

1 [Urging Congress to Support Increased Relief Funding for Small Businesses and Local  
2 Governments, and Development of Public Banks]

3 **Resolution urging Congress to support a new stimulus package that includes**  
4 **increased relief funding for small businesses and local governments, with greater**  
5 **guidance for banks regarding fund disbursement, and to support the development of**  
6 **local and regional public banks through making federal funding available for**  
7 **capitalization.**

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9 WHEREAS, With COVID-19 spreading to significantly more communities around the  
10 country, it is clear that the epidemic has threatened the global economy at a scale not seen  
11 since the financial crisis a dozen years ago, abruptly impacting the spending and confidence  
12 that until recently supported a record-breaking job market for more than a decade; and

13 WHEREAS, The COVID-19 crisis and resulting shelter-in-place orders across the  
14 country have plunged 22 million Americans into unemployment-- levels not seen since the  
15 Great Depression; and

16 WHEREAS, In the State of California, the Employment Development Department has  
17 received 2.7 million new jobless filings between March and April; and

18 WHEREAS, On March 31, 2020, the City Controller projected a budget deficit of up to  
19 \$1.7 billion over the next two fiscal years, due to projected loss of revenue from taxes on  
20 business activity; and

21 WHEREAS, The Federal Government allocated \$349 billion in the Coronavirus Aid,  
22 Relief and Economic Security (CARES) Act, passed by Congress and signed into law on  
23 March 27, 2020, to create a Paycheck Protection Program (PPP) in order to provide loans to  
24 small businesses with less than 500 employees, and prevent employee lay-offs during the  
25 COVID-19 crisis; and

1           WHEREAS, The PPP loans offered total up to \$10 million each and are forgivable if  
2 businesses keep workers on payroll; and

3           WHEREAS, The PPP loans were administered through banks authorized by the Small  
4 Business Administration, which includes both large national and small local banks; and

5           WHEREAS, Within two weeks the program funds were exhausted, though it appears  
6 that only a fraction of the 30 million small businesses in the United States were able to secure  
7 loans; and

8           WHEREAS, Larger small businesses—those with 300-500 employees rather than  
9 under 50—tend to be better connected and have more tools to navigate the loan process, and  
10 businesses owned by women, people of color and monolingual non-English speakers are  
11 much more likely to face obstacles to loan applications and are at higher risk for predatory  
12 loans; and

13           WHEREAS, Major concerns about the implementation of PPP, the criteria for  
14 application and the distribution of funds have arisen, including awarding large chain  
15 restaurants with over 5000 employees and construction businesses that are deemed to be  
16 essential, and thus remain in operation, and California received the lowest rate of distribution  
17 of all 50 states ([https://www.bloomberg.com/graphics/2020-sba-paycheck-protection-](https://www.bloomberg.com/graphics/2020-sba-paycheck-protection-program/)  
18 [program/](https://www.bloomberg.com/graphics/2020-sba-paycheck-protection-program/)); and

19           WHEREAS, Such concerns extend not only to hasty loan program design by Congress  
20 but to the large commercial banks that, evidence suggests and recent lawsuits allege, favored  
21 key existing relationships with their biggest borrowers; and

22           WHEREAS, Congress is looking to distribute another \$300 billion in loan funds and key  
23 Democratic lawmakers are advocating for more of the funds being directed to small  
24 businesses without existing banking relationships, as well as rural areas and people of color-  
25 owned small businesses; and

1           WHEREAS, Big banks have long been critiqued for their role in and during economic  
2 crises, including the 2008-2009 recession where large commercial banks and auto companies  
3 received a bailout of over \$400 billion from the federal government; and

4           WHEREAS, The role of the large commercial banks in unequally distributing PPP loans  
5 show that these banks are ill equipped to provide fair leadership during this—or any—  
6 economic crisis; and

7           WHEREAS, Small local banks, credit unions, and community development financial  
8 institutions have developed the “relationship banking” model to respond to the needs of their  
9 local business and resident customers and to reflect local values and priorities, though these  
10 financial institutions often have limitations on their lending capacity; and

11           WHEREAS, A movement for public banking is growing across the United States and  
12 efforts are being made to develop local, regional or state public banks in California,  
13 Washington State, Arizona, New Mexico, Minnesota, Illinois, Michigan, New York, Vermont,  
14 New Jersey, Connecticut, Massachusetts, New Hampshire, Maine, and more; and

15           WHEREAS, The Bank of North Dakota, established in 1919, is the nation’s longest-  
16 running public bank, and in 2018 American Samoa established a full-service public bank; and

17           WHEREAS, A public bank, by definition, is owned by a public institution and therefore  
18 accountable to taxpayers and members of the public rather than private shareholders; and

19           WHEREAS, A public bank can obtain funds at reduced rates from the Federal Reserve  
20 and the Federal Home Loan Bank and pass that cost savings to borrowers, including local  
21 government, local financial institutions like credit unions and community development banks,  
22 and small businesses; and

23           WHEREAS, The Bank of North Dakota has demonstrated the ability to balance  
24 “relationship banking” with banking at scale, financing disaster recovery in the form of a) low-  
25 interest loans to residents and business after the 2011 Grand Forks floods, b) credit lines for

1 the North Dakota Division of Emergency Management, North Dakota National Guard, and  
2 local governments, c) extending credit partnering with local financial institutions, d)  
3 coordinating the forbearance of student loans, and more; and

4 WHEREAS, The California Public Banking Alliance calls for the development of public  
5 banks to support the recovery following the COVID-19 pandemic, provide emergency funding  
6 without tapping into reserves, deliver funds more efficiently, reinvest bank profits into the city,  
7 fund preventative measures for crisis resiliency, fund comprehensive emergency  
8 preparedness, and ultimately divest from Wall Street banks; and

9 WHEREAS, The California Reinvestment Coalition has developed a set of demands for  
10 large commercial banks, including forgiveness of home mortgage loan payments, the creation  
11 of a statewide emergency assistance grant initiative to provide short-term financial assistance  
12 along with legal services, foreclosure and eviction crisis counseling, and opportunities for  
13 tenants, community land trusts and nonprofits to purchase residential buildings; and

14 WHEREAS, Congressional Representative Ilhan Omar has introduced legislation that  
15 would cancel rent and mortgage payments across the United States during the coronavirus  
16 pandemic, protect against debt accumulation and negative impact on credit ratings and rental  
17 histories, and establish a relief fund for landlords and mortgage holders to cover losses from  
18 canceled payments; and

19 WHEREAS, In this time of crisis, a public bank can be the engine of local recovery and  
20 reinvestment for our city's residents, allowing for a focus on public benefit over extreme profit  
21 and focusing on lower interest rates for the City and returns for the public good; and

22 WHEREAS, A public bank could eliminate the tens of thousands of dollars that the city  
23 pays to Wall Street banks every year to manage the City's bank accounts; and

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1           WHEREAS, The profits that a public bank makes are directed back into community  
2 benefits rather than to Wall Street shareholders, arguably a more responsible investment for  
3 the City’s robust pooled investment funds; and

4           WHEREAS, As the City of San Francisco explores local funding for small business and  
5 worker relief in response to the COVID-19 crisis, a public bank could be the mechanism to  
6 allow for low-cost lending at a local level to support the resurgence of our restaurant and small  
7 business corridors; and

8           WHEREAS, As San Francisco looks to recover, a public bank will lay the foundation for  
9 a more equitable local economy by financing projects including local public infrastructure,  
10 renewable energy, affordable housing, a local Green New Deal and more, that create good  
11 paying and union jobs accessible to a diverse range of workers with different skill sets,  
12 education, and training who will be looking to return to the workforce; and

13           WHEREAS, The development of a local, regional or state public banking model now  
14 would be timely and strategic to aid in the crisis recovery efforts, and will require capitalization  
15 funding; now, therefore, be it

16           RESOLVED, That the Board of Supervisors affirms its support for Congressional relief  
17 package that increases the amount of PPP funds available for small businesses; and, be it

18           FURTHER RESOLVED, That the Board of Supervisors calls for additional federal relief  
19 to cities that will bear the brunt of devastation to the local economy; and, be it

20           FURTHER RESOLVED, That the Board of Supervisors affirms its support for the  
21 distribution of funds to small businesses, people of color owned businesses, and those who  
22 experienced obstacles to the first round of small business stimulus funds, and calls upon large  
23 commercial banks to prioritize distribution of funds to the above categories of small  
24 businesses; and, be it

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1            FURTHER RESOLVED, That the Board of Supervisor urges Congress to provide  
2 greater oversight, guidance and accountability to banks disbursing the PPP small business  
3 loans; and, be it

4            FURTHER RESOLVED, That the Board of Supervisors urges Congress to support the  
5 development of public banks through the allocation of federal funds to local and regional  
6 governments for the purposes of public bank capitalization; and, be it

7            FURTHER RESOLVED, That the Board requests a copy of this resolution be sent to  
8 San Francisco's Congressional representatives.

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