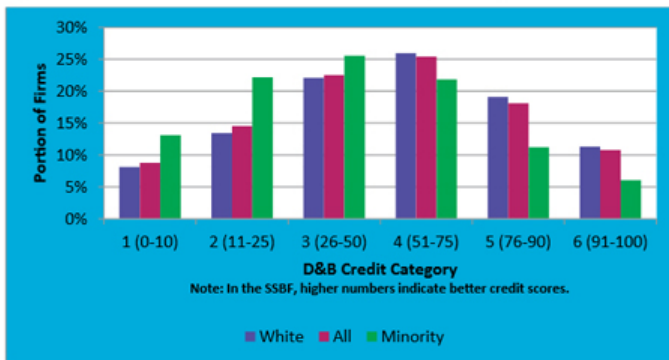


## SBE NEWS ALERT

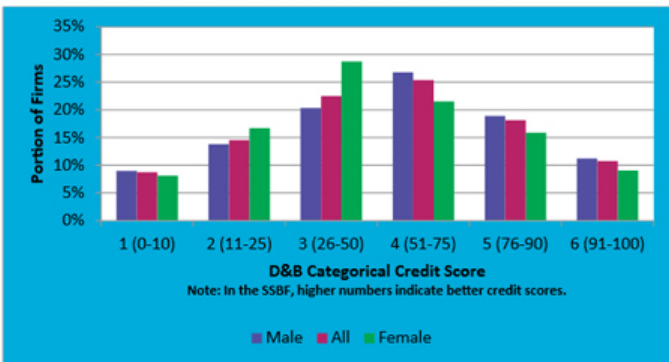
# Credit Scores and Credit Market Outcomes: Evidence from the Survey of Small Business Finances and the Kauffman Firm Survey

Figure 1: Distribution of 2003 SSBF Credit Scores by Minority Status



Source: Rebel Cole, *Credit Scores and Credit Market Outcomes: Evidence from the Survey of Small Business Finances and the Kauffman Firm Survey*, U.S. Small Business Administration, Office of Advocacy, 2014. Data from the 2003 Survey of Small Business Finances (SSBF).

Figure 2: Distribution of 2003 SSBF Credit Scores by Gender



Source: Rebel Cole, *Credit Scores and Credit Market Outcomes: Evidence from the Survey of Small Business Finances and the Kauffman Firm Survey*, U.S. Small Business Administration, Office of Advocacy, 2014. Data from the 2003 Survey of Small Business Finances (SSBF).

### Purpose

Small businesses often struggle to find available credit. Building on previous literature, this research analyzes what factors, including business credit scores, may explain credit outcomes (approvals or denials) for small businesses. It further asks what role business credit scores might play in the credit outcomes of women- and minority-owned small businesses.

### Background

Credit Scores. Statistically derived and numerically presented, a "credit score" reflects an individual or entity's likelihood of repaying a debt. Generally, a higher credit score correlates with a lower probability of default. The consumer credit market has utilized credit scores for decades, but small business credit scores emerged only during

the 1990s. Large lenders adopted small business credit scoring in subsequent years.

Evidence indicates the emergence of business credit scoring may have increased credit availability to small businesses. A study of small business loan patterns indicates that banks using business credit scoring may feel able to make riskier loans at the margin and to increase their pool of available credit.

Still, while this study focuses on business credit scores, evidence indicates the credit market may make use of both consumer and business credit scores in determining small business credit outcomes. For example, a study using U.S. Small Business Administration data finds that community lenders may weigh consumer credit scores heavily in evaluating small firms, often to the exclusion

of business credit scores. Such findings may prove relevant to policy determinations regarding the use and transparency of all types of credit scores.

### Women- and Minority-Owned Small Businesses.

Pinpointing possible differences in credit access across race, ethnicity, and gender could prove important both to understanding varied credit outcomes and to policy determinations. For example, U.S. Census data indicate that minority-owned firms are smaller as measured by both sales revenues and employment, less profitable as measured by return on assets, and less likely to survive than their non- minority coun-

Continued on page 4



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With 1.5 million businesses in our database, SBE is California's #1 source for diversity outreach.

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Website: [www.sbeinc.com](http://www.sbeinc.com)

Phone: (415) 778-6250, (800) 800-8534

Fax: (415) 778-6255

#### Publisher of

Small Business Exchange  
weekly newspaper

# BIDDING OPPORTUNITIES

REQUESTING BIDS FROM QUALIFIED DVBE SUBCONTRACTORS AND SUPPLIERS FOR THE FOLLOWING PROJECT:

**Poly Overlay Smith Flat Rd & Snow Rd Undercrossings**  
**Caltrans Project #03-4M6904 – Electronic Bid, Bid Date: April 23, 2014 at 2:00 pm**

We hereby encourage responsible participation of local Disabled Veteran Business Enterprises (5% Goal), and solicit their subcontractor or material quotation for the following types of work. This is a highway project with the typical items of work associated, but not limited to: Lead Compliance Plan, Prepare Water Pollution Control Program, Portable Changeable Message Sign, Bridge Deck Overlay, Construction Area Signs, Consult - Enviro Compliance, Demo Bridge, Remove Asphalt Concrete Surfacing, Multilayer Polymer Overlay, Hot Mix Asphalt, Rebar, Furnish Polyester Concrete, Remove Unsound Concrete, Prepare Concrete Deck Surface, Structure Concrete, Stripe and Mark, Traffic Control System, Trucking.

C.C. Myers, Inc. is willing to break down items of work into economically feasible units to encourage DVBE participation. If you are interested in any of this work, please provide us with a scope letter or contact us immediately. Plans and Specifications are available from Caltrans at: [www.dot.ca.gov/hq/esc/oe](http://www.dot.ca.gov/hq/esc/oe).

Conditions or exceptions in Subcontractor's quote are expressly rejected unless expressly accepted in writing. Subcontractor and Supplier quotes are required 24 hours prior to the bid date to enable thorough evaluation.



## C.C. Myers, Inc.

3286 Fitzgerald Rd. • Rancho Cordova, CA 95742  
 916-635-9370 • Fax 916-635-1527

Each Subcontractor shall be prepared to submit faithful performance and payment bonds equal to 100% of their quotation. The Contractor will pay standard industry rates for these bonds.

Contact C. C. Myers, Inc. for assistance with bonds, insurance, lines of credit, equipment, supplies or project plans and specifications. C.C. Myers, Inc., is a Union Contractor. AN EQUAL OPPORTUNITY EMPLOYER

REQUESTING BIDS FROM QUALIFIED DVBE SUBCONTRACTORS AND SUPPLIERS FOR THE FOLLOWING PROJECT:

**Poly Overlay Various Sacramento, San Joaquin, Solano & Yolo Counties**  
**Caltrans Project #03-4M7004 – Electronic Bid, Bid Date: April 23, 2014 at 2:00 pm**

We hereby encourage responsible participation of local Disabled Veteran Business Enterprises (3% Goal), and solicit their subcontractor or material quotation for the following types of work. This is a highway project with the typical items of work associated, but not limited to: Lead Compliance Plan, Prepare Water Pollution Control Program, Portable Changeable Message Sign, Bridge Deck Overlay, Treat Bridge Deck, Grind Existing Bridge Deck, Clean Expansion Joint, Construction Area Signs, Consult - Enviro Compliance, Demo Bridge, Joint Seals, Rebar, Furnish Polyester Concrete, Remove Unsound Concrete, Prepare Concrete Deck Surface, Structure Concrete, Structure Exc (Bridge), Structure Concrete, Steel Bridge Railing, Slope Paving, Minor Concrete (Curb, Gutter, Sidewalk & Driveway), Stripe and Mark (HAZ), Traffic Control System, Trucking.

C.C. Myers, Inc. is willing to break down items of work into economically feasible units to encourage DVBE participation. If you are interested in any of this work, please provide us with a scope letter or contact us immediately. Plans and

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WE ARE REQUESTING QUOTATIONS FROM ALL QUALIFIED MBE/DBE/WBE/DVBE SUBCONTRACTORS AND MATERIAL SUPPLIERS FOR THE FOLLOWING PROJECT:

**Fire Station No. 7 and Fire House Clinic**  
**Hayward, CA**  
**Project No. 07465**

**BID DATE & TIME DUE: 4/29/2013 at 2:00 p.m.**

Above project are a General School Modernization and reconstruction including but not limited to demolition, earthwork, concrete, masonry, site utilities, grading & paving, structural steel & misc. metals, masonry, finish carpentry, exterior & interior painting, new flooring, bathroom renovation including new accessories, signage, tile, flooring, acoustical ceilings, doors, hardware & windows, overhead doors, automatic gates, lath & plaster, interior finishes, landscaping, elevators, sprinklers, fire & water proofing, mechanical, plumbing, and electrical work.

Bids shall be made in accordance with general prevailing wages rates and SBE, WBE, DVBE businesses are strongly urged to bid.

The Specifications and Plans will be available in our office 8:30AM – 5PM or at ARC Northern California – Bid Services – 945 Bryant Street, San Francisco, CA 94103.

Contact Priyantha De Pinto: 415-537-2235  
 Fax: 415-348-0684, email: [sf@e-arc.com](mailto:sf@e-arc.com)).

### Transworld Construction Inc.

1178 Folsom Street • San Francisco, CA 94103  
 Phone: (415) 626-5500 • FAX: (415) 863-3578

Contact: Paul Hess at ext. 112

WE ARE

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Sub Bids Requested From Qualified DBE, UDBE Subcontractors & Suppliers for  
**County of Yuba - Location: Olivehurst, CA**  
**SR 70/Feather River Blvd. Interchange**  
**Project No. 2014-8002**  
**Bid Date: May 6, 2014 @ 10:00 AM**

McGuire and Hester is seeking qualified subcontractors in the following trades: Survey; Construction Area Signs; Highway Signs; Erosion Control; Trucking; Landscape & Irrigation; Steel Piling; Prestressed Concrete; Rebar; CIDH; Anti-Graffiti Coating; Concrete; Flatwork; Fencing; Concrete Barrier; and Electrical. We will pay up to and including one and one-half percent (1-1/2%) of your bonding cost. Certification assistance is available, as well as viewing plans and specs.

### McGuire and Hester

9009 Railroad Avenue • Oakland, CA 94603  
 Phone: (510) 632-7676 • Fax: (510) 562-5209

Contact: Dave Koerber

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## With SBE you can:

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Subcontractors, Vendors,  
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Diverse Audiences of Various  
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### ADVERTISE

Sub-Bid Request Ad

# BIDDING OPPORTUNITIES

## Seeking SBE, DBE, DVBE, Emerging and Local Businesses

Subcontractor for the following project:

**Valley College Athletic Training Facility  
Los Angeles Community College District  
Los Angeles Valley College**

**5200 Fulton Ave., Van Nuys, CA 91401  
Bids are due by 5pm on April 29, 2014**

Project consists of a Stadium Field House, a Baseball / Softball Field House, a Baseball Field and (2) Softball Fields, and an Archery, Hammer Throw and Discus throw area which includes an Archery storage shed. The Stadium Field House is a 20,945 square feet facility on one floor including team and coaches locker rooms, weight room, sports medicine room, meeting room, coaches offices, and equipment storage and laundry. It is a Type II B Construction, load-bearing masonry walls and steel roof framing. The Baseball/ Softball Field House is a 10,738 square feet facility on one floor including team and coaches' locker rooms, sports medicine room, coaches' offices, field storage, public restrooms, and a concession. It is a Type II B Construction, load-bearing masonry walls and steel roof framing. The Baseball Field has synthetic turf and includes bleacher seating for 512 with a 144 square foot press box (Press box and Bleachers are not part of this contract), dugouts, bullpens, batting cages, and perimeter fencing. The (2) Softball Fields have synthetic turf and include 4 tier bleacher seating for 150 and a 144 square foot press box for each Field, dugouts, bullpens, batting cages, and perimeter fencing. Project includes all indicated site work such as utility connections, parking, site paving, landscaping, and site lighting.

- Prevailing Wage
- SBE, DBE, DVBE, Emerging and Local Businesses strongly encouraged
- Project Labor Agreement per LACCD in effect

## Pankow

199 S. Los Robles Ave, Suite 300  
Pasadena, California 91107  
(626) 304-1190 • (626) 696-1782 Fax  
Contact: **Monica Jimenez** • mjimenez@pankow.com

**Visit SBE Website**  
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**BUSINESS**  
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FINE LINE CONSTRUCTION - SAN FRANCISCO PUBLIC LIBRARY CENTER RECONSTRUCTION PROJECT (Contract No. 7750A) 04/02/14  
C. C. Myers, Inc. - Sacramento City College Performance/Stage Rigging Performance/Stage Rigging Performance/Stage Rigging (Contract No. 045F-130) 04/02/14  
Skanska - Cold Plane Concrete, Lumber Culture Center (Contract No. 18-06000) 04/02/14  
NEN Clearing - Professional Office Cleaning 04/02/14  
FLATION / DRAGADOS, A CITY VENTURE - Construction of the New Regency Center, Improvements Upper Reach Loop 1 & 2 (Contract No. 045F-130) 04/02/14  
Skanska - East Contra Costa (SBE) Extension Project Trackwork, Systems and Public Transit (SBE) (Contract No. 045F-130) 04/02/14  
Lerner Urban - I-95 1 Office Renovation and Public Parks 18 & 18

**Whether You're a Small Business Looking for Opportunities, or a Prime or Agency Seeking Small Businesses**  
The Small Business Exchange has the resources you need to succeed.  
For over 30 years, Small Business Exchange Inc. has been connecting small, minority-, women-, disadvantaged- and disabled veteran-owned, businesses with buyers of their goods and services.  
Providing services and benefits to small and disadvantaged businesses nationwide, Small Business Exchange Inc. is a one-stop shop, information has where  
Small Business Can:  
• Be discovered as potential partners  
• Access upcoming bid information and pending contracts  
• Receive bidding resource information and assistance  
• Enjoy the early marketing and high impact marketing benefits enjoyed by large companies at a fraction of the cost  
With the largest non-public database in the nation, containing information on over 1,000,000 companies with 35 fields of information per entry, Small Business Exchange Inc. is the ultimate information and outreach center where  
Prime Contractors Can:  
• Qualify over 5000 award-winning, systematic outreach plan to identify qualified small businesses  
• Secure a team of professionals to review bid requirements and provide the resources needed to ensure compliance  
• Obtain bid assistance to make sure that supplier diversity goals and contract requirements are addressed to  
• Receive accurate and timely computer-generated documentation detailing the entire outreach effort  
Public Agencies Can:  
• Work with SBE outreach specialists to build capacity  
• Equip economic development professionals with new community wealth-building tools  
Identify all-in-one business...

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• Work with SBE outreach specialists to build capacity  
• Equip economic development professionals with new community wealth-building tools  
Identify all-in-one business...

## SKANSKA

Sub-Bids Requested From Qualified DBE Subcontractors & Suppliers

**Replace Horsethief Creek Bridge on Route 138**

**Caltrans Contract No.: 08-0J8504**

**District 08 on Route 138**

**DBE Goal: 9%**

**Bid Date: May 8, 2014 – 2:00PM**

Skanska is interested in soliciting in Good Faith all subcontractors as well as certified DBE companies for this project. All interested subcontractors, please indicate all lower tier DBE participation offered on your quotation as it will be evaluated with your price. Please call if we can assist you in obtaining bonding, lines of credit, insurance, necessary equipment, materials and/or supplies. Skanska will also review breaking out scope packages and adjusting schedules to help permit maximum participation.

Plans and Specifications are available for view at our main office in Riverside or on the Caltrans website: [http://www.dot.ca.gov/hq/esc/oe/weekly\\_ads/index.php](http://www.dot.ca.gov/hq/esc/oe/weekly_ads/index.php)

**Quotes requested for contractors, suppliers and service providers include, but are not limited to:**

Job Site Management, Storm Water Pollution Plan, Street Sweeping, Construction Area Signs, Traffic Control System, Temporary Pavement Marking, Temporary Traffic Stripe, Channelizer, Temp Railing, Portable Changeable Message Signs, Temporary Crash Cushion Module, Metal Beam Guard Railing, Roadside Signs, Cold Plane Asphalt Concrete Pavement, Concrete Barrier, Bridge Removal, Clearing & Grubbing, Roadway Excavation, Develop Water Supply, Structure Excavation (Bridge), Structure Backfill, Erosion Control, Fiber Rolls, Class 2 Aggregate Base, Hot Mix Asphalt, Place Hot Mix Asphalt Dike, Tack Coat, CIDH Concrete Piling, Prestressing Precast Girder, Structural Concrete (Bridge), Minor Concrete, Joint Seal, Bar Reinforcing Steel (Bridge), Roadside Sign, Corrugated Steel Pipe, Flared End Section, Rock Slope Protection, Rock Slope Protection Fabric, Miscellaneous Metal, Miscellaneous Iron and Steel, Thermoplastic Traffic Stripe, Landscape and Irrigation, Temporary Signal System, Asbestos Removal, Biologist, Permanent Steel Casing, CIDH (Rock Socket), Precast Concrete Girder, Stain Concrete, Temporary Arroyo toad Fence.

Subcontracting Requirements: Skanska's insurance requirements are Commercial General Liability (GL): \$1M ea. occ., \$1M personal injury, \$2M products & completed operations agg. and general agg.; \$1M Auto Liability; \$5M Excess/Umbrella and \$1M Workers Comp. Endorsements and waivers required are the Additional Insured End., Primary Wording End., and a Waiver of Subrogation (GL & WC). Other insurance requirements may be necessary per scope. Subcontractors may be required to furnish performance and payment bonds in the full amount of their subcontract by an admitted surety and subject to approval by Skanska. Skanska will pay bond premium up to 1%. Quotations must be valid for the same duration as specified by the Owner for contract award. Conditions or exceptions in Subcontractor's quote are expressly rejected unless accepted in writing. Skanska is signatory to the Operating Engineers, Laborers, Cement Masons, Carpenters Unions and Teamsters. Subcontractors must provide weekly, one original and one copy of all certified payrolls, including non-performance and fringe benefit statements if required by law or by the Prime Contract. Subcontractor scope (including any conditions or exceptions) is required 24 hours prior to bid deadline to allow proper evaluation.

**Skanska is an Equal Opportunity Employer**

**Skanska Estimating Dept: 1995 Agua Mansa Rd, Riverside, CA 92509**

**Ph: (951) 684-5360, Fax: (951) 788-2449**

**Email: [joe.sidor@skanska.com](mailto:joe.sidor@skanska.com)**

## nibbi

**Project Name: Mission Bay Block 7E**

**Location: San Francisco, California**

**Bid Date: May 7, 2014 @2:00 PM**

**Pre-Bid Conference: April 22, 2014 @ 10am**

**Location: 180 Hubbell Street, San Francisco**

Nibbi Brothers has been selected as the General Contractor for the Mission Bay Block 7E housing project in San Francisco, CA. We are in receipt of the 100% Design Development Documents and are currently requesting bids from qualified subcontractors including those certified with the Successor Agency to SFRA for the following early trades: Piles, Elevators and Design-Build Fire Sprinklers. The project consists of a new four story type V-A wood-frame building over one story type I concrete ground floor on grade. The project is a total of 94,561s.f. and will accommodate up to 80 families in 8 clusters of 10 guest suites with shared living, dining and supportive services. The Successor Agency to SFRA participation goal has been established for this project at 50% SBE/LBE goal with first consideration for San Francisco-based MBEs, WBEs and SBEs.

To obtain bid and contract documents please email Kristin Medwick at [kristinn@nibbi.com](mailto:kristinn@nibbi.com).

**FOR OR EMAIL PROPOSALS TO:**  
**NIBBI BROTHERS GENERAL CONTRACTORS**  
**Fax: 415-241-2951 / Email: [bids@nibbi.com](mailto:bids@nibbi.com).**

For information regarding this project please contact Logan Daniels, Project Manager via email [logand@nibbi.com](mailto:logand@nibbi.com).





# Credit Scores and Credit Market Outcomes

**Continued from page 1**

terparts. In addition, women-owned firms tend to start with much less capital than their male counterparts, and Census data indicate women are also less likely to start or acquire firms with business loans from banks or financial institutions (5.5 percent of women owners versus 11.4 percent of male owners).

Several empirical studies have found evidence of disparate credit market outcomes for minority-owned small businesses. More specifically, several studies have found evidence of disproportionate loan denials to black-owned and Hispanic-owned firms, after controlling for other variables. This study confirms these findings and further asks whether business credit scores disproportionately affect access to credit for women-owned and minority-owned firms. Figures 1 and 2 illustrate business credit score distribution by race and gender.

**Overall Findings**

Regarding general access to credit, this study finds that small firms with lower credit scores are: (i) more likely to need additional credit because their credit needs have not already been met by past borrowings; (ii) more likely to be discouraged from applying for credit when they report a need for additional credit; and (iii) more likely to be denied credit when they need additional credit and apply for credit. Results also confirm prior findings that firm-lender relationships play a significant role in credit outcomes for small firms. Further, there is no evidence that credit scores reduce the importance of firm-lender relationships.

Empirical results also confirm prior findings that the credit market disproportionately denies credit to minority-owned firms when they need and apply for additional credit, after controlling for other variables. (See Figure 3 for a distribution of credit market outcomes by race, ethnicity and gender<sup>1</sup>). However, these results also indicate that credit scores do not disproportionately affect credit availability for

either female-owned or minority-owned firms, relative to male-owned or non-minority-owned firms. In other words, the study did not find evidence that numerical credit score values were used disproportionately in credit determinations for minority-owned or women-owned firms.

**Policy Recommendations**

Evidence of disparate credit market outcomes for minority-owned businesses as well as the circumstances under which such possible discrimination occurs could prove relevant to policymakers. This study confirms prior findings of disparate credit market outcomes to minority-owned businesses in the form of loan denials but also further finds that institutions do not appear to use credit scores disproportionately in making credit determinations. This distinction in the results may help to narrow the field of policy variables that drive disparate credit outcomes to minority-owned small businesses.

For instance, while this study finds no evidence of disparate application of credit scores, it does not reach the question of what goes into credit score inputs and formulation. In addition, the use of consumer credit scores in small business evaluation may also have implications for transparency in credit score formulation. In a September 2012 report, the Consumer Financial Protection Bureau (CFPB) analyzed credit scores from 200,000 credit files from each of the three major U.S. credit-rating agencies and found that different models gave “meaningfully different results” for “a substantial minority” of consumers. In particular, the scores sold to consumers often differed from those sold to prospective lenders.

Further, this study reveals correlation between minority status and business credit scores and existing wealth. Such findings may inspire further research to explore disparate credit market outcomes for minority-owned small businesses in the context of wealth gaps.

Finally, the continued significance of relationship lending, as confirmed by this study, may indicate a need for further exploration of social capital issues among minority-owned and women-owned businesses. Recent studies have found that firm-lender relationships positively influence the decision to apply for a loan as well as the outcome. In particular, firms that report longer relationships with their prospective lender are less likely to be credit constrained.

Given these findings and their possible implications, further research and policy discussion may be merited.

**Scope and Methodology**

This study employs data from the Federal Reserve Board’s Surveys of Small Business Finances (SSBF) and from the Kauffman Foundation’s Kauffman Firm Survey (KFS) to evaluate whether credit scoring affects the availability of credit to women-owned- and minority-owned firms.

Using a three-step sequential logit model, the researcher poses the questions: who needs credit, who applies for credit, and who gets credit? Odds-ratio results indicate whether discernible relative differences in credit scoring impacts to women-owned and minority-owned firms occurred.

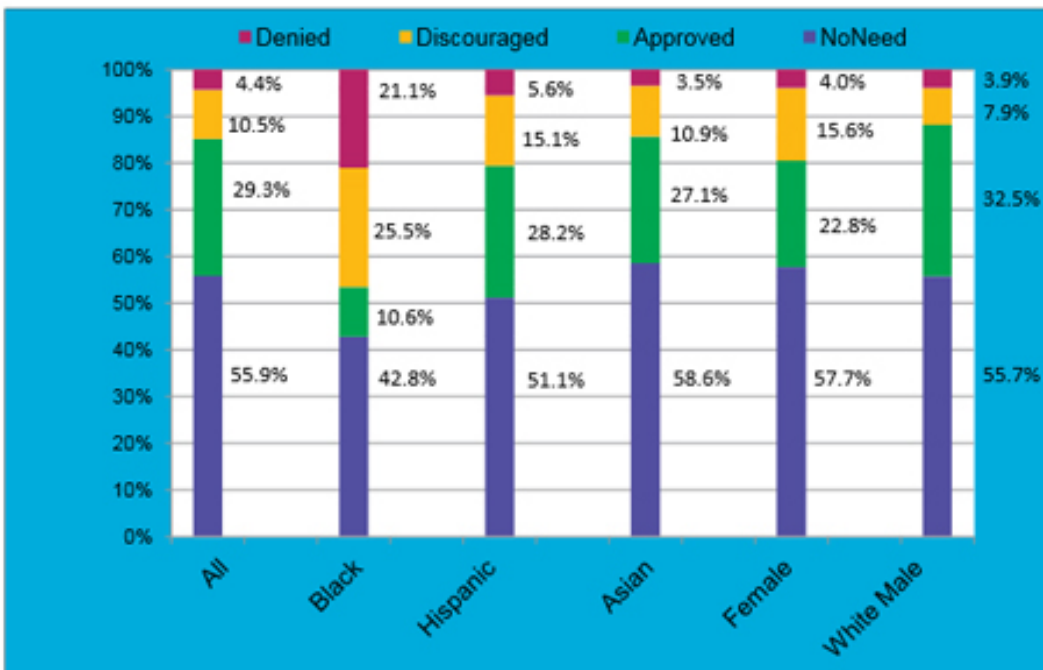
The research also uses descriptive statistics and observable data patterns to identify interesting correlations between gender, race and ethnicity, and industry relative to businesses credit scores.

This report was peer reviewed consistent with Advocacy’s data quality guidelines. More information on this process can be obtained by contacting the director of economic research at [advocacy@sba.gov](mailto:advocacy@sba.gov) or (202) 205-6533.

By Rebel A. Cole, Krahenbuhl Global Consulting, Chicago, IL 60602. 78 pages. Under contract number SBAHQ-12-M-0168.

Source: The Minority Business Development Agency

**Figure 3: Distribution of 2003 SSBF Credit Market Outcomes**



Source: Rebel Cole, *Credit Scores and Credit Market Outcomes: Evidence from the Survey of Small Business Finances and the Kauffman Firm Survey*, U.S. Small Business Administration, Office of Advocacy, 2014. Data from the 2003 Survey of Small Business Finances (SSBF).