

Technical Brief for UCLA LPPI:  
Statewide Statistics for PPP Loans

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## **Introduction**

Through the federal government's coronavirus aid initiative for small businesses, the Paycheck Protection Program (PPP), lenders expended more than 525 billion forgivable loans nationwide with roughly 13% of the amount and 12% of loans going to Californian businesses.<sup>1</sup> The program was designed to provide a direct incentive for small businesses to keep their workers on payroll; however, early research on the PPP has identified disparities in the types of businesses that benefited from the program as well as regional disparities, thus potentially reproducing systemic inequality along racial and class lines. This technical brief is the first in a series of three that provides a snapshot of the PPP program in California. This brief provides general California statewide statistics about PPP loans expended to Californian businesses; future briefs will explore systemic inequalities in this pandemic relief program by neighborhoods and congressional districts. This technical brief includes separate analyses for loans under \$150,000 and loans over \$150,000 approved from April 03, 2020, the day after SBA released the loan application form for borrowers, through August 08, 2020, the date when the SBA stopped accepting applications from participating lenders.<sup>2</sup>

## **Key Findings**

### **All Loans**

- About 623,360 loans, totaling more than \$68.6 billion, were issued by PPP lenders to businesses in California;
- During the first three weeks of the program, businesses applying for loans over \$150,000 accounted for well over half of all applicants, suggesting that at least initially, the program's first-come-first-serve design favored larger, rather than smaller, businesses;
- It is difficult to estimate the number of jobs preserved through PPP funds, as lenders were not required to report this measure.
- While food services have received more PPP funds in comparison to other industries, loans also disproportionately went to construction, manufacturing, and professional services companies.

### **Loans under \$150,000**

- Roughly 535,400 small business loans under \$150,000 are reported by the SBA for California, totaling more than \$18.4 billion dollars and helping to protect at least 2.2 million jobs;
- Loans under \$150,000 account for 86% of all loans issued to Californian businesses but only 4% of net dollars expended to the state;
- The average loan amount was \$34,500, roughly the same as the national average of \$32,395 for loans of this size;
- There are disparities by business type, industry and region; corporations benefited the most from loans under \$150,000 as did businesses in the

restaurant industry and professional services like doctors, dentists, and lawyers; the large, affluent urban congressional districts are among the top recipients of loans;

- The top lender by loan count was Bank of America, which issues the largest share of loans and net dollars, and reported benefiting the most jobs; Wells Fargo is the only major lender that did not report job counts.

### **Loans over \$150,000**

- Loans over \$150,000 account for only 14% of loans but almost 96% of net dollars lent to California businesses, indicating disparities in the types of businesses that benefitted from the program;
- At least 87,900 PPP loans over \$150,000 were issued to businesses in California, totaling more than \$50.6 billion and helping protect more than 3.94 million jobs;
- The largest share of loans was issued to corporations (55%) and not s-corporations (17%), which are the most prevalent type of corporation in the United States;
- Full-service restaurants received the largest share of loans (about 6%) and the vast majority (70%) of these loans fell in the \$150,000-\$350,000 range;
- Over 870 lenders issued loans over \$150,000 to businesses in California;
- The top lenders by loan count are Bank of America, JPMorgan Chase, and Wells Fargo; however, City National Bank issued the most loans in the top range (over \$5 million);
- 4 of the 5 congressional districts in the top 5 for loans under \$150,000 are also ranked in the top 5 for loans over \$150,000

### **Data Limitations**

- The dataset includes loans that are possibly issued outside of California and the SBA has not responded to our requests for clarification;
- Reporting demographic data was voluntary for PPP applicants, as such, a large share of the following variables were left unanswered and therefore are not useful. For loans under \$150,000, race was left unanswered in 94% of the applications, 84% for gender, and 86% left veteran status unanswered. Similarly, a large share of loans over \$150,000 do not have demographic information; race was not reported for 86% of loans, gender for 68% of loans, and 72% did not report veteran status;
- About 20% of loans under \$150,000 and 14% of loans over \$150,000 did not report job information or the information was zero;
- Data for loans over \$150,000 did not give exact loan amounts, only ranges;
- The publicly available PPP data are based on information submitted by the lender to SBA and the data are self-reported by applicants.

## **Analytical Results for Loans Under \$150,000**

Table 1 below presents the count and net dollars for loans under \$150,000 expended in California. More than 535-thousand loans were made to small businesses, totaling more than \$18.4 billion dollars. Loans under \$150,000 account for 86% of all loans issued to Californian businesses but only 4% of net dollars expended to the state. The average loan amount received by a small business was just under \$35,000, which is roughly the same as the national average of \$32,395 for loans of this size.<sup>3</sup> These PPP loans benefited at least 2.2 million jobs, covering roughly 13% of payroll jobs reported by the California EDD before the start of the pandemic.<sup>4</sup> However, the number of jobs is underreported in these PPP loans as 8% of applicants did not report job information and 12% reported zero jobs.

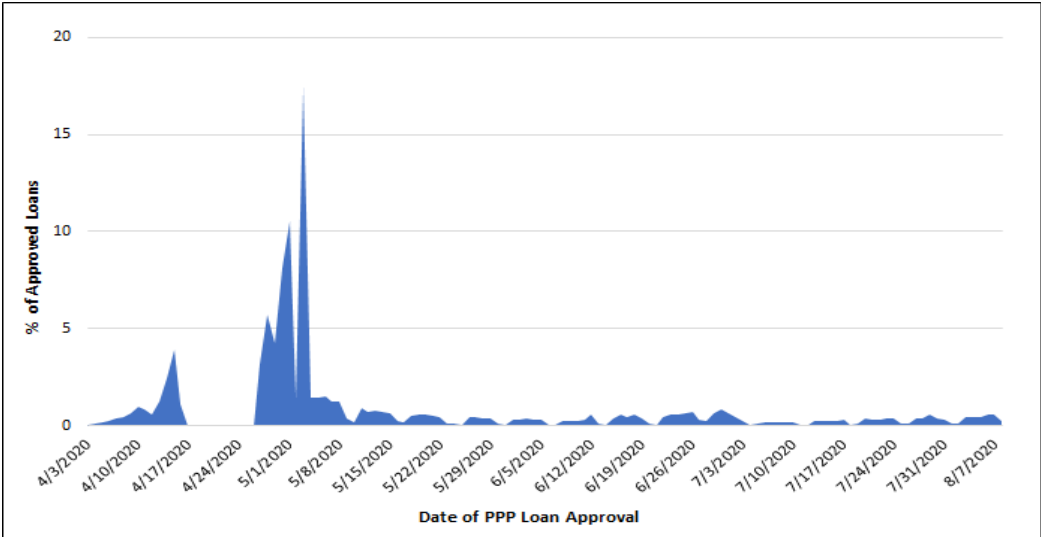
**Table 1. Descriptive Statistics for Loans under \$150,000**

	<b>Loans</b>	<b>Jobs Reported</b>
<b>Count</b>	535,436	2,251,571
Net dollars	\$18,472,984,671	
<b>Mean</b>	\$34,501	4.6
<b>Median</b>	\$20,833	2.0
<b>Range</b>	\$1 to \$149,999	Not reported or 0 to 500

\*The median is for non-missing values, whereas the mean is the arithmetic mean (average).

Figure 1 shows the number of loans under \$150,000 approved between April 03, 2020, the day after SBA released the loan application form for borrowers, until August 08, 2020 when the SBA stopped accepting applications from participating lenders. There is a visible gap in mid-April of 2020 when the first wave of the PPP ran out of funding on April 16 and an uptick in the number of loans approved the week after the program was signed into law again on April 24 and received more funding. The PPP has received extensive criticism regarding the program's first-come-first-serve design, which favored larger, rather than smaller, businesses with the knowledge and resources needed to apply quickly or with larger loan requests. For instance, less than a month into the program, a class action lawsuit was filed claiming one lender unlawfully prioritized large Paycheck Protection Program loans instead of processing applications on a first-come, first-served basis.<sup>5</sup> With less awareness on how the program worked initially, smaller businesses tended to apply for PPP loans later, faced longer processing times, and were less likely to be approved, thus skewing PPP resources towards larger businesses.<sup>6</sup>

**Figure 1. Application Waves for Loans Under \$150k**



Corporations benefited the most from loans under \$150,000. Table 2 shows the count of loans and loan amounts by business type. Roughly, 37% of all loans under \$150,000 went to corporations. The largest share of expended funds (48%) also went to corporations, highlighting disparities in the types of businesses that benefited from PPP. Aside from disparities in the types of businesses that benefited the most, there are also differences in the distribution of funds across industries. Table 3 presents the top six industries that received the most loans under \$150,000.<sup>7</sup> Unclassified establishments, full-service restaurants, followed by dental offices, received the most number of loans and net dollars. For the most part, the industries receiving the most loans also received the largest share of net dollars and reported benefiting the most number of jobs on payroll. The exception is the limited service restaurant industry (NAICS 722513), which reported the second largest share of jobs reported (80,120) after full-service restaurants but half the number of loans (8,046) than full-service restaurants (16,185). While food services have received more PPP funds in comparison to other industries, loans also disproportionately went to professional services companies.

**Table 2. Business Type (ranked by loan count) for Loans Under \$150k**

<b>Business Type</b>	<b>Loan Count</b>	<b>% of Loans</b>	<b>Net Dollars</b>	<b>% of Amount</b>	<b>Jobs Reported</b>
Corporation	197,023	36.8	8,777,915,746	48	1,024,734
Sole Proprietorship	130,253	24.3	2,529,725,632	14	327,529
Subchapter S Corporation	70,173	13.1	2,990,806,472	16	343,169
Limited Liability Corp. (LLC)	67,315	12.6	2,472,247,705	13	350,210
Self-Employed Individuals	25,579	4.8	329,851,426	2	39,316
Independent Contractors	18,975	3.6	214,454,015	1	18,595
Non-Profit Organization	10,854	2.0	498,344,579	3	69,845
Partnership	8,705	1.6	346,515,137	2	42,091
Limited Liability Partnership	3,145	0.6	162,884,154	1	17,685
Professional Association	2,037	0.4	81,746,265	<1	11,109
Cooperative	775	0.14	41,021,642	<1%	4,375
Trust	185	0.03	7,076,418	<1%	763
Non-Profit Childcare Center	57	0.01	3,673,153	<1%	516
Tenant in Common	47	0.01	1,161,421	<1%	14
Employee Stock Ownership	31	0.01	1,169,106	<1%	122
Joint Venture	11	0	427,047	<1%	53
Rollover as Business Start-Ups	1	0	17,782	<1%	1
No designation	270	0	13,946,970	<1%	1,444

**Table 3. Top 6 Industries by NAICS Sector (ranked by loan count) for Loans Under \$150k**

<b>Industry</b>	<b>Loan Count</b>	<b>% of Loans</b>	<b>Net Dollars</b>	<b>% of Amount</b>	<b>Jobs Reported</b>
Unclassified Establishments (999990)	16,442	3.1%	524,693,178	2.8%	75,975
Full-Service Restaurants (722511)	16,185	3.0%	838,893,4905	4.5%	158,268
Dentist Offices (621210)	15,207	2.8%	804,811,801	4.4%	76,549
Real Estate Agents & Brokers (531210)	14,527	2.7%	319,853,505	1.7%	27,802
Physicians (except mental health, 621111)	14,155	2.6%	611,052,986	3.3%	49,377
Lawyers (541110)	13,890	2.6%	502,827,976	2.7%	34,611

Table 4 details the top 5 lenders that expended the most loans under \$150,000. More than 1,400 lenders issued loans under \$150,000 to small businesses in California. The top lender was Bank of America, which issued the largest share of loans (16%) and net dollars (15%) and benefited the most jobs. Wells Fargo is the only major lender that did not report job counts; other financial institutions that issued more than 500 loans but did not report jobs include Live Oak Banking (1,452 loans issued) and Banc of California (795 loans issued). Wells Fargo has recently received criticism for not reporting jobs considering their large number of expended loans nationwide.<sup>8</sup>

**Table 4. Top Five PPP Lenders (ranked by loan count) for Loans Under \$150k**

Lender Name	Loan Count	Job Count	Net Dollars	Avg. Loan Amount	\$ of Net Dollars
Bank of America, National Association	84,395	470,499	2,766,215,735	32,777	14.9%
Wells Fargo Bank, National Association	52,574	0	1,654,409,676	31,468	8.9%
JPMorgan Chase Bank, National Association	49,625	235,062	1,784,559,129	35,960	9.7%
Cross River Bank	37,704	107,706	855,349,634	22,685	4.6%
Customers Bank	35,571	96,514	669,854,730	18,833	3.6%

Various studies have documented spatial disparities in the distribution of PPP loans. For instance, early data on the PPP program found that establishments in regions least affected by COVID-19 related declines in hours worked and business shutdowns were twice as likely to receive funding compared to establishments in regions most affected by the pandemic.<sup>9</sup> Table 5 below presents the top five Congressional Districts in California that received the most number of loans under \$150,000, as well as the reported number of jobs that benefited from the program and net expended dollars in those districts. The districts that received the most loans under \$150,000 cover the western portion of Los Angeles County, including affluent beach cities, neighborhoods in the San Fernando Valley that are part of the City of Los Angeles, and affluent independent cities such as West Hollywood. Parts of Orange County and the City of San Francisco are also amongst the top five. The districts that received the most loans under \$150,000 also received the largest share of net dollars and number of jobs on payroll that were protected. The five districts receiving the least number of loans are located in primary low income communities, including CD 44 in South Los Angeles covering Lynwood, Compton and Carson; and CD 40 which encompasses small Latino cities such as Downey, Huntington Park and East LA; as well as more rural districts such as CD 22 in Fresno and Tulare; CD 8 in the eastern desert areas of Mono, Inyo and San Bernardino Counties; as well as CD 23 located primarily in Kern County.



**Table 5. Top Five Congressional Districts (ranked by loan count) for Loans Under \$150k**

Congressional District	Loan Count	Job Count	Net Dollars	Avg. Loan Amount	% of Net Dollars
CA-33 Malibu, Santa Monica, Manhattan Beach, Palos Verdes	25,557	86,143	815,231,216.8	31,873.60585	4.41%
CA-30 Woodland Hills, Northridge, Chatsworth, Encino, Sherman Oaks, Studio City	25,099	87,532	802,762,081.6	31,983.82731	4.35%
CA-28 West Hollywood, Silverlake, Glendale, Burbank, La Canada Flintridge	20,295	74,139	626,578,919.3	30,873.56094	3.39%
CA-12 San Francisco	18,236	66,524	673,852,449.4	36,951.76845	3.65%
CA-45 Irvine, Lake Forest, Mission Viejo, Tustin	16,771	66,195	589,828,211.9	35,169.53145	3.19%

### **Analytical Results for Loans Over \$150,000**

About 87,920 PPP loans over \$150,000 were issued to businesses in California, totaling more than \$50.6 billion, and helping protect more than 3.94 million jobs.<sup>10</sup> Loans over \$150,000 account for only 14% of loans but almost 96% of net dollars lent to California businesses. Unfortunately, exact loan amounts are not available because the data only provides ranges for loan amounts over \$150,000. As shown in Figure 2, the majority (57%) of loans over \$150,000 fell somewhere between \$150,000 to \$350,000.

**Figure 2. Distribution of Loans over \$150k by Loan Range**

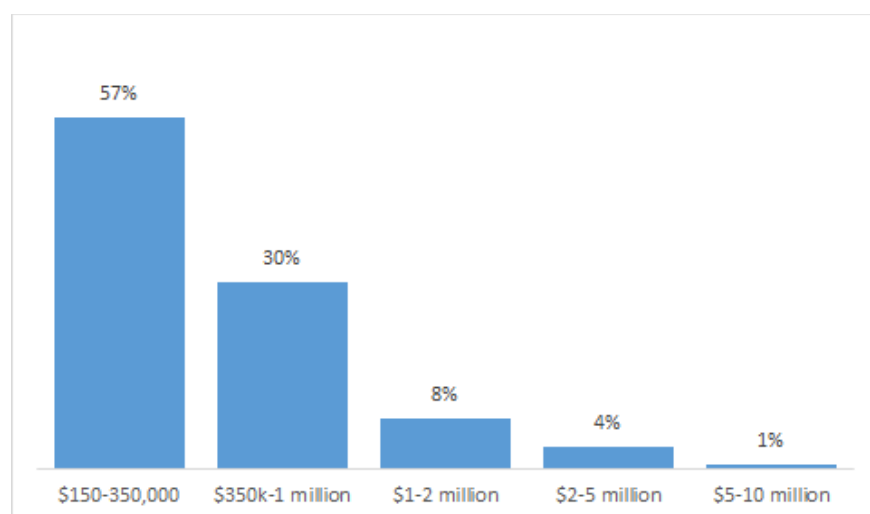
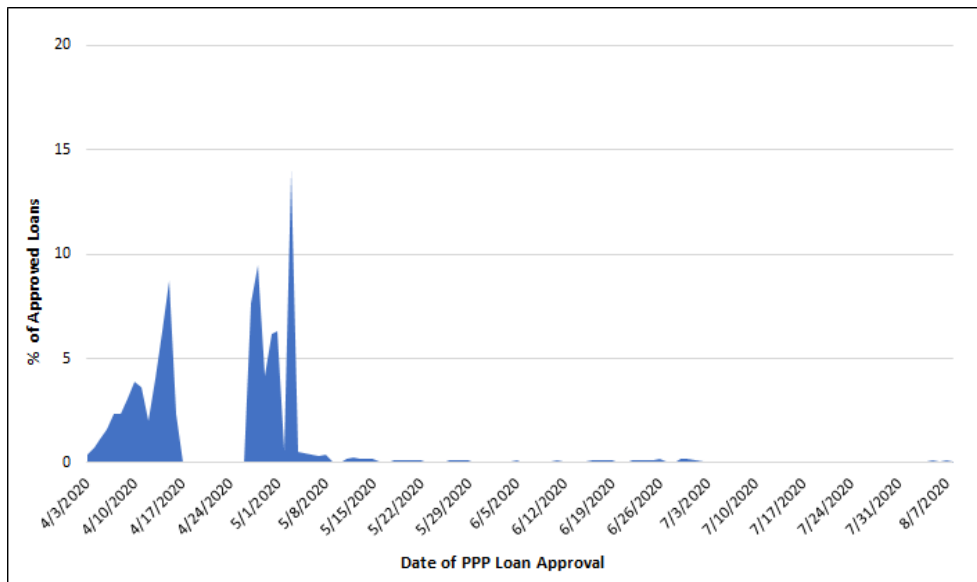


Figure 3 shows the number of loans over \$150,000 approved between the start of the program on April 03, 2020, the day after SBA released the loan application form for borrowers, until August 08, 2020 when the SBA stopped accepting applications from

participating lenders. As with loans under \$150,000 in Figure 1, there is a visible gap in mid-April of 2020 for loans over \$150,000 when the first wave of the PPP ran out of funding on April 16, 2020 and an uptick in the number of loans approved in the weeks after the program was signed into law again on April 24, 2020 and received more funding.

**Figure 3. Application Waves for Loans \$150k+**



Compared to loans under \$150,000, there is a considerable difference in the share of loans expended before the first wave of funding ran out. During the first three weeks of the program, businesses applying for loans over \$150,000 accounted for well over half of all applicants (not shown), which suggests that at least initially, the program’s first-come-first-serve design favored larger, rather than smaller, businesses which are more likely to have the knowledge and resources needed to apply quickly.

As with the loans under \$150,000, larger loans over that amount mostly benefited corporations. Figure 4 shows how the largest share of loans over \$150,000 were issued to corporations (55%) and not s-corporations (17%), which are the most prevalent type of corporation in the United States.<sup>11</sup> Limited liability corporations received about 15% of loans over \$150,000 issued to small businesses in California. The vast majority (87%) of loans extended to corporations were between the ranges of \$150,000-\$350,000 (57%) and \$350,000-\$1million (30%).

**Figure 4. Business Type for Loans \$150k+**

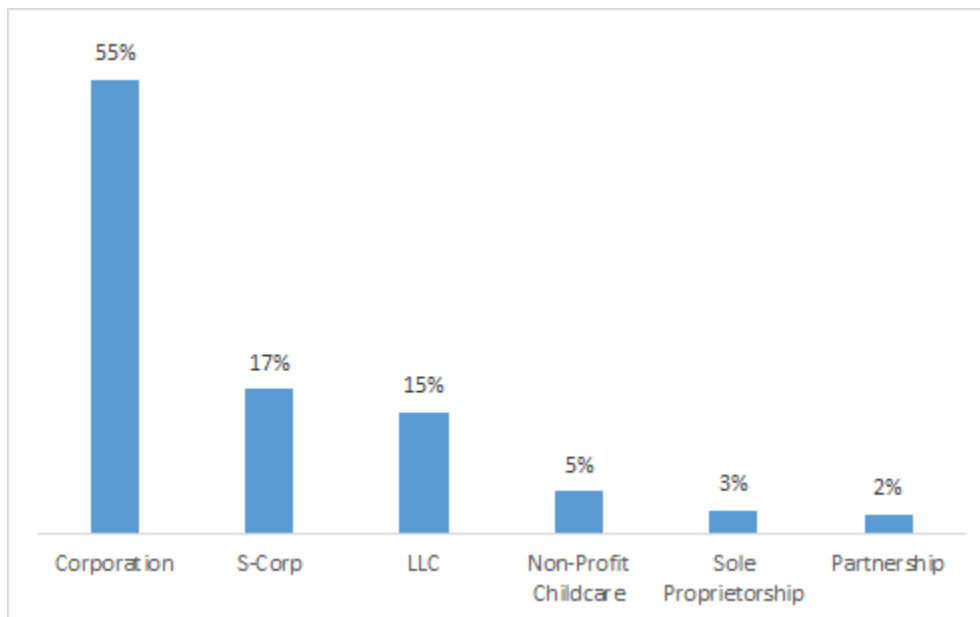


Table 6 presents the top industries that received the most loans over \$150,000. Full-service restaurants received the largest share of loans (about 6%) and the vast majority (70%) of these loans fell in the \$150,000-\$350,000 range. In the other industries receiving the largest shares of loans over \$150,000, the majority of these loans also fell within the \$150,000-\$350,000 range. While food services have received more PPP funds in comparison to other industries, loans also disproportionately went to construction, manufacturing, and professional services companies.

**Table 6. Top 6 Industries for Loans \$150k+ (NAICS)**

Industry	Loan Count	Share of Loans
Full-Service Restaurants (722511)	5,017	6%
Physicians (except mental health, 621111)	2,037	2%
Lawyers (541110)	2,006	2%
Limited-Service Restaurants (722513)	1,596	2%
Commercial & Institutional Building Construction (236220)	1,341	2%
Plumbing, Heating, Air-Conditioning Contractors (238220)	1,311	1%

Over 870 lenders issued loans over \$150,000 to businesses in California. Table 7 shows the top lenders in California that issued more than 2,000 loans over \$150,000. As with the loans under \$150,000, the top lender for these larger loans was Bank of America with more than 8,300 loans, followed by JPMorgan Chase with about 6,350 loans, and Wells Fargo with more than 4,870. City National Bank, Bank of America,

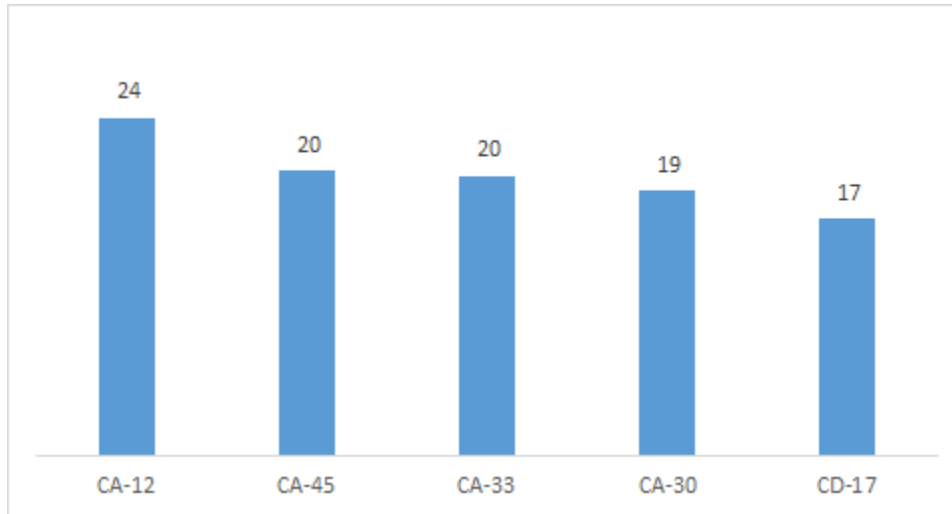
MUFG Union Bank, and Zion Bank collectively expended about one-quarter of loans over \$5 million.

**Table 7. Top PPP Lender for Loans \$150k+**

Industry	Loan Count	Share of Loans
Bank of America, National Association	8,329	9.47
JPMorgan Chase Bank, National Association	6,351	7.22
Wells Fargo Bank, National Association	4,879	5.55
City National Bank	3,941	4.48
MUFG Union Bank, National Association	2,738	3.11
Bank of the West	2,730	3.1
U.S. Bank, National Association	2,409	2.74
Zions Bank, A Division of	2,220	2.52

For the most part, the same congressional districts that ranked in the top five for loans under \$150,000 are ranked in the top five for loans over \$150,000. Four of the five congressional districts in the top 5 for loans under \$150,000 (CDs 33, 30, 28, 12, 45) are also ranked in the top 5 for loans over \$150,000 (CDs 12, 45, 33, 30, 17 ). The majority of the loans (56%) issued in these districts fell in the range between \$150,000 and \$350,000.

**Table 8. Congressional Districts Receiving Most Loans \$150k+ by Loan Count**



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<sup>1</sup> Tabulated from data in Small Business Administration (2020). Paycheck Protection Program (PPP) Report: Approvals through 08/08/2020. Retrieved from:

[https://www.sba.gov/sites/default/files/2020-08/PPP\\_Report%20-%202020-08-10-508.pdf](https://www.sba.gov/sites/default/files/2020-08/PPP_Report%20-%202020-08-10-508.pdf)

<sup>2</sup> Loan level data were retrieved on August 25th, 2020 from the Small Business Administration (SBA) website.

<sup>3</sup> Average derived from data in page 6 on the most recent SBA report for loan approvals through 08/08/2020. See footnote 1 for citation.

<sup>4</sup> According to data from the California Employment Development Department, payroll jobs for 2020 peaked in California in February 2020 at 17,604,500.

<https://www.edd.ca.gov/newsroom/unemployment-april-2020.htm>

<sup>5</sup> <https://www.classaction.org/news/class-action-fountainhead-commercial-capital-failed-to-process-ppp-loan-applications-on-first-come-first-served-basis>

<sup>6</sup> Neilson, C., Humphries, J. E., & Ulyseas, G. (2020). Information Frictions and Access to the Paycheck Protection Program (Working Paper No. 27624; Working Paper Series).

National Bureau of Economic Research. <https://doi.org/10.3386/w27624>

<sup>7</sup> Details on the North American Industry Classification System (NAICS) classification was obtained by merging the PPP data to the 2017 6-digit NAICS code file, the most recent classification file downloadable from the Census website. Retrieved from

<https://www.census.gov/eos/www/naics/downloadables/downloadables.html>

<sup>8</sup> <https://www.salon.com/2020/07/22/watchdog-questions-why-wells-fargo-reported-giving-only-one-large-ppp-loan-to-a-black-owned-business/>

<sup>9</sup> João Granja, Christos Makridis, Constantine Yannelis, Eric Zwick, Did the Paycheck Protection Program Hit the Target, NBER Working Paper No. 27095, May 2020, available at:

<https://www.nber.org/papers/w27095>

<sup>10</sup> According to the dataset there are 87,926 total loans reported for this category. Total jobs reported 3,947,464; mean 49; median 27; range “not reported” or 0 to 500. The median is for non-missing values, whereas the mean is the arithmetic mean (average). Loan amount tabulated from data reported by the SBA, see footnote 1 for citation.

<sup>11</sup> See “Integrated Business Data” from the SOI Tax Statistics website, available at:

<https://www.irs.gov/statistics/soi-tax-stats-integrated-business-data>