

THE FAILURES OF THE PPP IN NYC

The Paycheck Protection Program (PPP) is a \$669-billion business loan program administered by the U.S. Small Business Administration. It was established through the Coronavirus Aid, Relief, and Economic Security Act and has been renewed, expanded, and tweaked on several occasions in recent months. Its purpose is to help sustain American businesses and their employees during the ongoing global pandemic. The PPP loan may be partially or fully forgiven if a business retains its employees and wages.

Across the five boroughs, New York City small businesses have received approximately 145,936 PPP loans as of June 30. Manhattan led the way with 61,666 loans, followed by Brooklyn (39,093), Queens (29,997), the Bronx (9,577), and Staten Island (5,603).ⁱ

Loans were spread across hundreds of New York City industries, with Retail (14,946), Restaurants and Bars (9,315), Doctors’ Offices & Outpatient Clinics (8,044), Construction (7,044), Wholesale (6,638) and Real Estate (5,383) employers receiving the largest number of PPP loans (see Chart 1).ⁱⁱ



While the PPP loan was largely created to help small businesses cover payroll and help them retain employees, “non-employers” – including sole proprietorships, the self-employed, and independent contractors – are also eligible. In total, there are approximately 240,355 PPP-eligible employers (e.g. those with fewer than 500 employees) and 946,373 non-employer businesses in New York City.ⁱⁱⁱ PPP loans were received by 120,863 employee-based business and 25,073 “non-employer” businesses (see Chart 2).

CHART 1: DISTRIBUTION OF PPP LOANS TO NEW YORK CITY EMPLOYERS, BY INDUSTRY

INDUSTRY	TOTAL PPP LOANS
Retail	14,946
Restaurants & Bars	9,315
Doctors’ Offices & Outpatient Clinics	8,044
Construction	7,044
Wholesale	6,638
Real Estate	5,383
Personal Services	5,118
Manufacturing	4,274
Management Consulting Services	3,673
Legal services	3,275
Tech	2,970
Architecture, Engineering & Design	2,942
Arts, Entertainment, Sports & Related Industries	2,557
Travel & Accommodations	2,026
Employment & Business Services	1,946

CHART 2: NUMBER OF PPP RECIPIENTS AND ELIGIBLE BUSINESSES, BY BOROUGH AND BUSINESS TYPE

BOROUGH	PPP LOANS FOR EMPLOYER-BASED BUSINESSES	SMALL BUSINESSES (EMPLOYERS)	SHARE RECEIVING PPP LOAN	PPP LOANS FOR NON-EMPLOYER BUSINESSES	NON-EMPLOYER SMALL BUSINESSES	SHARE RECEIVING PPP LOAN
Bronx	7,329	18,251	40%	2,248	120,174	2%
Brooklyn	31,538	59,657	53%	7,555	288,852	3%
Manhattan	52,953	102,367	52%	8,713	232,503	4%
Queens	24,368	50,657	48%	5,629	266,193	2%
Staten Island	4,675	9,423	50%	928	38,651	2%
New York City	120,863	240,355	50%	25,073	946,373	3%

Drilling down further, we can see a wide distribution of establishments received PPP loans in each borough (see Chart 3). For instance, independent contractors, sole proprietorships, and self-employed individuals accounted for 23 percent of all PPP loans in the Bronx, compared to just 17 percent in Staten Island and 14 percent in Manhattan.

Nonprofits, meanwhile, did not fare well in any of the boroughs, but especially in the Bronx. In total, there are 6,000 nonprofits in Manhattan, 3,260 in Brooklyn, 1,904 in Queens, 1,378 in Bronx, and 520 in Staten Island.^{iv} From this total, only 21 percent received PPP loans in the Bronx, 30 percent in Staten Island, 33 percent in Queens, 34 percent in Brooklyn, and 36 percent in Manhattan.

CHART 3: DISTRIBUTION OF PPP LOANS, BY BUSINESS TYPE AND BOROUGH

BUSINESS TYPE	BRONX	BROOKLYN	MANHATTAN	QUEENS	STATEN ISLAND	NYC
Corporation	4,287	15,157	20,901	13,893	2,497	56,735
Limited Liability Company	1,156	8,365	17,360	3,905	861	31,647
Subchapter S Corporation	1,369	5,850	9,498	5,051	977	22,745
Sole Proprietorship	1,289	4,201	5,945	3,076	616	15,127
Self-Employed Individuals	608	2,083	1,628	1,597	161	6,077
Nonprofit Organization	287	1,086	2,145	618	156	4,292
Independent Contractors	351	1,271	1,140	956	151	3,869
Partnership	97	370	1,230	320	82	2,099
Limited Liability Partnership	30	229	799	146	38	1,242
Cooperative	45	171	439	193	29	877
N/A	24	115	300	127	10	576
Professional Association	30	178	242	102	23	575
Nonprofit Childcare Center	2	13	15	4	2	36
Employee Stock Ownership Plan	1	1	10	3	0	15
Trust	0	2	10	1	0	13
Tenant in Common	1	0	0	5	0	6
Joint Venture	0	1	4	0	0	5
Total	9,577	39,093	61,666	29,997	5,603	145,936



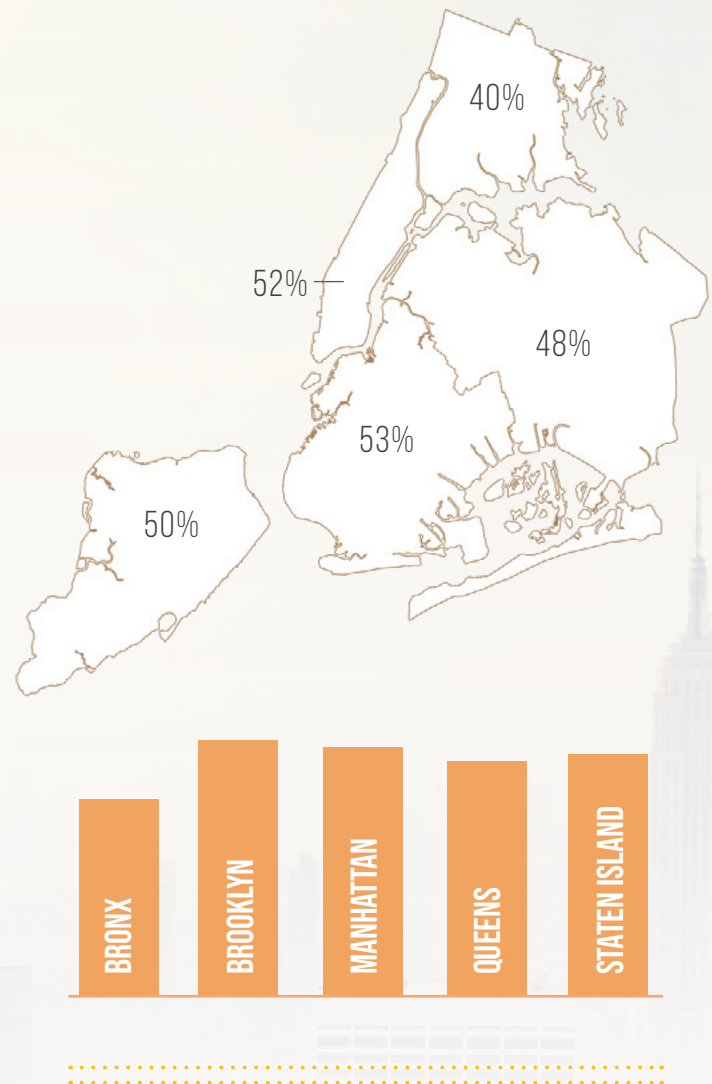
Looking more broadly, with roughly 1,186,728 New York City employer and non-employer businesses receiving 145,936 loans, approximately 12 percent received support from the Paycheck Protection Program. This compares unfavorably to the average among the 50 states, where all but North Carolina had a higher share of PPP recipients (see Chart 4). Leading the way were North Dakota (24 percent), South Dakota (24 percent), Nebraska (22 percent), Iowa (20 percent), Kansas (19 percent), Wyoming (18 percent), and Montana (17 percent).^v

CHART 4: SHARE OF ELIGIBLE EMPLOYER AND NON-EMPLOYER BUSINESSES THAT RECEIVED A PPP LOAN, BY STATE

STATE RANK	STATE	SHARE OF ELIGIBLE BUSINESSES RECEIVING A PPP LOAN
1	North Dakota	24%
2	South Dakota	24%
3	Nebraska	22%
4	Iowa	20%
5	Kansas	19%
6	Wyoming	18%
7	Montana	17%
8	Minnesota	17%
9	Wisconsin	17%
10	Maine	17%
	New York City	12%
50	North Carolina	12%

Meanwhile, zeroing in on the 240,355 employee-based businesses in New York City, there are some notable disparities between the boroughs and between industries. For instance, while approximately 53 percent of employee-based small businesses in Brooklyn, 52 percent in Manhattan, 50 percent in Staten Island, and 48 percent in Queens received a PPP loan, only 40 percent in the Bronx were PPP recipients (see Chart 5).

CHART 5: SHARE OF NYC SMALL BUSINESSES RECEIVING A PPP LOAN



This varied significantly by industry, with 89 percent of Hotels, 88 percent of Manufacturing, 66 percent of Consulting firms, 60 percent of Newspaper, Book, & Directory Publishers, and 59 percent of Architecture, Engineering & Design small businesses receiving PPP loans. By contrast, only 28 percent of Real Estate, 24 percent of Civic, Professional & Advocacy Organizations & Grantmakers, 23 percent of Nursing Home & Mental Health Facilities, 21 percent of Social Services, and 19 percent of Finance small businesses were PPP recipients (see Chart 6).^{vi}



CHART 6: SHARE OF ELIGIBLE EMPLOYER BUSINESSES THAT RECEIVED A PPP LOAN, BY INDUSTRY AND BOROUGH

INDUSTRY	BRONX	BROOKLYN	MANHATTAN	QUEENS	STATEN ISLAND	NYC
Hotels	89%	n/a	85%	90%	n/a	89%
Manufacturing	80%	79%	n/a	76%	n/a	88%
Management Consulting Services	64%	69%	68%	59%	53%	66%
Newspaper, Book, & Directory Publishers	n/a	80%	55%	56%	n/a	60%
Architecture, Engineering & Design	58%	65%	58%	52%	73%	59%
Employment & Business Services	67%	79%	48%	69%	85%	57%
Legal Services	50%	59%	55%	55%	53%	55%
Film & Television	57%	60%	51%	46%	n/a	53%
Personal Services	46%	54%	57%	47%	58%	53%
Advertising, PR, & Related Services	67%	64%	51%	55%	27%	53%
Arts & Entertainment	59%	58%	47%	65%	53%	51%
Doctors' Offices & Outpatient Clinics	39%	46%	56%	50%	47%	50%
Accounting & Bookkeeping Services	37%	45%	49%	52%	45%	48%
Freight, Delivery & Warehousing	50%	43%	65%	44%	50%	47%
Construction	43%	44%	60%	43%	44%	46%
Wholesale	52%	51%	44%	39%	49%	45%
Retail	38%	43%	46%	42%	39%	43%
Insurance	41%	57%	28%	53%	54%	42%
Restaurants & Bars	34%	37%	46%	39%	47%	41%
Building & Security Services	35%	40%	42%	35%	37%	39%
Tech	37%	31%	46%	23%	18%	38%
Child care	30%	31%	27%	34%	28%	31%
Real Estate	14%	32%	27%	30%	51%	27%
Civic, Professional, & Advocacy Organizations & Grantmakers	22%	39%	23%	15%	35%	24%
Nursing Home & Mental Health Facilities	16%	27%	18%	25%	15%	22%
Social Services	15%	21%	25%	20%	21%	21%
Finance	9%	22%	21%	14%	18%	20%



LENDERS

In total, 899 unique banks and lenders provided 145,936 PPP loans to New York City businesses. Leading the way was JPMorgan (34,843 loans), which was responsible for 24 percent of all loans in the five boroughs. In fact, JPMorgan provided the most loans in every borough, across every major industry group, and among businesses receiving both larger and smaller loans (see Chart 7).

CHART 7: DISTRIBUTION OF PPP LOANS, BY LENDER AND BOROUGH

BRONX		BROOKLYN		MANHATTAN	
JPMorgan Chase Bank, National Association	1,729	JPMorgan Chase Bank, National Association	9,023	JPMorgan Chase Bank, National Association	16,380
Kabbage, Inc.	1,191	Cross River Bank	4,116	Citibank, N.A.	4,910
TD Bank, National Association	750	Kabbage, Inc.	3,232	Bank of America, National Association	4,585
Cross River Bank	718	TD Bank, National Association	2,812	TD Bank, National Association	4,259
Celtic Bank Corporation	691	Celtic Bank Corporation	2,553	Celtic Bank Corporation	2,723
Bank of America, National Association	604	Bank of America, National Association	2,505	Cross River Bank	2,679
Citibank, N.A.	428	Citibank, N.A.	1,698	Kabbage, Inc.	2,210
WebBank	297	WebBank	1,471	Signature Bank	1,792
Customers Bank	207	Customers Bank	1,139	WebBank	1,398
Ponce Bank	196	Signature Bank	805	HSBC Bank USA, National Association	1,331
All Loans	9,577	All Loans	39,093	All Loans	61,666

QUEENS		STATEN ISLAND		NYC	
JPMorgan Chase Bank, National Association	6,870	JPMorgan Chase Bank, National Association	841	JPMorgan Chase Bank, National Association	34,843
TD Bank, National Association	2,968	TD Bank, National Association	655	TD Bank, National Association	11,444
Kabbage, Inc.	2,883	Northfield Bank	408	Cross River Bank	9,989
Cross River Bank	2,195	Santander Bank, National Association	402	Kabbage, Inc.	9,827
Celtic Bank Corporation	1,854	Victory State Bank	344	Bank of America, National Association	9,641
Bank of America, National Association	1,717	Kabbage, Inc.	311	Citibank, N.A.	8,862
Citibank, N.A.	1,584	Cross River Bank	281	Celtic Bank Corporation	8,047
WebBank	1,117	Empire State Bank	271	WebBank	4,447
Capital One, National Association	760	Citibank, N.A.	242	Signature Bank	3,353
Customers Bank	604	Bank of America, National Association	230	Customers Bank	2,936
All Loans	29,997	All Loans	5,603	All Loans	145,936



Looking at loan size, there are some interesting differences between those banks that reached smaller firms and those that did not. Most notably, financial technology companies like Kabbage provided more loans of less than \$150,000 than any other firm with the exception of JPMorgan Chase and TD Bank (see Chart 8).

CHART 8: DISTRIBUTION OF PPP LOANS, BY LENDER AND LOAN SIZE

LOAN OF LESS THAN \$150K		LOAN OF MORE THAN \$150K	
JPMorgan Chase Bank, National Association	28,759	JPMorgan Chase Bank, National Association	6,084
TD Bank, National Association	10,017	Signature Bank	1,428
Kabbage, Inc.	9,676	TD Bank, National Association	1,427
Cross River Bank	9,510	Citibank, N.A.	1,376
Bank of America, National Association	8,455	Bank of America, National Association	1,186
Celtic Bank Corporation	7,769	HSBC Bank USA, National Association	571
Citibank, N.A.	7,486	Cross River Bank	479
WebBank	4,338	Capital One, National Association	351
Customers Bank	2,705	Manufacturers and Traders Trust Company	343
Capital One, National Association	2,221	City National Bank	334
Grand Total	124,077	Grand Total	21,859

ENDNOTES

- i U.S. Department of Treasury. "SBA Paycheck Protection Program Loan Level Data," July 6, 2020. <https://home.treasury.gov/policy-issues/cares-act/assistance-for-small-businesses/sba-paycheck-protection-program-loan-level-data>
- ii Industries correspond to the following NAICS Codes. **Accounting and bookkeeping services:** 5412, 5418, 5413, and 5414; **Building and Security Services:** 5616 and 5617; **Childcare:** 6244; **Construction:** 23; **Doctors' Offices and Outpatient Clinics:** 6211, 6212, 6213, and 6214; **Film and Television:** 51211; **Finance:** 521, 522, 523, and 5259; **Freight, Delivery, and Warehousing:** 4883, 4885, 482, 483, 484, 491, 492, and 493; **Home Healthcare:** 6216; **Hospitals:** 6221; **Insurance:** 524 and 5251; **Legal services:** 5411; **Management Consulting Services:** 5416; **Manufacturing:** 31- 33; **Newspaper, book, and directory publishers:** 5111, 6231, 6232, 6233, and 6239; **Real Estate:** 5311, 5312, and 5313; **Retail:** 44-45; **Social Services:** 6241, 6242, and 6243; **Tech:** 334, 51913, 454110, 518, 5112, 5415, and 5417; **Wholesale:** 42.
- iii While Paycheck Protection Program loans were distributed in 2020, the most recently available business data is from 2018. This will explain some minor discrepancies and omissions in the analysis. Data on employer based businesses with less than 500 employees is drawn from the United State Census Bureau's "County Business Patterns, 2018" dataset. Data on non-employer businesses is drawn from the United State Census Bureau's "Non-employer Statistics, 2018" dataset.
- iv Office of the New York City Comptroller. "The Economic Impact of NYC Nonprofit Organizations," July 2, 2020.
- v See Note iii
- vi See Note ii

