

CDBA Impact @ Scale PPP Open Forum (via Zoom) Thursday, April 23, 2020

Introduction

Meeting Topic: Linking impact work from Impact @ Scale curriculum to Paycheck Protection Program loans being made in real time.

Policy Update: In a letter to the CDFI Fund today, CDBA requested that all PPP loans should be considered to meet CDFI eligibility criteria. CDBA made this request on the grounds that:

- The Congressional intent of the CARES Act was to prevent mass unemployment;
- The CDFI Fund has a precedent of considering loans made after disasters and emergencies as eligible loans;
- The composition of CDFIS' pre-existing customer bases as CDFI target markets;
- The short time frame banks had to implement PPP;
- And, CRA and bank regulatory agencies explicitly recognize the importance of lending in declared disaster areas.

PPP Update: The COVID relief bill passed the House on Thursday afternoon with an additional \$310 billion for PPP loan commitments (\$321.5 billion with administrative expenses). **\$60 billion has been set aside for community lenders**, which are broadly defined. The category explicitly includes CDFIs and MDIs, but does not have specific provisions for either of those groups. The \$60 billion is to be divided equally between lenders in two asset classes: \$30 billion has been set aside for those with assets of \$10 billion - \$50 billion and \$30 billion has been set aside for those institutions with assets under \$10 billion.

Simple Data Points to Track from the PPP Loan Application

- Jobs retained
- Business Address: geocode after the fact in CIMS or PolicyMap or other service
- NAICS code to distinguish business type
- Dollar Amount of Loan: to calculate average loan size

Other Possible Data Points

- Minority-owned or woman-owned small business: could track based on prior knowledge or banking relationship
- Average wages: calculated by dividing payroll amount by number of workers

OPEN FORUM: Key Takeaways for Impact Tracking Strategies

- Internal communication on mission tracking is essential.
- Most useful statistic related to PPP is **job retention**. This can be easily tracked as it is a required part of each PPP application.
- **Geocoding loans** is key because it can allow you to understand crucial demographic and economic information about the area served. It is great to track loans by address since the address is also required in the application documents. Some banks are geocoding as they process applications, many are doing so after the fact.
- Some banks used internal survey data to track information such as jobs retained, woman/minority owned businesses, small business and non-profit loans, veteranowned businesses, b-corp status, and census tract information. This information can be obtained from PPP applications and credit memos and is completed by a staff member once the loan is booked.
- Banks are also using PPP applications to track average business size and average loan size to approximate whether they are serving LMI communities. You can also divide loan size by number of jobs retained to calculate average wages (with the caveat that wages are capped at \$100k in PPP so this data could be skewed lower).
- Banks are also tracing **new customer relationships** opened by the PPP process. Many banks are serving customers who primarily use other banks or who were solely deposit customers beforehand.
- Banks are using a variety of methods to track, analyze, and store data. Methods mentioned included surveys through Microsoft 365, analysis through the CRM Salesforce, and tracking in the bank's core system.
- In addition to quantitative data, banks are **tracking individual success stories** and pushing them to social media, newsletters, websites, and advertisements.
- CDBA is exploring whether the dollar amount of a PPP loan that is not forgiven will count as BEA credit.