[Urging the Federal Government to Increase Funding and Oversight for the Paycheck Protection Program]

Resolution urging the federal government to increase funding to the Paycheck Protection Program, institute stricter controls and oversight to ensure that small businesses in fact have access to the program, and take steps to ensure that financial institutions of all sizes work with small businesses to facilitate this.

WHEREAS, As part of the federal Coronavirus Aid, Relief, and Economic Security, or CARES Act, the Paycheck Protection Program launched on April 3, 2020, to provide relief to businesses with 500 or fewer employees by extending forgivable loans to businesses that kept workers on payroll, in order to prevent mass layoffs; and

WHEREAS, This program accounted for $349 billion of the federal government’s $2.2 trillion stimulus package to confront the ongoing economic threats of the COVID-19 pandemic; and

WHEREAS, By April 16, 2020, just 13 days after the Paycheck Protection Program opened to applicants, the program ran out of money, having received over 1,637,000 loan applications; and

WHEREAS, The CARES Act stipulated that not only those businesses with 500 or fewer total employees, but also those businesses with no more than 500 employees “per physical location” were eligible for forgivable loans; and

WHEREAS, Small, independent restaurants have suffered disproportionate impacts of the COVID-19 pandemic compared to chain restaurants, many of which have continued to record profitable sales due in part to established drive-through or delivery options; and
WHEREAS, The average loan provided by the program was just over $200,000 and fewer than one percent of all loans under the program were greater than $5 million; and

WHEREAS, The Paycheck Protection Program awarded forgivable loans in the amounts of $20 million to the parent company of Ruth’s Chris Steak House, a chain restaurant valued at $250 million with 150 locations; $10 million to the Potbelly Corporation, which is valued at $89 million and has over 400 locations; and $10 million to Shake Shack, a $1.6 billion restaurant chain with 189 locations and nearly 8,000 employees; and,

WHEREAS, Of the total $349 billion in funding, at least $243.4 million has been allocated to publicly traded companies, including many with market values above $100 million; and

WHEREAS, Recognizing that this program was meant to help struggling small businesses, not large corporations, and that the program has been executed unfairly, Shake Shack committed to returning the $10 million it had received; and

WHEREAS, The program’s success has been further marred by a haphazard rollout process, with small businesses in San Francisco and across the United States reporting that their financial institutions were confused and inadequately prepared by the federal government to begin administering a program of this size and scope; and

WHEREAS, Even when small businesses submitted applications for the program as soon as humanly possible, financial institutions were unable to process them before funds were exhausted; and

WHEREAS, In a sample of about 300,000 businesses, only 72 percent of those that attempted to apply for a Paycheck Protection Program loan were able to successfully submit applications; and
WHEREAS, It has been reported that both chambers of Congress and the Trump administration are nearing a deal to provide at least $300 billion in addition funding for the Paycheck Protection Program; now, therefore, be it

RESOLVED, That the San Francisco Board of Supervisors urges in strongest terms the federal government to not only increase funding for this vital lifeline for our small businesses; and, be it

FURTHER RESOLVED, That the San Francisco Board of Supervisors additionally demands that the federal government take concrete steps to both expand controls and oversight over the administration of the program, as well as to ensure that financial institutions of all sizes are prepared to help small businesses access this critical resource.
Resolution urging the federal government to increase funding to the Paycheck Protection Program, institute stricter controls and oversight to ensure that small businesses in fact have access to the program, and take steps to ensure that financial institutions of all sizes work with small businesses to facilitate this.

April 28, 2020 Board of Supervisors - ADOPTED
Ayes: 11 - Fewer, Haney, Mandelman, Mar, Peskin, Preston, Ronen, Safai, Stefani, Walton and Yee

I hereby certify that the foregoing Resolution was ADOPTED on 4/28/2020 by the Board of Supervisors of the City and County of San Francisco.

Angela Calvillo
Clerk of the Board

I hereby certify that the foregoing resolution, not being signed by the Mayor within the time limit as set forth in Section 3.103 of the Charter, or time waived pursuant to Board Rule 2.14.2, became effective without her approval in accordance with the provision of said Section 3.103 of the Charter or Board Rule 2.14.2.

Angela Calvillo
Clerk of the Board