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PAYCHECK PROTECTION PROGRAM IMPACT IN THE EASTERN PLAINS COUNCIL OF GOVERNMENT REGION

PREPARED FOR THE EASTERN PLAINS COUNCIL OF
GOVERNMENTS BY:

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Introduction

Paycheck Protection Program

The Paycheck Protection Program (PPP) is a loan program that was created by the US Congress in 2020 in response to the global pandemic of COVID-19 (SARS-CoV-2). The purpose of this program is to assist small businesses with resources they need to maintain their payroll, rehire employees that may have been laid off, and to cover applicable overhead as it relates to the negative impacts of COVID-19¹.

Eastern Plains Council of Governments

The Eastern Plains Council of Governments (EPCOG) is a voluntary association of government entities within a seven-county planning and development district². EPCOG is one of seven Council of Governments (COGs) in the state of New Mexico³ that was initially created by New Mexico *Executive Order No. 1 of 1969* by former Governor David F. Cargo. Aside from councils, COGs may also be referred to as regional commissions, planning commissions, economic development districts, planning authorities, planning districts, and metropolitan planning organizations across the United States⁴. COGs, in general, function with local governments to assist with transportation planning, regional planning, comprehensive planning, economic development initiatives, technical assistance, public services, and other public programs.

Document Purpose

This document is meant to function as an overview of PPP as it has affected the local economy within EPCOG's region. The data and information may change as federal and state reporting of data may change. Data for this document was acquired through the US Small Business Administration (SBA) website and compiled via EPCOG.

¹ <https://home.treasury.gov/policy-issues/cares/assistance-for-small-businesses>

² <https://www.epcog.org/about-us>

³ <https://www.nado.org/wp-content/uploads/2011/08/nmreport09.pdf>

⁴ <https://narc.org/about/what-is-a-cog-or-mpo/>

PPP and the EPCOG Region

General Overview

The exact loan amount for loans less than \$150,000 were given but without identifying the specific business while those \$150,000 or more were given as a varying range (i.e. \$150,00 - \$350,000) that included the specific loan recipient information, such as name and address. City and state information was provided, but whether the business is located within municipal limits was not included. Therefore, county information will be provided and include businesses within their respective, incorporated municipality boundaries. It should be noted that the economic impact of a business is not generally bound to municipal boundaries.

There are 20 general industries of which these loans will be categorized as they are generally defined by the North American Industry Classification System (NAICS) code⁵ assigned to each respective business/loan recipient. Data from the SBA included the full NAICS code, but the reporting of a specific industry will not be included in the document.

⁵ <https://www.naics.com/search/>

Industry Minimum PPP Investments

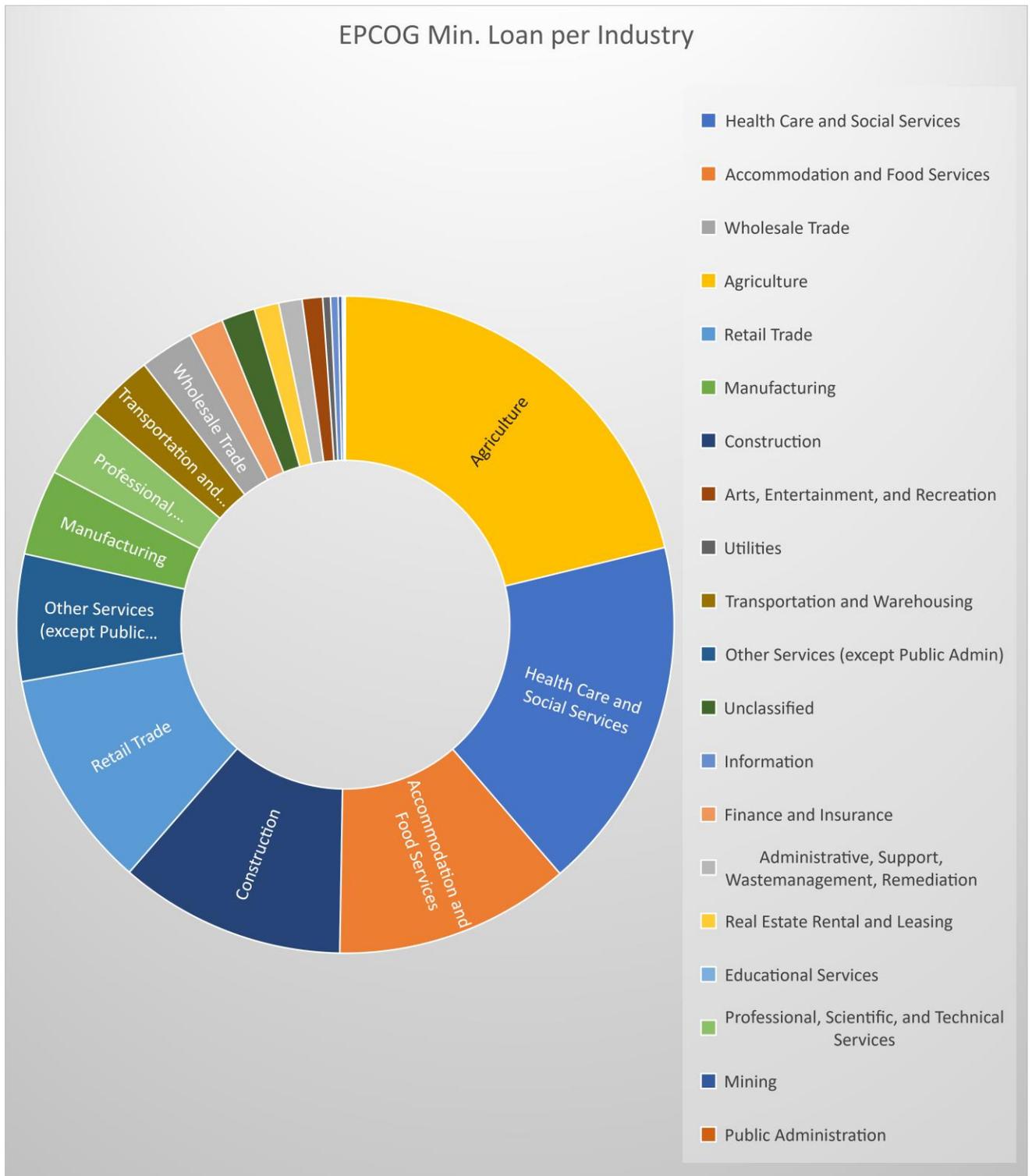


Fig.1: This is an illustration of the total minimum loan amounts per industry in the EPCOG region. Agriculture makes up the most with \$11,128,087.36 followed by Health Care and Social Services at \$9,153,909.42.

The total minimum loans invested within the EPCOG region is estimated at \$52,397,651.87. Of this total, \$25,736,602.02 is comprised of businesses that received loans less than \$150,000, and \$26,700,000 is comprised of businesses that received loans of \$150,000 or more.

Agriculture was the largest industry invested in at \$11,128,081.36. This industry was followed by Health Care and Social Services at \$9,153,909.42. The following is a table of the minimum loan amounts adjusted from greatest to least.

Industry	Minimum Loan Amount
Agriculture	\$ 11,128,081.36
Health Care and Social Services	\$ 9,153,909.42
Accommodation and Food Services	\$ 6,079,198.58
Construction	\$ 5,842,206.71
Retail Trade	\$ 5,666,065.28
Other Services (except Public Admin)	\$ 3,272,352.29
Manufacturing	\$ 2,212,198.38
Professional, Scientific, and Technical Services	\$ 1,842,066.56
Transportation and Warehousing	\$ 1,742,909.39
Wholesale Trade	\$ 1,391,347.52
Finance and Insurance	\$ 893,536.12
Unclassified	\$ 867,432.72
Real Estate Rental and Leasing	\$ 634,998.79
Administrative, Support, Waste Management, Remediation	\$ 605,109.51
Arts, Entertainment, and Recreation	\$ 524,366.92
Utilities	\$ 199,040.00
Information	\$ 197,101.52
Mining	\$ 99,677.00
Educational Services	\$ 46,053.80
Public Administration	\$ 38,950.15

The total amount of jobs retained due to PPP was calculated at 10,110. Using this, we can calculate the average investment per job to be \$5,186.61 at a minimum.

Industry Maximum PPP Investments

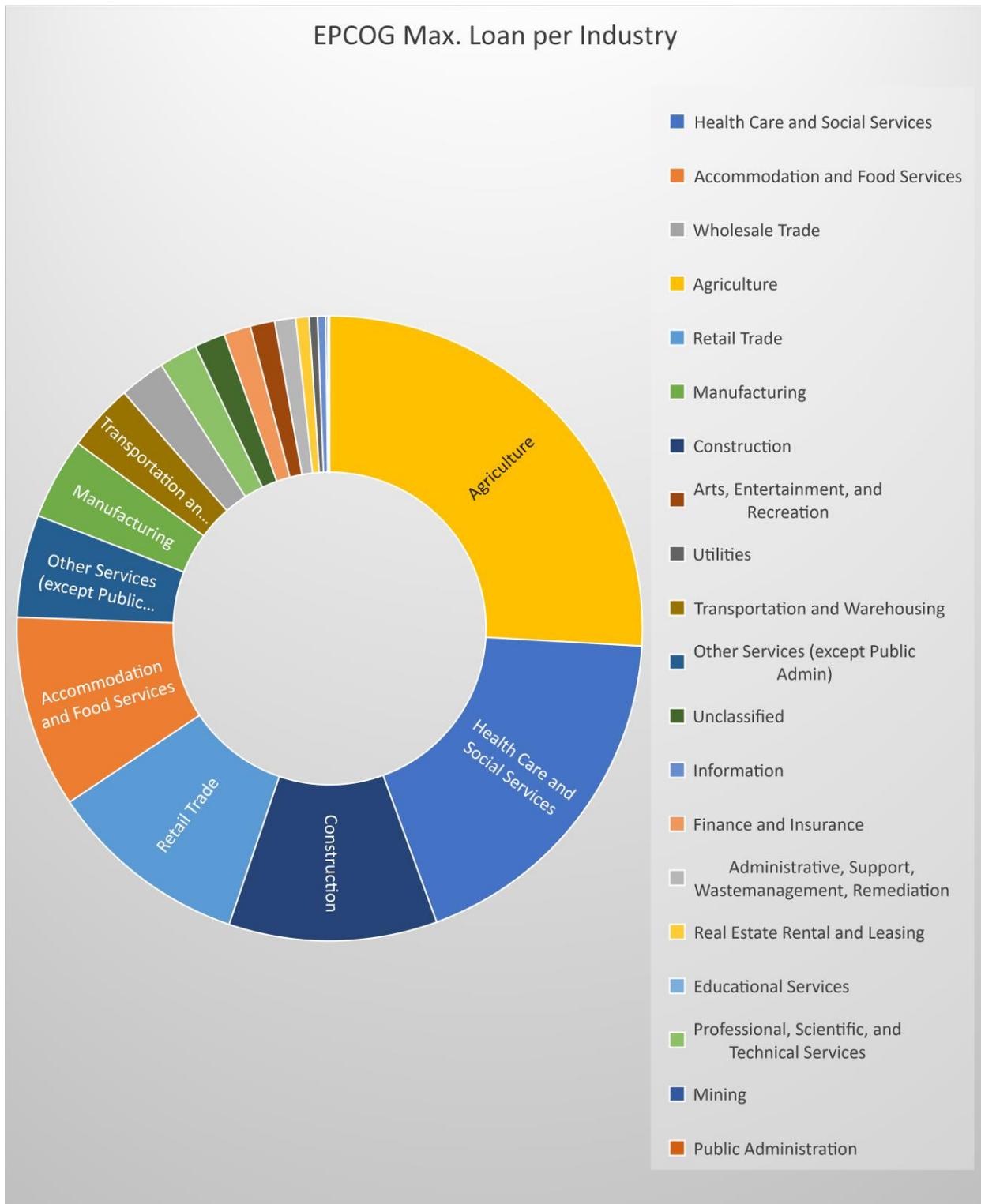


Fig.2: This is an illustration of the total minimum loan amounts per industry in the EPCOG region. Agriculture makes up the most with \$24,028,081.36 followed by Health Care and Social Services at \$17,203,909.42.

The total maximum loans invested within the EPCOG region is estimated at \$92,786,602.02. Of this total, \$25,736,602.02 is comprised of businesses that received loans less than \$150,000, and \$67,050,000 is comprised of businesses that received loans \$150,000 or more.

Agriculture was the largest industry invested in at \$24,028,081.36. This industry was followed by Health Care and Social Services at \$17,203,309.42. The following is a table of the minimum loan amounts adjusted from greatest to least.

Industry	Maximum Loan Amount
Agriculture	\$ 24,028,081.36
Health Care and Social Services	\$ 17,203,909.42
Construction	\$ 9,992,206.71
Retail Trade	\$ 9,666,065.28
Accommodation and Food Services	\$ 9,229,198.58
Other Services (except Public Admin)	\$ 4,922,352.29
Manufacturing	\$ 3,912,198.38
Transportation and Warehousing	\$ 3,242,909.39
Wholesale Trade	\$ 2,191,347.52
Professional, Scientific, and Technical Services	\$ 1,842,066.56
Unclassified	\$ 1,467,432.72
Finance and Insurance	\$ 1,293,536.12
Arts, Entertainment, and Recreation	\$ 1,174,366.92
Administrative, Support, Waste Management, Remediation	\$ 1,005,109.51
Real Estate Rental and Leasing	\$ 634,998.79
Utilities	\$ 399,040.00
Information	\$ 397,101.52
Mining	\$ 99,677.00
Educational Services	\$ 46,053.80
Public Administration	\$ 38,950.15

The total amount of jobs retained due to PPP was calculated at 10,110. Using this, we can calculate the average investment per job to be \$9,177.71 at a maximum.

Jobs Retained

As part of the reporting of PPP, businesses provide the number of jobs retained due to their PPP loan. The total number of jobs retained in the region totals to 10,110. Most jobs retained are in the Accommodation and Food Services industry at 2,101 jobs. This was followed closely by the

Health Care and Social Services and Agriculture industries at 1,861 and 1,800, respectively. Of the 10,110 jobs retained, 4,983 were from businesses that received loans less than \$150,000, and 5,127 from businesses that received a loan of \$150,000 or more.

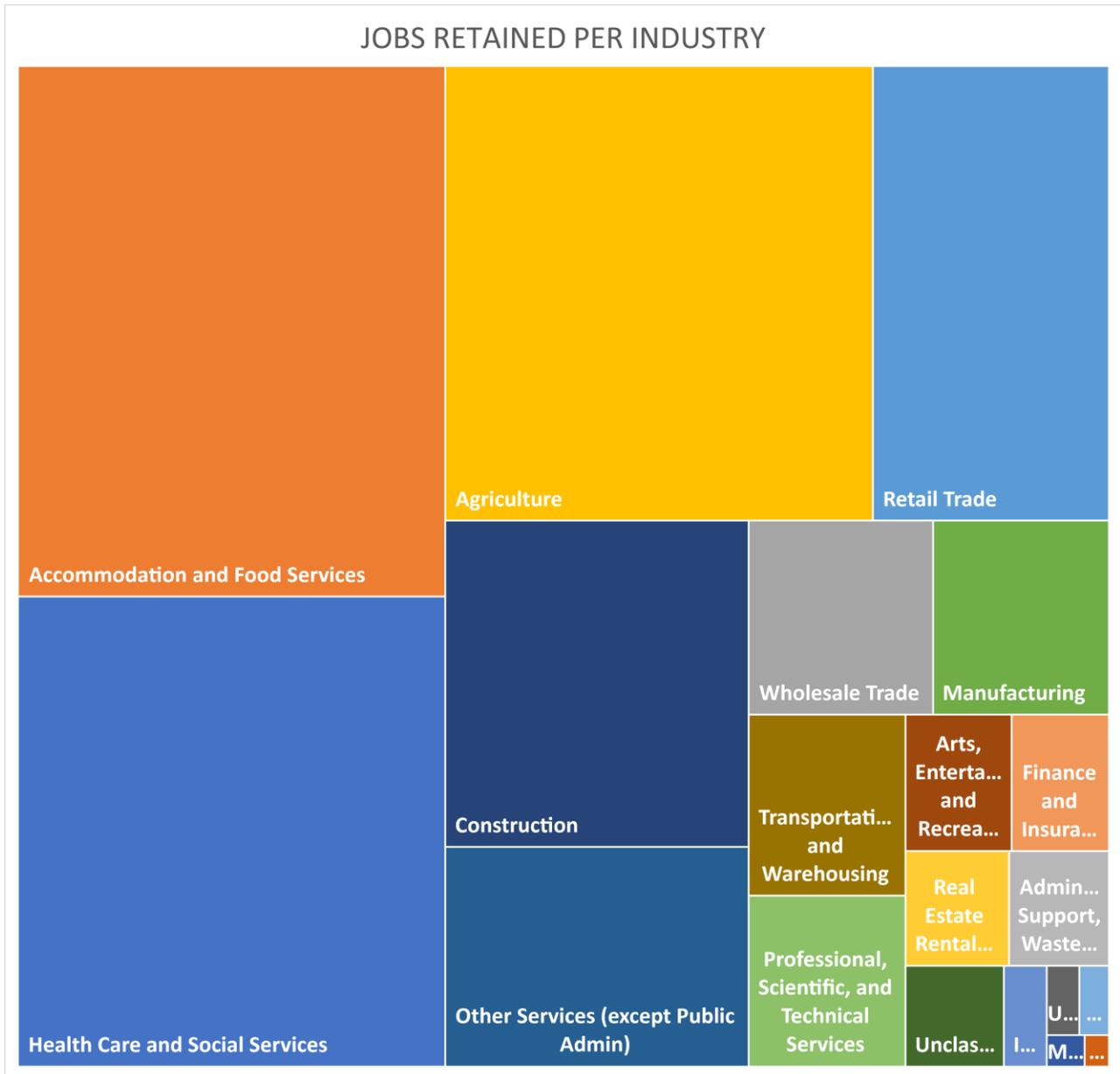


Fig.3: This illustration shows the total general composite of jobs per industry. The greatest is Accommodation and Food Services at 2,101 jobs and the least is Public Administration at 7 jobs.

The following is a table showing the total number of jobs per industry that were retained due to the PPP loans:

Industry	Jobs
Accommodation and Food Services	2101
Health Care and Social Services	1861
Agriculture	1800
Retail Trade	993
Construction	917
Other Services (except Public Admin)	617
Wholesale Trade	331
Manufacturing	316
Transportation and Warehousing	263
Professional, Scientific, and Technical Services	248
Arts, Entertainment, and Recreation	134
Finance and Insurance	123
Real Estate Rental and Leasing	110
Administrative, Support, Waste Management, Remediation	106
Unclassified	92
Information	40
Utilities	21
Educational Services	19
Mining	11
Public Administration	7

Jobs and Businesses

This following section will go over the general jobs that were retained per business. The total amount of businesses that received PPP loans is 910. The majority of total businesses that benefited from the PPP loans were those from the Agriculture industry.

The following is a table showing the number of businesses that received PPP per industry from greatest to least:

Industry	Number of Businesses
Agriculture	145
Accommodation and Food Services	113
Construction	103
Other Services (except Public Admin)	100
Retail Trade	92
Health Care and Social Services	74
Professional, Scientific, and Technical Services	67
Transportation and Warehousing	38
Manufacturing	30
Real Estate Rental and Leasing	27
Finance and Insurance	25
Wholesale Trade	23
Administrative, Support, Waste Management, Remediation	22
Arts, Entertainment, and Recreation	15
Unclassified	15
Information	8
Educational Services	5
Utilities	3
Mining	3
Public Administration	2

Considering the number of jobs retained and businesses that received PPP, we can estimate how many jobs were retained per business. Using this calculation, we get an average of 11.1 jobs retained per business, with the most being in the Health Care and Social Services industry at 25.1 jobs per business. The least amount of jobs per business is the Public Administration industry at 3.5 jobs per business.

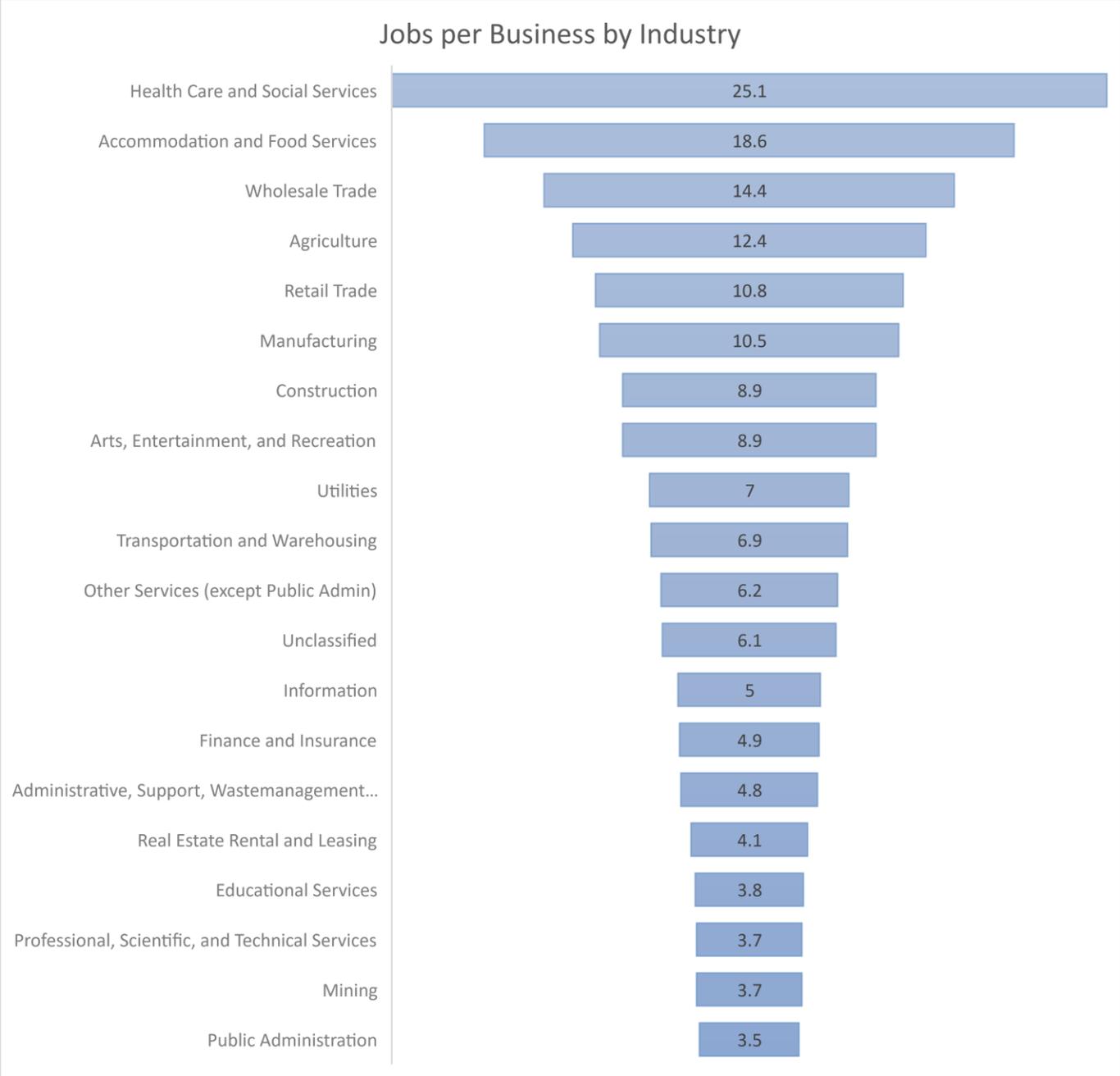


Fig.4: This illustration shows the jobs per business from greatest to least.

Understanding that the Health Care and Social Services produced the most jobs retained per PPP recipient, this could imply that each business in this industry on average employs a greater number of employees. It can also be assumed that the businesses that retained more jobs per business were businesses that could have faced some of the largest losses in employment were it not for the PPP to assist.

Conclusions/Closing Thoughts

The Paycheck Protection Program has shown to be very effective within the EPCOG region. With 10,110 jobs retained, many households would see some stability during a very unstable time in our region and world. Pre-COVID employment was at about 44,865⁶ in the region. This would mean that PPP loans helped retain about 20% of the workforce that could have potentially been lost due to the economic impact of the pandemic.

This program has shown that an infusion of money from the federal government has proven beneficial to mitigating the worst effects of the economic downturn, but this does not account for what the long-term effects could be. These loans do not reflect any forgiven amounts, and the need to pay these back could present a problem for small businesses or businesses that may struggle to generate enough revenue post-COVID. It should also be noted that the loan amounts do not directly relate to jobs since the businesses are entitled to use the loans for other costs as outlined by the SBA⁷. Therefore, the relationship of the loan amount per job should be considered a best-case scenario in this document.

Further studies should be done to measure or assess other potential pros and cons of the PPP. Some studies could include how many businesses remained operational that would have otherwise ceased without the PPP loans and how many businesses have used the PPP negligently or fraudulently, such as a Las Angeles man who abused \$8.5 million in PPP for personal gain⁸. Many impacts can, and indeed should, be studied and assessed in the future.

Contact

If you have questions, concerns, or requests, please contact us via email at vsoule@epcog.org or call our offices as (575) 762-7714. Written communication is preferred.

⁶ U.S. Department of Commerce. 2019. Bureau of Economics Analysis. Numbers reflect 2018 estimate. This includes full & part-time jobs.

⁷ <https://www.sba.gov/funding-programs/loans/coronavirus-relief-options/paycheck-protection-program#section-header-5>

⁸ <https://www.forbes.com/sites/juliejason/2020/07/30/85-million-ppp-loan-recipient-went-to-vegas-accused-of-fraud-according-to-doj/#2fe0c9da17fd>