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Latest Round of PPP Funding Excludes Latino Businesses Shut Out of First Round

*Funding “Set Aside” Intended for Underserved Businesses
Will Actually Benefit Banks*

(WASHINGTON DC) – Yesterday, the Senate passed a bill to appropriate an additional \$310 billion to replenish the Paycheck Protection Program (PPP), however it does nothing to ensure access for the majority of Latino businesses that were shut out of the first round. The initial emergency financial relief funds were depleted rapidly with funding flowing primarily through big banks and almost exclusively to their preferred customers.

Latino small business owners are the fastest-growing group of entrepreneurs in the US contributing about \$500 billion to the US economy and driving a GDP of more than \$2 trillion according to a [Stanford University study](#). Many Latino-owned businesses are sole proprietor entrepreneurs. With such an impact, if Latino-owned businesses fail, the US economy fails.

“The large majority of Latino-owned businesses were locked out of the first round of PPP and, based on what the Senate passed on Tuesday, we don’t expect that status quo to change in Round 2,” Said Noel Poyo, Executive Director of NALCAB. “In a cynical lobbying trick, the \$30 billion that was ‘set aside’ to provide access to underserved businesses was opened up to 95% of all banks, rendering the set aside meaningless.”

The new bill “sets aside” \$30 billion in funding for institutions that specialize in providing loans to underserved businesses, including Community Development Financial Institutions (CDFIs) and Minority Depository Institutions (MDIs), **however** the list of eligible institutions was expanded to also include banks with assets under \$10 billion -- 95% of banks have assets under \$10 billion and are defined in the bill as “small banks.”

In addition, big banks with assets over \$10 billion received a special set aside of \$30 billion for their customers in this new round of funding. In a first come first serve rush for funding, those businesses with the most resources and best banking relationships will be favored, as was the case in the first round of the PPP. The Senate bill has no mechanism to ensure access for the smallest businesses, underbanked business owners, those with limited English proficiency or those who experience other barriers to fair financial services.

The intent of Congress is expressed in the text of the CARES Act:

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.

NALCAB calls on Congress and the Treasury Department to follow through on the stated intent of this law, to stop with deceptive legislative language and to make resources available to underserved businesses through CDFIs and MDIs. NALCAB further calls on the Small Business Administration to implement the law in a way that ensures equitable access to this emergency financial relief program.

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 original PPP dollars, these additional funds 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.