

Structure of Household Debt of Small Business Owners in the United States: Findings from the Survey of Consumer Finances, 1998–2007

by

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Table of Contents

Executive Summary	vi
Introduction	1
Literature Review	2
Hypotheses	5
Empirical Considerations	6
Data	6
Models	8
Results	10
Bivariate Analysis – Probability of Holding Debt	12
Multivariate Analysis – Probability of Holding Debt	17
Bivariate Analysis – Shares of Debt	25
Multivariate Analysis – Shares of Debt	30
Summary of the Results	46
Discussion	48
Limitations	50
References	51
Appendix A: Share of Debt Held By Lender and Loan Type	53
Appendix B: Share of Aggregate Debt Held in Each Type of Loan for all Households and Small Business-Owning Households	56

List of Tables

Table 1	Sample Size for the 1998 through 2007 Surveys of Consumer Finances	7
Table 2	Owner and Business Sample Characteristics, weighted	11
Table 3	Probability of Holding Each Type of Loan for All Households, 1998 – 2007	13
Table 4	Probability of Holding Each Type of Loan for Households Owning and Managing Small Businesses, 1998 – 2007	15
Table 5	Probability of Holding a Mortgage Secured by Residential Real Property	18
Table 6	Probability of Holding Other Debt Secured by Residential Real Property	19
Table 7	Probability of Holding a Line of Credit Not Secured by Residential Property	21
Table 8	Probability of Holding Credit Card Balances at the End of the Month	22
Table 9	Probability of Holding an Installment Loan	23
Table 10	Probability of Holding Other Debt	24
Table 11	MeanShare of Debt Held in Each Type of Loan for All Households, 1998–2007	26
Table 12	Mean Share of Debt Held in Each Type of Loan for Households Owning and Managing Small Businesses, 1998–2007	28
Table 13	Share of Debt in Mortgages Secured by Residential Property	31
Table 14	Share of Debt in Other Loans Secured by Residential Property	32
Table 15	Share of Debt in Line of Credit Loans	34
Table 16	Share of Debt in Credit Card Balances	35
Table 17	Share of Debt in Installment Loans	36
Table 18	Share of Debt in Other Loans	37
Table 19	Share of Debt in Mortgages Secured by Residential Property for Small Business Owner Managers Only	39
Table 20	Share of Debt in Other Loans Secured by Residential Property for Small Business Owner Managers Only	40

Table 21	Share of Debt in Line of Credit Loans Not Secured by Residential Property for Small Business Owner Managers Only	42
Table 22	Share of Debt in Credit Card Balances for Small Business Owner Managers Only	43
Table 23	Share of Debt in Installment Loans for Small Business Owner Managers Only	44
Table 24	Share of Debt in Other Loans for Small Business Owner Managers Only	45
Table A1	Share of Debt of All Households by Lending Institution, 2001-2007	53
Table A2	Share of the Value of Total Loans Outstanding Held by Families Not Owning a Small Business	54
Table A3	Share of the Value of Total Loans Outstanding by Families Owning a Small Business	54
Table B1	Share of Aggregate Debt Held in Each Type of Loan for All Households 1998-2007	57
Table B2	Share of Aggregate Debt Held in Each Type of Loan for Households Owning and Managing Small Businesses, 1998-2007	58

List of Charts

Chart 1	Share of Total Debt Held in Each Type of Loan by Small Business Owning Households	46
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Executive Summary

This study examined the debt structure of small business-owning households utilizing the Survey of Consumer Finances from 1998 through 2007. This study compared the debt structure of small business-owning households and other households to determine if those that own small businesses were more likely to hold selected loans and carry a larger percentage of total loan balances in these loans. In addition, this study compared the debt structure of small business-owning households with high income and wealth to ones with lower income and wealth to determine if households with more financial resources were more likely to hold selected loans and carry a larger percentage of total loan balances in selected loans than households with fewer financial resources.

This study found that small business-owning households were no more likely than other households to hold mortgages secured by residential property. However, small business-owning households were more likely to hold other loans secured by residential property and line of credit loans not secured residential property than other households; and these households held a larger share of total debt in these two types of loans than other households. However, these loans comprised less than 18 percent of the value of total loans held by small business-owning households in 2007. If small business-owning households have a larger share of total debt in selected loans, then some financial intermingling is likely to occur. This result suggests that some financial intermingling does occur; however, it represents a relatively small share of total debt.

Higher income, higher wealth small business-owning households held a larger share of total debt in other debt secured by residential property and a smaller share of total debt in installment loans than lower income, lower wealth small business-owning households. Clearly,

the debt structure differs substantially between business-owning households with greater and lesser financial resources, primarily because the better off households are more likely to own higher valued residential property.

The decline in value of residential real estate will likely have profound effects on small business-owning households, and especially wealthier ones, because of the relatively large share of total debt secured by residential real estate. The likelihood of holding a mortgage secured by residential property increased from 64.7 percent in 1998 to over 73 percent in 2007, and the share of total debt held in mortgages secured by residential property increased from 51.5 percent in 1998 to over 59 percent in 2007 for small business-owning households. Given that small business owners often secure their household and business loans with residential real estate, the decline in the value of residential real estate will restrict their access to financial capital, even though the impacts of financial capital flowing from the household to the small business may be minimal. Additional work is warranted in examining financial intermingling; however, high quality panel data on small businesses, where financial information is available on the both the family and business, is needed to move this research agenda forward.

Introduction

According to a report using the Survey of Consumer Finances (SCF) about 21 million households in 2003 had one or more business owners living in the household (Haynes, 2007). During that same period of time from 2001 to 2004, median household debt increased by over 33.9 percent and the proportion of households borrowing money grew as the economy expanded (Bucks, Kennickell, and Moore, 2006). According to the Survey of Small Business Finances (SSBF), by 2003, over 60 percent of all small businesses had some debt outstanding to depository or non-depository institutional lenders, primarily in the form of line of credit loans from commercial banks (Haynes and Brown, 2008). When credit card debt and owner loans are added into these outstanding debt estimates, nearly 90 percent of all small businesses have some debt. While these two extensive data collection efforts separately assessed the growth of business and household debt, they proceeded under the assumption that business and household finances are entirely separate. This study utilizes the 2007 SCF to examine the intermingling of financial resources between the household and business. This study focuses on household and business debt, especially home equity loans, held by small business-owning households. Small business-owning households have one or more household members who own and manage a small business. This intermingling study will address the following questions:

1. Are small business-owning households more likely to utilize personal financing sources, such as home equity loans, than households not owning a small business;
2. Do small business-owning households have a larger share of debt in personal financing sources, such as home equity loans and credit cards, than households not owning a small business; and,

3. Are higher income, higher wealth small business-owning households more likely to utilize personal financing sources than lower income, lower wealth small business-owning households?

Literature Review

For the most part, previous research on small business financing has missed the interconnectedness of family and businesses finances in business-owning families. It has concentrated on models of profit maximization and the risk tolerance preferences of the owner-manager, the financial and regulatory structure of corporate financial markets or used samples from the upper bounds of what constitutes a "small" business (Haynes and Avery, 1997; Scherr, Sugrue, and Ward, 1993).

An extensive literature on the financial structure of small businesses exists; however, only a small subset of this literature examines the intermingling of financial resources between the family (or household) and the business. The general financial structure literature discusses several reasons why small firms might choose a particular financial structure. First, asymmetric information problems may be especially severe for smaller firms, which can lead to both adverse selection and moral hazard, and potentially even to credit rationing (e.g., Stiglitz and Weiss, 1981). In addition, smaller ventures may have difficulty obtaining debt finance because their returns are uncertain and highly volatile, and creditors do not share in firms' returns (Stiglitz, 1985). Smaller firms also may possess limited collateral which is often necessary for obtaining debt finance, particularly for risky firms (Berger and Udell, 1990). Finally, external equity finance is likely even more expensive than debt for almost all small firms, due to both high floatation costs associated with public issues (Lee, Lockhead, Ritter and Zhao, 1996) and the

“lemons premium” that any potential equity supplier may demand due to asymmetric information problems (Myers and Majluf, 1984).

Recent work utilizing the SSBF found African-American business owners may face discrimination in the market for financial credit. Cavalluzzo, Cavalluzzo and Wolken (2003) found that after controlling for business characteristics, substantial differences in denial rates between firms owned by African Americans and white males still existed. These results have been supported by more complex econometric work completed by Blanchflower, Levine and Zimmer (2003) who found that black-owned small businesses are about twice as likely to be denied credit even after controlling for differences in creditworthiness and other factors.

And finally, Mach and Wolken’s 2006 comparison of the earlier editions of the SSBF with the 2003 SSBF suggests that non-depository institutions have become more important to small business owners. They found that despite the growth in the use of non-depository sources, commercial banks have remained the dominant supplier of most financial services.

The literature on financial intermingling is less extensive than the general financial structure literature. Using data from the National Family Business Survey (NFBS) 1997 panel, Haynes et al. (1999) found that two-thirds of households in their sample intermingled household and business financial resources. The finances of the business and of the family were “inextricably intertwined” (p. 237). Haynes et al. (1999) examined whether intermingling occurred in general as well as the direction of the intermingling (from the family to the business and from the business to the family). The authors identified significant characteristics in predicting intermingling. Business-to-family intermingling was more likely to occur when the location of the business was in a rural or small town as opposed to an urban area, if the business borrowed money or if it operated as a subchapter S or C corporation. Specifically looking at

family-to-business intermingling, sole proprietorships were more likely to use family resources in the business than firms with other kinds of legal structures, as were borrowers, younger managers, and managers without children.

The intermingling of financial resources is not necessarily completely positive and without cost. If intermingling is not properly recorded in the business records inaccuracies in the profit analysis may be generated, perhaps even jeopardizing the business's long-term future. The establishment and maintenance of separate financial accounts is crucial to business management (Burns and McCullough, 2001). Separation of business and personal records remains a key in helping the business plan and respond to bankers and governmental entities. Separation of accounts is recommended by the U.S. Small Business Administration and the Internal Revenue Service. Another possible negative impact of intermingling includes the possible inability to repay the debt at the time needed. In addition, when borrowing business capital, the lending agency assumes that the money will be used in the business venture. The intermingling of the money makes it virtually impossible to predict the impact that the loan has on business success.

A recent study by Muske, Fitzgerald and Haynes (2003) examined co-preneurial couples using data from the 1997 NFBS. They found that being a co-preneurial business alone significantly increased the likelihood of overall intermingling as well as family-to-business intermingling. Business-to-family intermingling was predicted by being a subchapter S corporation (less intermingling) and the log of net worth (less intermingling). Intermingling extended beyond the financial resources owned by the family and business. In addition, other resources, such as time and labor, are intermingled during hectic times (Fitzgerald, Winter, Miller, and Paul, 2001).

Van Auken (2005) along with others defined the idea of starting with limited financing as “bootstrapping.” Bootstrapping is a strategy that increases the inflow of cash, such as using family finances in the business, as opposed to methods that reduce cash outflow, such as delaying the payment of outstanding bills. Yilmazer and Schrank (2006) used the SCF to compare the determinants of “bootstrapping” (or intermingling) between family and non-family businesses. After determining that intermingling occurred in both family and non-family businesses, they showed that once other business and household characteristics are included in the model there was no significant difference in the incidence of bootstrapping between family and non-family businesses.

Some small businesses, typically those with fewer financial resources available from the household, may find themselves in a rather precarious position. They have insufficient financial resources within the household to adequately secure a business loan. Hence, these small business owners are faced with the challenge of utilizing personal financial sources, such as home equity loans, or soliciting financial support from family members and friends outside of the household. Accordingly, one would expect lower resource small business-owning households to have a higher probability of using home equity loans to finance the business rather than traditional business loans from commercial sources.

Hypotheses

This intermingling study is largely descriptive, where debt patterns are described using the 1998 through 2007 Surveys of Consumer Finances. Utilizing previous work to guide these studies the following hypotheses will be examined:

1. Small business-owning households are more likely to utilize personal financing sources, such as home equity loans, than households not owning a small business;
2. Small business-owning households have a larger share of debt in personal financing sources, such as home equity loans, than households not owning a small business; and
3. Higher income, higher wealth small business-owning households are more likely to utilize personal financing sources than lower income, lower wealth small business-owning households.

Empirical Considerations

Data

This study utilizes the 1998 through 2007 Survey of Consumer Finances (SCF). The 1998 through 2007 SCFs were conducted for the Federal Reserve Board. The three surveys were collected by the National Opinion Research Center (NORC) at the University of Chicago. The surveys are designed to supply detailed and reliable information on balance sheets, use of financial services, pensions, labor force participation, cash income and demographic characteristics of U.S. households.

The SCF utilizes a dual frame sample to provide adequate coverage of the population. One frame is a multistage area probability sample, which provides adequate coverage of widely held assets and liabilities. The second frame is a list design employed to over-sample relatively wealthy households. Response rates for the area probability and list samples in 1998 and 2007 were approximately 70 and 30 percent, respectively (Table 1).

Table 1 Sample Size for the 1998 through 2007 Surveys of Consumer Finances

Year	Area Probability Sample (number)	Response Rate (%)	List Sample (number)	Response Rate (%)	Total Sample (number)
1998	2,780	70	1,519	35	4,299
2001	2,917	70	1,532	30	4,449
2004	3,007	70	1,515	30	4,522
2007	2,915	70	1,507	30	4,422

Source: Aizcorbe, Kennickell and Moore (2003) and Bucks, Kennickell, Mach and Moore (2009).

Research conducted by the Federal Reserve Board suggests that non-response is positively correlated with wealth. This study is primarily interested in examining small business-owning households. However, the entire sample is employed to assess the differences between business owning and non-business-owning households. The SCF survey asks respondents about the previous year, hence the SCF for 1998 actually gathers information about the finances of the household and business in 1997; and the SCF for 2007 actually gathers information about finances of the household and business in 2006. The regression analyses will utilize all four datasets (1998, 2001, 2004 and 2007).

The variables of interest in this study include business ownership status of the household, household income and household wealth (including assets and debt held by members of the household). Business ownership status was determined by whether an individual owned and actively managed at least one business with less than 500 employees.

Household debt is computed using all of the financial information reported in the SCF. Household debt includes mortgages secured by residential property, other debt secured by residential property, lines of credit not secured by residential property, credit card balances held at the end of the month (hereafter, referred to as credit card balances), installment loans, and

other debt. Control variables include personal and demographic characteristics of the household head and business owner, and characteristics of the business. The personal and demographic characteristics include age, gender, race (minority or not), education (no high school diploma, high school diploma, some college and college degree or more), marital status (married, not married), stock ownership (yes or no) and real estate holdings of \$50,000 or more (yes or no). Business characteristics include age of the business, number of employees, legal organization (partnership, sole proprietorship, subchapter S corporation, and subchapter C corporation), industrial classification (agriculturally related, mining/construction/manufacturing, wholesale/retail, and service/FIRE) and founding strategy (bought/invested, started, and inherited/given/other).

The sampling frame for this analysis is U.S. households. Personal and demographic characteristics are those characteristics of the respondent interviewed, typically the household head. If the respondent or someone in the household owns and manages a business, this study is referring to the largest business. No business information is reported in the SCF for businesses owned, but not managed, by the respondent.

Models

This study examines the use of personal financial resources to assess the differences in the use of these resources between business owning and non-business-owning households over the past decade. This study includes several descriptive tables examining the likelihood of using types of debt by business owning and non-business-owning households in 1998 and 2007. The first hypothesis (small business-owning households are more likely to utilize personal financing sources, such as home equity loans, than households not owning a small business) will be addressed with the following logistic regression model:

$$PFS_i = \alpha_0 + \alpha_1 SBOM + \alpha_2 \text{owner characteristics} + \varepsilon_i$$

where PFS_i = personal financial sources (mortgages secured by residential property, other loans secured by residential property, lines of credit, credit card balances, installment loans and other debt) for 1998, 2001, 2004 and 2007 (holds this source of debt = 1, otherwise = 0);

$SBOM$ = small business owner manager (business owner and manager with less than 500 employees = 1, otherwise = 0); and,

Owner characteristics includes age, race, gender, education, marital status, stock ownership and real estate ownership.

The second hypothesis (small business-owning households have a larger share of debt in personal financing sources, such as home equity loans, than households not owning a small business) will be addressed with the following linear regression model:

$$PFSh_i = \alpha_0 + \alpha_1 SBOM + \alpha_2 \text{owner characteristics} + \varepsilon_i$$

where $PFSh_i$ = personal financial source share (mortgages secured by residential property, other loans secured by residential property, lines of credit, credit card balances, installment loans and other debt) for 1998, 2001, 2004 and 2007 (a proportion, continuous number between 0 and 1).

The third hypothesis (higher income, higher wealth small business-owning households are more likely to utilize personal financing sources than lower income, lower wealth small business-owning households) will be addressed with the following linear regression model utilizing only small business owners:

$$PFSh_t = \alpha_0 + \alpha_1 HYHW + \alpha_2 \text{owner characteristics} + \alpha_3 \text{business characteristics} + \varepsilon_i$$

where PFS_{it} = personal financial source share (mortgages secured by residential property, other loans secured by residential property, lines of credit, credit card balances, installment loans and other debt) for 1998, 2001, 2004 and 2007; and,

$HYHW$ = high income, high wealth small business owner (high income, high wealth small business owner = 1, otherwise = 0).

Business characteristics include age, size (number of employees), legal organization, industrial classification and founding status.

Results

This study uses the 1998, 2001, 2004 and 2007 SCF cross-sectional datasets. When analyzing cross-sectional datasets over more than one year, it's important to assess differences in the households selected for the sample. In general, the weighted sample characteristics are very similar for the four years. Table 2 reports the frequencies for characteristics of the household head and business for all four years with each year compared to 2007. Household heads in 2007 were somewhat older, more likely to be a minority, better educated, less likely to be married, less likely to own stocks and more likely to own real estate worth more than \$50,000 than those selected in the previous years (Table 2). About 14 percent of the household heads or spouses surveyed owned or managed a business. The businesses owned by these households were about the same age, size and type of business in all four years. Although, the businesses surveyed in the 2007 survey were more likely to be partnerships, less likely to be sole proprietorship and more likely to have been inherited by the current owner than in the previous years.

Table 2 Owner and Business Sample Characteristics, weighted									
Owner Characteristics					Business Characteristics				
	1998	2001	2004	2007		1998	2001	2004	2007
All Households					Small Business Households (owner/manager)				
Age					Business Age				
Less than 35	23.3	22.7	22.2	21.7	Less than 1 year	4.8	6.4	9.9 *	6.1
35 to 44	23.3 *	22.3 *	20.7	19.6	1 to 4 years	31.5	25.2	27.1	28.4
45 to 54	19.2	20.7	20.7	20.8	5 to 9 years	20.5	19.3	22.5	19.3
55 to 64	12.8 *	13.2 *	15.3 *	16.8	10 to 19 years	27.0	26.1	22.8	24.9
65 to 74	11.2	10.7	10.4	10.5	20 years or more	16.2 *	23.1	17.8	21.4
75 or more	10.2	10.3	10.7	10.6					
Gender					Business Size (including owner)				
Man	72.1	73.3	71.9	72.3	1 or fewer	37.6	38.1	40.3	40.6
Woman	27.9	26.7	28.1	27.7	2 to 4	38.0	34.4	34.7	32.8
					5 to 9	13.8	14.2	10.5	10.9
Race					Legal Organization				
Nonwhite or Hispanic	22.2 *	23.7 *	26.4	26.1	10 to 24	5.2 *	7.6	7.7	9.1
White, non-Hispanic	77.8 *	76.3 *	73.6	73.9	25 or more	5.4	5.7	6.9	6.6
Education					Business Industrial Classification				
No high school diploma	16.3 *	15.9 *	14.5	13.5	Partnership	17.6 *	15.9 *	22.6 *	28.1
High school diploma	31.8	31.6	30.7 *	32.9	Sole proprietorship	55.5 *	54.6 *	52.2	48.7
Some college	18.5	18.4	18.3	18.4	Subchapter S corporation	14.1	17.3	15.2	15.2
College degree	33.3	34.2	36.5	35.2	Subchapter C corporation	12.8 *	12.2 *	10.0	8.0
Marital Status					Business Industrial Classification				
Married	52.2	53.2 *	50.4	51.0	Agriculturally related	10.0	13.4	9.6	10.4
Not married	47.8	46.8 *	49.6	49.0	Mining/construction/manufacturing	24.4	19.5	23.6	24.0
					Wholesale or retail	16.2	11.9	17.9	13.8
Owns Stocks					Founding Status				
Yes	19.4	21.7 *	20.5 *	17.9	Bought/invest	22.6 *	20.0	17.3	17.4
No	80.6	78.3 *	79.5 *	82.1	Started	71.9	75.5	77.2 *	71.9
Owns Real Estate (>\$50,000)					Founding Status				
Yes	60.5 *	62.3 *	64.7	64.8	Inherited/given/other	5.5 *	4.5 *	5.5 *	10.7
No	39.5 *	37.7 *	35.3	35.2					
Small Business Owner/Manager					Founding Status				
Yes	12.7	13.7	13.2	13.6					
No	87.3	86.3	86.8	86.4					
Number of Observations, all	4,305	4,442	4,519	4,418	Number of Observations, business	1,098	1,125	1,180	1,183

* denotes the differences between each year and 2007 (reference year) at the 0.05 level of significance.

Source: Survey of Consumer Finances, 1998, 2001, 2004 and 2007

Bivariate Analysis – Probability of Holding Debt

Table 3 examines the probability of holding each type of debt by householder characteristics. This bivariate analysis reports only the statistically significant differences for each of the loan types across each of the four years. About 40 percent of householders held a mortgage secured by residential property from 1998 through 2007 (Table 3, column 1–mortgages secured by residential real estate). These householders were more likely to hold a mortgage secured by residential property in 2007 than in 1998. Householders more likely to hold a mortgage secured by residential property in 2007 than in 1998 include those 45 to 74 years of age, males and females, minority and non-minority, those with a high school diploma or college degree, those married and unmarried, those not owning stocks, those owning real estate, and those owning and not owning a business.

About 5 percent of householders held other debt secured by residential property from 1998 through 2007 (Table 3, column 2–other debt secured by residential real estate). These householders were somewhat more likely to hold other debt secured by residential property in 2007 than in 1998. Householders more likely to hold other debt secured by residential property in 2007 than in the 1998 include younger householders, those who are married, and those owning a business.

About 2 percent of householders held a line of credit not secured by residential property from 1998 through 2007 (Table 3, column 3–other lines of credit). These householders were somewhat less likely to hold a line of credit in 2007 than in 1998. Householders less likely to hold a line of credit in 2007 than in the previous years include those 45 to 54 years of age, males, and those with a college degree.

Table 3 Probability of Holding Each Type of Loan for All Households, 1998 - 2007

Characteristics	Mortgages Secured by Residential Real Estate		Other Debt Secured by Residential Real Estate		Other Lines of Credit		Credit Card Balances		Installment Loans		Other Consumer Debt	
	1998	2007	1998	2007	1998	2007	1998	2007	1998	2007	1998	2007
All Households	43.1 *	48.7	5.0	5.5	2.3	1.8	43.8 *	46.0	43.8 *	47.0	8.8 *	6.9
Age												
Less than 35	33.3	37.3	1.8 *	3.4	2.3	2.1	50.4	48.4	59.9 *	65.1	9.7 *	5.9
35 to 44	58.8	59.5	6.6	6.4	3.6	2.2	51.3	51.9	53.2	56.3	11.6 *	7.5
45 to 54	58.7 *	65.5	6.6	7.9	3.6 *	1.9	52.4	53.6	51.4	51.9	10.8	10.1
55 to 64	49.5 *	55.4	8.0	7.8	1.5	1.2	45.6	50.0	38.2 *	44.7	8.3	8.9
65 to 74	26.1 *	42.9	5.2	4.8	0.3 *	1.9	28.6 *	37.0	20.1 *	26.5	3.9	4.4
75 or more	11.5	14.1	1.8	0.5	0.0	0.8	10.4 *	18.2	4.1	6.9	2.3	1.2
Gender												
Man	50.8 *	55.6	6.2	6.9	2.7 *	1.8	46.5	47.7	48.6	50.7	10.1	7.3
Woman	23.3 *	30.7	2.0	1.9	1.3	1.6	37.1 *	41.8	31.3 *	37.1	5.3 *	6.0
Race												
Nonwhite or Hispanic	30.7 *	39.9	3.9	4.6	1.8	1.8	42.8 *	47.7	41.6 *	48.7	8.5	6.8
White, non-Hispanic	46.7 *	51.8	5.3	5.8	2.4	1.8	44.1	45.4	44.4	46.3	8.8 *	7.0
Education												
No high school diploma	21.7	25.9	1.1	1.9	1.1	2.1	28.5	27.0	30.8	33.1	7.2	4.9
High school diploma	39.8 *	45.1	3.7	3.1	1.9	1.5	42.3 *	46.8	43.0	46.1	8.1	6.7
Some college	46.8	46.7	5.6	6.4	2.8	2.2	52.8	50.9	49.0 *	54.2	9.3	9.3
College degree	54.7 *	61.8	7.9	8.6	3.0 *	1.7	47.9	50.1	48.0	49.3	9.8 *	6.7
Marital Status												
Married	59.1 *	64.7	6.4 *	8.0	2.5	1.7	49.6	51.4	50.3	53.1	10.1 *	7.4
Not married	25.7 *	32.0	3.5	2.9	2.0	1.9	37.6	40.5	36.6 *	40.6	7.3	6.5
Owns Stocks												
Yes	58.8	62.5	10.6	10.3	2.0	1.8	41.7	42.4	42.6	41.8	12.1 *	7.1
No	39.4 *	45.7	3.7	4.5	2.4	1.8	44.4 *	46.8	44.1 *	48.1	8.0	6.9
Owns Real Estate (>\$50,000)												
Yes	66.7 *	72.4	8.0	8.3	1.9	1.3	46.9	51.4	44.4	47.0	9.5 *	7.1
No	6.9 *	5.0	0.4	0.4	2.9	2.6	39.2	36.2	42.8 *	46.9	7.7	6.6
Small Business Owner/Manager												
Yes	64.7 *	73.1	10.4 *	16.4	4.2	3.8	51.1	54.0	47.6	51.3	10.2 *	7.0
No	40.3 *	45.2	4.3	3.8	2.0	1.5	42.9	45.0	43.3 *	46.4	8.6	6.9

Note: * denotes statistical significance at the 0.05 level when comparing 1998 with 2007 (reference year)

Source: Survey of Consumer Finances, 1998 and 2007.

About 45 percent of householders held credit card balances from 1998 through 2007 (Table 3, column 4—credit card balances). These householders were significantly more likely to hold credit card balances in 2007 than in 1998. Householders more likely to hold credit card balances in 2007 than in 1998 include those who were 65 years of age or older, female, minority, those with a high school diploma, and those not owning stocks.

About 45 percent of householders held an installment loan from 1998 through 2007 (Table 3, column 5—installment loans). These householders were significantly more likely to hold an installment loan in 2007 than in 1998. Householders more likely to hold an installment loan in 2007 than in 1998 include those who were less than 35 years of age and 55 to 74 years of age, female, minority, those with some college education, unmarried and those not owning stocks, real estate or businesses.

Less than 9 percent of householders held other consumer debt from 1998 through 2007 (Table 3, column 6—other consumer debt). Other consumer debt is loans for household appliances, furniture, hobby or recreational equipment, medical bills, loans from friends or relatives, loans for a business or investment, or other loans. These householders were significantly less likely to hold other consumer debt in 2007 than in 1998. Householders less likely to hold other consumer debt in 2007 than in 1998 include those who were less than 45 years of age, non-minority, those with a college degree, married, and those owning stocks, real estate and businesses.

Table 4 Probability of Holding Each Type of Loan for Households Owning and Managing Small Businesses, 1998 - 2007

Characteristics	Mortgages Secured by Residential Real Estate		Other Debt Secured by Residential Real Estate		Other Lines of Credit		Credit Card Balances		Installment Loans		Other Consumer Debt	
	1998	2007	1998	2007	1998	2007	1998	2007	1998	2007	1998	2007
Small Business Owner and Manager	64.7 *	73.1	10.4 *	16.4	4.2	3.8	51.1	54.0	47.6	51.3	10.2	7.0
Business Age												
Less than 1 year	29.4 *	59.0	1.4	11.1	8.1	3.6	69.6	60.5	43.6	66.8	10.4	11.2
1 to 4 years	66.6 *	78.3	9.2	16.5	5.5	5.5	67.7	63.3	53.0	60.4	16.2 *	4.6
5 to 9 years	72.8 *	86.9	9.6	13.4	2.2	4.9	46.9	56.2	47.5	57.0	5.9	7.2
10 to 19 years	68.8	67.2	12.1	20.6	2.7	1.3	40.4	51.0	47.9	45.7	8.3	6.5
20 years or more	54.5	64.8	13.8	15.5	5.5	3.7	36.3	41.3	37.9	36.3	6.9	9.2
Business Size (including owner)												
1 or fewer	55.3 *	68.2	7.1	9.6	1.3	2.6	55.3	53.6	52.8	48.0	9.7	6.5
2 to 4	65.5 *	76.9	12.9	19.8	7.6	5.9	50.1	58.7	46.3 *	57.3	10.8	8.2
5 to 9	80.7	75.9	6.9 *	24.3	3.8	2.0	50.7	55.9	41.8	54.0	8.1	5.4
10 to 24	78.4	74.3	17.0	21.5	0.9	3.9	52.4	43.1	48.7	43.1	11.3	9.5
25 or more	70.7	77.8	18.8	21.2	4.3	4.0	27.4	44.9	34.9	48.5	12.9	2.8
Legal Organization												
Partnership	61.2 *	78.2	10.4	13.9	7.3	2.6	54.2	57.7	42.9	53.3	11.0	9.3
Sole proprietorship	59.9 *	68.4	9.1	13.9	3.5	3.5	58.0	54.1	55.0	52.1	10.2 *	4.3
Subchapter S corporation	70.9	78.8	10.1 *	27.0	5.2	6.5	41.1	47.5	36.6	45.1	6.5	12.0
Subchapter C corporation	83.7	72.9	16.7	20.0	1.5	4.7	27.5 *	52.7	34.2	51.0	12.9	5.7
Business Industrial Classification												
Agriculturally related	54.6 *	75.9	3.5	11.0	2.1	4.4	45.8	55.3	52.2	53.4	3.4	2.5
Mining/construction/manuf.	63.7 *	75.4	8.1 *	17.0	4.9	4.0	50.7	55.7	60.6	55.1	11.0	9.7
Wholesale or retail	71.2	67.1	9.5	15.9	6.2	1.8	51.5	54.7	43.6	53.9	9.3	6.9
Services and FIRE	65.2 *	73.1	13.4	17.4	3.5	4.2	52.1	52.8	41.6	48.4	11.4 *	6.6
Founding Status												
Bought/invest	68.1	77.7	14.2	14.9	4.0	8.0	46.5 *	61.7	47.3	57.0	10.0	7.4
Started	63.9 *	72.9	9.8 *	17.3	4.2	3.3	53.2	54.0	48.3	49.4	10.4	7.4
Inherited/given/other	61.7	66.9	3.9	12.5	5.1	0.5	41.9	41.4	39.7	54.8	7.3 *	3.5
Number of Observations, all	1,098	1,183	1,098	1,183	1,098	1,183	1,098	1,183	1,098	1,183	1,098	1,183

Note: * denotes statistical significance at the 0.05 level when comparing 1998 with 2007 (reference year)

Source: Survey of Consumer Finances, 1998 and 2007.

Table 4 examines the probability of holding each type of debt by business characteristic. Approximately 70 percent of small business-owning households held a mortgage secured by residential property (Table 4, column 1). Small business-owning households had a somewhat higher probability of holding a mortgage secured by residential property in 2007 than in 1998. Households owning a small business realized an 8.4 percentage point increase in the probability of holding a mortgage secured by residential real estate from 1998 to 2007. Younger and smaller businesses; those organized as sole proprietorships or partnerships; agricultural, mining/construction/manufacturing and service/FIRE firms; and, those started by the current owner realized substantial increases in the probability of holding a mortgage secured by residential property over the 10 years from 1998 to 2007.

Over 10 percent of all households owning a small business held other debt secured by residential property (Table 4, column 2—other debt secured by residential real estate). Households owning a small business had a significantly higher probability of holding other debt secured by residential property in 2007 than in 1998. Smaller businesses, those organized as subchapter S corporations, mining/construction/manufacturing firms, and those started by the current owner realized substantial increases in the probability of holding other debt secured by residential property over the 10 years from 1998 to 2007.

Less than 5 percent of all households owning a small business held a line of credit not secured by residential property (Table 4, column 3—other lines of credit). Households owning a small business did not realize a statistically significant change in the probability of holding a line of credit from 1998 to 2007.

About 50 percent of all households owning a small business held credit card balances (Table 4, column 4—credit card balances). Small business households did not realize a

statistically significant change in the probability of holding credit card balances from 1998 to 2007. Subchapter C corporations and those purchased by the current owner had a higher probability of holding credit card balances in 2007 than 1998.

About 50 percent of all households owning a small business held an installment loan (Table 4, column 5—installment loans). Small business households did not realize a statistically significant change in the probability of holding an installment loan from 1998 to 2007. Businesses with two to four employees had a higher probability of holding an installment loan in 2007 than 1998.

About 10 percent of all households owning a small business held other consumer debt (Table 4, column 6—other consumer debt). Small business households did not realize a significant change in the probability of holding other consumer debt from 1998 to 2007. Businesses one to four years old, sole proprietorships, those in service/FIRE industries and inherited businesses had a lower probability of holding other consumer debt in 2007 than 1998.

Multivariate Analysis – Probability of Holding Debt

Tables 5 through 10 utilize logistic regression analysis to determine if small business owner-managers are more likely to hold these types of debt than other householders not owning and managing a small business. A logistic regression is employed because the dependent variable is binary (0 or 1) and the logistic regression algorithm will produce predictive values that are within the correct range from zero to one.

Small business-owning households were not more likely to hold a mortgage secured by residential property than other households in any of the regressions, although the level of significance is very close to the cut-off in 2007 (Table 5). In 2007, those householders who were

Table 5 Probability of Holding a Mortgage Secured by Residential Property

Characteristics	1998			2001			2004			2007		
	Parameter	Standard		Parameter	Standard		Parameter	Standard		Parameter	Standard	
	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value
Constant	-5.7607	0.2272	0.0001	-6.5684	0.2487	0.0001	-5.3590	0.2087	0.0001	-6.0741	0.2284	0.0001
Small business owner manager	0.0973	0.1343	0.4688	-0.0732	0.1280	0.5674	0.1231	0.1327	0.3538	0.2700	0.1393	0.0526
Age - less than 35	3.3533	0.2081	0.0001	3.6211	0.2109	0.0001	2.7920	0.1781	0.0001	3.3611	0.2036	0.0001
Age - 35 to 44	3.5772	0.1972	0.0001	3.7762	0.2017	0.0001	3.2480	0.1756	0.0001	3.4136	0.1929	0.0001
Age - 45 to 54	2.8706	0.1892	0.0001	3.2837	0.1947	0.0001	2.6458	0.1613	0.0001	3.1446	0.1795	0.0001
Age - 55 to 64	2.1260	0.1883	0.0001	2.4398	0.1945	0.0001	1.7048	0.1572	0.0001	2.1507	0.1697	0.0001
Age - 65 to 74	0.8963	0.1926	0.0001	1.4144	0.1958	0.0001	0.7672	0.1651	0.0001	1.5081	0.1772	0.0001
Gender - man	-0.0371	0.1395	0.7902	0.3362	0.1388	0.0154	-0.2400	0.1296	0.0640	-0.1007	0.1397	0.4710
Race - minority	-0.2363	0.1189	0.0468	0.3178	0.1205	0.0084	0.1162	0.1138	0.3069	-0.0921	0.1143	0.4205
Education - no high school diploma	-0.3124	0.1517	0.0395	0.0833	0.1499	0.5786	-0.3915	0.1530	0.0105	-0.3045	0.1622	0.0605
Education - high school diploma	-0.0997	0.1095	0.3629	-0.1176	0.1117	0.2926	-0.2028	0.1077	0.0596	0.0144	0.1122	0.8978
Education - some college	-0.0756	0.1279	0.5544	-0.0854	0.1278	0.5039	0.0095	0.1262	0.9398	-0.0599	0.1295	0.6435
Marital status - married	0.6860	0.1210	0.0001	0.3915	0.1189	0.0010	0.7018	0.1130	0.0001	0.6065	0.1226	0.0001
Owns Stocks	-0.0604	0.1099	0.5826	-0.1345	0.1065	0.2067	-0.3309	0.1061	0.0018	-0.1629	0.1146	0.1552
Owns Real Estate (>\$50,000)	3.9422	0.1332	0.0001	4.3083	0.1396	0.0001	4.2907	0.1370	0.0001	4.5376	0.1489	0.0001
McFadden R-squared			0.4389			0.4511			0.4467			0.4726

Sources: Survey of Consumer Finances, 1998, 2001, 2004 and 2007.

Table 6 Probability of Holding a Other Debt Secured by Residential Property

Characteristics	1998			2001			2004			2007		
	Parameter	Standard		Parameter	Standard		Parameter	Standard		Parameter	Standard	
	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value
Constant	-6.5705	0.5693	0.0001	-6.7668	0.6667	0.0001	-6.7383	0.6593	0.0001	-7.9929	0.7842	0.0001
Small business owner manager	0.3732	0.1750	0.0330	0.1067	0.1814	0.5567	0.9684	0.1725	0.0001	0.9978	0.1491	0.0001
Age - less than 35	0.2575	0.4435	0.5615	0.7159	0.3870	0.0643	0.2832	0.4521	0.5311	2.0362	0.6734	0.0025
Age - 35 to 44	1.0156	0.3913	0.0094	0.7676	0.3646	0.0353	0.5802	0.4168	0.1639	2.1203	0.6618	0.0014
Age - 45 to 54	0.8522	0.3958	0.0313	0.9377	0.3586	0.0089	0.9402	0.4024	0.0195	2.2761	0.6575	0.0005
Age - 55 to 64	1.1107	0.3998	0.0055	1.0767	0.3661	0.0033	0.9294	0.4096	0.0233	2.2185	0.6601	0.0008
Age - 65 to 74	0.8310	0.4192	0.0474	0.2534	0.4164	0.5428	0.2714	0.4722	0.5655	1.8768	0.6809	0.0058
Gender - man	1.0366	0.2644	0.0001	0.2910	0.2737	0.2876	0.7564	0.2798	0.0069	0.7514	0.2760	0.0065
Race - minority	0.3494	0.1957	0.0742	-0.0904	0.2167	0.6766	0.3547	0.2118	0.0941	0.2141	0.1718	0.2128
Education - no high school diploma	-1.2698	0.3900	0.0011	-0.7806	0.3390	0.0213	-2.3312	0.7656	0.0023	-0.6764	0.3336	0.0426
Education - high school diploma	-0.4524	0.1822	0.0130	-0.5482	0.1927	0.0045	-0.6407	0.2171	0.0032	-0.6222	0.1853	0.0008
Education - some college	-0.1612	0.1885	0.3924	-0.2276	0.2001	0.2553	0.0001	0.2044	0.9997	0.0801	0.1783	0.6532
Marital status - married	-0.5478	0.1820	0.0026	-0.0248	0.2073	0.9049	-0.4730	0.2004	0.0182	0.0189	0.1887	0.9201
Owns Stocks	0.5561	0.1529	0.0003	0.4301	0.1549	0.0055	0.6905	0.1685	0.0001	0.2858	0.1546	0.0646
Owns Real Estate (>\$50,000)	2.7353	0.4065	0.0001	3.3400	0.5571	0.0001	2.6968	0.5116	0.0001	2.6900	0.4165	0.0001
McFadden R-squared			0.1521			0.1350			0.1667			0.1648

Sources: Survey of Consumer Finances, 1998, 2001, 2004 and 2007.

younger, married or real estate owners were more likely to hold a mortgage secured by residential property than other householders.

Small business-owning households were more likely to hold other debt secured by residential property than other households in all but the 2001 regression (Table 6). In 2007, those householders who were younger, male, highly educated or real estate owners were more likely to hold other debt secured by residential property than other householders.

Small business-owning households were more likely to a line of credit not secured by residential property than other households in 2004 and 2007 (Table 7). In 2007, those householders owning real estate were less likely to hold a line of credit than other householders.

Small business-owning households were not more likely to hold credit card balances at the end of the month than other households in any of the four years, except 2004 (Table 8). In 2004, small business manager households were less likely to hold credit card balances than other households. In 2007, householders who were under 75, female, married, or real estate owners were more likely to hold credit card balances; and householders with no high school diploma and those owning stock were less likely to hold credit card balances than other householders.

Small business-owning households were more likely to hold installment loans than other households in 1998 and 2001 only (Table 9). In 2007, householders who were younger, non-minority, more educated, married or real estate owners were more likely to hold installment loans, while stock owners were less likely to hold installment loans than other householders.

Finally, small business-owning households were not more likely to hold other debt than other households (Table 10). In 2007, those householders who were younger or had some college education were more likely to hold other debt than other householders.

Table 7 Probability of Holding a Line of Credit Not Secured by Residential Property

Characteristics	1998			2001			2004			2007		
	Parameter	Standard		Parameter	Standard		Parameter	Standard		Parameter	Standard	
	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value
Constant	-13.2739	50.0072	0.7907	-4.8186	0.8011	0.0001	-7.9522	2.8010	0.0045	-4.4347	0.6043	0.0001
Small business owner manager	0.4888	0.2635	0.0636	0.5887	0.3359	0.0797	1.2389	0.2777	0.0001	1.1887	0.2846	0.0001
Age - less than 35	9.6018	50.0071	0.8477	0.8380	0.7888	0.2881	4.0319	2.7908	0.1485	0.6715	0.5860	0.2519
Age - 35 to 44	10.1871	50.0069	0.8386	1.1900	0.7842	0.1291	3.6937	2.7934	0.1861	0.7728	0.5821	0.1843
Age - 45 to 54	10.2138	50.0069	0.8382	1.0315	0.7929	0.1933	4.2583	2.7879	0.1267	0.7372	0.5831	0.2061
Age - 55 to 64	9.4826	50.0077	0.8496	1.9189	0.7773	0.0136	2.9235	2.8172	0.2994	0.2466	0.6307	0.6958
Age - 65 to 74	7.7360	50.0146	0.8771	-0.8146	1.3131	0.5350	2.5678	2.8672	0.3705	0.8425	0.6235	0.1766
Gender - man	0.5408	0.3219	0.0930	0.3914	0.3231	0.2257	0.3923	0.3816	0.3039	0.0940	0.3233	0.7713
Race - minority	-0.3495	0.2769	0.2068	-0.5067	0.3383	0.1342	-0.4525	0.3267	0.1660	-0.1440	0.2732	0.5982
Education - no high school diploma	-0.8171	0.4177	0.0504	-0.8763	0.5901	0.1375	-1.1775	0.7190	0.1015	0.1937	0.3820	0.6122
Education - high school diploma	-0.4201	0.2598	0.1058	-0.0891	0.3345	0.7900	0.1367	0.2987	0.6473	-0.0698	0.3073	0.8203
Education - some college	-0.1200	0.2694	0.6561	0.7266	0.3104	0.0192	0.0774	0.3389	0.8193	0.2396	0.3182	0.4515
Marital status - married	0.0565	0.2541	0.8240	-0.7379	0.3105	0.0175	-0.0200	0.3062	0.9478	-0.0673	0.2959	0.8200
Owns Stocks	-0.2961	0.2890	0.3055	0.4163	0.3021	0.1682	-0.0454	0.3186	0.8866	0.1075	0.3220	0.7385
Owns Real Estate (>\$50,000)	-0.7056	0.2448	0.0039	-0.9459	0.2951	0.0013	-0.5655	0.2963	0.0563	-0.8679	0.2783	0.0018
McFadden R-squared			0.0754			0.0851			0.0900			0.0393

Sources: Survey of Consumer Finances, 1998, 2001, 2004 and 2007.

Table 8 Probability of Holding Credit Card Balances at the End of the Month

Characteristics	1998			2001			2004			2007		
	Parameter	Standard		Parameter	Standard		Parameter	Standard		Parameter	Standard	
	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value
Constant	-2.3010	0.1832	0.0001	-1.5587	0.1529	0.0001	-1.4409	0.1439	0.0001	-1.8550	0.1546	0.0001
Small business owner manager	-0.0021	0.1017	0.9835	-0.1773	0.0981	0.0706	-0.2117	0.0973	0.0296	0.0781	0.0986	0.4282
Age - less than 35	2.2744	0.1777	0.0001	1.3935	0.1427	0.0001	1.2221	0.1341	0.0001	1.6145	0.1482	0.0001
Age - 35 to 44	2.1478	0.1743	0.0001	1.5268	0.1413	0.0001	1.5560	0.1320	0.0001	1.5509	0.1457	0.0001
Age - 45 to 54	2.1539	0.1762	0.0001	1.3828	0.1417	0.0001	1.3009	0.1313	0.0001	1.5531	0.1432	0.0001
Age - 55 to 64	1.9015	0.1813	0.0001	1.1054	0.1499	0.0001	0.8605	0.1367	0.0001	1.3658	0.1457	0.0001
Age - 65 to 74	1.1505	0.1882	0.0001	0.5646	0.1588	0.0004	0.4522	0.1488	0.0024	0.8665	0.1580	0.0001
Gender - man	-0.2305	0.0960	0.0164	0.0079	0.0929	0.9326	-0.3497	0.0903	0.0001	-0.2662	0.0936	0.0045
Race - minority	-0.0678	0.0817	0.4062	0.1235	0.0784	0.1152	0.0550	0.0760	0.4695	0.1416	0.0758	0.0617
Education - no high school diploma	-0.4589	0.1107	0.0001	-0.4134	0.1085	0.0001	-0.4879	0.1106	0.0001	-0.6806	0.1157	0.0001
Education - high school diploma	-0.1096	0.0817	0.1795	0.0994	0.0801	0.2149	0.1290	0.0790	0.1024	0.0214	0.0795	0.7877
Education - some college	0.2479	0.0930	0.0077	0.4549	0.0914	0.0001	0.3244	0.0904	0.0003	0.1342	0.0915	0.1424
Marital status - married	0.4569	0.0871	0.0001	0.1387	0.0842	0.0994	0.4477	0.0829	0.0001	0.3367	0.0851	0.0001
Owns Stocks	-0.3534	0.0866	0.0001	-0.3655	0.0822	0.0001	-0.4201	0.0832	0.0001	-0.4240	0.0879	0.0001
Owns Real Estate (>\$50,000)	0.3975	0.0803	0.0001	0.1476	0.0764	0.0532	0.5030	0.0768	0.0001	0.7253	0.0791	0.0001
McFadden R-squared			0.0823			0.0544			0.0644			0.0393

Sources: Survey of Consumer Finances, 1998, 2001, 2004 and 2007.

Table 9 Probability of Holding an Installment Loan

Characteristics	1998			2001			2004			2007		
	Parameter	Standard		Parameter	Standard		Parameter	Standard		Parameter	Standard	
	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value
Constant	-3.4510	0.2608	0.0001	-2.5935	0.1905	0.0001	-1.9851	0.1637	0.0001	-2.7913	0.2072	0.0001
Small business owner manager	-0.2070	0.1033	0.0451	-0.3080	0.1006	0.0022	-0.0607	0.0979	0.5354	-0.0725	0.1000	0.4683
Age - less than 35	3.6410	0.2550	0.0001	2.9374	0.1803	0.0001	2.2243	0.1542	0.0001	3.2495	0.2015	0.0001
Age - 35 to 44	3.2199	0.2521	0.0001	2.4989	0.1775	0.0001	1.9499	0.1513	0.0001	2.7690	0.1986	0.0001
Age - 45 to 54	3.1289	0.2534	0.0001	2.0235	0.1777	0.0001	1.6603	0.1508	0.0001	2.5584	0.1968	0.0001
Age - 55 to 64	2.5887	0.2577	0.0001	1.7896	0.1846	0.0001	1.3964	0.1559	0.0001	2.2532	0.1990	0.0001
Age - 65 to 74	1.6701	0.2671	0.0001	0.8607	0.1982	0.0001	0.7736	0.1696	0.0001	1.4222	0.2122	0.0001
Gender - man	0.1724	0.0981	0.0789	0.2845	0.0972	0.0034	-0.0008	0.0920	0.9930	0.0105	0.0957	0.9122
Race - minority	-0.2875	0.0836	0.0006	-0.1505	0.0816	0.0649	-0.1482	0.0772	0.0549	-0.1698	0.0771	0.0276
Education - no high school diploma	-0.2229	0.1138	0.0502	-0.4631	0.1143	0.0001	-0.6035	0.1140	0.0001	-0.3578	0.1166	0.0021
Education - high school diploma	-0.0552	0.0844	0.5126	0.0001	0.0836	0.9988	-0.1507	0.0804	0.0609	0.0075	0.0823	0.9275
Education - some college	0.0656	0.0955	0.4920	0.0570	0.0949	0.5479	0.2912	0.0922	0.0016	0.2532	0.0943	0.0073
Marital status - married	0.4268	0.0884	0.0001	0.2907	0.0876	0.0009	0.6084	0.0842	0.0001	0.5062	0.0869	0.0001
Owns Stocks	-0.2138	0.0890	0.0163	-0.4311	0.0855	0.0001	-0.3338	0.0845	0.0001	-0.3712	0.0910	0.0001
Owns Real Estate (>\$50,000)	0.2413	0.0830	0.0037	0.3224	0.0807	0.0001	0.1985	0.0784	0.0114	0.1785	0.0813	0.0281
McFadden R-squared			0.1307			0.1218			0.0962			0.1202
Sources: Survey of Consumer Finances, 1998, 2001, 2004 and 2007.												

Characteristics	1998			2001			2004			2007		
	Parameter	Standard		Parameter	Standard		Parameter	Standard		Parameter	Standard	
	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value
Constant	-4.2737	0.3652	0.0001	-3.3663	0.3005	0.0001	-3.7954	0.3398	0.0001	-4.5356	0.4567	0.0001
Small business owner manager	-0.0943	0.1645	0.5665	0.2427	0.1671	0.1463	-0.2446	0.1786	0.1709	-0.1813	0.1866	0.3311
Age - less than 35	1.5582	0.3495	0.0001	0.8819	0.2773	0.0015	0.8924	0.3285	0.0066	1.5746	0.4511	0.0005
Age - 35 to 44	1.6638	0.3429	0.0001	0.7206	0.2779	0.0095	1.5550	0.3130	0.0001	1.8536	0.4448	0.0001
Age - 45 to 54	1.5556	0.3467	0.0001	0.6581	0.2804	0.0189	1.2576	0.3169	0.0001	2.1710	0.4384	0.0001
Age - 55 to 64	1.2643	0.3596	0.0004	0.7115	0.2913	0.0146	1.1831	0.3250	0.0003	2.0310	0.4426	0.0001
Age - 65 to 74	0.5029	0.3992	0.2078	0.1359	0.3306	0.6809	0.4112	0.3765	0.2747	1.2756	0.4784	0.0077
Gender - man	0.4684	0.1722	0.0065	0.3537	0.1711	0.0387	0.2925	0.1670	0.0798	0.0913	0.1775	0.6069
Race - minority	-0.0231	0.1387	0.8679	-0.1515	0.1484	0.3073	-0.0709	0.1407	0.6146	-0.0745	0.1426	0.6013
Education - no high school diploma	0.1058	0.1864	0.5702	-0.0673	0.2060	0.7439	-0.1785	0.2106	0.3967	-0.0720	0.2292	0.7535
Education - high school diploma	-0.0191	0.1386	0.8903	0.1879	0.1440	0.1918	-0.3233	0.1515	0.0329	0.1144	0.1534	0.4556
Education - some college	0.0172	0.1534	0.9105	-0.1356	0.1756	0.4399	0.2471	0.1505	0.1007	0.4393	0.1623	0.0068
Marital status - married	-0.0181	0.1402	0.8975	-0.1941	0.1469	0.1864	-0.1424	0.1464	0.3310	0.0373	0.1582	0.8138
Owens Stocks	0.4019	0.1328	0.0025	0.1814	0.1450	0.2111	0.0526	0.1450	0.7169	0.0378	0.1642	0.8180
Owens Real Estate (>\$50,000)	0.1917	0.1380	0.1647	-0.0621	0.1406	0.6586	0.2066	0.1443	0.1522	0.0047	0.1483	0.9747
McFadden R-squared			0.0364			0.0162			0.0325			0.0310

Sources: Survey of Consumer Finances, 1998, 2001, 2004 and 2007.

Bivariate Analysis – Shares of Debt

Table 11 examines the mean share of each type of debt held by householder characteristics.¹ About 40 percent of household debt from 1998 through 2007 was held in mortgages secured by residential property (Table 11, column 1–mortgages secured by residential real estate). These householders held a significantly larger share of total debt in mortgages secured by residential property in 2007 than in the previous years. Householders holding a larger share of debt in mortgages secured by residential property in 2007 than in 1998 include those 45 to 74 years of age; males and females; minority and non-minority individuals; those with a high school diploma or college degree; those married and unmarried; and those owning and not owning stocks, businesses and real estate.

Less than 3 percent of household debt was held in other debt secured by residential property from 1998 through 2007 (Table 11, column 2–other debt secured by residential real estate). These householders held about the same share of total debt in other debt secured by residential property in 2007 as they did in 1998. Those householders holding a larger share of total debt in other debt secured by residential property in 2007 than in 1998 include married householders and those owning a small business.

Less than 1 percent of total debt held by these householders was held in lines of credit not secured by residential property from 1998 through 2007 (Table 11, column 3–other lines of credit). These householders held about the same share of total debt in lines of credit in 2007 as they did in 1998. Householders with a college degree held a smaller share of debt in lines of credit in 2007 than in 1998. Householders 75 years of age or older held a larger share of debt in line of credit loans in 2007 than in 1998.

¹ Refer to Appendix Tables B1 and B2 for aggregate share calculations.

Table 11 Mean Share of Debt Held in Each Type of Loan for All Households, 1998 - 2007

Characteristics	Mortgages Secured by Residential Real Estate		Other Debt Secured by Residential Real Estate		Other Lines of Credit		Credit Card Balances		Installment Loans		Other Consumer Debt	
	1998	2007	1998	2007	1998	2007	1998	2007	1998	2007	1998	2007
All Households	35.3 *	40.7	2.3	2.6	0.5	0.4	12.4 *	10.8	20.7	20.7	2.8 *	1.7
Age												
Less than 35	27.6	30.5	0.7	1.4	0.6	0.4	13.9 *	10.8	35.2	38.3	3.0	2.0
35 to 44	48.5	51.0	2.6	2.8	0.7	0.3	12.3 *	8.9	20.8	21.5	2.7	1.6
45 to 54	47.9 *	54.6	2.8	3.2	0.9	0.4	10.9	10.1	21.3	16.6	3.0 *	1.7
55 to 64	39.5 *	45.1	4.0	4.0	0.3	0.4	13.3	12.3	16.2	17.5	3.2	2.4
65 to 74	20.7 *	35.6	3.3	3.1	0.1	0.5	14.5	12.2	10.5	13.0	2.2	1.4
75 or more	10.2	13.1	0.8	0.3	0.0 *	0.6	8.2	12.3	3.2	4.3	2.0	0.6
Gender												
Man	41.4 *	46.0	2.8	3.1	0.5	0.4	10.7 *	9.4	21.3	20.6	2.9 *	1.7
Woman	19.7 *	26.8	1.0	1.3	0.6	0.5	16.6	14.6	19.2	21.0	2.4	1.8
Race												
Nonwhite or Hispanic	25.3 *	34.0	1.9	2.2	0.9	0.4	13.8	13.1	24.9	25.2	3.9 *	1.7
White, non-Hispanic	38.2 *	43.0	2.4	2.7	0.4	0.4	12.0 *	10.0	19.5	19.1	2.4 *	1.7
Education												
No high school diploma	17.1	21.8	0.6	1.1	0.5	0.8	12.8	9.2	18.4	20.5	3.6	2.1
High school diploma	32.7 *	37.6	1.5	1.2	0.5	0.4	11.3	13.1	20.5	20.9	2.7 *	1.7
Some college	38.2	38.2	2.5	3.1	0.4	0.5	14.4 *	10.9	23.4	25.2	2.6	2.7
College degree	45.1 *	52.0	3.7	4.1	0.6 *	0.3	12.0 *	9.3	20.4 *	18.3	2.4 *	1.2
Marital Status												
Married	48.0 *	53.1	2.6 *	3.4	0.4	0.3	9.9 *	8.5	18.7	17.9	2.6 *	1.3
Not married	21.4 *	27.7	1.9	1.7	0.7	0.5	15.0	13.3	22.9	23.6	2.9	2.2
Owns Stocks												
Yes	48.5 *	52.7	5.0	4.9	0.3	0.3	8.3	7.5	14.5 *	12.3	3.4 *	1.7
No	32.1 *	38.1	1.6	2.1	0.5	0.4	13.3 *	11.6	22.2	22.5	2.6 *	1.7
Owns Real Estate (>\$50,000)												
Yes	55.1 *	60.9	3.7	3.9	0.1	0.2	7.4	7.1	12.4 *	10.7	1.8 *	1.0
No	5.0 *	3.6	0.2	0.2	1.1	0.8	20.0	17.7	33.4 *	39.1	4.2	3.0
Small Business Owner/Manager												
Yes	51.5 *	59.1	4.5 *	7.1	1.1	0.7	11.2 *	7.5	17.4	15.5	2.5 *	1.1
No	33.2 *	38.1	2.0	1.9	0.4	0.4	12.5	11.3	21.1	21.4	2.8 *	1.8
Number of Observations, all	4,305	4,418	4,305	4,418	4,305	4,418	4,305	4,418	4,305	4,418	4,305	4,418

Note: * denotes statistical significance at the 0.05 level when comparing 1998 with 2007 (reference year)

Source: Survey of Consumer Finances, 1998 and 2007.

Less than 13 percent of householders debt was held in credit card balances from 1998 through 2007 (Table 11, column 4–credit card balances). These householders held a significantly smaller share of debt in credit card balances in 2007 than in 1998. Those householders holding a smaller share of debt in credit card balances in 2007 than in 1998 were younger, male, non-minority, reasonably well educated, married, and owned stocks and businesses.

About 20 percent of householder debt was held in installment loans from 1998 through 2007 (Table 11, column 5–installment loans). Those householders holding a larger share of debt in installment loans in 2007 than in 1998 include householders not owning real estate. Those holding a smaller share of debt in installment loans in 2007 than in 1998 include those with a college degree, and those owning stock and real estate.

Less than 3 percent of household debt was held in other consumer debt from 1998 through 2007 (Table 11, column 6–other consumer debt). These householders held a somewhat smaller share of debt in other consumer debt in 2007 than in 1998. Householders with a smaller share of consumer debt in 2007 than in 1998 include those 45 to 54 years of age, male, minority and non-minority, with a high school diploma or college degree, married, owning or not owning stocks, real estate and business owners; and not owning businesses.

Table 12 examines the mean share of each type of debt held by business characteristics. Approximately 60 percent of all household debt was held in mortgages secured by residential property for those households owning a small business (Table 12, column 1–mortgages secured by residential real estate). Small business-owning households had a significantly larger share of debt in mortgages secured by residential property in 2007 than in 1998. Younger and smaller

Table 12 Mean Share of Debt Held in Each Type of Loan for Households Owning and Managing Small Businesses, 1998 - 2007

Characteristics	Mortgages Secured by Residential Real Estate		Other Debt Secured by Residential Real Estate		Other Lines of Credit		Credit Card Balances		Installment Loans		Other Consumer Debt	
	1998	2007	1998	2007	1998	2007	1998	2007	1998	2007	1998	2007
Small Business Owner Manager	51.5 *	59.1	4.5 *	7.1	1.1	0.8	11.2 *	7.5	17.4	15.5	2.5 *	1.1
Business Age												
Less than 1 year	26.4 *	48.2	0.5 *	8.5	2.4	0.3	22.2	14.2	31.9	24.4	5.7	4.3
1 to 4 years	53.5 *	64.4	3.6	5.3	2.0 *	0.3	14.5 *	8.2	17.2	17.1	2.2 *	0.4
5 to 9 years	61.7	69.1	3.9	6.0	0.1	1.5	7.7	6.3	13.4	15.2	1.7	0.8
10 to 19 years	52.1	54.9	6.1	8.8	0.9	0.4	8.2	8.1	18.7 *	12.6	2.4 *	0.9
20 years or more	40.8 *	50.9	5.2 *	8.3	0.6	1.3	10.9 *	5.1	16.6	14.6	3.0	1.8
Business Size (including owner)												
1 or fewer	44.4 *	57.5	4.0	4.7	0.1	0.9	14.7 *	9.1	21.9 *	15.7	1.4	0.9
2 to 4	50.7 *	61.0	4.9 *	7.9	2.7 *	0.9	10.4	7.4	17.3	16.0	3.9 *	1.1
5 to 9	65.1	57.8	2.3 *	10.0	0.3	0.1	10.2	7.3	9.3	14.6	1.5	0.6
10 to 24	63.5	58.6	7.8	12.3	0.0	0.2	4.3	2.0	12.9	14.6	1.2	3.1
25 or more	59.6	61.9	7.0	6.6	0.3	1.1	1.2 *	6.7	12.1	14.6	3.1 *	0.8
Legal Organization												
Partnership	51.7 *	64.5	4.0 *	5.9	3.2 *	0.1	9.8	6.7	17.7	16.1	2.9 *	1.2
Sole proprietorship	46.0 *	55.5	4.4	6.0	0.8	0.9	14.9 *	9.5	20.9	17.7	2.4 *	0.8
Subchapter S corporation	58.1	60.0	5.3 *	11.9	0.3 *	1.7	5.3	5.4	13.2	10.3	1.4	1.9
Subchapter C corporation	67.5	60.3	4.6	8.9	0.5	0.4	3.4	2.0	6.7	9.8	3.1	1.6
Business Industrial Classification												
Agriculturally related	35.5 *	56.8	1.0	4.2	0.6	2.0	12.9	13.8	26.9	17.1	3.0	0.1
Mining/construction/manuf.	49.4 *	60.6	2.1 *	7.5	1.6	1.0	10.7 *	6.4	23.4 *	16.6	1.7	0.7
Wholesale or retail	57.2	55.0	2.7 *	8.7	2.2 *	0.1	9.9	7.5	14.6	16.5	2.7	2.0
Services and FIRE	53.9 *	59.9	6.9	7.1	0.6	0.6	11.5 *	6.8	13.4	14.5	2.7 *	1.3
Founding Status												
Bought/invest	53.4	59.9	4.9	4.9	0.4 *	2.5	10.8	7.0	18.3	19.2	3.1	1.8
Started	50.7 *	59.8	4.5 *	8.0	1.5 *	0.4	11.8 *	7.7	17.2 *	13.6	2.2 *	1.1
Inherited/given/other	52.9	53.1	2.2	5.0	0.0	0.0	4.5	7.6	16.7	22.1	3.2 *	0.3

Number of Observations, all 1,098 1,183 1,098 1,183 1,098 1,183 1,098 1,183 1,098 1,183 1,098 1,183

Note: * denotes statistical significance at the 0.05 level when comparing 1998 with 2007 (reference year)

Source: Survey of Consumer Finances, 1998 and 2007.

businesses, those organized as partnerships or sole proprietorships, those engaged in agricultural, mining/construction/manufacturing or service/FIRE industries, and those started by the current owner realized significant increases in the share of debt held in mortgages secured by residential property over the 10 years from 1998 to 2007.

Less than 8 percent of all debt held by business owners was held as other debt secured by residential property (Table 12, column 2—other debt secured by residential real estate).

Households owning a small business realized significant increase in the share of debt held in other debt secured by residential real estate from 1998 to 2007. Younger and smaller businesses, partnerships and subchapter S corporations, mining/construction/manufacturing or wholesale/retail firms, and those started by the current owner realized significant increases the share of total debt held as other debt secured by residential property over the 10 years from 1998 to 2007.

Less than 2 percent of all debt held by households owning a business was held in a line of credit not secured by residential property (Table 12, column 3—other lines of credit). Households owning small businesses held a smaller share of debt in lines of credit in 2007 than in 1998.

Younger businesses, those with two to four employees, partnerships, those in wholesale or retail and those started by the owner have a smaller share of debt in lines of credit in 2007 than 1998.

Less than 11 percent of debt held by households owning a small business was held in credit card balances (Table 12, column 4—credit card balances). Households owning a small business realized a significant decline in the share of debt held in credit card balances from 1998 to 2007. Younger (less the four years old) and older (20 or more years) businesses, those small businesses with 1 or fewer employees, those organized as sole proprietorship, those engaged in mining/construction/manufacturing or services/FIRE, and those businesses started by the current owner have a smaller share of debt in credit card balances in 2007 than 1998.

About 15 percent of debt held by households owning a small business was held in installment loans (Table 12, column 5—installment loans). Businesses 10 to 19 years old, those with one or fewer employees, in mining/construction/manufacturing, and those started by the current owner decreased the share of debt held in installment loans from 1998 to 2007.

Less than 3 percent of debt held by households owning a small business was held in other consumer debt (Table 12, column 6—other consumer debt). Households owning a small business held a significantly smaller share of total debt in other debt in 2007 than 1998. Businesses one to four years old or 10 to 19 years old, those with 2 to 4 or 25 or more employees, those organized as partnerships or sole proprietorships, those engaged in service/FIRE industries and those who started their business have a smaller share of debt in other consumer debt in 2007 than 1998.

Multivariate Analysis—Shares of Debt

Tables 13 through 18 utilize linear regression analysis to determine if small business owner-managers hold a larger share of debt in each type of debt than other householders. Small business-owning households did not hold a larger share of total debt in mortgages secured by residential property than other households (Table 13). In 2007, those householders who were younger, married or real estate owners held a larger share of total debt in mortgages secured by residential property than other householders.

Small business-owning households held a larger share of total debt in other debt secured by residential property than other households in 1998, 2004 and 2007 (Table 14). In 2007, those householders who were younger and stock or real estate owners held a larger share of total debt in other debt secured by residential real estate; while those householders with a high school

Table 13 Share of Debt in Mortgages Secured by Residential Property

Characteristics	1998			2001			2004			2007		
	Parameter	Standard		Parameter	Standard		Parameter	Standard		Parameter	Standard	
	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value
Constant	-0.2600	0.0209	0.0001	-0.3128	0.0208	0.0001	-0.2342	0.0206	0.0001	-0.2828	0.0204	0.0001
Small business owner manager	0.0014	0.0158	0.9293	0.0076	0.0153	0.6186	-0.0051	0.0152	0.7379	0.0158	0.0151	0.2970
Age - less than 35	0.3689	0.0199	0.0001	0.3963	0.0192	0.0001	0.3615	0.0192	0.0001	0.3715	0.0194	0.0001
Age - 35 to 44	0.4145	0.0194	0.0001	0.4441	0.0190	0.0001	0.4179	0.0188	0.0001	0.4165	0.0192	0.0001
Age - 45 to 54	0.3534	0.0198	0.0001	0.4085	0.0191	0.0001	0.3659	0.0188	0.0001	0.3899	0.0188	0.0001
Age - 55 to 64	0.2501	0.0209	0.0001	0.2835	0.0204	0.0001	0.2450	0.0197	0.0001	0.2726	0.0193	0.0001
Age - 65 to 74	0.0717	0.0213	0.0008	0.1437	0.0212	0.0001	0.1168	0.0212	0.0001	0.1877	0.0211	0.0001
Gender - man	-0.0116	0.0143	0.4208	0.0141	0.0143	0.3246	-0.0377	0.0138	0.0065	-0.0127	0.0140	0.3620
Race - minority	-0.0217	0.0124	0.0807	0.0115	0.0122	0.3458	0.0039	0.0118	0.7387	-0.0013	0.0115	0.9107
Education - no high school diploma	-0.0165	0.0162	0.3085	0.0033	0.0161	0.8367	-0.0341	0.0165	0.0389	-0.0254	0.0166	0.1250
Education - high school diploma	-0.0190	0.0125	0.1296	-0.0380	0.0125	0.0024	-0.0413	0.0123	0.0008	-0.0104	0.0121	0.3940
Education - some college	-0.0136	0.0143	0.3410	-0.0304	0.0142	0.0327	-0.0279	0.0141	0.0480	-0.0223	0.0140	0.1115
Marital status - married	0.0698	0.0132	0.0001	0.0447	0.0130	0.0006	0.0683	0.0128	0.0001	0.0434	0.0129	0.0007
Owns Stocks	-0.0018	0.0131	0.8881	-0.0203	0.0126	0.1067	-0.0475	0.0129	0.0002	-0.0092	0.0133	0.4880
Owns Real Estate (>\$50,000)	0.5137	0.0120	0.0001	0.5464	0.0117	0.0001	0.5754	0.0118	0.0001	0.5850	0.0117	0.0001
Adjusted R-squared			0.4414			0.4565			0.4605			0.4778

Sources: Survey of Consumer Finances, 1998, 2001, 2004 and 2007.

Table 14 Share of Debt in Other Loans Secured by Residential Property

Characteristics	1998			2001			2004			2007		
	Parameter	Standard		Parameter	Standard		Parameter	Standard		Parameter	Standard	
	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value
Constant	-0.0090	0.0077	0.2396	0.0001	0.0076	0.9940	-0.0024	0.0071	0.7416	-0.0146	0.0081	0.0734
Small business owner manager	0.0122	0.0058	0.0353	0.0026	0.0056	0.6367	0.0309	0.0052	0.0001	0.0384	0.0060	0.0001
Age - less than 35	0.0014	0.0073	0.8496	0.0063	0.0070	0.3704	-0.0025	0.0066	0.7034	0.0137	0.0077	0.0781
Age - 35 to 44	0.0109	0.0071	0.1256	0.0047	0.0070	0.4950	-0.0012	0.0065	0.8577	0.0168	0.0076	0.0280
Age - 45 to 54	0.0097	0.0073	0.1848	0.0096	0.0070	0.1680	0.0115	0.0065	0.0774	0.0188	0.0075	0.0120
Age - 55 to 64	0.0234	0.0077	0.0023	0.0216	0.0075	0.0039	0.0146	0.0068	0.0318	0.0254	0.0077	0.0010
Age - 65 to 74	0.0196	0.0078	0.0123	0.0043	0.0078	0.5814	0.0045	0.0073	0.5424	0.0218	0.0084	0.0096
Gender - man	0.0224	0.0053	0.0001	0.0017	0.0052	0.7440	0.0142	0.0048	0.0031	0.0075	0.0056	0.1763
Race - minority	0.0102	0.0046	0.0253	0.0019	0.0045	0.6643	0.0085	0.0041	0.0355	0.0058	0.0046	0.2016
Education - no high school diploma	-0.0165	0.0059	0.0054	-0.0130	0.0059	0.0278	-0.0186	0.0057	0.0011	-0.0093	0.0066	0.1615
Education - high school diploma	-0.0136	0.0046	0.0031	-0.0109	0.0046	0.0173	-0.0135	0.0043	0.0016	-0.0158	0.0048	0.0011
Education - some college	-0.0063	0.0052	0.2260	-0.0072	0.0052	0.1652	-0.0054	0.0049	0.2691	0.0004	0.0056	0.9391
Marital status - married	-0.0217	0.0049	0.0001	-0.0023	0.0048	0.6320	-0.0117	0.0044	0.0079	-0.0039	0.0051	0.4433
Owns Stocks	0.0209	0.0048	0.0001	0.0175	0.0046	0.0002	0.0156	0.0044	0.0005	0.0122	0.0053	0.0214
Owns Real Estate (>\$50,000)	0.0289	0.0044	0.0001	0.0256	0.0043	0.0001	0.0189	0.0041	0.0001	0.0279	0.0047	0.0001
Adjusted R-squared			0.0375			0.0237			0.0349			0.0372

Sources: Survey of Consumer Finances, 1998, 2001, 2004 and 2007.

diploma or less education held a smaller share of total debt in other debt secured by residential real estate.

Small business-owning households held a larger share of total debt in line of credit loans than other households in 1998, 2004 and 2007 (Table 15). In 2007, those householders owning real estate held a larger share of total debt in line of credit loans than other householders.

Small business-owning households did not hold a larger share of total debt in credit card balances in any year (Table 16). In 2007, minority householders held a larger share of debt in credit card balances than other households, while younger householders, those with less education (no high school diploma) and real estate owners held a smaller share of debt in credit card balances than other households.

Small business-owning households held a smaller share of total debt in installment loans in 2001 only than other households (Table 17). In other years, the small business owner/manager's share of total debt in installment loans wasn't statistically significant from other householders. In 2007, those householders who were younger held a larger share of total debt in installment loans than other households, while householders from a minority group, those with less education (no high school diploma) and those owning stocks or real estate held a smaller share of total debt in installment loans than other householders.

Small business-owning households did not hold a larger share of total debt in other consumer loans from 1998 to 2007 (Table 18). In 2007, those householders who were 45 to 64 years of age and those with some college held a larger share of total debt in other consumer loans than other households, while householders owning real estate held a smaller share of total debt in other consumer loans than other householders.

Table 15 Share of Debt in Line of Credit Loans

Characteristics	1998			2001			2004			2007		
	Parameter	Standard		Parameter	Standard		Parameter	Standard		Parameter	Standard	
	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value
Constant	0.0082	0.0036	0.0251	0.0018	0.0040	0.6459	0.0047	0.0037	0.2133	0.0095	0.0031	0.0025
Small business owner manager	0.0089	0.0028	0.0013	0.0010	0.0029	0.7313	0.0093	0.0028	0.0008	0.0063	0.0023	0.0065
Age - less than 35	0.0003	0.0035	0.9303	0.0038	0.0037	0.2952	0.0044	0.0035	0.2113	-0.0046	0.0030	0.1232
Age - 35 to 44	0.0036	0.0034	0.2816	0.0026	0.0036	0.4690	0.0032	0.0034	0.3560	-0.0037	0.0030	0.2064
Age - 45 to 54	0.0063	0.0035	0.0668	0.0048	0.0036	0.1908	0.0061	0.0034	0.0766	-0.0022	0.0029	0.4381
Age - 55 to 64	0.0013	0.0037	0.7324	0.0130	0.0039	0.0009	0.0007	0.0036	0.8456	-0.0011	0.0030	0.7107
Age - 65 to 74	0.0002	0.0037	0.9577	0.0007	0.0040	0.8570	0.0022	0.0038	0.5755	-0.0004	0.0033	0.9009
Gender - man	0.0009	0.0025	0.7326	0.0042	0.0027	0.1250	-0.0032	0.0025	0.1990	0.0016	0.0022	0.4592
Race - minority	0.0039	0.0022	0.0749	-0.0026	0.0023	0.2575	-0.0005	0.0021	0.8185	-0.0004	0.0018	0.8264
Education - no high school diploma	-0.0030	0.0028	0.2834	0.0027	0.0031	0.3805	-0.0015	0.0030	0.6112	0.0029	0.0026	0.2537
Education - high school diploma	-0.0008	0.0022	0.7020	0.0035	0.0024	0.1459	0.0013	0.0022	0.5751	0.0003	0.0019	0.8619
Education - some college	-0.0024	0.0025	0.3393	0.0056	0.0027	0.0385	0.0013	0.0026	0.6079	0.0013	0.0022	0.5534
Marital status - married	-0.0011	0.0023	0.6341	-0.0045	0.0025	0.0679	0.0024	0.0023	0.2946	-0.0016	0.0020	0.4241
Owns Stocks	0.0001	0.0023	0.9488	0.0029	0.0024	0.2261	-0.0010	0.0023	0.6612	0.0002	0.0021	0.9348
Owns Real Estate (>\$50,000)	-0.0103	0.0021	0.0001	-0.0066	0.0022	0.0031	-0.0055	0.0021	0.0102	-0.0075	0.0018	0.0001
Adjusted R-squared			0.0093			0.0055			0.0032			0.0040

Sources: Survey of Consumer Finances, 1998, 2001, 2004 and 2007.

Table 16 Share of Debt in Credit Card Balances

Characteristics	1998			2001			2004			2007		
	Parameter	Standard		Parameter	Standard		Parameter	Standard		Parameter	Standard	
	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value
Constant	0.2237	0.0181	0.0001	0.2455	0.0177	0.0001	0.2505	0.0169	0.0001	0.2311	0.0166	0.0001
Small business owner manager	0.0138	0.0137	0.3117	-0.0073	0.0130	0.5755	-0.0139	0.0124	0.2657	-0.0042	0.0123	0.7322
Age - less than 35	0.0030	0.0173	0.8632	-0.0342	0.0163	0.0360	-0.0766	0.0157	0.0001	-0.0638	0.0158	0.0001
Age - 35 to 44	0.0276	0.0168	0.1006	-0.0171	0.0161	0.2898	-0.0234	0.0154	0.1300	-0.0493	0.0156	0.0016
Age - 45 to 54	0.0264	0.0172	0.1247	0.0024	0.0162	0.8840	-0.0118	0.0154	0.4448	-0.0248	0.0153	0.1047
Age - 55 to 64	0.0600	0.0181	0.0009	0.0102	0.0174	0.5568	-0.0150	0.0161	0.3530	0.0003	0.0157	0.9838
Age - 65 to 74	0.0682	0.0185	0.0002	0.0267	0.0180	0.1375	0.0055	0.0173	0.7509	0.0029	0.0171	0.8666
Gender - man	-0.0395	0.0124	0.0015	-0.0206	0.0121	0.0892	-0.0215	0.0113	0.0583	-0.0199	0.0114	0.0801
Race - minority	-0.0145	0.0108	0.1768	0.0141	0.0103	0.1717	-0.0072	0.0096	0.4535	0.0198	0.0093	0.0345
Education - no high school diploma	-0.0406	0.0140	0.0037	-0.0330	0.0137	0.0160	-0.0376	0.0135	0.0055	-0.0587	0.0135	0.0001
Education - high school diploma	-0.0309	0.0108	0.0044	0.0072	0.0106	0.4976	0.0076	0.0101	0.4503	0.0101	0.0099	0.3071
Education - some college	0.0096	0.0124	0.4352	0.0289	0.0121	0.0170	0.0212	0.0116	0.0672	-0.0091	0.0114	0.4268
Marital status - married	0.0151	0.0114	0.1885	-0.0021	0.0110	0.8466	0.0054	0.0105	0.6088	0.0006	0.0105	0.9551
Owns Stocks	-0.0235	0.0113	0.0383	-0.0150	0.0107	0.1621	-0.0239	0.0105	0.0232	-0.0133	0.0108	0.2202
Owns Real Estate (>\$50,000)	-0.1423	0.0104	0.0001	-0.1598	0.0099	0.0001	-0.1395	0.0096	0.0001	-0.1179	0.0096	0.0001
Adjusted R-squared			0.0580			0.0797			0.0603			0.0495

Sources: Survey of Consumer Finances, 1998, 2001, 2004 and 2007.

Characteristics	1998			2001			2004			2007		
	Parameter Estimate	Standard Error	p-value	Parameter Estimate	Standard Error	p-value	Parameter Estimate	Standard Error	p-value	Parameter Estimate	Standard Error	p-value
Constant	0.1736	0.0210	0.0001	0.2160	0.0208	0.0001	0.2725	0.0202	0.0001	0.2478	0.0201	0.0001
Small business owner manager	-0.0164	0.0159	0.3020	-0.0342	0.0153	0.0252	-0.0044	0.0149	0.7673	-0.0055	0.0149	0.7107
Age - less than 35	0.2269	0.0201	0.0001	0.1972	0.0192	0.0001	0.1423	0.0188	0.0001	0.2362	0.0191	0.0001
Age - 35 to 44	0.1374	0.0195	0.0001	0.1332	0.0190	0.0001	0.0541	0.0185	0.0034	0.1336	0.0189	0.0001
Age - 45 to 54	0.1632	0.0200	0.0001	0.0884	0.0191	0.0001	0.0585	0.0185	0.0015	0.1118	0.0185	0.0001
Age - 55 to 64	0.1273	0.0211	0.0001	0.0957	0.0204	0.0001	0.0708	0.0193	0.0002	0.1305	0.0190	0.0001
Age - 65 to 74	0.0694	0.0215	0.0012	0.0540	0.0212	0.0108	0.0353	0.0208	0.0888	0.0851	0.0208	0.0001
Gender - man	0.0429	0.0144	0.0030	0.0343	0.0143	0.0163	0.0240	0.0136	0.0771	0.0161	0.0138	0.2436
Race - minority	-0.0134	0.0125	0.2835	-0.0342	0.0122	0.0049	-0.0222	0.0115	0.0539	-0.0245	0.0113	0.0301
Education - no high school diploma	-0.0507	0.0163	0.0018	-0.0587	0.0161	0.0003	-0.0672	0.0162	0.0001	-0.0518	0.0163	0.0015
Education - high school diploma	-0.0203	0.0126	0.1070	0.0037	0.0125	0.7672	-0.0066	0.0121	0.5846	-0.0169	0.0120	0.1577
Education - some college	0.0086	0.0144	0.5476	0.0132	0.0142	0.3547	0.0375	0.0139	0.0069	0.0133	0.0138	0.3333
Marital status - married	0.0000	0.0133	0.9985	0.0208	0.0130	0.1089	0.0248	0.0125	0.0482	0.0237	0.0127	0.0609
Owns Stocks	-0.0303	0.0132	0.0216	-0.0321	0.0126	0.0110	-0.0224	0.0126	0.0759	-0.0417	0.0131	0.0015
Owns Real Estate (>\$50,000)	-0.1883	0.0121	0.0001	-0.2057	0.0117	0.0001	-0.2371	0.0116	0.0001	-0.2645	0.0116	0.0001
Adjusted R-squared			0.1346			0.1359			0.1394			0.1962

Sources: Survey of Consumer Finances, 1998, 2001, 2004 and 2007.

Table 18 Share of Debt in Other Loans

Characteristics	1998			2001			2004			2007		
	Parameter	Standard		Parameter	Standard		Parameter	Standard		Parameter	Standard	
	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value
Constant	0.0271	0.0092	0.0032	0.0332	0.0076	0.0001	0.0222	0.0073	0.0023	0.0143	0.0069	0.0383
Small business owner manager	-0.0010	0.0070	0.8822	0.0038	0.0056	0.5041	0.0016	0.0054	0.7658	-0.0038	0.0051	0.4608
Age - less than 35	-0.0037	0.0088	0.6721	-0.0020	0.0071	0.7750	0.0010	0.0068	0.8784	0.0079	0.0066	0.2301
Age - 35 to 44	0.0016	0.0085	0.8475	0.0013	0.0070	0.8575	0.0091	0.0066	0.1699	0.0104	0.0065	0.1088
Age - 45 to 54	0.0077	0.0087	0.3763	0.0008	0.0070	0.9047	0.0019	0.0066	0.7710	0.0127	0.0064	0.0468
Age - 55 to 64	0.0102	0.0092	0.2699	0.0045	0.0075	0.5517	0.0131	0.0069	0.0586	0.0209	0.0066	0.0014
Age - 65 to 74	0.0011	0.0094	0.9046	0.0096	0.0078	0.2192	0.0053	0.0074	0.4742	0.0104	0.0071	0.1477
Gender - man	0.0119	0.0063	0.0598	0.0047	0.0052	0.3659	0.0107	0.0049	0.0289	0.0073	0.0047	0.1235
Race - minority	0.0102	0.0055	0.0624	-0.0081	0.0045	0.0695	-0.0044	0.0041	0.2888	-0.0055	0.0039	0.1567
Education - no high school diploma	0.0064	0.0071	0.3729	0.0083	0.0059	0.1597	0.0068	0.0058	0.2413	0.0069	0.0056	0.2180
Education - high school diploma	0.0017	0.0055	0.7585	0.0020	0.0046	0.6621	-0.0015	0.0043	0.7318	0.0039	0.0041	0.3493
Education - some college	0.0017	0.0063	0.7915	-0.0011	0.0052	0.8295	0.0039	0.0050	0.4377	0.0125	0.0048	0.0086
Marital status - married	-0.0015	0.0058	0.8025	-0.0058	0.0048	0.2264	-0.0056	0.0045	0.2130	-0.0075	0.0044	0.0858
Owens Stocks	0.0164	0.0058	0.0044	0.0096	0.0046	0.0388	0.0028	0.0045	0.5340	0.0061	0.0045	0.1775
Owens Real Estate (>\$50,000)	-0.0281	0.0053	0.0001	-0.0281	0.0043	0.0001	-0.0213	0.0041	0.0001	-0.0203	0.0040	0.0001
Adjusted R-squared			0.0084			0.0102			0.0069			0.0104

Sources: Survey of Consumer Finances, 1998, 2001, 2004 and 2007.

Tables 19 through 24 examine only small business-owning households. These tables assess whether more financially successful (high income, high wealth) small business owner/managers hold a larger share of total debt in each of these types of loans than less financially successful (lower income, lower wealth) small business owner/managers. Table 19 suggests that wealthier small business-owning households had a smaller share of debt in mortgages secured by residential real estate than other small business-owning households in 1998 and 2001. This variable becomes statistically insignificant in 2004 and 2007, however the level of significance is very close to the cutoff of 0.05. In 2007, small business-owning households that were somewhat younger, owners of real estate and businesses owned five to nine years held a larger share of total debt in mortgages secured by residential real estate than less financially successful small business-owning households; while small business-owning households headed by a member of a minority group and those engaged in wholesale/retail industry held a smaller share of total debt in mortgages secured by residential real estate than less financially successful small business-owning households.

Table 20 shows that wealthier small business-owning households have a larger share of total debt in other debt secured by residential real estate than other small business-owning households in all four years. In 2007, those small business-owning households holding a larger share of total debt in other debt secured by residential real estate are somewhat younger, are owners of real estate, own businesses that have between two and 24 employees, are engaged in wholesale/retail industry and started their business. Those small business-owning households holding a smaller share of total debt secured by residential real estate in other debt have less education and are married.

Table 19 Share of Debt in Mortgages Secured by Residential Property for Small Business Owner Managers Only

Characteristics	1998			2001			2004			2007		
	Parameter	Standard		Parameter	Standard		Parameter	Standard		Parameter	Standard	
	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value
Constant	0.0669	0.1160	0.5644	-0.4875	0.1139	0.0001	-0.0593	0.0906	0.5128	-0.2046	0.0910	0.0247
High income, high wealth owner/manger	-0.1663	0.0385	0.0001	-0.1028	0.0334	0.0021	-0.0589	0.0314	0.0610	-0.0509	0.0288	0.0777
Age - less than 35	0.0392	0.0844	0.6424	0.4688	0.0839	0.0001	0.1114	0.0616	0.0706	0.3499	0.0644	0.0001
Age - 35 to 44	0.0695	0.0801	0.3857	0.5068	0.0802	0.0001	0.2693	0.0576	0.0001	0.3757	0.0599	0.0001
Age - 45 to 54	0.0306	0.0780	0.6944	0.3941	0.0783	0.0001	0.1193	0.0561	0.0337	0.3902	0.0589	0.0001
Age - 55 to 64	-0.0765	0.0794	0.3356	0.4156	0.0794	0.0001	0.0588	0.0568	0.3000	0.2007	0.0587	0.0006
Age - 65 to 74	-0.1786	0.0813	0.0282	0.2726	0.0824	0.0010	-0.0372	0.0620	0.5485	0.1356	0.0657	0.0393
Gender - man	-0.0073	0.0463	0.8741	0.0894	0.0473	0.0588	-0.0388	0.0416	0.3519	-0.0064	0.0409	0.8755
Race - minority	0.0158	0.0359	0.6601	-0.0280	0.0374	0.4545	-0.0307	0.0298	0.3044	-0.0980	0.0278	0.0004
Education - no high school diploma	0.0513	0.0457	0.2618	-0.0833	0.0463	0.0722	-0.0178	0.0464	0.7017	-0.0006	0.0448	0.9885
Education - high school diploma	-0.0954	0.0292	0.0011	-0.0228	0.0286	0.4253	0.0409	0.0264	0.1216	0.0157	0.0262	0.5496
Education - some college	-0.0458	0.0287	0.1112	-0.0152	0.0313	0.6264	0.0800	0.0288	0.0055	-0.0074	0.0287	0.7962
Marital status - married	0.0680	0.0287	0.0181	0.0280	0.0321	0.3847	0.0278	0.0270	0.3046	-0.0168	0.0281	0.5509
Owens Stocks	-0.0302	0.0253	0.2327	0.0091	0.0254	0.7211	-0.0661	0.0234	0.0047	-0.0159	0.0230	0.4900
Owens Real Estate (>\$50,000)	0.5767	0.0311	0.0001	0.5916	0.0340	0.0001	0.5751	0.0299	0.0001	0.6169	0.0313	0.0001
Business age - less than 1 year	0.1190	0.0632	0.0600	0.0908	0.0527	0.0849	0.1678	0.0449	0.0002	0.0287	0.0490	0.5579
Business age - 1 to 4 years	0.0947	0.0386	0.0143	0.0567	0.0358	0.1140	0.1092	0.0355	0.0022	0.0594	0.0322	0.0657
Business age - 5 to 9 years	0.1442	0.0379	0.0001	0.0184	0.0365	0.6145	0.1022	0.0345	0.0031	0.0744	0.0333	0.0257
Business age - 10 to 19 years	0.0428	0.0354	0.2270	0.0190	0.0317	0.5498	0.0866	0.0332	0.0092	-0.0233	0.0301	0.4393
Size - 1 or fewer employees	-0.0592	0.0566	0.2963	0.1220	0.0534	0.0227	-0.0045	0.0466	0.9226	-0.0005	0.0467	0.9908
Size - 2 to 4 employees	-0.0601	0.0537	0.2634	0.0818	0.0519	0.1154	0.0190	0.0449	0.6720	-0.0013	0.0453	0.9778
Size - 5 to 9 employees	-0.0152	0.0569	0.7893	0.1499	0.0549	0.0064	0.0062	0.0503	0.9017	-0.0412	0.0503	0.4132
Size - 10 to 24 employees	0.0074	0.0657	0.9109	0.0782	0.0600	0.1926	-0.0248	0.0523	0.6352	-0.0481	0.0500	0.3364
Legal organization - partnership	-0.0662	0.0396	0.0950	-0.0044	0.0433	0.9185	-0.0079	0.0384	0.8381	0.0373	0.0406	0.3589
Legal organization - sole proprietorship	-0.1334	0.0365	0.0003	-0.0232	0.0396	0.5583	-0.0281	0.0367	0.4432	-0.0346	0.0408	0.3959
Legal organization - subchapter s corporation	-0.0880	0.0407	0.0308	-0.0010	0.0417	0.9818	0.0048	0.0411	0.9077	-0.0018	0.0431	0.9659
Industry - agriculturally related	-0.0661	0.0407	0.1045	-0.1668	0.0376	0.0001	-0.1024	0.0395	0.0097	-0.0271	0.0367	0.4595
Industry - mining/construction/manufacturing	-0.0256	0.0277	0.3555	0.0146	0.0298	0.6247	-0.0651	0.0260	0.0125	-0.0262	0.0255	0.3032
Industry - wholesale/retail	-0.0353	0.0318	0.2677	0.0408	0.0362	0.2598	0.0074	0.0288	0.7970	-0.0735	0.0308	0.0171
Founding status - bought/invest	0.0745	0.0516	0.1493	-0.1084	0.0583	0.0631	-0.0387	0.0503	0.4419	0.0180	0.0389	0.6441
Founding status - started	0.0740	0.0510	0.1472	-0.0501	0.0547	0.3597	-0.0283	0.0469	0.5457	0.0092	0.0351	0.7944
Adjusted R-squared			0.3402			0.3331			0.3569			0.3289
Number of Observations			1,098			1,125			1,180			1,183

Sources: Survey of Consumer Finances, 1998, 2001, 2004 and 2007.

Table 20 Share of Debt in Other Loans Secured by Residential Property for Small Business Owner Managers Only

Characteristics	1998			2001			2004			2007		
	Parameter	Standard		Parameter	Standard		Parameter	Standard		Parameter	Standard	
	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value
Constant	-0.0553	0.0554	0.3181	0.0291	0.0471	0.5360	0.0112	0.0475	0.8138	-0.1633	0.0530	0.0021
High income, high wealth owner/manger	0.0713	0.0184	0.0001	0.0577	0.0138	0.0001	0.0461	0.0165	0.0053	0.1133	0.0168	0.0001
Age - less than 35	0.0028	0.0403	0.9440	-0.0154	0.0347	0.6577	0.0047	0.0323	0.8839	0.0747	0.0376	0.0469
Age - 35 to 44	0.0218	0.0382	0.5679	0.0031	0.0331	0.9256	-0.0081	0.0303	0.7889	0.0794	0.0349	0.0233
Age - 45 to 54	0.0295	0.0372	0.4286	0.0055	0.0323	0.8659	0.0274	0.0295	0.3531	0.0580	0.0343	0.0914
Age - 55 to 64	0.0532	0.0379	0.1607	-0.0132	0.0328	0.6883	0.0326	0.0298	0.2742	0.0835	0.0342	0.0148
Age - 65 to 74	0.0346	0.0388	0.3725	-0.0219	0.0340	0.5207	0.0006	0.0326	0.9853	0.1011	0.0383	0.0084
Gender - man	-0.0080	0.0221	0.7166	-0.0131	0.0195	0.5037	-0.0064	0.0219	0.7699	0.0213	0.0239	0.3722
Race - minority	-0.0026	0.0171	0.8791	0.0097	0.0154	0.5288	0.0170	0.0157	0.2776	0.0249	0.0162	0.1242
Education - no high school diploma	-0.0335	0.0218	0.1245	-0.0237	0.0191	0.2163	-0.0403	0.0243	0.0980	-0.0698	0.0261	0.0076
Education - high school diploma	-0.0197	0.0139	0.1582	-0.0142	0.0118	0.2297	-0.0183	0.0139	0.1869	-0.0368	0.0152	0.0158
Education - some college	-0.0066	0.0137	0.6320	-0.0057	0.0129	0.6605	-0.0018	0.0151	0.9029	-0.0295	0.0167	0.0782
Marital status - married	0.0023	0.0137	0.8688	0.0006	0.0133	0.9666	-0.0317	0.0142	0.0257	-0.0358	0.0164	0.0289
Owens Stocks	-0.0045	0.0121	0.7095	-0.0053	0.0105	0.6154	0.0223	0.0123	0.0688	-0.0057	0.0134	0.6686
Owens Real Estate (>\$50,000)	0.0366	0.0148	0.0138	0.0277	0.0141	0.0492	0.0326	0.0157	0.0385	0.0595	0.0183	0.0011
Business age - less than 1 year	-0.0024	0.0302	0.9379	-0.0031	0.0218	0.8856	-0.0594	0.0236	0.0119	0.0351	0.0285	0.2196
Business age - 1 to 4 years	0.0119	0.0184	0.5181	-0.0251	0.0148	0.0898	-0.0638	0.0187	0.0007	-0.0051	0.0188	0.7848
Business age - 5 to 9 years	-0.0008	0.0181	0.9625	-0.0435	0.0151	0.0039	-0.0398	0.0181	0.0281	-0.0091	0.0194	0.6407
Business age - 10 to 19 years	0.0161	0.0169	0.3393	-0.0248	0.0131	0.0584	-0.0237	0.0174	0.1733	0.0160	0.0176	0.3623
Size - 1 or fewer employees	0.0171	0.0270	0.5263	-0.0225	0.0221	0.3091	0.0180	0.0245	0.4621	0.0299	0.0272	0.2728
Size - 2 to 4 employees	0.0302	0.0256	0.2384	-0.0287	0.0215	0.1806	0.0317	0.0236	0.1794	0.0646	0.0264	0.0147
Size - 5 to 9 employees	-0.0019	0.0271	0.9436	-0.0251	0.0227	0.2686	0.0303	0.0264	0.2515	0.0681	0.0293	0.0204
Size - 10 to 24 employees	0.0187	0.0313	0.5518	-0.0319	0.0248	0.1981	0.0644	0.0275	0.0192	0.0724	0.0292	0.0131
Legal organization - partnership	0.0207	0.0189	0.2736	-0.0034	0.0179	0.8494	0.0150	0.0202	0.4584	-0.0059	0.0237	0.8050
Legal organization - sole proprietorship	0.0248	0.0174	0.1543	-0.0083	0.0164	0.6108	0.0114	0.0192	0.5554	0.0177	0.0238	0.4564
Legal organization - subchapter s corporati	0.0152	0.0194	0.4342	0.0151	0.0172	0.3804	0.0545	0.0216	0.0116	0.0390	0.0251	0.1210
Industry - agriculturally related	-0.0422	0.0194	0.0298	0.0381	0.0155	0.0143	-0.0063	0.0208	0.7609	0.0350	0.0214	0.1013
Industry - mining/construction/manufacturin	-0.0323	0.0132	0.0146	0.0081	0.0123	0.5126	0.0102	0.0137	0.4544	0.0218	0.0149	0.1432
Industry - wholesale/retail	-0.0360	0.0152	0.0180	0.0005	0.0150	0.9747	0.0009	0.0151	0.9500	0.0394	0.0179	0.0282
Founding status - bought/invest	0.0354	0.0246	0.1513	0.0457	0.0241	0.0579	0.0152	0.0264	0.5644	0.0087	0.0227	0.7008
Founding status - started	0.0198	0.0243	0.4172	0.0345	0.0226	0.1273	0.0146	0.0246	0.5519	0.0411	0.0205	0.0448
Adjusted R-squared			0.0465			0.0405			0.0686			0.0944
Number of observations			1,098			1,125			1,180			1,183

Sources: Survey of Consumer Finances, 1998, 2001, 2004 and 2007.

Table 21 suggests that wealthier small business-owning households hold about the same share of total debt in lines of credit as other small business-owning households. In 2007, small business-owning households with less education (no high school diploma) and those who purchased their business held larger shares of total debt in lines of credit than other small business-owning households, while small business-owning households owning real estate held a smaller share of total debt in lines of credit than other small business-owning households.

Table 22 suggests that wealthier small business-owning households hold about the same share of total debt in credit card balances as other small business-owning households. In 2007, small business-owning households headed by a member of a minority group, those who owned a business less than one year or 10 to 19 years, and engaged in an agriculturally related business held a larger share of total debt in credit card balances than other small business-owning households, while small business-owning households headed by an unmarried householder and those owning real estate held a smaller share of total debt in credit card balances than other small business-owning households.

Table 23 suggests that wealthier small business-owning households hold a smaller share of total debt in installment loans than other small business-owning households. In 2007, older householders, those holding stocks or real estate and those starting their business held a smaller share of total debt in installment loans, while married householders and those owning a sole proprietorship held a larger share of total debt in installment loans than other householders.

Table 24 suggests that wealthier small business-owning households hold about the same share of total debt in other consumer loans as other small business-owning households. In 2007, householders with less education (no high school diploma), those owning stocks and those owning a business with 10 to 24 employees held a larger share of total debt in other consumer

Table 21 Share of Debt in Line of Credit Loans Not Secured by Residential Property for Small Business Owner Managers Only

Characteristics	1998			2001			2004			2007		
	Parameter Estimate	Standard Error	p-value	Parameter Estimate	Standard Error	p-value	Parameter Estimate	Standard Error	p-value	Parameter Estimate	Standard Error	p-value
Constant	0.0304	0.0290	0.2950	0.0394	0.0177	0.0262	0.1077	0.0230	0.0001	0.0038	0.0161	0.8139
High income, high wealth owner/manger	0.0096	0.0097	0.3181	0.0078	0.0052	0.1321	0.0012	0.0080	0.8760	0.0056	0.0051	0.2742
Age - less than 35	0.0189	0.0211	0.3709	-0.0118	0.0130	0.3659	0.0523	0.0156	0.0008	0.0116	0.0114	0.3067
Age - 35 to 44	0.0141	0.0201	0.4815	-0.0101	0.0125	0.4201	0.0266	0.0146	0.0697	0.0052	0.0106	0.6249
Age - 45 to 54	0.0142	0.0195	0.4661	-0.0066	0.0122	0.5868	0.0312	0.0142	0.0288	0.0109	0.0104	0.2975
Age - 55 to 64	0.0129	0.0199	0.5150	-0.0123	0.0123	0.3184	0.0105	0.0144	0.4668	0.0086	0.0104	0.4090
Age - 65 to 74	0.0069	0.0204	0.7350	-0.0188	0.0128	0.1425	0.0029	0.0157	0.8545	0.0144	0.0116	0.2169
Gender - man	-0.0451	0.0116	0.0001	-0.0220	0.0073	0.0028	-0.0573	0.0106	0.0001	0.0032	0.0072	0.6560
Race - minority	-0.0198	0.0090	0.0275	-0.0058	0.0058	0.3144	-0.0193	0.0076	0.0111	0.0007	0.0049	0.8877
Education - no high school diploma	0.0378	0.0114	0.0010	-0.0030	0.0072	0.6794	-0.0078	0.0118	0.5086	0.0394	0.0079	0.0001
Education - high school diploma	0.0188	0.0073	0.0104	0.0038	0.0044	0.3891	-0.0066	0.0067	0.3232	0.0042	0.0046	0.3632
Education - some college	-0.0047	0.0072	0.5114	0.0005	0.0049	0.9179	-0.0083	0.0073	0.2555	-0.0055	0.0051	0.2762
Marital status - married	0.0313	0.0072	0.0001	0.0029	0.0050	0.5636	0.0128	0.0069	0.0616	-0.0005	0.0050	0.9237
Owens Stocks	0.0069	0.0063	0.2787	-0.0062	0.0040	0.1170	-0.0077	0.0059	0.1958	0.0045	0.0041	0.2643
Owens Real Estate (>\$50,000)	-0.0478	0.0078	0.0001	-0.0025	0.0053	0.6314	-0.0497	0.0076	0.0001	-0.0217	0.0055	0.0001
Business age - less than 1 year	-0.0023	0.0158	0.8858	0.0098	0.0082	0.2329	-0.0302	0.0114	0.0082	-0.0090	0.0087	0.3007
Business age - 1 to 4 years	0.0085	0.0097	0.3782	-0.0054	0.0056	0.3336	-0.0207	0.0090	0.0217	-0.0047	0.0057	0.4109
Business age - 5 to 9 years	-0.0073	0.0095	0.4394	-0.0032	0.0057	0.5748	-0.0127	0.0088	0.1483	0.0027	0.0059	0.6524
Business age - 10 to 19 years	0.0099	0.0089	0.2637	-0.0094	0.0049	0.0577	-0.0286	0.0084	0.0007	-0.0076	0.0053	0.1530
Size - 1 or fewer employees	-0.0169	0.0142	0.2340	-0.0193	0.0083	0.0202	-0.0080	0.0118	0.4975	0.0072	0.0083	0.3855
Size - 2 to 4 employees	0.0114	0.0134	0.3982	-0.0173	0.0081	0.0326	0.0072	0.0114	0.5290	0.0044	0.0080	0.5798
Size - 5 to 9 employees	-0.0057	0.0142	0.6893	-0.0196	0.0085	0.0213	0.0027	0.0128	0.8314	-0.0084	0.0089	0.3468
Size - 10 to 24 employees	-0.0115	0.0164	0.4864	0.0080	0.0093	0.3938	0.0144	0.0133	0.2796	-0.0062	0.0088	0.4870
Legal organization - partnership	0.0103	0.0099	0.2981	-0.0013	0.0067	0.8417	-0.0171	0.0097	0.0797	-0.0075	0.0072	0.2974
Legal organization - sole proprietorship	-0.0019	0.0091	0.8314	0.0089	0.0062	0.1472	-0.0026	0.0093	0.7802	-0.0062	0.0072	0.3878
Legal organization - subchapter s corporati	-0.0029	0.0102	0.7748	0.0043	0.0065	0.5061	0.0001	0.0104	0.9906	0.0093	0.0076	0.2220
Industry - agriculturally related	-0.0111	0.0102	0.2772	0.0035	0.0058	0.5529	-0.0322	0.0100	0.0014	0.0087	0.0065	0.1817
Industry - mining/construction/manufacturin	-0.0043	0.0069	0.5342	0.0051	0.0046	0.2743	-0.0252	0.0066	0.0001	0.0069	0.0045	0.1287
Industry - wholesale/retail	0.0167	0.0080	0.0364	0.0175	0.0056	0.0019	-0.0217	0.0073	0.0030	-0.0076	0.0054	0.1650
Founding status - bought/invest	0.0014	0.0129	0.9164	0.0062	0.0091	0.4966	0.0085	0.0128	0.5057	0.0250	0.0069	0.0003
Founding status - started	0.0213	0.0128	0.0951	0.0075	0.0085	0.3793	0.0072	0.0119	0.5472	0.0062	0.0062	0.3213
Adjusted R-squared			0.0864			0.0309			0.0910			0.0625
Number of observations			1,098			1,125			1,180			1,183

Sources: Survey of Consumer Finances, 1998, 2001, 2004 and 2007.

Table 22 Share of Debt in Credit Card Balances for Small Business Owner Managers Only

Characteristics	1998			2001			2004			2007		
	Parameter	Standard		Parameter	Standard		Parameter	Standard		Parameter	Standard	
	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value
Constant	0.2019	0.0802	0.0119	0.1911	0.0649	0.0033	0.2560	0.0540	0.0001	0.1772	0.0509	0.0005
High income, high wealth owner/manger	0.0018	0.0266	0.9475	-0.0140	0.0190	0.4625	-0.0367	0.0187	0.0503	-0.0207	0.0161	0.1988
Age - less than 35	0.1025	0.0583	0.0793	-0.0537	0.0478	0.2613	-0.0967	0.0367	0.0085	-0.0436	0.0360	0.2264
Age - 35 to 44	0.0935	0.0554	0.0914	-0.0385	0.0457	0.4001	-0.0734	0.0344	0.0327	-0.0130	0.0335	0.6974
Age - 45 to 54	0.0471	0.0539	0.3824	-0.0350	0.0446	0.4331	-0.0440	0.0334	0.1885	-0.0078	0.0330	0.8121
Age - 55 to 64	0.0677	0.0549	0.2179	-0.0335	0.0453	0.4598	-0.0707	0.0338	0.0369	0.0051	0.0328	0.8765
Age - 65 to 74	0.1070	0.0562	0.0570	-0.0808	0.0470	0.0854	-0.0765	0.0370	0.0387	0.0173	0.0368	0.6373
Gender - man	-0.0998	0.0320	0.0019	-0.0074	0.0269	0.7851	-0.0766	0.0248	0.0021	0.0340	0.0229	0.1373
Race - minority	0.0517	0.0248	0.0371	-0.0067	0.0213	0.7541	0.0609	0.0178	0.0006	0.0607	0.0155	0.0001
Education - no high school diploma	-0.0173	0.0316	0.5848	0.0992	0.0264	0.0002	0.0426	0.0276	0.1236	0.0183	0.0251	0.4660
Education - high school diploma	-0.0434	0.0202	0.0317	0.0590	0.0163	0.0003	0.0263	0.0158	0.0955	-0.0253	0.0146	0.0834
Education - some college	0.0241	0.0199	0.2245	0.1111	0.0178	0.0001	0.0008	0.0171	0.9619	-0.0181	0.0161	0.2612
Marital status - married	0.0228	0.0199	0.2501	-0.0309	0.0183	0.0919	0.0709	0.0161	0.0001	-0.0448	0.0157	0.0045
Owns Stocks	-0.0334	0.0175	0.0562	-0.0145	0.0145	0.3175	-0.0115	0.0139	0.4075	-0.0109	0.0129	0.3969
Owns Real Estate (>\$50,000)	-0.1709	0.0215	0.0001	-0.1093	0.0194	0.0001	-0.1441	0.0178	0.0001	-0.1406	0.0175	0.0001
Business age - less than 1 year	-0.0357	0.0437	0.4138	-0.0018	0.0300	0.9512	-0.0560	0.0268	0.0366	0.0657	0.0274	0.0167
Business age - 1 to 4 years	-0.0260	0.0267	0.3308	0.0360	0.0204	0.0778	0.0321	0.0212	0.1302	0.0343	0.0180	0.0573
Business age - 5 to 9 years	-0.0588	0.0262	0.0249	0.0251	0.0208	0.2271	-0.0136	0.0206	0.5087	0.0119	0.0186	0.5225
Business age - 10 to 19 years	-0.0428	0.0245	0.0805	0.0041	0.0181	0.8199	-0.0177	0.0198	0.3722	0.0335	0.0169	0.0468
Size - 1 or fewer employees	0.0515	0.0391	0.1881	-0.0301	0.0305	0.3239	-0.0113	0.0278	0.6852	-0.0276	0.0261	0.2915
Size - 2 to 4 employees	0.0369	0.0371	0.3204	-0.0188	0.0296	0.5258	0.0124	0.0268	0.6434	-0.0343	0.0254	0.1765
Size - 5 to 9 employees	0.0743	0.0393	0.0591	-0.0307	0.0313	0.3256	-0.0390	0.0300	0.1934	-0.0171	0.0282	0.5436
Size - 10 to 24 employees	0.0400	0.0454	0.3787	-0.0354	0.0342	0.3013	0.0153	0.0312	0.6241	-0.0472	0.0280	0.0920
Legal organization - partnership	0.0197	0.0274	0.4728	-0.0018	0.0247	0.9411	-0.0286	0.0229	0.2113	0.0138	0.0227	0.5449
Legal organization - sole proprietorship	0.0593	0.0252	0.0188	-0.0101	0.0226	0.6549	0.0159	0.0218	0.4682	0.0253	0.0228	0.2684
Legal organization - subchapter s corporati	0.0063	0.0281	0.8217	-0.0542	0.0238	0.0229	-0.0064	0.0245	0.7940	0.0180	0.0241	0.4554
Industry - agriculturally related	-0.0153	0.0281	0.5867	0.0026	0.0214	0.9040	0.0152	0.0236	0.5197	0.0896	0.0205	0.0001
Industry - mining/construction/manufacturin	-0.0291	0.0191	0.1289	-0.0200	0.0170	0.2403	-0.0053	0.0155	0.7327	0.0126	0.0143	0.3788
Industry - wholesale/retail	-0.0200	0.0220	0.3634	0.0108	0.0206	0.6023	-0.0276	0.0171	0.1078	0.0167	0.0172	0.3310
Founding status - bought/invest	0.0260	0.0357	0.4669	0.0515	0.0332	0.1214	0.0196	0.0300	0.5132	-0.0030	0.0218	0.8894
Founding status - started	0.0209	0.0353	0.5537	0.0526	0.0311	0.0917	0.0302	0.0279	0.2798	0.0123	0.0197	0.5308
Adjusted R-squared			0.1208			0.1094			0.1264			0.1199
Number of observations			1,098			1,125			1,180			1,183

Sources: Survey of Consumer Finances, 1998, 2001, 2004 and 2007.

Table 23 Share of Debt in Installment Loans for Small Business Owner Managers Only

Characteristics	1998			2001			2004			2007		
	Parameter	Standard		Parameter	Standard		Parameter	Standard		Parameter	Standard	
	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value
Constant	0.1071	0.0943	0.2562	0.1637	0.0816	0.0452	0.1297	0.0733	0.0772	0.3793	0.0674	0.0001
High income, high wealth owner/manger	-0.0218	0.0313	0.4874	-0.0564	0.0239	0.0186	-0.0467	0.0254	0.0667	-0.0545	0.0214	0.0109
Age - less than 35	0.1916	0.0686	0.0053	0.1534	0.0601	0.0109	0.2264	0.0498	0.0001	0.1779	0.0477	0.0002
Age - 35 to 44	0.1200	0.0651	0.0654	0.0606	0.0575	0.2923	0.1295	0.0467	0.0056	0.1122	0.0444	0.0116
Age - 45 to 54	0.1357	0.0633	0.0324	0.1122	0.0561	0.0457	0.1650	0.0454	0.0003	0.0665	0.0436	0.1274
Age - 55 to 64	0.0966	0.0645	0.1347	0.0503	0.0569	0.3775	0.1597	0.0459	0.0005	0.1650	0.0434	0.0002
Age - 65 to 74	0.1427	0.0660	0.0310	0.0359	0.0591	0.5436	0.0814	0.0502	0.1051	0.0905	0.0487	0.0633
Gender - man	0.0898	0.0376	0.0173	0.0964	0.0339	0.0045	0.0456	0.0337	0.1761	-0.0140	0.0303	0.6437
Race - minority	0.0435	0.0291	0.1359	-0.0156	0.0268	0.5616	-0.0053	0.0242	0.8270	0.0195	0.0206	0.3439
Education - no high school diploma	-0.0067	0.0371	0.8560	0.0392	0.0332	0.2374	-0.0047	0.0375	0.9001	-0.0327	0.0332	0.3241
Education - high school diploma	-0.0064	0.0237	0.7864	-0.0465	0.0205	0.0235	0.0047	0.0214	0.8254	0.0281	0.0194	0.1466
Education - some college	0.0552	0.0233	0.0183	-0.0519	0.0224	0.0210	0.0108	0.0233	0.6438	0.0280	0.0213	0.1874
Marital status - married	-0.0064	0.0233	0.7852	-0.0364	0.0230	0.1141	0.0520	0.0219	0.0176	0.0635	0.0208	0.0023
Owns Stocks	0.0041	0.0205	0.8419	0.0087	0.0182	0.6331	0.0291	0.0189	0.1240	-0.0605	0.0170	0.0004
Owns Real Estate (>\$50,000)	-0.2380	0.0252	0.0001	-0.2711	0.0244	0.0001	-0.3008	0.0242	0.0001	-0.3136	0.0232	0.0001
Business age - less than 1 year	-0.0554	0.0514	0.2808	0.0331	0.0377	0.3811	0.0283	0.0363	0.4369	-0.0358	0.0363	0.3235
Business age - 1 to 4 years	-0.0647	0.0314	0.0394	-0.0005	0.0257	0.9850	-0.0151	0.0288	0.5998	-0.0341	0.0239	0.1531
Business age - 5 to 9 years	-0.0378	0.0308	0.2190	-0.0036	0.0261	0.8901	0.0000	0.0279	0.9986	-0.0207	0.0247	0.4024
Business age - 10 to 19 years	0.0212	0.0288	0.4622	0.0054	0.0227	0.8120	0.0030	0.0269	0.9100	-0.0314	0.0223	0.1593
Size - 1 or fewer employees	0.0241	0.0460	0.6011	-0.0623	0.0383	0.1043	-0.0383	0.0377	0.3097	-0.0554	0.0346	0.1095
Size - 2 to 4 employees	-0.0076	0.0436	0.8617	-0.0165	0.0372	0.6578	-0.0821	0.0363	0.0240	-0.0413	0.0336	0.2194
Size - 5 to 9 employees	-0.0546	0.0462	0.2374	-0.0210	0.0393	0.5933	-0.0195	0.0407	0.6321	-0.0414	0.0373	0.2674
Size - 10 to 24 employees	0.0257	0.0534	0.6299	0.0277	0.0430	0.5192	-0.0614	0.0423	0.1471	-0.0120	0.0371	0.7458
Legal organization - partnership	0.0600	0.0322	0.0629	0.0805	0.0311	0.0097	0.0334	0.0311	0.2822	0.0461	0.0301	0.1256
Legal organization - sole proprietorship	0.0791	0.0296	0.0077	0.0683	0.0284	0.0163	0.0581	0.0297	0.0505	0.0606	0.0302	0.0450
Legal organization - subchapter s corporati	0.0720	0.0331	0.0297	0.0293	0.0299	0.3279	-0.0075	0.0333	0.8224	0.0169	0.0319	0.5964
Industry - agriculturally related	0.1009	0.0331	0.0023	0.0406	0.0269	0.1313	0.0812	0.0320	0.0113	-0.0349	0.0271	0.1983
Industry - mining/construction/manufacturin	0.0871	0.0225	0.0001	0.0196	0.0214	0.3583	0.0306	0.0211	0.1461	0.0019	0.0189	0.9217
Industry - wholesale/retail	0.0117	0.0259	0.6499	-0.0011	0.0259	0.9670	0.0105	0.0233	0.6509	-0.0086	0.0228	0.7046
Founding status - bought/invest	-0.0113	0.0420	0.7872	0.0656	0.0418	0.1164	0.0750	0.0407	0.0659	-0.0285	0.0288	0.3234
Founding status - started	-0.0449	0.0415	0.2792	0.0671	0.0392	0.0872	0.0537	0.0379	0.1573	-0.0754	0.0260	0.0038
Adjusted R-squared			0.1612			0.1845			0.1837			0.2184
Number of observations			1,098			1,125			1,180			1,183

Sources: Survey of Consumer Finances, 1998, 2001, 2004 and 2007.

Table 24 Share of Debt in Other Loans for Small Business Owner Managers Only

Characteristics	1998			2001			2004			2007		
	Parameter	Standard		Parameter	Standard		Parameter	Standard		Parameter	Standard	
	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value	Estimate	Error	p-value
Constant	0.0120	0.0416	0.7731	0.0582	0.0316	0.0661	-0.0143	0.0264	0.5874	-0.0092	0.0229	0.6881
High income, high wealth owner/manger	0.0131	0.0138	0.3441	0.0163	0.0093	0.0789	-0.0082	0.0092	0.3710	-0.0013	0.0073	0.8539
Age - less than 35	-0.0258	0.0302	0.3938	0.0057	0.0233	0.8062	0.0202	0.0179	0.2595	-0.0055	0.0162	0.7364
Age - 35 to 44	-0.0217	0.0287	0.4501	0.0341	0.0223	0.1259	0.0283	0.0168	0.0916	0.0092	0.0151	0.5440
Age - 45 to 54	0.0059	0.0279	0.8319	0.0276	0.0217	0.2037	0.0342	0.0163	0.0363	0.0067	0.0148	0.6525
Age - 55 to 64	0.0291	0.0284	0.3067	0.0293	0.0221	0.1843	0.0386	0.0165	0.0196	0.0175	0.0148	0.2380
Age - 65 to 74	-0.0214	0.0291	0.4630	0.0458	0.0229	0.0454	0.0428	0.0181	0.0179	0.0189	0.0166	0.2546
Gender - man	0.0237	0.0166	0.1541	0.0089	0.0131	0.4983	0.0272	0.0121	0.0248	0.0001	0.0103	0.9942
Race - minority	-0.0002	0.0128	0.9897	-0.0130	0.0104	0.2104	0.0000	0.0087	0.9992	-0.0001	0.0070	0.9864
Education - no high school diploma	0.0064	0.0164	0.6952	-0.0261	0.0129	0.0422	-0.0340	0.0135	0.0119	0.0231	0.0113	0.0414
Education - high school diploma	-0.0120	0.0105	0.2524	-0.0101	0.0079	0.2039	-0.0208	0.0077	0.0071	-0.0046	0.0066	0.4829
Education - some college	-0.0164	0.0103	0.1111	0.0137	0.0087	0.1167	-0.0236	0.0084	0.0048	0.0018	0.0072	0.8067
Marital status - married	-0.0161	0.0103	0.1170	-0.0084	0.0089	0.3448	-0.0160	0.0079	0.0430	0.0115	0.0071	0.1045
Owns Stocks	0.0078	0.0091	0.3910	0.0048	0.0071	0.5004	0.0097	0.0068	0.1545	0.0126	0.0058	0.0296
Owns Real Estate (>\$50,000)	0.0035	0.0111	0.7518	-0.0459	0.0095	0.0001	0.0039	0.0087	0.6523	-0.0185	0.0079	0.0193
Business age - less than 1 year	0.0527	0.0226	0.0201	-0.0339	0.0146	0.0206	-0.0254	0.0131	0.0520	0.0300	0.0123	0.0152
Business age - 1 to 4 years	0.0142	0.0138	0.3058	0.0030	0.0100	0.7608	-0.0296	0.0104	0.0044	-0.0086	0.0081	0.2899
Business age - 5 to 9 years	-0.0025	0.0136	0.8553	-0.0064	0.0101	0.5271	-0.0352	0.0101	0.0005	-0.0049	0.0084	0.5566
Business age - 10 to 19 years	0.0003	0.0127	0.9797	-0.0070	0.0088	0.4263	-0.0262	0.0097	0.0067	-0.0060	0.0076	0.4336
Size - 1 or fewer employees	-0.0084	0.0203	0.6787	0.0153	0.0148	0.3037	0.0149	0.0136	0.2720	0.0078	0.0118	0.5065
Size - 2 to 4 employees	0.0202	0.0192	0.2933	0.0077	0.0144	0.5920	0.0247	0.0131	0.0586	0.0095	0.0114	0.4052
Size - 5 to 9 employees	-0.0014	0.0204	0.9440	0.0067	0.0152	0.6625	0.0085	0.0147	0.5614	0.0035	0.0127	0.7833
Size - 10 to 24 employees	-0.0096	0.0235	0.6820	0.0147	0.0167	0.3783	0.0006	0.0152	0.9707	0.0297	0.0126	0.0184
Legal organization - partnership	0.0017	0.0142	0.9050	0.0058	0.0120	0.6287	-0.0055	0.0112	0.6254	-0.0004	0.0102	0.9725
Legal organization - sole proprietorship	0.0097	0.0131	0.4565	-0.0097	0.0110	0.3766	-0.0125	0.0107	0.2431	-0.0041	0.0103	0.6886
Legal organization - subchapter s corporati	-0.0109	0.0146	0.4533	-0.0149	0.0116	0.1980	-0.0055	0.0120	0.6445	0.0018	0.0109	0.8655
Industry - agriculturally related	0.0089	0.0146	0.5409	0.0172	0.0104	0.1000	0.0399	0.0115	0.0005	-0.0108	0.0092	0.2442
Industry - mining/construction/manufacturin	-0.0026	0.0099	0.7969	0.0186	0.0083	0.0246	0.0144	0.0076	0.0568	-0.0030	0.0064	0.6440
Industry - wholesale/retail	0.0051	0.0114	0.6563	0.0225	0.0101	0.0255	0.0160	0.0084	0.0567	0.0010	0.0078	0.8931
Founding status - bought/invest	-0.0027	0.0185	0.8840	-0.0512	0.0162	0.0016	0.0004	0.0147	0.9765	0.0181	0.0098	0.0647
Founding status - started	-0.0107	0.0183	0.5603	-0.0388	0.0152	0.0107	0.0035	0.0136	0.7999	0.0122	0.0089	0.1673
Adjusted R-squared			0.0185			0.0402			0.0372			0.0134
Number of observations			1,098			1,125			1,180			1,183

Sources: Survey of Consumer Finances, 1998, 2001, 2004 and 2007.

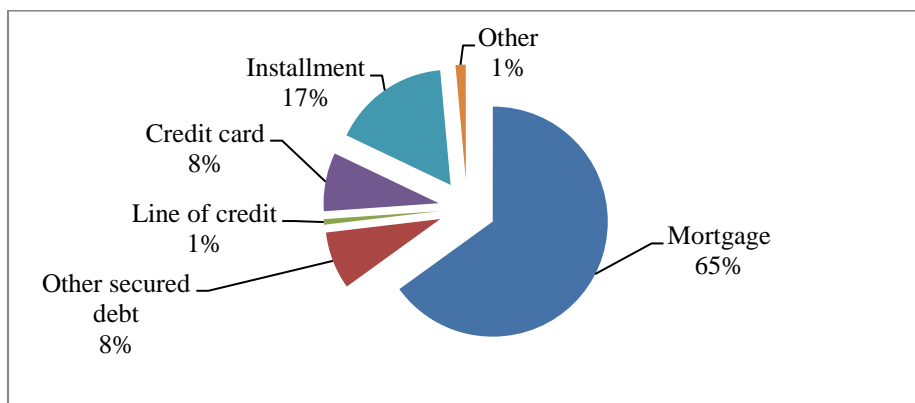
loans, while householders owning real estate and those owning a business less than one year held smaller shares of total debt in other consumer loans.

The SCF includes information on the lenders for each type of loan to households from 1998 to 2007. Unfortunately, SCF respondents had difficulty in identifying what types of lenders (especially, finance companies and mortgage lenders) provided the loans to them. A brief review of the information available on the types of lenders used by these households is included in Appendix A.

Summary of the Results

About 80 percent of total debt owed by small business-owning households is held in mortgages and installment loans. The chart below shows the share of total debt held in each type of loan for small business-owning households.

Chart 1 Share of Total Debt Held in Each Type of Loan by Small Business-Owning Households



Source: 2007 SCF

This study examined three hypotheses: (1) Small business-owning households are more likely to utilize personal financing sources, such as home equity loans, than households not

owning a small business; (2) Small business-owning households have a larger share of debt in personal financing sources, such as home equity loans, than households not owning a small business; and (3) Higher income, higher wealth households owning small businesses are more likely to utilize personal financing sources than lower income, lower wealth households owning small businesses.

In general, households owning a small business were no more likely than non-owners to utilize mortgages secured by residential property, credit cards or installment loans; however, they were more likely to utilize other debt secured by residential property and lines of credit not secured by residential property than other households. When examining the shares of debt, households owning a small business did not hold a larger share of total debt in mortgages secured by residential property, however, they held a larger share of total debt in other debt secured by residential property and line of credit loans than other households. And finally, higher income, higher wealth small business-owning households held a larger share of total debt in mortgages and other debt secured by residential property and a smaller share of total debt in installment loans than other small business-owning households.

In addition to the comparison between households owning a small business and those not owning a small business, this study examined changes in household debt between 1998 and 2007. The most important results in this descriptive study over time are the following: Small business-owning households were more likely to hold a mortgage or other debt secured by residential real estate and other debt in 2007 than in 1998. Small business-owning households held a larger share of total debt in mortgages and other debt secured by residential real estate in 2007 than in 1998.

Discussion

Small business-owning households comprise about 12 percent of all households in the United States, however they hold over 25 percent of total household debt. Nearly 80 percent of this household debt is secured by residential real estate. Examining the intermingling of financial resources is important for many public policy related reasons. Perhaps most importantly, intermingling might suggest that these business owners use the resources for their businesses, but do not replace them in the household, thus leaving the household at financial risk. Secondly, utilizing household debt may be an early indicator of business failure. And thirdly, the intermingling of resources makes business financial statements more difficult to assess. Financial resources flowing from the family to the business may effectively reduce business expenses and increase tax liability; it may also increase the difficulty of determining if the business is profitable or not. In this study, it appears that financial intermingling may occur with other debt (not mortgage debt) secured by residential property and line of credit loans, however these loans represented only about 18 percent of the total debt held by small business-owning households in 2007.

This study examined six types of loans to determine if small business-owning households are more likely to utilize some types of loans and hold a larger share of total household debt in some types of loans. This study suggests that small business-owning households are not more likely to hold a mortgage or other debt secured by residential real estate than other households; however, these small business-owning households are somewhat more likely to hold a mortgage or other debt secured by residential real estate in 2007 than in 1998. In addition, small business-owning households held a larger share of total debt in mortgages and other debt secured by residential real estate in 2007 than in 1998.

Undoubtedly, rising house values enabled these households to borrow more money in mortgages or other debt secured by residential real estate in 2007 than 1998. Since small business owners are more likely to own a house than other households, rising house values had more impact on them than others. In addition, these households may have found the transaction costs of refinancing an existing mortgage or taking out a second mortgage was less costly than initiating other types of loans, especially given the aggressive behavior of mortgage lenders.

Small business-owning households were also more likely to hold line of credit loans not secured by residential property. Unsecured lines of credit are relatively uncommon for households in general, but very common for small business borrowers. Unsecured lines of credit are especially important because the lender has expressed their confidence in the borrower to repay the loan. Small business-owning households likely have more experience with lenders; hence, lenders are more willing to offer them an unsecured line of credit than other household. Even though small business-owning households have a higher probability of holding an unsecured line of credit than other households, these loans comprise less than 1 percent of all loans held by small business-owning households.

These results have profound implications in the current financial situation because of the higher percentage of household debt held in mortgages and other debt secured by residential property. With substantially lower home values, households will simply not be able to borrow as much money. If small business-owning households are using these funds for businesses purposes, then these small businesses will have less access to financial capital. In addition, small business owners typically have line of credit and other loans secured by personal property (most importantly, their house), hence lower housing prices will negatively affect the availability of financial capital to the small business.

The degree (level) of intermingling of debt is important because disruptions in either the family or business sphere may have a substantial impact on the business-owning households. The financial resilience of the family or community provides an important safety net for family-owned businesses, and vice versa. Lenders account for this important dynamic by demanding household and business financial statements in completing a loan application; however much of the scholarly work on small business finance misses the dynamics of the interface between the family and business because high quality data are not available. High quality panel data on business-owning households and family-owned businesses, where financial information is available on both the family and business, is needed to move this research agenda on financial intermingling forward.

Limitations

This study has several limitations in attempting to assess the degree of intermingling between the family and business. Firstly, the SCF is a household survey, which asks questions about the finances of the household, not the business. The upcoming SCF will interview the business owners in all households where a business owner is present and enable researchers to examine the finances of the household and business concurrently. Secondly, the SCF asks whether household collateral is pledged against the debts of the business and whether the business borrows money from the family. Unfortunately, the loan and lender types aren't identified for these variables. Thirdly, the quality of the information on lender types, especially the respondents' ability to distinguish between finance companies and mortgage lenders, prevented this study from further examining the use of lenders by small business householders.

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Appendix A: Share of Debt Held By Lender and Loan Type

The SCF provides information on the lenders of debt to families from 1998 to 2007. This appendix will examine the share of debt held by lender and loan type. Unfortunately, SCF respondents have difficulty in identifying what types of lenders provided the loans to them. In their discussion of this data problem, Bucks, Kennickell, Mach and Moore (2009) noted the following (page A48):

“Over the past decade, regulatory changes and other shifts have contributed to consolidation of financial institutions; at the same time, consumers have witnessed a continuing proliferation of similarly named subsidiaries of large financial institutions, which may offer a variety of possibly overlapping financial services. As a result, families in the SCF appear to have had difficulty in accurately classifying the institutional type of lender holding their loans. A parent company may, for example, offer installment loans through both a subsidiary commercial bank and a subsidiary finance company with similar names. Thus, the proportions shown in the table are only indicative, and small differences across categories or years should be interpreted with particular caution.”

While the identification problems noted above was an important consideration for all years (1998 through 2007), the most severe problem was evident in the public dataset for 1998. The shares allocated to finance companies and mortgage or real estate lenders were substantially different than the shares reported in Table 17 of the Bucks, Kennickell, Mach and Moore (2009) article. Therefore, the lender and loan type shares reported in this appendix are for 2001 through 2007 only.

Table A1 compares the share of debt of all families for 2001 through 2007 reported in the Bucks, et al article with the public data used in this study. In general, the shares allocated to commercial banks, thrift institutions and credit unions are similar across the Federal Reserve Board’s public and non-public datasets for SCF from 2001 through 2007, however the shares allocated to finance companies, brokerage firms and mortgage or real estate lenders are substantially different.

Supplier	2001		2004		2007	
	Public	FRB ¹	Public	FRB	Public	FRB
Commercial bank	33.2	34.1	34.6	35.1	38.0	37.3
Thrift institution	6.1	6.1	7.2	7.3	4.3	4.2
Credit union	5.5	5.5	3.6	3.6	4.2	4.2
Finance company	7.1	4.3	6.9	4.1	6.2	3.4
Brokerage	1.2	3.1	1.3	2.5	0.8	1.6
Mortgage or real estate lender	33.1	38.0	35.1	39.4	38.6	41.6
Other	13.8	8.9	11.4	8.0	7.9	7.7

¹ From Table 17 in Bucks, Kennickell, Mach and Moore (2009).

Table A2 Share of the value of total loans outstanding held by families not owning small businesses

Supplier	Mortgage Secured by Real Estate			Other Debt Secured by Real Estate			Other Lines of Credit			Installment Loans			Credit Card Debt			Other Debt			Total Debt		
	01	04	07	01	04	07	01	04	07	01	04	07	01	04	07	01	04	07	01	04	07
Commercial bank	26.3	25.8	29.8	2.0	2.8	4.4	0.4	0.2	0.2	2.7	3.1	2.4							31.4	32.0	36.8
Thrift institution	5.3	6.2	3.6	0.3	1.0	0.3	0.0	0.0	0.0	0.5	0.3	0.3							6.1	7.5	4.3
Credit union	4.4	2.7	2.6	0.0	0.0	0.2	0.0	0.0	0.0	2.1	1.4	1.6							6.6	4.1	4.4
Finance company	3.5	3.5	3.1	0.3	0.6	0.2	0.0	0.0	0.0	3.4	3.2	3.2							7.3	7.3	6.5
Brokerage	0.6	0.7	0.5	0.0	0.3	0.2	0.0	0.0	0.0	0.5	0.0	0.0							1.1	1.0	0.7
Mortgage	30.3	33.8	35.5	2.0	2.1	2.5	0.0	0.0	0.0	0.1	0.0	0.1							32.4	36.0	38.1
Other	2.2	1.7	0.9	1.2	0.7	0.2	0.1	0.0	0.0	5.5	4.6	3.5				2.1	1.4	0.9	11.0	8.5	5.5
Credit card	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	4.2	3.5	3.7				4.2	3.5	3.7

Sources: 2001, 2004 and 2007 SCF

Table A3 Share of the value of total loans outstanding by families owning small businesses

Supplier	Mortgage Secured by Real Estate			Other Debt Secured by Real Estate			Other Lines of Credit			Installment Loans			Credit Card Debt			Other Debt			Total Debt		
	01	04	07	01	04	07	01	04	07	01	04	07	01	04	07	01	04	07	01	04	07
Commercial bank	27.8	31.5	29.1	4.0	5.7	8.3	0.4	1.2	0.5	4.1	2.7	2.2							36.3	41.1	40.1
Thrift institution	5.1	4.4	2.7	0.3	1.1	1.0	0.0	0.0	0.0	0.3	0.2	0.3							5.7	5.8	4.1
Credit union	1.6	1.0	2.3	0.1	0.0	0.2	0.0	0.0	0.2	0.7	0.7	0.7							2.4	1.8	3.4
Finance company	4.0	2.7	2.1	0.3	0.8	0.9	0.0	0.0	0.0	2.0	1.8	2.1							6.2	5.3	5.1
Brokerage	1.3	1.5	0.8	0.2	0.2	0.2	0.0	0.1	0.0	0.1	0.1	0.1							1.6	1.9	1.1
Mortgage	30.6	26.8	33.1	2.5	3.8	5.4	0.0	0.2	0.0	0.1	0.0	0.2							33.2	30.7	38.6
Other	1.6	2.5	0.5	2.6	1.9	0.4	0.1	0.4	0.0	3.6	3.4	2.5				4.1	2.5	1.4	11.9	10.8	4.8
Credit card	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.7	2.5	2.8				2.7	2.5	2.8

Sources: 2001, 2004 and 2007 SCF

Tables A2 and A3 report the share of total debt held by lender and loan type for families not owning a small business (Table A2) and families owning a small business (Table A3), respectively. These tables suggest that families owning small businesses are more likely to hold debt with commercial banks (40.1 percent versus 36.8 percent held a loan with a commercial bank in 2007), especially for other debt secured by residential real estate. Families owning a small business are less likely to hold debt with credit unions and credit card companies and more likely to hold debt with finance companies.

Appendix B: Share of Aggregate Debt Held in Each Type of Loan for all Households and Small Business-Owning Households

Appendix B reports the share of aggregate debt held in each type of loan for all households (Table B1) and small business-owning households (Table B2).

Table B1 Share of Aggregate Debt Held in Each Type of Loan for All Households, 1998 - 2007

Characteristics	Mortgages Secured by Residential Real Estate		Other Debt Secured by Residential Real Estate		Other Lines of Credit		Credit Card Balances		Installment Loans		Other Consumer Debt	
	1998	2007	1998	2007	1998	2007	1998	2007	1998	2007	1998	2007
All Households	71.2	74.6	7.6	10.2	0.3	0.4	3.8	3.5	13.2	10.3	3.9	1.1
Age												
Less than 35	67.4	73.8	2.9	4.7	0.2	0.1	4.5	3.0	24.0	17.9	0.9	0.5
35 to 44	77.2	76.6	6.8	10.1	0.3	0.4	3.6	3.0	11.0	9.2	1.0	0.8
45 to 54	71.6	77.2	6.9	9.5	0.4	0.2	3.2	3.5	11.4	8.7	6.5	0.9
55 to 64	68.7	70.0	11.3	15.7	0.3	0.2	4.4	4.0	10.2	8.5	5.2	1.5
65 to 74	55.6	71.3	19.0	14.3	1.1	2.0	4.8	4.5	8.8	6.2	10.8	1.7
75 or more	59.2	72.5	15.7	6.9	0.7	2.9	3.8	4.9	5.7	5.3	15.6	7.5
Gender												
Man	71.5	74.3	7.8	11.0	0.3	0.5	3.6	3.3	12.8	9.9	3.9	1.1
Woman	68.6	76.7	6.0	4.4	0.5	0.1	5.5	4.7	15.9	13.1	3.5	1.0
Race												
Nonwhite or Hispanic	71.8	74.3	6.6	11.4	0.2	0.3	3.8	3.1	14.8	10.1	2.8	0.8
White, non-Hispanic	71.1	74.6	7.8	9.9	0.4	0.5	3.8	3.6	12.9	10.3	4.1	1.1
Education												
No high school diploma	66.5	68.3	2.6	12.3	0.7	1.0	6.2	3.6	22.6	13.6	1.3	1.2
High school diploma	73.0	76.8	4.9	5.9	0.3	0.5	4.9	4.4	14.3	11.5	2.7	1.1
Some college	70.8	73.7	6.9	9.3	0.2	0.4	4.3	3.4	15.8	12.1	2.1	1.1
College degree	71.0	74.4	9.3	12.0	0.4	0.4	3.1	3.1	11.1	9.0	5.2	1.0
Marital Status												
Married	73.8	74.8	7.1	10.8	0.2	0.5	3.4	3.2	11.5	9.6	4.0	1.1
Not married	63.6	73.9	9.0	8.6	0.6	0.2	5.3	4.2	17.9	12.1	3.7	1.0
Owns Stocks												
Yes	69.6	74.9	11.5	13.7	0.5	0.6	2.2	2.4	10.1	6.6	6.2	1.8
No	72.0	74.4	5.4	8.6	0.3	0.3	4.8	4.0	14.9	12.0	2.6	0.7
Owns Real Estate (>\$50,000)												
Yes	75.2	77.2	8.1	10.6	0.3	0.4	3.0	3.0	9.5	7.9	3.9	0.9
No	13.7	7.9	0.3	1.0	1.2	0.8	16.1	14.4	65.6	70.9	3.1	5.1
Small Business Owner/Manager												
Yes	67.3	70.6	11.3	16.3	0.7	0.8	3.4	2.8	12.7	8.1	4.6	1.4
No	72.4	76.0	6.4	8.0	0.2	0.3	4.0	3.7	13.3	11.1	3.7	0.9
Number of Observations, all	4,305	4,418	4,305	4,418	4,305	4,418	4,305	4,418	4,305	4,418	4,305	4,418

Source: Survey of Consumer Finances, 1998 and 2007.

Table B2 Share of Aggregate Debt Held in Each Type of Loan for Households Owning and Managing Small Businesses, 1998 - 2007

Characteristics	Mortgages Secured by Residential Real Estate		Other Debt Secured by Residential Real Estate		Other Lines of Credit		Credit Card Balances		Installment Loans		Other Consumer Debt	
	1998	2007	1998	2007	1998	2007	1998	2007	1998	2007	1998	2007
Small Business Owner Manager	67.3	70.6	11.3	16.3	0.7	0.8	3.4	2.8	12.7	8.1	4.6	1.4
Business Age												
Less than 1 year	46.0	74.6	1.2	7.1	0.8	0.0	3.9	4.3	47.7	13.3	0.4	0.7
1 to 4 years	70.5	74.2	6.2	13.2	1.0	0.3	4.2	3.3	12.2	8.3	5.9	0.6
5 to 9 years	73.6	71.9	12.9	16.7	0.1	1.7	2.4	1.7	6.8	6.8	4.3	1.2
10 to 19 years	66.1	67.2	12.9	19.2	0.7	0.6	2.6	3.1	13.1	8.2	4.6	1.7
20 years or more	59.6	66.7	18.0	19.2	1.0	1.1	4.5	2.4	13.0	7.9	3.9	2.8
Business Size (including owner)												
1 or fewer	68.5	74.6	10.9	12.2	0.2	0.2	5.2	3.0	14.1	8.5	1.2	1.4
2 to 4	63.7	68.4	10.1	17.7	0.7	0.9	3.7	3.1	14.6	8.1	7.1	1.8
5 to 9	75.9	69.8	7.2	16.2	0.9	0.6	3.4	4.6	9.7	7.4	3.0	1.4
10 to 24	63.5	66.1	19.6	24.1	0.1	0.4	1.2	1.6	11.6	7.1	4.0	0.6
25 or more	68.2	70.4	13.7	14.7	1.7	2.9	1.1	1.4	9.4	8.8	5.8	1.7
Legal Organization												
Partnership	66.7	70.6	7.1	14.1	1.3	0.9	2.6	2.3	13.1	9.4	9.2	2.7
Sole proprietorship	67.0	72.4	11.4	14.4	0.4	0.3	5.2	3.6	13.7	8.6	2.4	0.7
Subchapter S corporation	63.5	64.7	14.2	23.9	0.4	1.8	2.4	2.2	12.9	6.0	6.5	1.3
Subchapter C corporation	71.0	75.4	12.5	14.4	1.0	0.2	1.4	2.5	10.4	6.7	3.6	0.8
Business Industrial Classification												
Agriculturally related	51.7	66.8	1.9	14.8	2.7	1.3	4.8	3.2	18.2	13.1	20.8	0.8
Mining/construction/manuf.	70.7	68.0	5.9	17.1	0.7	1.1	4.4	3.2	14.2	9.5	4.1	1.1
Wholesale or retail	68.3	72.7	10.5	13.6	0.9	0.6	2.4	2.3	16.3	9.4	1.5	1.4
Services and FIRE	67.2	71.4	14.2	16.6	0.5	0.7	3.1	2.7	10.8	6.9	4.2	1.6
Founding Status												
Bought/invest	61.9	70.4	12.3	13.7	1.4	2.4	1.6	3.2	12.8	9.0	10.0	1.4
Started	68.3	70.3	11.3	17.1	0.5	0.5	4.2	2.7	13.0	7.7	2.8	1.6
Inherited/given/other	81.4	73.1	7.2	14.8	0.2	0.0	1.6	2.4	8.5	9.5	1.1	0.3
Number of Observations, all	1,098	1,183	1,098	1,183	1,098	1,183	1,098	1,183	1,098	1,183	1,098	1,183

Source: Survey of Consumer Finances, 1998 and 2007.