Congress Enacts Additional $310 Billion for Small Business Paycheck Protection Program

Last week Congress passed and the President signed a $484 billion emergency relief package that expands on the resources included in the March 27 Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The $484 billion Paycheck Protection Program and Health Care Enhancement Act includes:

- $310 billion for the Small Business Administration’s (SBA) Paycheck Protection Program (PPP), which offers forgivable loans to small businesses that keep their employees on the payroll. This expands on the original $349 billion in PPP resources that Congress provided in the CARES Act, which was depleted on April 16. **$30 billion of the new PPP resources are set aside for community-based lenders with assets under $10 billion, which explicitly includes CDFIs.** The additional $310 billion is expected to be depleted this week;
- $60 billion to the SBA’s Economic Injury Disaster Loans (EIDL) Program, which provides applicants with a forgivable advance of $10,000;
- $75 billion for hospitals;
- $25 billion for expanded virus testing.

Although it was an advocacy success to secure CDFIs as eligible PPP lenders under the new set-aside, more work is needed to ensure these additional PPP resources are directed to communities and borrowers most in need of support. This week, [Democratic leadership sent a letter](https://www.democrats.gov/press-release/trump-signs-legislation-providing-additional-507-billion-small-businesses) to Treasury Secretary Steven Mnuchin and SBA Administrator Jovita Carranza urging the administration to “create a special set-aside of at least $10 billion of PPP funds solely dedicated to [Minority Depository Institutions] and CDFIs.” **LIIF strongly supports a set aside of PPP resources for CDFIs to ensure the smallest of small businesses – including child care providers – are not left behind.**

Congress has now enacted $3 trillion in response to the COVID-19 pandemic – the largest federal relief effort in modern U.S. history – and the need for additional federal relief is likely to grow as unemployment numbers reach historic highs. However, the outlook for additional legislative action remains unclear as concerns over the federal deficit arise and lawmakers are forced to spend more time away from Washington due to continued public health threats in the nation’s capital. Despite the uncertainty around the federal response, LIIF continues to advocate for immediate emergency resources for the community development field, including:

- $1 billion for the CDFI Fund
- $50 billion for the child care sector
- $48 billion for the HOME Program
- Broad fiscal relief to state and local governments

LIIF will continue to elevate these priorities and the importance of additional resources for community development programs as the federal response unfolds.
LIIF Submits CRA Comment Letter, OCC Signals Desire to Quickly Issue Final Rule

Earlier this month LIIF submitted a comment letter in response to the Office of the Comptroller of the Currency (OCC) and the Federal Deposit Insurance Corporation’s (FDIC) proposed changes to the Community Reinvestment Act (CRA). Stakeholders submitted more than 7,000 comments in response to the proposed rule, demonstrating significant engagement on this critical piece of regulatory policy.

LIIF’s comment letter highlighted several concerns with the proposed rule:

- Banks would be eligible to receive CRA credit for activities that they may have already completed in the normal course of business.
- The agencies would provide full CRA credit for activities that do not have a primary benefit to low- and moderate-income (LMI) people and places.
- The agencies would remove any obligation for a bank to make community development equity investments, which includes critical programs like the New Markets Tax Credit and Low Income Housing Tax Credit.
- Banks would be able to receive a passing CRA rating even if they do not adequately serve a significant number of their communities.

Given the threats to community development, LIIF urges the agencies to re-publish a substantially updated proposal for additional public comment prior to moving forward with a final rule. However, Comptroller Joseph Otting said in a statement that the OCC will proceed with issuing a final rule in the first half of calendar year 2020, even as numerous stakeholders and lawmakers have called for a halt in rulemaking due to the threats posed by COVID-19.

National SPARCC Partners Share Guiding Principles for an Equitable Recovery

Last week the national SPARCC partners – Enterprise, LIIF and the National Resource Defense Council – shared a blog post with guiding principles for lawmakers to consider in their response to the COVID-19 pandemic. The blog emphasizes six SPARCC priorities in any upcoming relief or stimulus packages:

1. Protect people’s health and safety, particularly essential workers across all sectors and in our most vulnerable communities.
2. Ensure equitable and sustainable access to affordable housing throughout the crisis and beyond.
3. Ensure universal access to clean water and energy throughout the crisis and beyond.
4. Invest in equitable community infrastructure that promote the health and resilience of communities so that we can rebuild stronger than before the crisis.
5. Ensure that economic recovery packages support all small businesses and lay the groundwork for an equitable economy for all.
6. Provide immediate federal support to state, territorial and local governments scaled to the challenges they face.

And as states and localities begin to receive emergency resources from the federal government, the national partners encourage states to use this opportunity to safely engage community
residents and cross-sector partners to ask a central question in the implementation of emergency resources: **What is the most racially equitable process and outcome?**

For questions or comments, please contact:

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