LAEDC

COVID-19 Economic Implications Briefing

May 4, 2020
Confirmed COVID-19 Cases in LA County (5/1)

LA County now has 23,774 confirmed cases (5/1)
46.5% of Cases in CA
50.6% of COVID-19 Deaths in CA

COVID-19 Cases in LA County (000s)

Source: LA County
Unemployment Insurance Weekly Claims

Initial Claims in California

CA Stay at home order issued March 19th

In the last 5 weeks, just over 3.6 million initial unemployment insurance claims have been filed

Week Ending 3/7: 48,385
Week Ending 3/14: 57,606
Week Ending 3/21: 186,333
Week Ending 3/28: 878,727
Week Ending 4/4: 925,450
Week Ending 4/11: 660,966
Week Ending 4/18: 533,568
Week Ending 4/25: 328,042

Source: CA EDD
ASSESSING SBA RELIEF EFFORTS IN CALIFORNIA & LA COUNTY

LAEDC INSTITUTE FOR APPLIED ECONOMICS
Small Businesses in LA County

Number of Businesses by Employment Size

- 0-9 emp: 86.9%
- 10-19 emp: 6.1%
- 20-49 emp: 4.3%
- 50-99 emp: 1.5%
- 100-249 emp: 0.8%
- 250-499 emp: 0.2%
- 500+ emp: 0.1%

93% of Businesses in LA County have less than 20 employees
Between 98 and almost 100% of all LA businesses are small, regardless of industry

53.4% of LA County residents work for small businesses

LA County Small Business by Industry

- Profl. Svcs., 13.1%
- Health care, 12.0%
- Retail Trade, 10.7%
- Hospitality, 8.6%
- Wholesale Trade, 8.3%
- Personal svcs., 7.6%
- Real estate, 6.1%
- A&E, 5.9%
- Construction, 5.4%
- Finance, 4.8%
- Manufacturing, 4.3%
- Admin. Support, 4.1%
- Information, 4.0%
- Other, 5.2%

Source: American Communities Survey
**EIDL**
- Economic Injury Disaster Loan
- For any small business with < 500 employees
- Can borrow up to $2 million direct from U.S. Treasury
- Is a loan with an interest rate of 3.75% for small business, 2.75% for private non-profits
- Can be used for fixed debts, payrolls, accounts payable, some other expenses
- Can get $10K advance
- The program is NOT accepting new applications but is processing current ones

**PPP**
- Paycheck Protection Program
- Through federally insured depository institution
- Size standard that satisfied “small business concern” under Small Business Act
- CARES Act funded $350B for PPP Round 1; $310B appropriated for PPP Round 2
- Loans forgiven if 75% used to cover payroll costs for eight weeks; loan payments deferred for six months
- Loan has a maturity of 2 years at 1% interest
- 56.7% of PPP2 lend as of May 1st
SBA Loans by State

112,967 PPP Loans for California

Source: SBA
$844.7 in SBA Loans per Californian

Source: SBA
PPP Round 1 Loans by Industry

PPP Round 1 Loan Dollars by Industry

Highest Loan by Industry: Management, $364.6K
Lowest: Agriculture, $94.4K

Source: US Small Business Administration
### Top Industries by PPP 1 Amount, US
- Construction
- Professional, Scientific and Technical Services
- Manufacturing
- Health Care
- Accommodation and Food Services

### Top Industries by PPP 1 # of Loans, US
- Construction
- Professional, Scientific and Technical Services
- Health Care
- Accommodation and Food Services
- Retail Trade

### Top Industries by # Firms, California
- Health Care
- Professional, Scientific and Technical Services
- Retail Trade
- Personal Services
- Accommodation and Food Service

### Top Industries by # Firms, LA County
- Health Care
- Professional, Scientific and Technical Services
- Retail Trade
- Personal Services
- Accommodation and Food Service

Source: US Small Business Administration; BLS QCEW
### PPP Round 1 vs. PPP Round 2

**As of April 16th**

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<th>Lender Count</th>
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<td>California</td>
<td>112,967</td>
<td>$33,413,693,192</td>
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<tr>
<td>% CA</td>
<td>6.8%</td>
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**As of May 1st**

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<td>California</td>
<td>320,156</td>
<td>$33,221,856,619</td>
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<tr>
<td>% CA</td>
<td>14.5%</td>
<td>18.9%</td>
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</tbody>
</table>

Source: US Small Business Administration
PPP Loans by Size

PPP Round 1 vs. PPP Round 2

PPP Round 1, % of Loans
- $150K and Under: 74.0%
- $150K - $350K: 13.5%
- $350K - $1M: 8.4%
- $1M - $2M: 2.5%
- $2M - $5M: 1.3%
- $5M: 0.3%

PPP Round 2, % of Loans
- $150K and Under: 90.1%
- $150K - $350K: 6.3%
- $350K - $1M: 2.7%
- $1M - $2M: 0.6%
- $2M - $5M: 0.3%
- $5M: 0.1%
PPP Loans by Size

PPP Round 1 vs. PPP Round 2

PPP Round 1, % of Dollars:
- $150K and Under: 9.0%
- >$150K - $350K: 17.0%
- >$350K - $1M: 18.8%
- >$1M - $2M: 14.9%
- >$2M - $5M: 16.7%
- >$5M: 23.6%

PPP Round 2, % of Dollars:
- $150K and Under: 6.1%
- >$150K - $350K: 10.6%
- >$350K - $1M: 18.6%
- >$1M - $2M: 17.5%
- >$2M - $5M: 36.8%
- >$5M: 10.3%
Final Thoughts

- California businesses received a total of $2.6 billion in EIDL advances and loans
- Between PPP Round 1 and 2, California businesses have received $66.6 billion in aid, or over 12.8% of loans disbursed
- Some mismatch between top industries served by PPP nationally and top industries, by # of firms, in California and LA County
- Average loan size in PPP1 was $206,000; for PPP2, it is $79,000
- Nationally, largest loans given to the manufacturing, management, mining, education and utilities industries
- Much remains to be assessed in the coming months how effective these programs were
LAEDC | Mission

LAEDC works with business, education and government partners to collectively advance opportunity and prosperity for all L.A. County residents.

WWW.LAEDC.ORG
QUESTIONS
Thank you!

• Visit the LAEDC COVID-19 Response page for additional resources at https://laedc.org/coronavirus/.

• Do you have questions you would like answered on these webinars? Please send to shane.cullen@laedc.org.