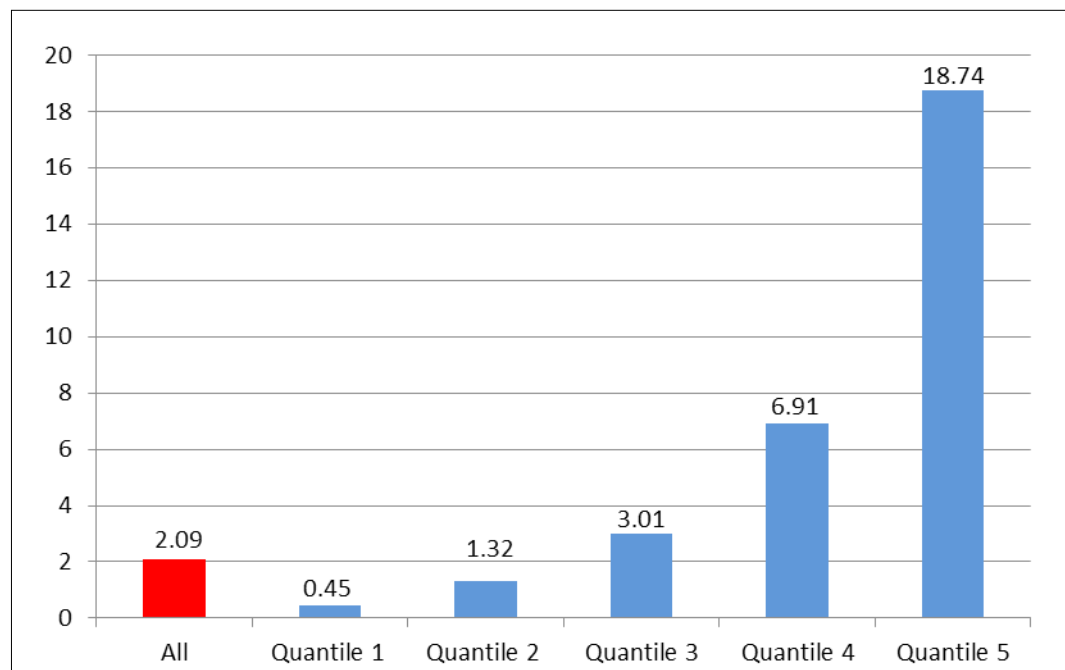
¹³ See <http://fieldus.org/Stories/Size.html>.

Map 10: Microloans per 10,000 Microbusinesses, 2012



Map Title: Microloans per 10,000 Microbusinesses, 2012

Data Source: Microlending programs, 2012; U.S. Census Bureau, County Business Patterns, 2011 and Nonemployer Statistics, 2011

Figure 14: Number of All Microloans per 10,000 Microbusinesses**Table 15: Number of All Microloans per 10,000 Microbusinesses**

	Number of All Microloans	Number of Microbusinesses	Number of All Microloans per 10,000 Microbusinesses
Quintile 1 (0.07-0.90)	427	9,506,140	0.45
Quintile 2 (0.91-2.06)	458	3,463,632	1.32
Quintile 3 (2.07-4.27)	546	1,813,858	3.01
Quintile 4 (4.28-10.84)	878	1,269,855	6.91
Quintile 5 (10.85-108.70)	1,184	631,854	18.74
All	3,493	16,685,339	2.09

Note: Total Number of Microbusinesses = 26,518,911. The total in the table does not equal the total in this note because only the counties receiving microloans are in the table.

CDFI Small Business Lending and Microlending

Community Development Financial Institutions (CDFIs) are alternative lending institutions dedicated to serving traditionally underserved communities. CDFIs are supported by the CDFI Fund operated by the Department of the Treasury. The CDFI Fund states that its mission is to “increase economic opportunity and promote community development investments for underserved populations and in distressed communities in the United States.” Since its creation, the CDFI Fund has awarded \$1.7 billion to CDFIs.¹⁴

The CDFI Fund provided NCRC with data on the small business and microlending activities of the CDFIs its supports. The lending levels of these CDFIs are similar to the SBA 7(a) program. The SBA 7(a) program guaranteed about 44,000 loans during 2012. Supported by the CDFI Fund, CDFIs issued about 13,000 small business loans and 33,708 microloans during 2012.

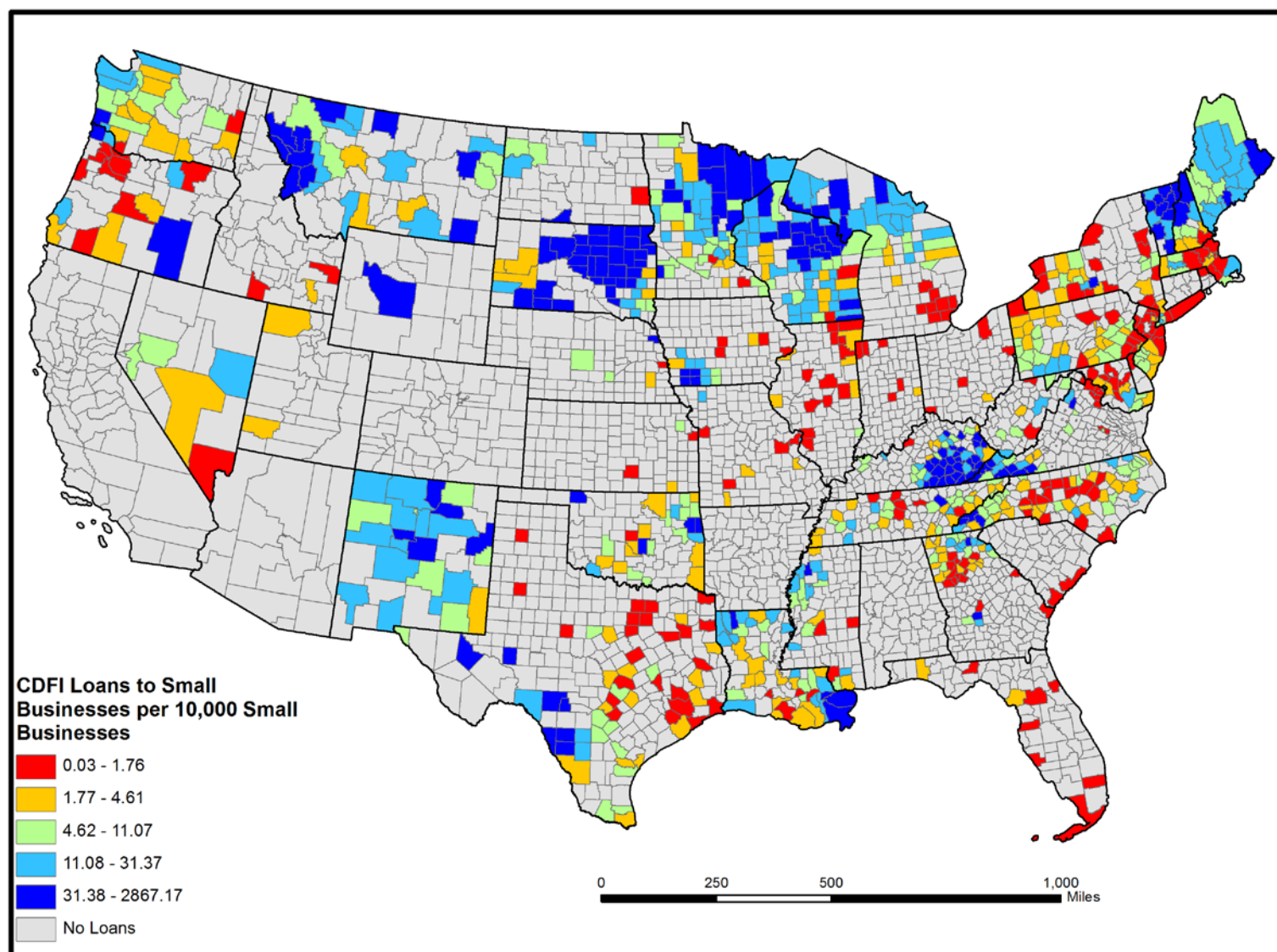
Dividing the counties into quintiles reveals that the CDFI-related lending is concentrated in certain counties. The highest quintile has considerably more loans than the second highest quintile for both small business lending and microlending (see figures 15 and 16 and Tables 16 and 17). For example, the highest quintile of counties had 137 microloans per 10,000 microbusinesses while the second highest quintile had 12 loans per 10,000 microbusinesses.

The CDFI small business and microloan maps (Maps 11 and 12) reveal that high concentrations of both small business loans and microloans occurred in northern counties in Michigan, Wisconsin, and Minnesota, and in Kentucky and South Dakota.¹⁵ These counties were generally underserved by CRA small business lending. Thus CDFI lending counteracted gaps in CRA lending in concentrations of counties in a handful of states. Recall, however, that CDFI lending volumes were small compared to CRA loan volumes, meaning that the gaps in those states were not eliminated by the CDFI lending.

Statistical analysis reveals that neither CDFI small business loans nor microloans were correlated positively or negatively with CRA-covered small business lending. The statistical analysis does not provide a definitive conclusion about whether CDFI lending is systematically counteracting credit gaps across the country by increasing where CRA-covered lending was relatively low. Yet it is also true that CDFI lending was relatively high in certain counties in sections of the country with lower levels of CRA lending.

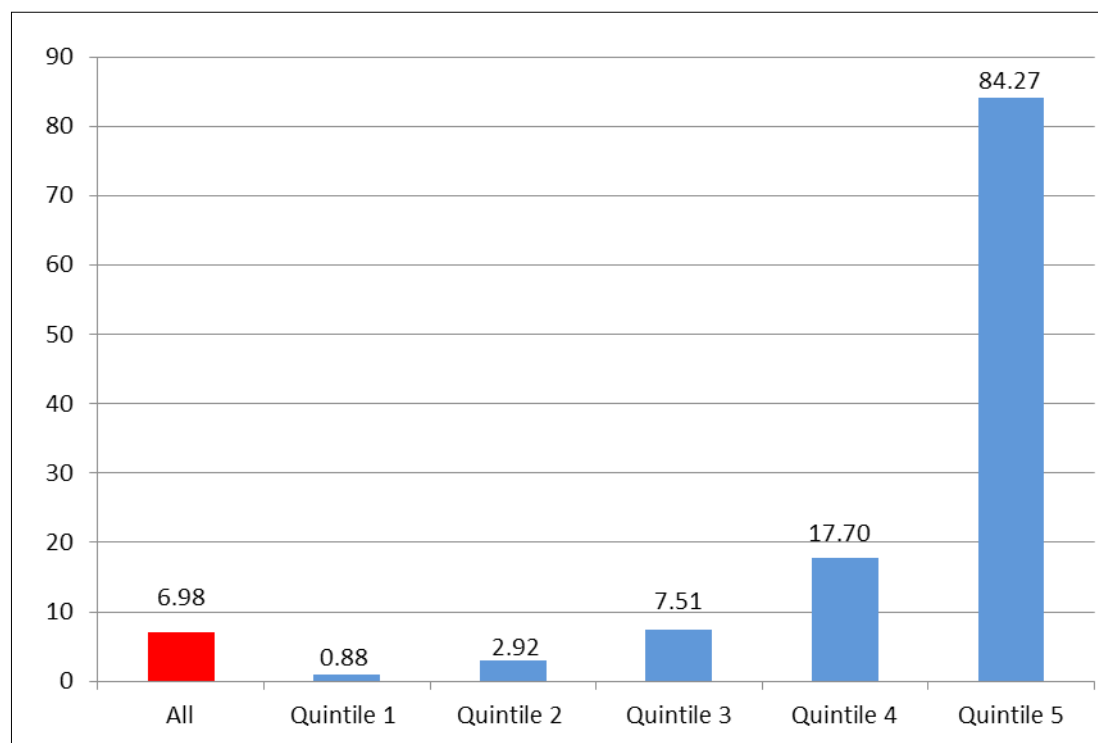
¹⁴ See http://www.cdfifund.gov/who_we_are/about_us.asp.

¹⁵ There were some differences in other counties in terms of concentrations of CDFI small business and microlending. For example, New Mexico received higher levels of CDFI small business lending than microlending while southern Texas received higher levels of microlending.

Map 11: CDFI Loans to Small Businesses per 10,000 Small Businesses

Map Title: CDFI Loans to Small Businesses per 10,000 Small Businesses, 2012

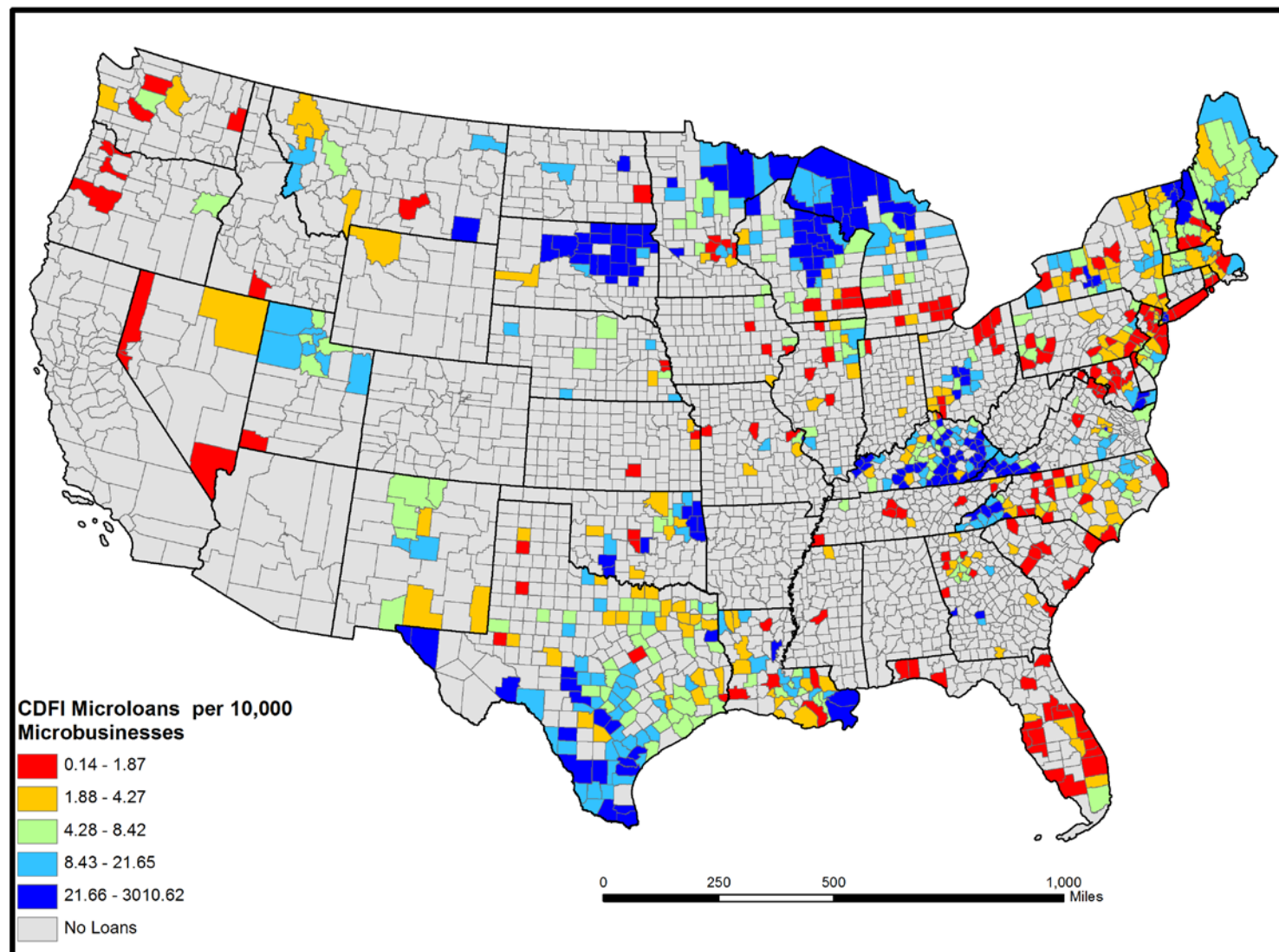
Data Source: CDFI Transaction Level Report data, 2012; U.S. Census Bureau, County Business Patterns, 2011 and Nonemployer Statistics, 2011

Figure 15: Number of CDFI Loans to Small Businesses per 10,000 Small Businesses**Table 16: Number of CDFI Loans to Small Businesses per 10,000 Small Businesses**

	Number of CDFI Small Business Loans	Number of Small Businesses	Number of CDFI Loans to Small Businesses per 10,000 Small Businesses
Quintile 1 (0.03-1.76)	729	8,281,297	0.88
Quintile 2 (1.77-4.61)	939	3,213,381	2.92
Quintile 3 (4.62-11.07)	1,839	2,450,024	7.51
Quintile 4 (11.08-31.37)	3,048	1,722,130	17.70
Quintile 5 (31.38-2861.17)	4,769	565,910	84.27
All	11,324	16,232,742	6.98

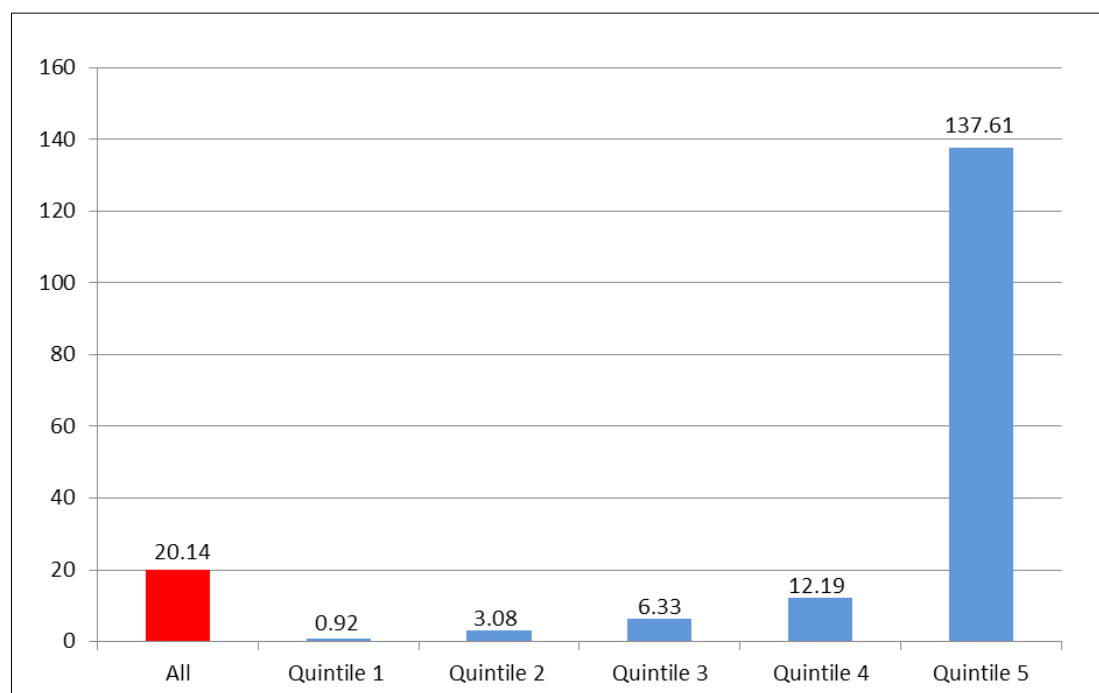
Note: Total Number of CDFI Small Business Loans = 13,149 and Total Number of Small Businesses = 30,849,229. The total in the table does not equal the total in this note because only the counties receiving CDFI small business loans are in the table.

Map 12: CDFI Microloans per 10,000 Microbusinesses



Map Title: CDFI Microloans per 10,000 Microbusinesses, 2012

Data Source: CDFI Transaction Level Report data, 2012; U.S. Census Bureau, County Business Patterns, 2011 and Nonemployer Statistics, 2011

Figure 16: Number of CDFI Microloans per 10,000 Microbusinesses**Table 17: Number of CDFI Microloans per 10,000 Microbusinesses**

	Number of CDFI Microloans	Number of Microbusinesses	Number of CDFI Microloans per 10,000 Microbusinesses
Quintile 1 (0.14-1.87)	485	5,294,680	0.92
Quintile 2 (1.88-4.27)	841	2,731,300	3.08
Quintile 3 (4.28-8.42)	2,147	3,394,439	6.33
Quintile 4 (8.43-21.65)	2,685	2,202,743	12.19
Quintile 5 (21.66-3010.62)	24,923	1,811,128	137.61
All	31,081	15,434,290	20.14

Note: Total Number of CDFI Microloans = 33,708 and Total Number of Microbusinesses = 26,518,911. The total in the table does not equal the total in this note because only the counties receiving CDFI microloans are in the table.

Composite Ranking of Counties

While this report assessed a number of performance measures, NCRC chose four performance measures in order to derive a composite index sorting counties from greatest to least access to small business loans. Two measures, percent of all small businesses receiving loans and percent of the smallest businesses with revenues under \$1 million receiving loans, were used to reflect access to private-sector lending. Two measures, number of SBA 7(a) loans per 10,000 small businesses and number of CDFI microloans per 10,000 microbusinesses, were used to reflect access to public-sector lending. For public-sector lending, the two performance measures included in our analysis had the most loans, meaning that they had the largest sample size from which to reach conclusions.

Counties were divided into percentiles for each performance measure. The two private-sector performance measures were assigned a weight of 40 percent each or 80 percent when added together since private-sector lending levels were much greater than public-sector lending levels. The two public-sector performance measures were weighted at 10 percent each or 20 percent together.

The final rankings and Map 13 reveal that the spatial pattern reflects overall CRA lending described above. The counties with the most access to credit for small businesses are on the East and West Coasts. Counties in the Midwest and South have the least access.

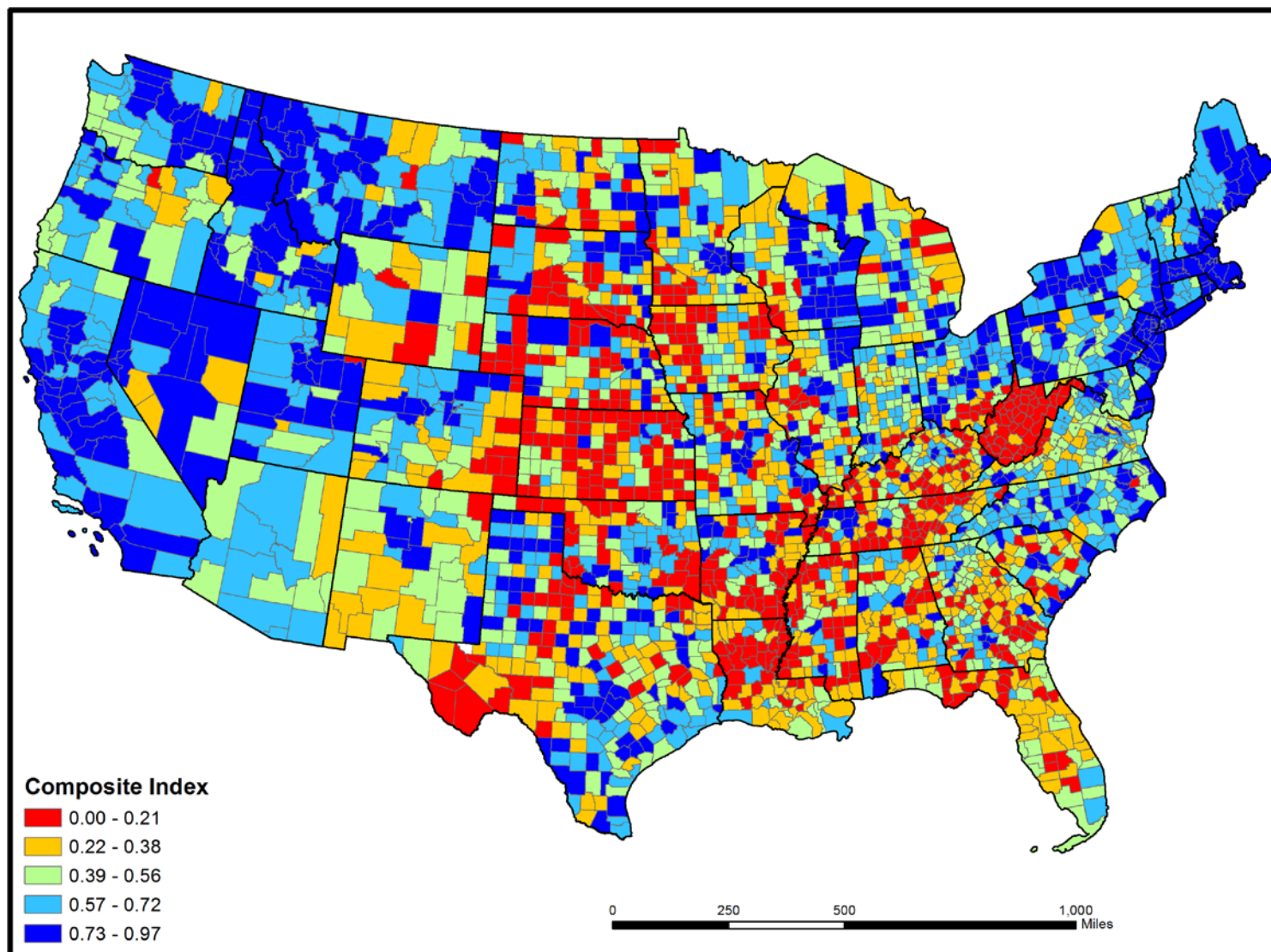
Interestingly, Table 19, displaying the top 50 metropolitan counties, contains exceptions to the general pattern. Three counties in the Milwaukee, Wisconsin region are in the top four counties. Other counties in the Midwest in the top include those in the Chicago and Minneapolis regions. Consistent with coastal counties experiencing relatively high access to credit, several counties along the Atlantic Coast and New England are in the top 50. The bottom 50 counties in Table 20 include a number of counties in West Virginia, Ohio, and Tennessee. The lists below also include the top 50 and bottom 50 rural counties. A separate appendix contains the ranking and information for all the counties.

Dividing counties by rural and metropolitan status shows that rural counties experienced the least access to small business loans. In the top two quintiles in Table 18, the split is roughly fifty-fifty for metropolitan and rural counties as shown in the chart below. However, in the second-lowest quintile, 76 percent of the counties are rural, and in the lowest quintile, 85 percent of the counties are rural.

Table 18: Rural and Metropolitan Status by Quintile

	Rural Count	Rural Percent	Urban Count	Urban Percent
Lowest Quintile	536	85%	92	15%
Second Quintile	477	76%	151	24%
Third Quintile	396	63%	232	37%
Fourth Quintile	333	53%	295	47%
Highest Quintile	298	47%	330	53%

It must be added that intermediate small banks with assets of approximately \$250 million to \$1 billion do not report CRA small business loan data. These banks have a significant presence in rural counties. In a previous report for the Appalachian Regional Commission, NCRC found that these banks had a market share of approximately nine percent of all loans issued in Appalachia during 2003, one of the last years during which they reported loans. It is difficult to estimate how the absence of intermediate small banks may have influenced the rankings of rural counties. However, it is not clear that their absence skewed results towards the lower quintiles; their market share was not high and even with their absence in the data, several rural counties were in the better quintiles.

Map 13: Composite Index for Small Business Lending, 2012

Map Title: Composite Index for Small Business Lending, 2012

Table 19: Top 50 Metropolitan Counties with Greater Access to Loans

Number	State	County	Metro Area
1	WI	Waukesha	Milwaukee-Waukesha-West Allis, WI MSA
2	WI	Ozaukee	Milwaukee-Waukesha-West Allis, WI MSA
3	NY	Kings	New York-White Plains-Wayne, NY-NJ MD
4	WI	Washington	Milwaukee-Waukesha-West Allis, WI MSA
5	ND	Cass	Fargo, ND-MN MSA
6	NJ	Bergen	New York-White Plains-Wayne, NY-NJ MD
7	MT	Yellowstone	Billings, MT MSA
8	NY	Livingston	Rochester, NY MSA
9	IA	Johnson	Iowa City, IA MSA
10	NJ	Middlesex	Edison-New Brunswick, NJ MD
11	UT	Summit	Salt Lake City, UT MSA
12	NJ	Monmouth	Edison-New Brunswick, NJ MD
13	IL	Kane	Chicago-Joliet-Naperville, IL MD
14	NJ	Union	Newark-Union, NJ-PA MD
15	NV	Washoe	Reno-Sparks, NV MSA
16	NJ	Ocean	Edison-New Brunswick, NJ MD
17	NY	Rockland	New York-White Plains-Wayne, NY-NJ MD
18	NJ	Somerset	Edison-New Brunswick, NJ MD
19	NJ	Passaic	New York-White Plains-Wayne, NY-NJ MD
20	IL	DuPage	Chicago-Joliet-Naperville, IL MD
21	NJ	Morris	Newark-Union, NJ-PA MD
22	MT	Missoula	Missoula, MT MSA
23	MS	Madison	Jackson, MS MSA
24	NY	Queens	New York-White Plains-Wayne, NY-NJ MD
25	IL	Lake	Lake County-Kenosha County, IL-WI MD
26	NY	Westchester	New York-White Plains-Wayne, NY-NJ MD
27	ME	Cumberland	Portland-South Portland-Biddeford, ME MSA
28	MA	Norfolk	Boston-Quincy, MA MD
29	NM	Torrance	Albuquerque, NM MSA
30	NY	Putnam	New York-White Plains-Wayne, NY-NJ MD
31	TX	Randall	Amarillo, TX MSA
32	MN	Carver	Minneapolis-St. Paul-bloomington, MN-WI MSA
33	NV	Carson City	Carson City, NV MSA
34	OH	Warren	Cincinnati-Middletown, OH-KY-IN MSA
35	NY	New York	New York-White Plains-Wayne, NY-NJ MD
36	NJ	Camden	Camden, NJ MD
37	NY	Richmond	New York-White Plains-Wayne, NY-NJ MD
38	MI	Ottawa	Holland-Grand Haven, MI MSA
39	WI	Brown	Green Bay, WI MSA
40	NJ	Mercer	Trenton-Ewing, NJ MSA
41	NJ	Essex	Newark-Union, NJ-PA MD
42	WA	Chelan	Wenatchee-East Wenatchee, WA MSA
43	NY	Ontario	Rochester, NY MSA
44	MA	Middlesex	Cambridge-Newton-Framingham, MA MD
45	NY	Nassau	Nassau-Suffolk, NY MD
46	OH	Morrow	Columbus, OH MSA
47	IL	McHenry	Chicago-Joliet-Naperville, IL MD
48	NJ	Sussex	Newark-Union, NJ-PA MD
49	NJ	Burlington	Camden, NJ MD
50	VA	Loudoun	Washington-Arlington-Alexandria, DC-VA-MD-WV MD

Table 20: Bottom 50 Metropolitan Counties with Less Access to Loans

Number	State	County	Metro Area
1	WV	Wirt	Parkersburg-Marietta-Vienna, WV-OH MSA
2	WV	Pleasants	Parkersburg-Marietta-Vienna, WV-OH MSA
3	WV	Clay	Charleston, WV MSA
4	WV	Boone	Charleston, WV MSA
5	VA	Craig	Roanoke, VA MSA
6	MS	George	Pascagoula, MS MSA
7	TX	Delta	Dallas-Plano-Irving, TX MD
8	KS	Sumner	Wichita, KS MSA
9	TN	Union	Knoxville, TN MSA
10	WV	Marshall	Wheeling, WV-OH MSA
11	WV	Brooke	Steubenville-Weirton, OH-WV MSA
12	GA	Jasper	Atlanta-Sandy Springs-Marietta, GA MSA
13	WV	Hampshire	Winchester, VA-WV MSA
14	WV	Jefferson	Washington-Arlington-Alexandria, DC-VA-MD-WV MD
15	IL	Menard	Springfield, IL MSA
16	WV	Wayne	Huntington-Ashland, WV-KY-OH MSA
17	IL	Stark	Peoria, IL MSA
18	TN	Marion	Chattanooga, TN-GA MSA
19	WV	Preston	Morgantown, WV MSA
20	NE	Dixon	Sioux City, IA-NE-SD MSA
21	WV	Hancock	Steubenville-Weirton, OH-WV MSA
22	WV	Wood	Parkersburg-Marietta-Vienna, WV-OH MSA
23	WV	Mineral	Cumberland, MD-WV MSA
24	WV	Lincoln	Charleston, WV MSA
25	GA	Liberty	Hinesville-Fort Stewart, GA MSA
26	IN	Newton	Gary, IN MD
27	MS	Tate	Memphis, TN-MS-AR MSA
28	TN	Sequatchie	Chattanooga, TN-GA MSA
29	KY	Trimble	Louisville/Jefferson County, KY-IN MSA
30	MS	Tunica	Memphis, TN-MS-AR MSA
31	WV	Ohio	Wheeling, WV-OH MSA
32	MS	Copiah	Jackson, MS MSA
33	KY	Trigg	Clarksville, TN-KY MSA
34	KS	Doniphan	St. Joseph, MO-KS MSA
35	IN	Benton	Lafayette, IN MSA
36	KY	Meade	Louisville/Jefferson County, KY-IN MSA
37	TX	Coryell	Killeen-Temple-Fort Hood, TX MSA
38	LA	Grant	Alexandria, LA MSA
39	MS	Perry	Hattiesburg, MS MSA
40	WV	Cabell	Huntington-Ashland, WV-KY-OH MSA
41	AR	Cleveland	Pine Bluff, AR MSA
42	MS	Stone	Gulfport-Biloxi, MS MSA
43	WV	Kanawha	Charleston, WV MSA
44	GA	Lanier	Valdosta, GA MSA
45	TN	Cannon	Nashville-Davidson--Murfreesboro--Franklin, TN MSA
46	LA	St. Helena	Baton Rouge, LA MSA
47	GA	Long	Hinesville-Fort Stewart, GA MSA
48	TX	Crosby	Lubbock, TX MSA
49	LA	East Feliciana	Baton Rouge, LA MSA
50	MO	Howard	Columbia, MO MSA

Table 21: Top 50 Rural Counties with Greater Access to Loans

Number	State	County
1	NY	Wyoming
2	ME	Knox
3	MT	Gallatin
4	WI	Waupaca
5	WI	Lincoln
6	SD	Brown
7	WI	Door
8	ME	Hancock
9	TX	Hopkins
10	WI	Vilas
11	MT	Flathead
12	OH	Williams
13	NV	Douglas
14	SD	Day
15	UT	Wasatch
16	NC	Bertie
17	TX	Gillespie
18	NE	Cuming
19	MI	Otsego
20	NC	Hertford
21	MI	Isabella
22	SD	Codington
23	NC	Chowan
24	ID	Camas
25	MN	Douglas
26	SD	Clark
27	NC	Dare
28	UT	Uintah
29	TX	Cherokee
30	MT	Richland
31	WI	Oneida
32	WA	Garfield
33	TX	Shackelford
34	UT	Duchesne
35	MN	Crow Wing
36	CO	Summit
37	NE	Holt
38	NV	Elko
39	OK	Kingfisher
40	MT	Powder River
41	TX	Gaines
42	MS	Marion
43	HI	Kauai
44	HI	Hawaii
45	WI	Portage
46	MI	Schoolcraft
47	NY	Genesee
48	WI	Menominee
49	CO	Eagle
50	PA	Crawford

Table 22: Bottom 50 Rural Counties with Less Access to Loans

Number	State	County
1	NE	Wheeler
2	OK	Harmon
3	WV	Calhoun
4	NE	McPherson
5	NE	Dundy
6	WV	Tyler
7	SD	Jackson
8	WV	Braxton
9	CO	Kiowa
10	WV	McDowell
11	KY	Elliott
12	KS	Hodgeman
13	WV	Lewis
14	WV	Wetzel
15	KY	Metcalfe
16	KY	Caldwell
17	SD	Buffalo
18	LA	East Carroll
19	NE	Furnas
20	CO	Bent
21	TN	Wayne
22	OH	Vinton
23	LA	Sabine
24	LA	Bienville
25	WV	Ritchie
26	MS	Tippah
27	MO	Lewis
28	MS	Quitman
29	LA	Caldwell
30	KS	Stafford
31	WV	Webster
32	AR	Ashley
33	NE	Thayer
34	WV	Pocahontas
35	KY	Grayson
36	LA	St. James
37	LA	Concordia
38	TN	Moore
39	TX	Dickens
40	KS	Chase
41	MS	Franklin
42	KS	Smith
43	NE	Boyd
44	AR	Pike
45	AL	Wilcox
46	LA	Jackson
47	IL	Cass
48	TX	Haskell
49	IA	Cherokee
50	TN	Hardeman

Locations of WBCs and CDFIs Compared to Lending Deserts and Oases

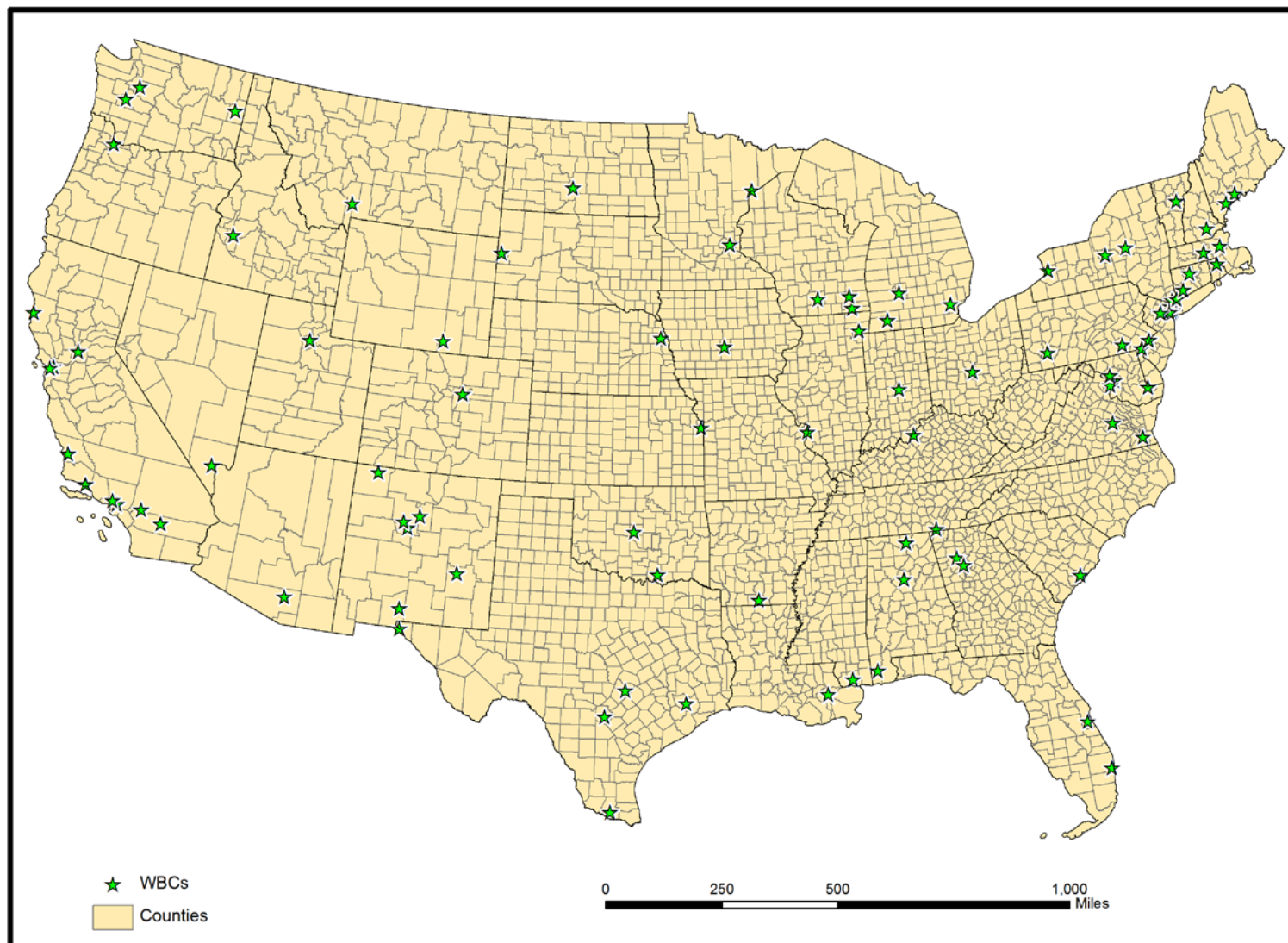
The majority of Women Business Centers (WBCs)¹⁶ and CDFIs are located in the two quintiles of counties with the greatest access to small business loans as shown in Table 23. About 53 percent and 50 percent of the WBCs and CDFIs, respectively, are located in the top quintile. On the other end of the scale, a modestly higher percentage of CDFIs than WBCs are located in the lower quintiles. For instance, about five percent of the CDFIs are located in the quintile with the least access to loans while just one percent of the WBCs are in this quintile of counties.

Map 14 displays WBCs by county and Map 15 displays WBCs by county overlaid by the quintiles for the counties in terms of access to credit. Maps 16 and 17 display the same findings for CDFIs.

Table 23: WBCs and CDFIs by Quintile

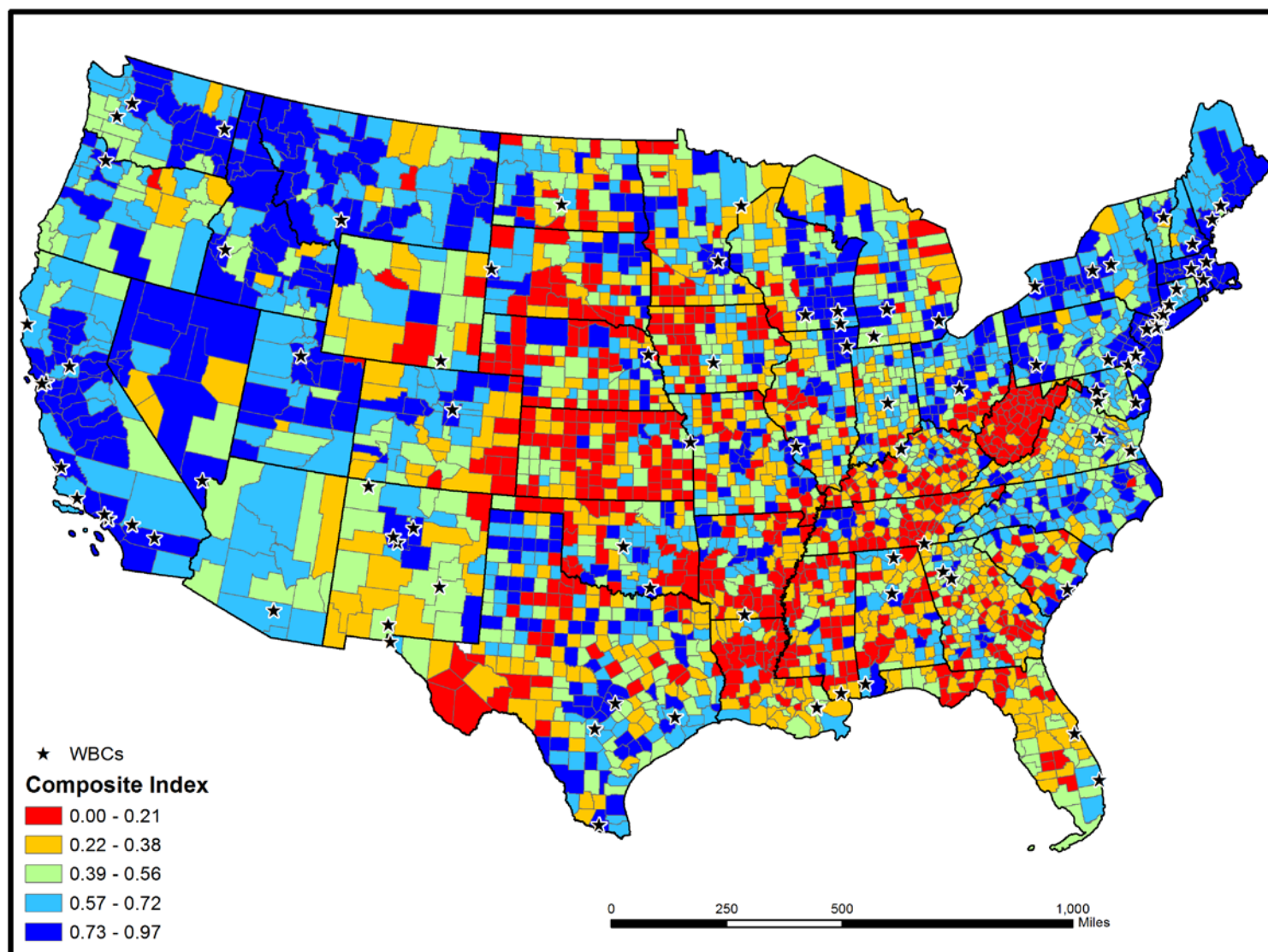
Quintile	WBC Count	WBC Percent	CDFI Count	CDFI Percent
Lowest Quintile	1	1.0%	38	4.6%
Second Quintile	4	3.8%	52	6.3%
Third Quintile	9	8.7%	97	11.8%
Fourth Quintile	34	32.7%	226	27.4%
Highest Quintile	56	53.8%	411	49.9%
Total	104	-	824	-

¹⁶ WBCs are centers funded by the Small Business Administration that provide technical assistance to women-owned small businesses.

Map 14: Women's Business Centers

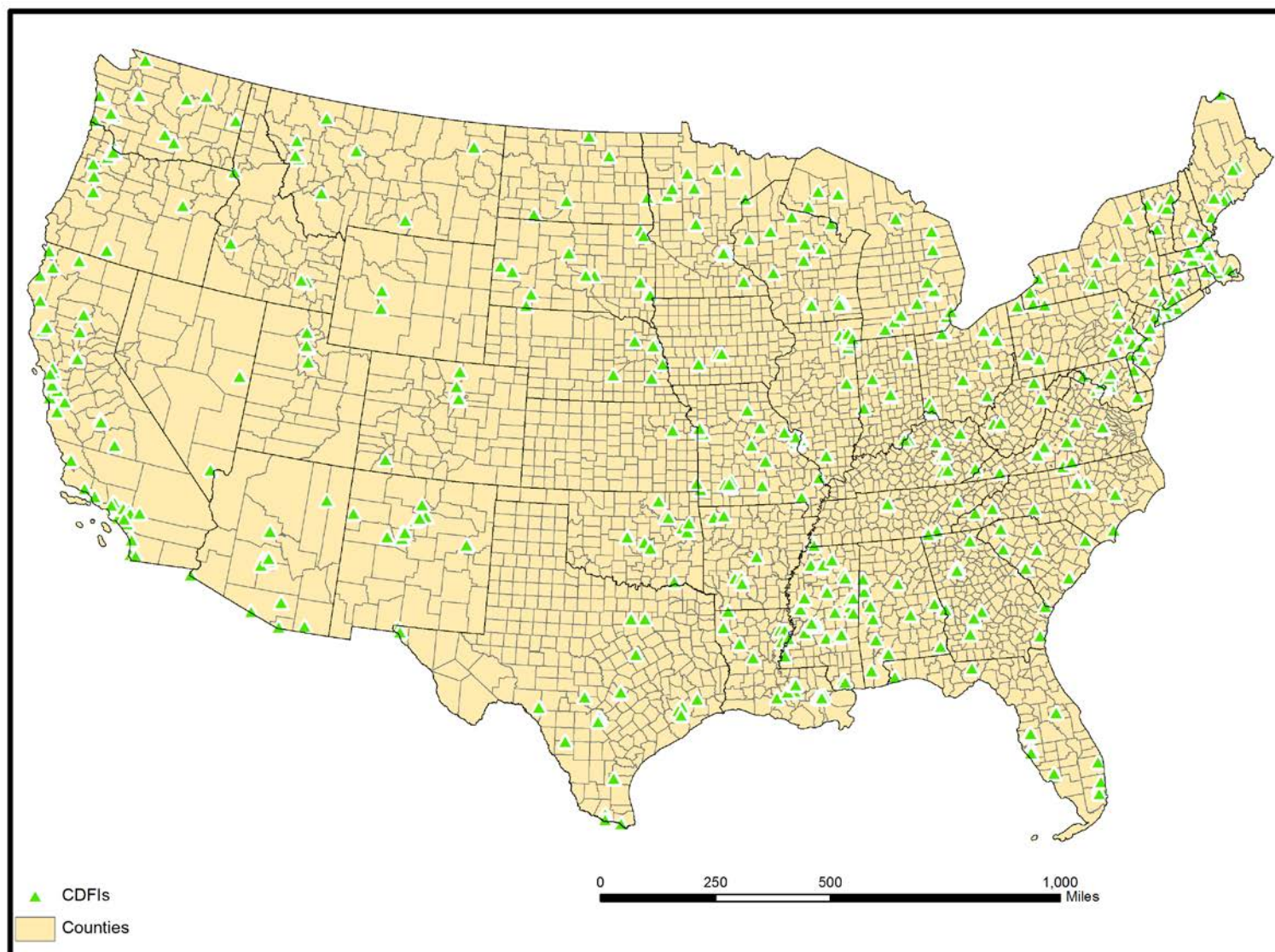
Map Title: Women's Business Centers

Data Source: US Small Business Administration: Women's Business Centers as of 04/30/2014

Map 15: Women's Business Centers and Composite Index for Small Business Lending, 2012

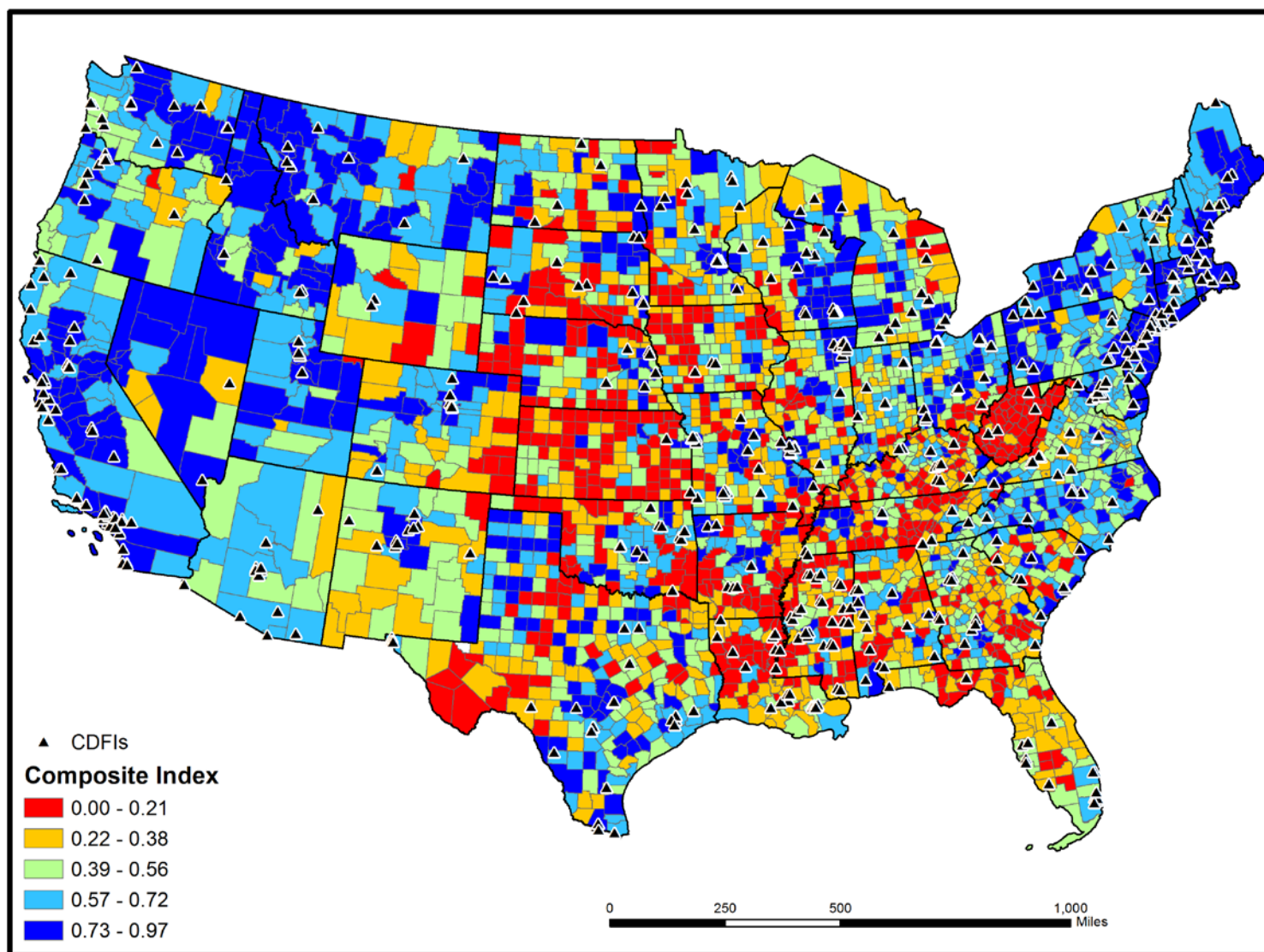
Map Title: Women's Business Centers and Composite Index for Small Business Lending, 2012
Data Source: US Small Business Administration: Women's Business Centers as of 04/30/2014

Map 16: Certified Community Development Financial Institutions, 2012



Map Title: Certified Community Development Financial Institutions, 2012

Data Source: US Department of Treasury; Certified Community Development Financial Institutions as of 12/31/2012

Map 17: Certified Community Development Financial Institutions and Composite Index for Small Business Lending, 2012

Map Title: Certified Community Development Financial Institutions and Composite Index for Small Business Lending, 2012
 Data Source: US Department of Treasury; Certified Community Development Financial Institutions as of 12/31/2012

Conclusion

The impacts of the Great Recession are readily apparent as small business lending plummeted from 2007 through 2012. Analyzing lending patterns across counties reveals that counties in the West and East Coasts were not as impacted as counties in the Midwest and South by the Great Recession. The smallest businesses with revenues under \$1 million fared worst in terms of access to credit. Women-owned small businesses received considerably fewer loans per small business than their male counterparts. When analyzing lending by race and ethnicity, the Great Recession had the most severe impact on African-American-owned small businesses.

Public-sector programs including SBA- and CDFI-supported lending had low loan volumes, which suggests that stakeholders should consider targeting this lending to lending deserts in order to most efficiently utilize these public resources. This analysis suggests that CDFI lending might be more targeted to deserts than SBA lending, which is not surprising since CDFIs are nonprofit organizations dedicated to serving underserved communities. In addition to improved targeting of publicly supported lending, banks should work with public-sector and nonprofit organizations to increase lending in credit deserts.

Methodology

A performance measure that was used regularly in this report was the percent of small businesses receiving loans. The numerator was the number of loans and the denominator was the number of small businesses in a county. Public-sector lending levels were much smaller so this report expresses public-sector lending as the number of loans per 10,000 small businesses.

For the following performance measures, these sources were used for the data. This section also remarks on other methodological considerations for each lending type:

Overall Small Business Lending

Source: CRA small business loan data and Dun and Bradstreet data on the number of small businesses during 2012.

CRA small business loan data does not capture most of the lending activity of banks with assets below \$1 billion dollars (banks of this size can voluntarily report data) and it does not capture loans issued by non-depository institutions. Nevertheless, CRA small business data is the largest database of private-sector lending activity currently available.

Lending to Small Businesses with Revenue Under \$1 Million

Source: CRA small business loan data and Dun and Bradstreet data.

Credit Card Lending

Source: CRA small business loan data and Dun and Bradstreet data.

As described above, a proxy was used to determine the number of credit card loans. The report did not use credit card lending in the composite index because it is unclear how to make judgments about various mixes of credit card and non-credit card loans. Should a county be considered to have less access to responsible credit if it has more credit card loans and fewer non-credit card loans? Only more detailed data on loan terms and conditions and loan performance will enable those types of judgments.

SBA Lending

Source: The Small Business Administration (SBA) provided NCRC with data on lending by county for the 7(a) and microloan programs. Dun and Bradstreet data was used for the number of businesses per county when comparing the numbers of overall SBA-guaranteed lending with the numbers of businesses. When examining SBA-guaranteed lending by race and ethnicity of borrower, the U.S. Census Survey of Business Owners was used to estimate the number of minority-owned and women-owned businesses on a county level. The most recent data for the Survey of Business Owners was 2007 data. This report attempted to produce more current estimates via extrapolation; however, the rate of change between the 2007 and the previous Survey of Business Owners (conducted in 2002) was not linear, making the extrapolation technique available to us unreliable.

When examining microloans per 10,000 microbusinesses, this report uses the U.S. Census Bureau's County Business Patterns and Nonemployer Statistics from 2011. Data from Business Patterns and Nonemployer Statistics had to be combined to provide counts of microbusinesses on a county level.

CDFI Lending

Source: NCRC obtained CDFI Transaction Level Report data for 2012 from the CDFI Fund. When examining CDFI small business lending, NCRC used Dun and Bradstreet data from 2012 for the numbers of small businesses on a county level. When comparing CDFI microloans to microbusinesses, NCRC used County Business Patterns and Nonemployer Statistics for determining the number of microbusinesses on a county level.

Location of CDFIs and Women Business Centers (WBCs)

Source: SBA data on WBCs as of April 30, 2014 and CDFI Fund data on CDFI location as of December 31, 2012.