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Federal Assistance to Youngstown: Evidence from the Paycheck Protection Program

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Federal Assistance to Youngstown: Evidence from the Paycheck Protection Program

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Executive Summary

- In 2020 and 2021, the Youngstown region (Mahoning and Trumbull counties in Ohio) received 13,061 PPP loans totaling **\$1 billion**.
- PPP had a broad reach across the region. **100% of zip codes** in the region had at least one small business receiving a PPP loan in 2020 or 2021.
- The average size of the PPP loan in the region was **\$80,680**, higher than the national average of \$67,647.
- 70% of approved loans covered payroll only, although eligible expenses included rent, utilities, mortgage interest, etc.
- PPP loans helped to keep **130,170 workers** in the region on payroll.
- **In 2021, PPP reached smaller businesses**, 5 employees per business compared to 17 during 2020.

About SBA's PPP Loan Program



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Paycheck Protection Program

- **Paycheck Protection Program (PPP) loans** administered by the U.S. Small Business Administration (SBA) aimed to provide a direct incentive for small businesses affected by the coronavirus pandemic to **keep workers on payroll.**
- PPP has been one of the largest economic stimulus programs in U.S. history with 12 million loans totaling **\$800 billion.**
- SBA issues **loan forgiveness** if the funds are used for eligible expenses, i.e., payroll, rent, utilities, mortgage interest.



Paycheck Protection Program

- Eligibility for the **first draw in 2020** included small businesses with **500 or less employees**.
- The **second draw in 2021** was eligible to businesses with **300 or fewer employees** that have sustained a **25% reduction in gross revenues** between comparable quarters in 2019 and 2020.
- PPP closed on May 31, 2021.

PPP Loans in 2020 and 2021

- PPP lasted for 18 weeks in 2020 and 20 weeks in 2021

Jan. 21, 2020

First case of COVID-19 discovered in the U.S.



Mar. 22, 2020

Ohio issues stay-at-home order



Apr. 3 - Aug. 8, 2020

First PPP draw is launched, lasting **18 weeks**



Jan. 11 - May 29, 2021

Second PPP draw is launched, lasting **20 weeks**



PPP Loans in Youngstown



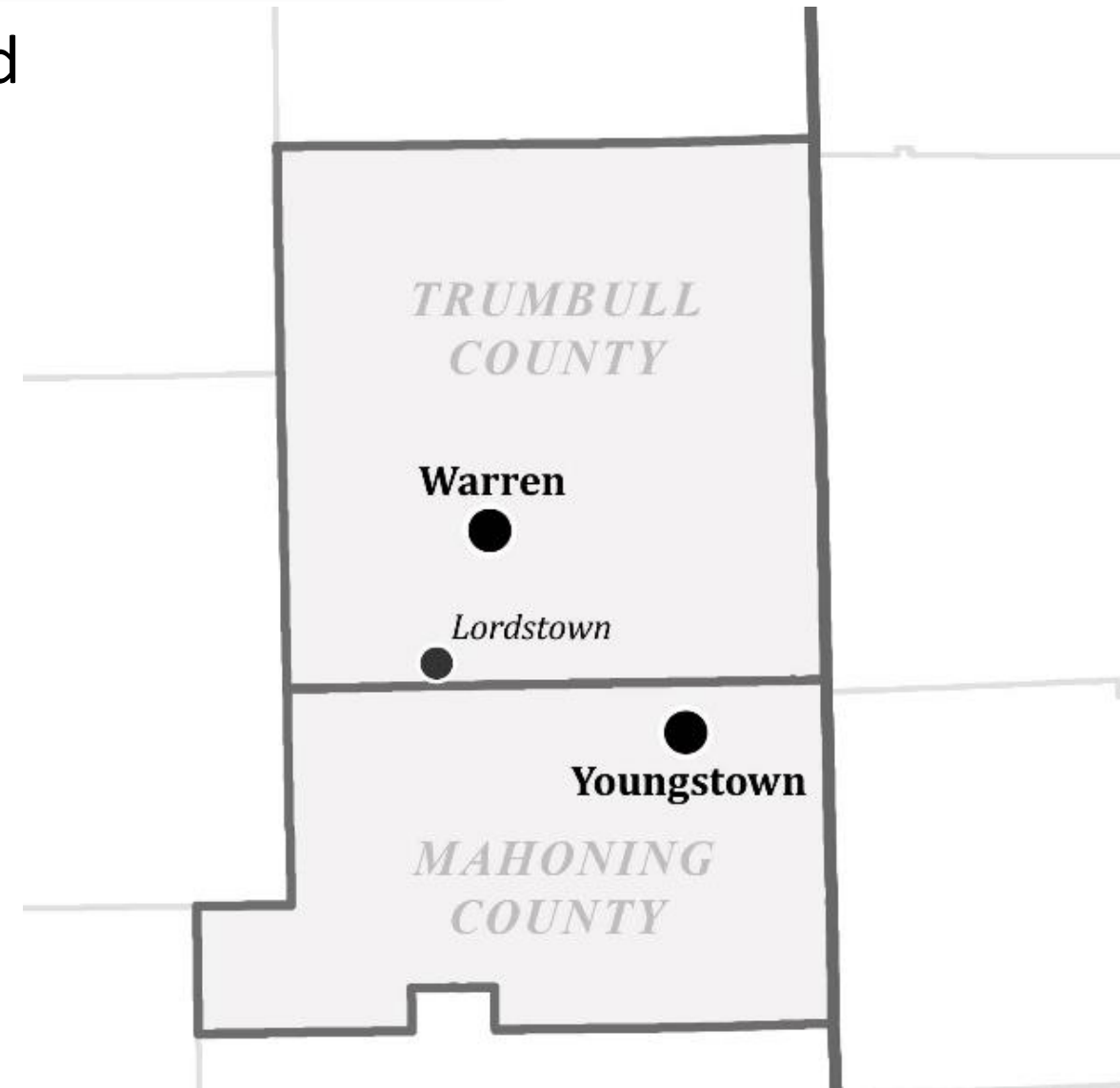
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Paycheck Protection Program (PPP) in Youngstown, OH

- The Youngstown region (Mahoning and Trumbull Counties in Ohio) received 13,061 loans totaling **\$1 billion**.
- **The average size of the loan** in the region was **\$80,680** compared to \$67,647 in the U.S.
- PPP loans helped to retain **130,170 jobs**.
- **100% of the region's zip codes** in Trumbull and Mahoning counties received a PPP loan in 2020 or 2021.



PPP Loan Distribution

- **The maximum PPP loan amount was \$10 million.**
- Many businesses used PPP loans to cover costs associated with payroll although allowable expenses included utilities, rent, mortgage interest, etc. **70% of approved loans covered payroll only.**
- Appendix Table 1 lists the **top 20 PPP recipients**. These businesses received 11% of the total PPP amount distributed in the Youngstown region. Almost half (9 recipients) of the top 20 companies were in the *Accommodation and Food Services* Industry.

PPP Loan Distribution in LMI Zones

- Low income and poverty are persistent issues in Youngstown. Small Business Administration uses LMI (Low-to-Moderate Income) Zones to identify areas of low-income or moderate-income.
- **Businesses in LMI zones received 26%** of the total amount disbursed in Youngstown (\$271M), and **32% of all loans**. On average, these businesses were smaller as they retained 7 employees compared to 11 employees in businesses located outside of LMI Zones.

Table 1. PPP Loan Distribution to Businesses in LMI Zones

LMI Indicator	Loan Amount	% of Total Amount	Number of Loans	% of all Loans	Jobs Retained	Average Jobs Retained per Business	Average Cost per Job Retained
Yes	\$271M	26%	4,233	32%	30,106	7	\$9,007
No	\$783M	74%	8,828	68%	100,064	11	\$7,821
Total	\$1,054M		13,061		130,170	10	\$8,095

PPP Loans in 2020 and 2021



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PPP Loans in 2020 and 2021

- **2,696** small businesses received **PPP loans in 2020 and 2021** showing they had at least **25% reduction in gross revenues** due to the coronavirus pandemic.
- **The largest PPP recipients in both years** included (Appendix Table 1):
 - AVI FOODSYSTEMS INC. (Accommodation and Food Services)
 - COVELLI FAMILY LIMITED PARTNERSHIP (Accommodation and Food Services)
 - BRILEX TECH SERVICES, INC. (Administrative Services)
 - THE DEARING COMPRESSOR AND PUMP COMPANY (Manufacturing)



PPP Loans in 2020 and 2021

- In 2020, small businesses in Youngstown received almost \$700 million in PPP loans. In 2021, the region received \$355 million.
- **In 2021, the average PPP loan was smaller, \$45,402 compared to \$133,367 in 2020. Also, in 2021, the number of PPP loans increased 50%, from 5,238 to 7,823.**

Table 2. 2020 vs 2021 PPP Distribution in Youngstown Region

Year	Loan Amount	Number of Loans	Median Loan Amount	Average Loan Amount
2020	\$699M	5,238	\$31,300	\$133,367
2021	\$355M	7,823	\$19,885	\$45,402
Total	\$1,054M	13,061	\$20,832	\$80,680

Source: 2020 and 2021 PPP data released by SBA on June 1, 2021

PPP Loan Distribution and Jobs Retained by Year

- PPP loans helped retain more jobs in 2020 compared to 2021, 86,162 jobs vs 41,008 jobs.
- **In 2021, PPP reached smaller businesses, 5 employees per business compared to 17 during 2020.**

Table 3. 2020 vs 2021 PPP Distribution and Jobs Retained

Year	Jobs Retained	Average Jobs Retained per Business
2020	89,162	17
2021	41,008	5
Total	130,170	10

Source: 2020 and 2021 PPP data released by SBA on June 1, 2021.

Jobs retained: Number of employees reported by the business.

PPP Loans and Business Characteristics



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PPP Loan Distribution by Business Size in Youngstown

- Businesses with 1 to 4 employees received 66% of PPP loans in Youngstown

Table 4. PPP Recipients in Youngstown by Business Size

Business Size	Loan Amount	% of Total Amount	Number of Loans	% of All Loans
1 to 4 Employees	\$133.9M	13%	8,683	66%
5 to 9 Employees	\$85.6M	8%	1,230	9%
10 to 19 Employees	\$124.5M	12%	139	1%
20 to 49 Employees	\$218.6M	21%	898	7%
50 to 99 Employees	\$177.3M	16%	37	0.3%
100 to 249 Employees	\$160.5M	15%	1,764	14%
250 to 499 Employees	\$75.8M	7%	291	2%
Missing Employee data	\$77.6M	7%	19	0.1%
TOTAL	\$1,053.8M		13,061	

Source: 2020 and 2021 PPP data released by SBA on June 1, 2021

PPP Loan Distribution by Business Age in Youngstown

- Startups and new businesses received **2% of PPP loans**.
- The average loan was smaller compared to businesses older than 2 years, **\$62,692 vs \$80,020**.

Table 5. PPP Loan distribution by Business Age

Business Age	Loan Amount	% of Total Amount	Number of Loans	% of All Loans	Average Loan Amount
2 years or more	\$964M	91%	12,048	92%	\$80,020
2 years or less	\$19M	2%	305	2%	\$62,692
Not Stated	\$70M	7%	707	5%	\$99,798
Total	\$1,054M		13,061		\$80,680

Note: 2 years or less includes 1 startup

Source: 2020 and 2021 PPP data released by SBA on June 1, 2021

PPP Loans Distribution by Industry



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PPP Loan Distribution by Industry

- **Manufacturing** was the **top PPP recipient** accounting for **16% of all loans** with the average loan size of \$234,762.
- 8 industries in Table 6 received average loans above the region's average (>\$80,680). See Appendix Table 2 for more details.

Table 6. Top Average Loans by Industry

NAICS code	NAICS Code Description	Average Loan Amount
31-33	Manufacturing	\$234,762
72	Accommodation and Food Services	\$151,848
42	Wholesale Trade	\$130,591
21	Mining, Quarrying, and Oil and Gas Extraction	\$114,756
23	Construction	\$110,688
62	Health Care and Social Assistance	\$98,389
55	Management of Companies and Enterprises	\$96,390
51	Information	\$93,906
Average Across All Industries		\$80,680

Note: 131 observation were dropped for missing data
 Source: 2020 and 2021 PPP data released by SBA on June 1, 2021

Jobs Retained by Industry

- **Accommodation and Food Services** retained **25,382 jobs** (19%).
- The top 5 industries in Table 7 accounted for 75% of all jobs retained.

Table 7. Top 5 Industries by Jobs Retained

NAICS	Description	Jobs Retained	% of Jobs Retained
72	Accommodation and Food Services	25,382	19%
62	Health Care and Social Assistance	22,232	17%
31-33	Manufacturing	13,893	11%
23	Construction	11,867	9%
44-45	Retail Trade	10,738	8%
	All other industries	46,058	35%
	Total	130,170	

Note: 131 observation were dropped for missing data

Source: 2020 and 2021 PPP data released by SBA on June 1, 2021

Appendix



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Appendix Table 1: Top 20 PPP Recipients

Position	Draw	Approval Date	Company Name	Industry	Loan Amount	Jobs Retained	% of Loan Used on Payroll
1	1st Draw	04/15/20	AVI FOODSYSTEMS INC.	Accommodation and	\$10M	500	70%
	2nd Draw	03/23/21		Food Services	\$2M	300	100%
2	1st Draw	04/09/20	SCHWEBEL BAKING COMPANY	Manufacturing	\$10M	500	100%
3	1st Draw	05/01/20	EMPOWERING PEOPLE MANAGEMENT INC.	Healthcare	\$8.5M	500	100%
4	1st Draw	04/13/20	SIMON ROOFING AND SHEET METAL CORP	Construction	\$8.4M	464	100%
5	1st Draw	04/08/20	CAD CAPITAL LLC	Accommodation	\$7.1M	500	100%
6	1st Draw	04/08/20	DALCAN LLC	Accommodation	\$6.5M	500	100%
7	1st Draw	04/08/20	CADLE LLC	Accommodation	\$6.3M	500	100%
8	1st Draw	04/28/20	HBK PROFESSIONAL LLC	Professional Services	\$6.1M	392	100%
9	1st Draw	04/08/20	COVELLI FAMILY LIMITED PARTNERSHIP II	Accommodation	\$5.1M	500	100%
10	1st Draw	04/28/20	XALOY LLC	Manufacturing	\$4.5M	272	100%
11	1st Draw	05/01/20	MSSL WIRING SYSTEM INC.	Manufacturing	\$4.2M	384	100%
12	1st Draw	04/09/20	COVELLI ENTERPRISES, INC.	Accommodation	\$4.2M	250	100%
13	1st Draw	04/09/20	COVELLI FAMILY LIMITED PARTNERSHIP	Accommodation and	\$4.2M	500	100%
	2nd Draw	03/06/21		Food Services	\$1.5M	300	100%
14	1st Draw	04/04/20	ANDERSON AND DUBOSE, INC.	Accommodation	\$4.1M	249	100%
15	1st Draw	04/06/20	BRILEX TECH SERVICES, INC.	Administrative	\$4.1M	245	100%
	2nd Draw	03/04/21		Services	\$2M	217	100%
16	1st Draw	04/08/20	FLAPAN LLC	Accommodation and	\$3.9M	500	100%
	2nd Draw	03/04/21		Food Services	\$0.4M	300	100%
17	1st Draw	04/08/20	THE DEARING COMPRESSOR AND PUMP COMPANY	Manufacturing	\$3.8M	226	100%
	2nd Draw	01/23/21			\$2M	199	100%
18	1st Draw	04/28/20	VEC, INC.	Construction	\$3.8M	144	100%
19	1st Draw	04/10/20	JARO TRANSPORTATION SERVICES, INC.	Transportation	\$3.5M	172	92%
20	1st Draw	04/12/20	SHEPHERD OF THE VALLEY LUTHERAN RETIREMENT SERVICES, INC.	Healthcare	\$3.4M	249	100%
Top 20 total					\$119.6M	8,863	97%
All other recipients					\$934M	121,307	99%
Total					\$1,054M	130,170	99%

Appendix Table 2: PPP Loan Distribution by Industry

NAICS	Description	Loan Amount	Number of Loans	Average Loan Amount
11	Agriculture, Forestry, Fishing and Hunting	\$3.4M	147	\$23,032
21	Mining, Quarrying, and Oil and Gas Extraction	\$6.3M	55	\$114,756
22	Utilities	\$0.6M	14	\$45,289
23	Construction	\$148.5M	1,342	\$110,688
31-33	Manufacturing	\$162.5M	692	\$234,762
42	Wholesale Trade	\$62.9M	482	\$130,591
44-45	Retail Trade	\$73M	1,254	\$58,245
48-49	Transportation and Warehousing	\$47M	701	\$66,983
51	Information	\$8.5M	91	\$93,906
52	Finance and Insurance	\$12M	275	\$43,844
53	Real Estate and Rental and Leasing	\$15.6M	388	\$40,158
54	Professional, Scientific, and Technical Services	\$64M	1,137	\$56,299
55	Management of Companies and Enterprises	\$0.7M	7	\$96,390
56	Administrative and Support and Waste Management and Remediation Services	\$59M	1,007	\$58,593
61	Educational Services	\$9.4M	161	\$58,482
62	Health Care and Social Assistance	\$149M	1,515	\$98,389
71	Arts, Entertainment, and Recreation	\$11.2M	330	\$34,010
72	Accommodation and Food Services	\$130.6M	860	\$151,848
81	Other Services (except Public Administration)	\$67.5M	2,378	\$28,364
92	Public Administration	\$2.6M	46	\$55,757
99	Unclassified	\$2.8M	48	\$57,644
Total		\$1,037M	12,930	\$80,217

Note: 131 observation were dropped for missing data

Source: 2020 and 2021 PPP data released by SBA on June 1, 2021

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