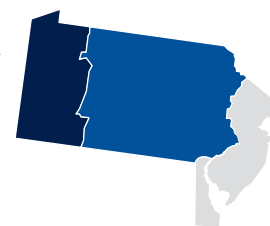


# Small Business Credit Survey:

2024 Pennsylvania Insights

by Alaina Barca<sup>1</sup>



Owners of small employer firms (firms with one to 499 employees) were surveyed in the fall of 2023 for the Small Business Credit Survey (SBCS).<sup>2</sup> This brief highlights key findings for 534 Pennsylvania small employer firms (“firms”).<sup>3</sup>

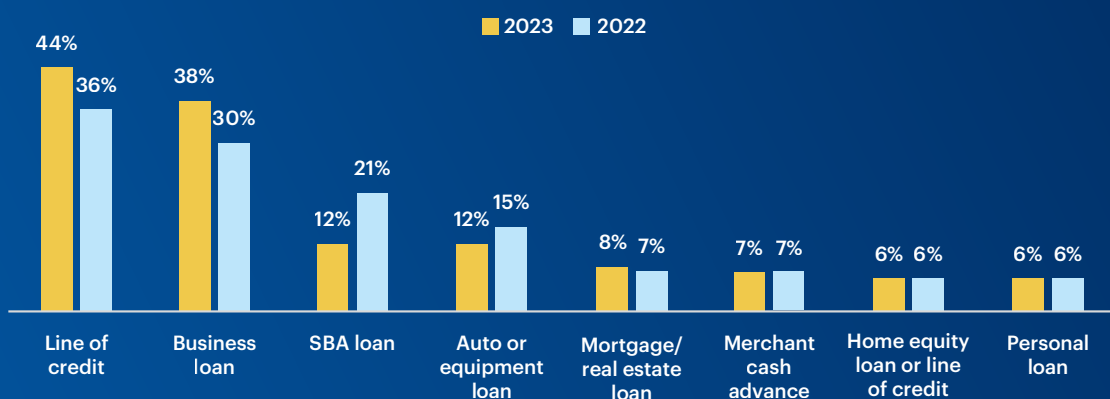
## Firm Conditions

For the third year in a row, more than half of Pennsylvania’s firms reported poor or fair financial conditions. More firms said they experienced no change in their revenues between 2022 and 2023 than did between 2021 and 2022, while fewer said revenues increased or decreased. Additionally, fewer firms carried debt or applied for loans, lines of credit, or merchant cash advances compared with the previous year. Among the firms that did apply in 2023, more sought lines of credit and business loans than those that applied in 2022, and fewer sought Small Business Administration (SBA) or auto/equipment loans.<sup>4</sup>

### Revenue Change in the Last 12 Months



### Application Rate by Type of Loan, Line of Credit, or Merchant Cash Advance<sup>5</sup>



55%

Reported that 2023 financial conditions were poor or fair

27%

Had no outstanding debt, compared with 21% in 2022

<sup>1</sup> The views expressed here are those of the author and do not necessarily represent the views of the Federal Reserve Bank of Philadelphia or the Federal Reserve System.

<sup>2</sup> The SBCS is a national sample of small businesses focused on firms’ financing and debt needs and experiences. The national report and corresponding data used for this brief are available at [www.fedsmallbusiness.org/survey](http://www.fedsmallbusiness.org/survey).

<sup>3</sup> See more demographic details on page 2. Note that data are weighted to be representative of all Pennsylvania small businesses and that not all yearly comparisons included are statistically significant, partly owing to sample size. Percentages may not sum to 100 because of rounding, and for some figures, respondents could select more than one option. Last year’s Pennsylvania Insights brief is available at [www.philadelphiafed.org/-/media/frbp/assets/community-development/briefs/2023sbcps-pa-insights-brief.pdf](http://www.philadelphiafed.org/-/media/frbp/assets/community-development/briefs/2023sbcps-pa-insights-brief.pdf).

<sup>4</sup> Figure sample sizes vary based on survey responses. The sample size for revenue change is 510 firms in 2023 and 548 firms in 2022, poor or fair financial conditions is 534 firms, outstanding debt is 531 firms in 2023 and 554 firms in 2022, and application rate is 206 firms in 2023 and 222 firms in 2022.

<sup>5</sup> Among the 39 percent of firms that applied for loans, lines of credit, or merchant cash advances in 2022 and the 36 percent that applied in 2023.

# Challenges in 2023

In 2023, the most commonly reported challenges of Pennsylvania firms were similar to those in 2022, although all were reported less frequently in 2023. The most widely cited operational challenges were hiring or retaining qualified staff, reaching customers or growing sales, and supply chain issues. Other operational challenges included utilizing technology (28 percent), complying with government regulations (23 percent), and ensuring the health and safety of customers or employees (6 percent). The most common financial challenges were increased costs of goods, services, and/or wages; paying operating expenses; and uneven cash flow. Other financial challenges included weak sales (41 percent), making payments on debt/interest rates (36 percent), and credit availability (25 percent).<sup>6</sup>



## Top Operational Challenges

**59%**

Hiring or retaining qualified staff

**51%**

Reaching customers/ growing sales

**44%**

Supply chain issues



## Top Financial Challenges

**78%**

Increased costs of goods, services, and/or wages

**49%**

Paying operating expenses

**46%**

Uneven cash flow

## Firm Demographics<sup>7</sup>

### Race/Ethnicity of Owner(s)



**70%**

Male-owned

**20%**

Female-owned

**10%**

Equally owned

### Industry



**53%**

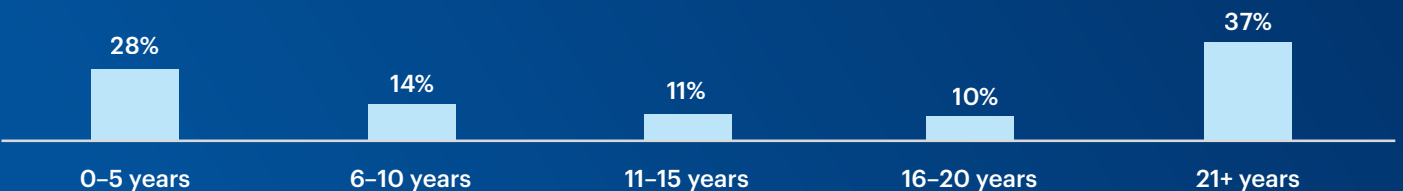
Have 1-4 employees



**53%**

Earn <\$500K in annual revenues

### Age of Firm (Years)



<sup>6</sup> Figure sample sizes vary based on survey responses. The sample size is 530 firms for operational challenges; 534 firms for financial challenges, gender, race, industry, number of employees, and age of firm; and 522 firms for annual revenues.

<sup>7</sup> Age of firm, employment size, gender of owner(s), industry, and race and ethnicity of owner(s) are among the variables used to weight the SBCS. The demographic figures shown represent SBCS sample respondents weighted based on U.S. Census Bureau population data. Some figure categories are broader than they were in previous years because of sample size limitations.