



## COMMONWEALTH OF MASSACHUSETTS

### DIVISION OF BANKS

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### **REPORT OF THE SMALL BUSINESS LOAN REVIEW BOARD ON THE AVAILABILITY OF CREDIT FOR SMALL BUSINESSES AS OF JUNE 30, 2023**

This memorandum serves as an informational summary prepared by the Massachusetts Division of Banks (the Division) on behalf of the Small Business Loan Review Board (the Board) regarding the availability of credit to small businesses within the Commonwealth, as of June 30, 2023, in accordance with the provisions of G.L. c. 167, § 14C.

Included in this memorandum is an informational summary prepared by the Division providing an update relative to the Paycheck Protection Program (PPP) for small businesses within the Commonwealth, as of June 30, 2023.

The scope of the memorandum is to better understand where emergency-related relief to small businesses was afforded and the effects of such distribution. It is beyond the scope of this memorandum to offer an explanation or evaluation as to the observed outcomes. Rather, an assessment of relief afforded to small businesses with the best data available to the Division.

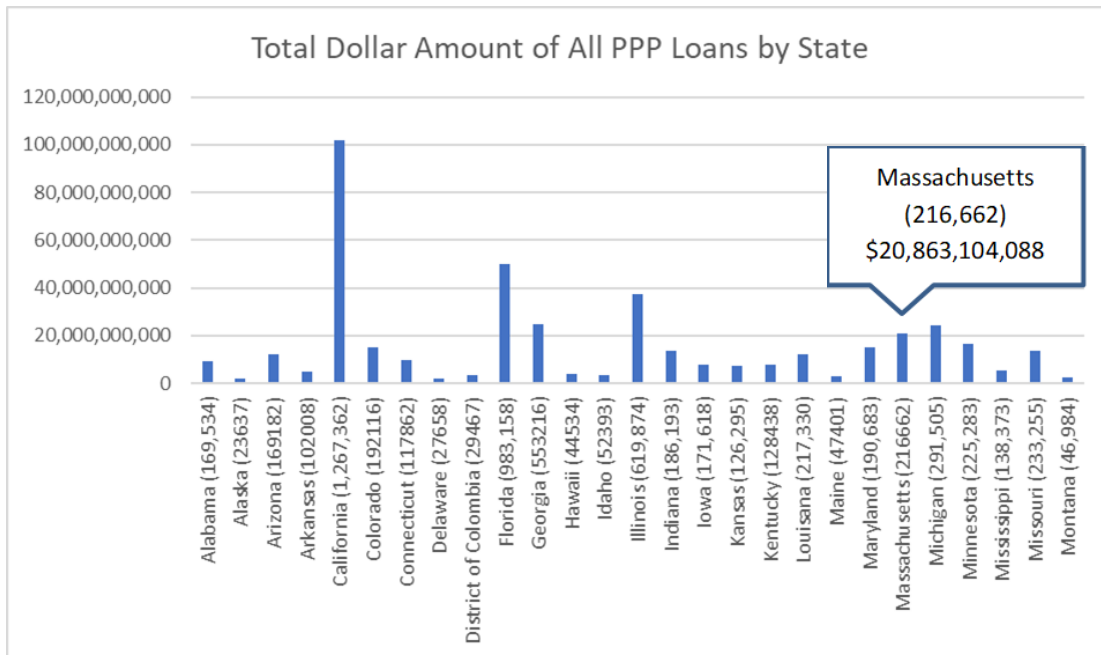
#### **Small Business Administration Paycheck Protection Program**

The Paycheck Protection Program (PPP) was a loan program provided by the U.S. Small Business Administration (SBA) designed to provide a direct incentive for small businesses to keep workers on the payroll. Loans made were up to \$10 million, with a 1.0% interest rate and a two-year maturity. Businesses were eligible for full loan forgiveness if all employees were kept on the payroll for eight weeks and the money was used for payroll, rent, mortgage interest, or utilities.

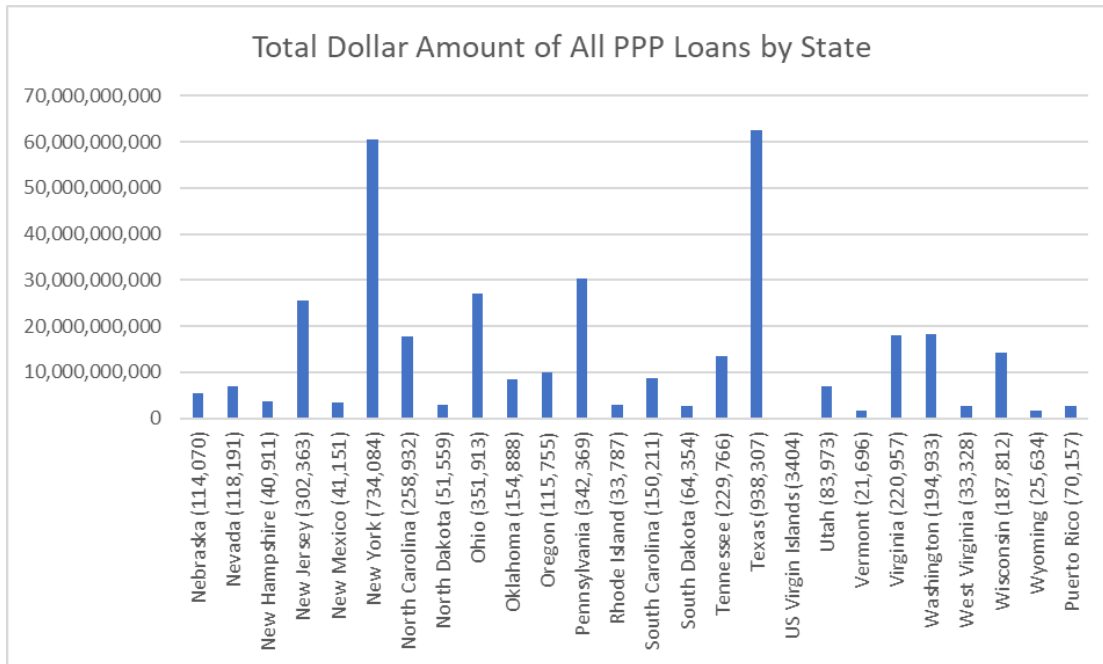
Additionally, the SBA offered eligible borrowers that previously received a PPP loan to apply for a “Second Draw PPP Loan”, with the same general terms as their First Draw PPP loan. These Second Draw PPP loans could be used to help fund payroll, rent, mortgage interest, utilities, worker protection costs related to COVID-19, uninsured property damage costs caused by looting or vandalism, and certain supplier costs and expenses for operations. Second Draw PPP Loan eligibility was limited to businesses who received a First Draw PPP Loan and who used the amount

only for authorized purposes, had no more than 300 employees, and could demonstrate at least a 25% reduction in gross receipts between comparable quarters in 2019 and 2020.

The Small Businesses Administration’s PPP granted 11,462,045 loans throughout the United States with a total dollar amount of approximately \$790,185,114,798. Massachusetts small businesses received 216,662 loans under the PPP program, totaling approximately \$20,863,104,088 in assistance. The last PPP loans were granted during May 2021, after which the program terminated.<sup>1</sup>



<sup>1</sup> “The Paycheck Protection Program Data,” *Pandemic Oversight*, last modified July 1, 2023, <https://www.pandemicoversight.gov/data-interactive-tools/interactive-map>



## Paycheck Protection Program (PPP) Forgiveness

As of October 2022, the most recent data available at the time of this writing, 10,535,937 or 93% of all PPP loans submitted forgiveness applications. The amount of forgiveness requested was \$755,828,913,435 or 96% of the total loan value of all PPP loans. The same metrics show that 10,493,484 or 93% of all PPP loans have been fully or partially forgiven and the total forgiveness paid was \$755,714,750,900 or 96% of the loan population.<sup>2</sup>

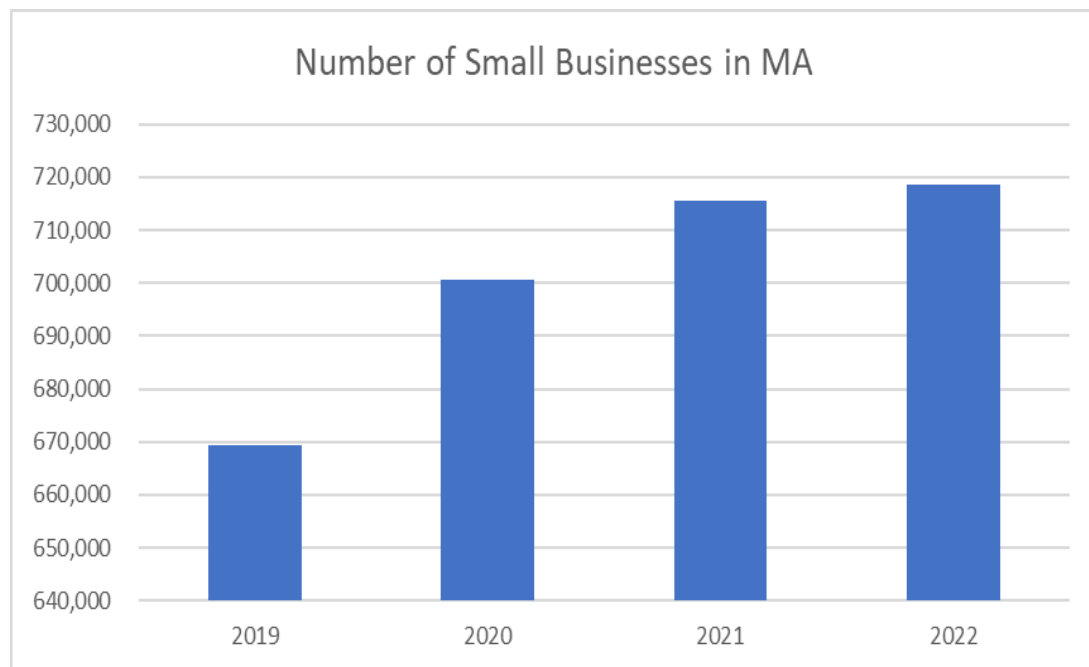
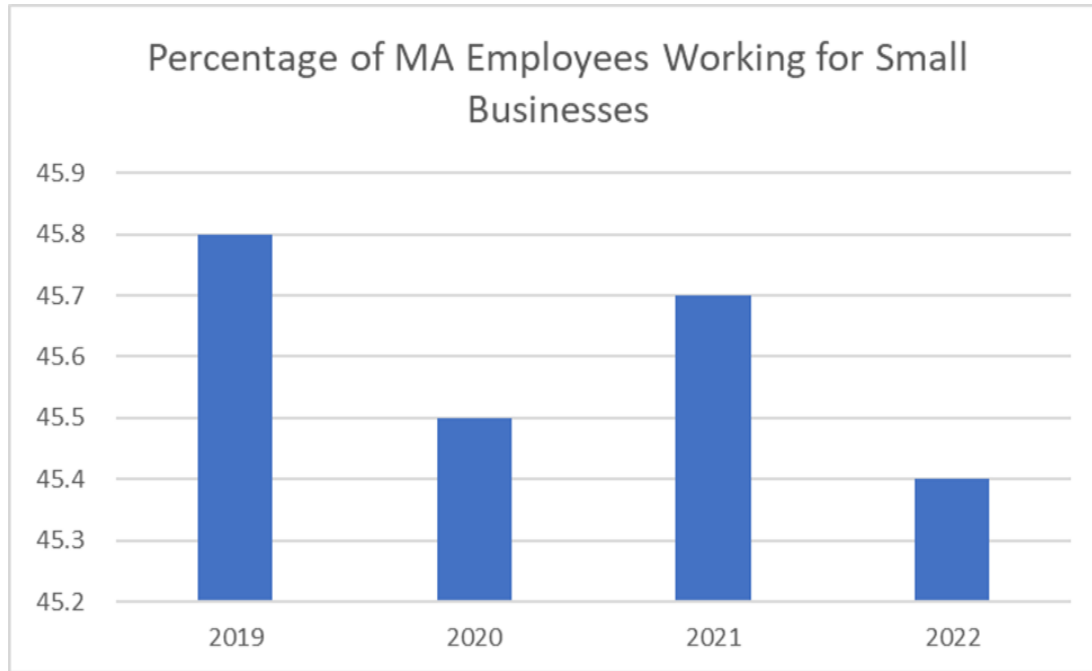
According to the federal government, approximately \$776 billion of the \$785 billion disbursed was used for payroll. As of June of 2023, businesses reported that PPP funding allowed them to retain 90.3 million jobs. It is worth noting that the PPP Forgiveness process is ongoing, and Massachusetts specific numbers have yet to be made available.

## Small Businesses in Massachusetts

There appear to have been significant changes in the landscape of small businesses across Massachusetts since the beginning of the pandemic. From 2019 to 2022 the number of small businesses throughout the Commonwealth increased by 49,243. On the other hand, the percentage of Massachusetts employees working for small businesses in the Commonwealth has significantly

<sup>2</sup> "Forgiveness Platform Lender Submission Metrics," *Small Business Administration*, last modified October 23, 2022, [https://www.sba.gov/sites/default/files/2022-09/2022.09.11\\_Weekly%20Forgiveness%20Report\\_508\\_0.pdf](https://www.sba.gov/sites/default/files/2022-09/2022.09.11_Weekly%20Forgiveness%20Report_508_0.pdf)

decreased. Small businesses gained 191,276 jobs and lost 320,427 jobs, for a net decrease of 129,151 jobs.<sup>3</sup>



<sup>3</sup> "2022 Small Business Profiles For The States, Territories, And Nation," *U.S. Small Business Administration Office of Advocacy*, last modified August 31, 2022, <https://advocacy.sba.gov/2022/08/31/2022-small-business-profiles-for-the-states-territories-and-nation/>

While, as stated above, it is beyond the scope of this memorandum to offer an explanation or evaluation as to the observed outcomes, it is clear that significant changes for small businesses in the Commonwealth are underway.