

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

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

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

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

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

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

21 WHEREAS, Small, independent restaurants have suffered disproportionate impacts of
22 the COVID-19 pandemic compared to chain restaurants, many of which have continued to
23 record profitable sales due in part to established drive-through or delivery options; and

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1 WHEREAS, The average loan provided by the program was just over \$200,000 and
2 fewer than one percent of all loans under the program were greater than \$5 million; and

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

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

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

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

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

21 WHEREAS, In a sample of about 300,000 businesses, only 72 percent of those that
22 attempted to apply for a Paycheck Protection Program loan were able to successfully submit
23 applications; and

1 WHEREAS, It has been reported that both chambers of Congress and the Trump
2 administration are nearing a deal to provide at least \$300 billion in addition funding for the
3 Paycheck Protection Program; now, therefore, be it

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

7 FURTHER RESOLVED, That the San Francisco Board of Supervisors additionally
8 demands that the federal government take concrete steps to both expand controls and
9 oversight over the administration of the program, as well as to ensure that financial institutions
10 of all sizes are prepared to help small businesses access this critical resource.

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