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NALCAB Calls on Congress to Fix the Broken Paycheck Protection Program by Setting Aside \$60 Billion for Underserved Small Businesses and Non-Profits

Depleted Funding Program Left Out Thousands of Minority Applicants

(WASHINGTON DC) -- The CARES Act Paycheck Protection Program (PPP) made available approximately \$350 billion through the Small Business Administration's (SBA) 7(a) loan program structure for eligible lenders to make loans to businesses to support payroll and certain limited operating costs. Yesterday, the SBA announced that **PPP funds are already depleted leaving thousands of loan applicants, especially underserved small businesses and non-profits, out of this critical emergency financial relief program.** It is clear that the \$350 billion flowed primarily through large banks and almost exclusively to their preferred customers.

“Chairman Marco Rubio (R-FL), Ranking Member Ben Cardin (D-MD) of the Senate Small Business Committee and Chairwoman Nydia Velázquez (D-NY) of the House Small Business Committee should be lauded for creating the Paycheck Protection Program and responding rapidly to the urgent needs of our nation’s small business sector. Unfortunately, the Treasury Department chose to implement this program in a manner that has shut out our communities,” said Noel Poyo NALCAB’s Executive Director. “The Congress must now act swiftly to fix the Program to ensure this emergency financial relief is made available to all small business owners and the people they employ.”

The intent of Congress is expressed in the text of the CARES Act as follows.

It is the sense of the Senate that the Administrator should issue guidance to lenders and agents to ensure that the processing and disbursement of covered loans prioritizes small business concerns and entities in underserved and rural markets, including veterans and members of the military community, small business concerns owned and controlled by socially and economically disadvantaged individuals, women, and businesses in a set aside.

In order to fix this broken system, [NALCAB calls for immediate action](#) on the following urgent priorities:

1. Congress must pass a Paycheck Protection Program “fix” that includes at least a **\$65 billion set aside** for community development financial institutions (CDFIs) and minority depository institutions (MDIs) to deploy underserved businesses and non-profits.
2. The PPP “fix” must **include at least \$100 million to support culturally and linguistically relevant entrepreneurial assistance** for diverse business owners through community-based non-profits and national and regional networks that reflect their communities.

3. Chairman Jerome Powell and the Governors of the Federal Reserve must rapidly **open the Fed's recently established PPP credit facility** to non-depository community development financial institutions (CDFIs) and minority depository institutions (MDIs) in order to provide community lenders with the necessary liquidity to undertake the scaled deployment of PPP loans to underserved small businesses and non-profits.

Across the board, small businesses have been incredibly hard hit by this rapidly evolving economic crisis. Underserved small businesses and the people they employ are even more vulnerable in this moment. For many who did not get access to the PPP, these resources could be the difference between resilience and economic ruin.

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About [NALCAB](#)

NALCAB - the National Association for Latino Community Asset Builders - is the hub of a national network of more than 120 mission-driven organizations in 40 states, DC and Puerto Rico that serve ethnically diverse Latino communities across the US. Members of the NALCAB Network invest in their communities by building affordable housing, addressing gentrification, supporting small business growth, and providing financial counseling on issues such as credit building and home ownership. Our mission is to strengthen the economy by advancing economic mobility in Latino communities. NALCAB's work advances economic mobility for low and moderate-income people.