

RESOLUTION URGING FUNDING STRATEGIES TO CITY OF DETROIT LENDING INSTITUTIONS IMPLEMENTING FEDERAL PAYCHECK PROTECTION LOANS TO SMALL BUSINESSES

BY: The Detroit City Council President, Brenda Jones

WHEREAS, on Friday, March 27, 2020, the United States Congress and the President of the United States passed the CARES Act, which contained the Paycheck Protection Program in the amount of \$349 billion in relief for American workers and small businesses as a result of the COVID-19 pandemic's economic impact; and

WHEREAS, shortly after its passage, the Paycheck Protection Program funding was depleted, falling woefully short of providing financial assistance to those most vulnerable small business with 500 or fewer employees; and

WHEREAS, it has been widely reported, including research published by Morgan Stanley, that the U.S. government has allocated at least \$243.4 million of the total \$349 billion to publicly traded companies, and according to the Associated Press, 75 of those public traded companies received a combined \$300 million in low-interest taxpayer-backed loans; and

WHEREAS, according to Small Business Administration, Michigan's small businesses employ approximately 1.8 million workers; 51percent of small businesses have less than 500 employees. Many small businesses are located within the City of Detroit and are minority owned; and

WHEREAS, as reported in Entrepreneur.com, "Minority-owned small businesses stand to be hit the hardest by the pandemic's economic fallout... In 2019 the SBA found that 49 percent of loans from banks go to white-owned businesses, 23 percent go to Asian-owned businesses, 17 percent undetermined, 7 percent to Hispanic-owned business, 3 percent to black-owned businesses and 1 percent to American Indian-owned businesses." The small businesses in the City of Detroit including those minority owned cannot survive the standard loan practices of the past and must be given a fair and appropriate opportunity to survive; and

WHEREAS, in light of the failures of the initial stimulus package to assist true small businesses, the Federal Government has initiated a second wave of \$320 billion funding for the Paycheck Protection Program, \$60 billion of that is slated to go to assist the smallest businesses which rely on community partners for support such as community banks, credit unions and Community Development Financial Institutions (CDFIs); and

WHEREAS, the Detroit City Council seeks to encourage local financial institutions that will be the designated lenders under the Paycheck Protection Program in the State of Michigan and City of Detroit to develop specific funding strategies that will maximize the ability to

financially assist the small business in the most need of assistance, those that have 500 or fewer employees, less than \$15 million in annual revenues and are on a trajectory to deplete their cash balance within two months. **THEREFORE BE IT**

RESOLVED, that the Detroit City Council urges all financial institutions implementing the Federal Paycheck Protection Program in the City of Detroit and more specifically those local financial institutions designated to disburse the funding designated for the smallest businesses within the City of Detroit to meet at least one of the following criteria for eligibility:

- (1) Proof of depletion of cash balances within the next two months,
- (2) No more than 500 employees across the entire business entity (specifically prohibiting chain establishments from receiving funding per location), or
- (3) No more than \$15 million in annual revenues;
- (4) Set asides for minority owned businesses; **BE IT FINALLY**

RESOLVED, that copies of this resolution shall be provided to Mayor Mike Duggan and Governor Gretchen Whitmer, for presentation to the financial institutions that are provided Federal Paycheck Protection Program funding to be disbursed to small business that conduct business within the City of Detroit.