

Monday, March 1, 2021

To: New York Community Banks

FYI: On Saturday afternoon, IBANYS and a number of New York community bankers joined a conference call with other financial services firms for a discussion with Senate Majority Leader Schumer, House Small Business Committee Chair Nydia Velazquez (D-Brooklyn) and White House National Economic Council Deputy Director Bharat Ramamurti for a brief update on recent PPP changes, EIDL, other SBA programs and a discussion on COVID-19 relief for the hardest hit businesses in communities of color. If you have any questions you would like to forward to any of the speakers, please email them to me and I will send them along.

-- John

## FROM ICBA

### **SBA: PPP changes effective this week**

The SBA this week plans to issue an interim final rule detailing and implementing [pending changes](#) to the Paycheck Protection Program.

**Background:** The changes announced last week include:

- A revised loan calculation formula for **sole proprietors, independent contractors, and self-employed individuals** reportedly using gross income instead of net income, as advocated by ICBA.
- \$1 billion set aside for PPP loans to businesses in this category that do not have employees and are located in low- or moderate-income areas.
- The elimination of qualifying restrictions for small-business owners delinquent on their **federal student loans** or with prior **non-fraud felony convictions**.
- Allowing **non-citizen small-business owners** who are lawful U.S. residents to use Individual Taxpayer Identification Numbers to apply for relief.

**More:** Also of note:

- SBA will issue a new application form this week for Schedule C borrowers, so lenders and borrowers should await that new form before submitting applications.
- Loan amounts cannot be increased once the loan is disbursed to the borrower, so lenders and borrowers may wish to cancel loans that have not yet been disbursed and reapply using the new Schedule C application form once it is released.
- SBA is experiencing a backlog of forgiveness applications that are in process and is redeploying resources to address the backlog and speed up processing.
- SBA cannot approve any loans after the March 31 deadline set by statute, so banks should consider this deadline when submitting loan applications and allow for processing time and error resolution.

**Current Window:** A 14-day period during which only businesses with **fewer than 20 employees** can apply for PPP relief started last Wednesday, Feb. 24. Applications already in the pipeline or requiring error resolution will continue to be processed.

**Resources:** Additional PPP information and resources are available on the [SBA](#) and [Treasury](#) sites and ICBA's [PPP and EIP News](#) page.

### **ICBA summarizes new House-passed stimulus plan**

ICBA [released a summary](#) of the House version of the \$1.9 trillion American Rescue Plan Act (H.R. 1319), which the House passed Saturday on a nearly party-line vote.

**Details:** Key components of the House bill include “recovery rebate” payments of \$1,400, an increase and extension of supplemental unemployment insurance, aid to state and local governments, and funding for vaccine distribution and schools.

**Next:** The Senate bill, to be taken up this week, will be based on the same framework but likely will differ on key points such as the federal minimum wage, targeting of “recovery rebate” payments, and spending levels.

**Bill would expand farm partnership access to PPP**

ICBA-supported legislation allowing farmers and ranchers categorized as partnerships to use gross income to calculate maximum Paycheck Protection Program loan amounts was introduced in the House.

**Background:** Farmers and ranchers without payroll or positive net income in 2019 were shut out of the original Paycheck Protection Program. Congress changed this limitation to be based on gross income, but SBA guidance has required farm partnership applicants to use net income from their schedule K-1.

**Pending:** A pending revision to the SBA's loan calculation formula for sole proprietors, independent contractors, and self-employed individuals will reportedly use gross income instead of net income. A bipartisan group of lawmakers last week [told SBA](#) it has the authority to use gross income for farm partnerships.

**What's New:** A [bipartisan bill](#) from Rep. Jim Hagedorn (R-Minn.) and others would allow the use of gross income and retroactively enable producers who used net income to recalculate their PPP loans if they have not been forgiven.

**ICBA Position:** ICBA has long [advocated](#) using gross income in lieu of net income to show positive income and allow these entities to qualify for the PPP.

**FROM OTHER SOURCES**

- The CDC is recommending the nation's third coronavirus vaccine for people 18 and older, paving the way for the easier-to-use, one-shot Johnson & Johnson vaccine to be administered starting this week. The action follows a unanimous vote Sunday by the CDC's vaccine advisory panel, which strongly endorsed the vaccine's effectiveness in completely protecting against hospitalization and death.
- Senior Democrats including Senate Finance Chair Wyden (D-Ore.) and Senate Budget Chair Sanders are reportedly scrapping a plan to raise the minimum wage via a corporate tax penalty after economists and tax experts said it would be easy for corporations to avoid the penalties by reclassifying workers as contractors. It's unclear how Democrats will proceed on the minimum wage issue after the Senate parliamentarian said that it couldn't pass through budget reconciliation. ([The Washington Post](#))
- The House passed President Biden's \$1.9 trillion coronavirus relief bill early Saturday morning, and the Senate is expected to follow suit shortly. As prominent economists, GOP lawmakers and some market analysts raise concerns about the risks of overspending and overstimulating the economy, the Biden administration has found a surprising ally: the Federal Reserve. [https://www.washingtonpost.com/us-policy/2021/02/28/fed-biden-inflation-19-trillion-stimulus/?mkt\\_tok=eyJpIjoiWmpWbE5qTmtNbVUxTVdZNCIsInQiOiIyQTlpUmpvTG5DUURHem9yK1pxSXhKbnkwNk5IbVhMd3JWYitOY0dVdWJtYjRKeWhnMDNCWUljRERSQ1MxYzcrTms0UEYzY2hVaFcwK2M1M2dsbWRodUVvTXozdHpqR3Z6TmRScG9KSUNLMGNWdWxyVVliWGxHQm40THNVM1VIRSJ9](https://www.washingtonpost.com/us-policy/2021/02/28/fed-biden-inflation-19-trillion-stimulus/?mkt_tok=eyJpIjoiWmpWbE5qTmtNbVUxTVdZNCIsInQiOiIyQTlpUmpvTG5DUURHem9yK1pxSXhKbnkwNk5IbVhMd3JWYitOY0dVdWJtYjRKeWhnMDNCWUljRERSQ1MxYzcrTms0UEYzY2hVaFcwK2M1M2dsbWRodUVvTXozdHpqR3Z6TmRScG9KSUNLMGNWdWxyVVliWGxHQm40THNVM1VIRSJ9)
- The Senate will now hammer out changes in Biden's Covid relief bill that passed the House early Saturday morning, and that is expected to be a week-long process. On Wednesday, Senate Democrats are expected to have a draft substitute for the House-passed bill. An early version of the draft substitute reportedly proposes adding money for Amtrak, cybersecurity and Medicare payments for ambulance services and certain hospitals, among others, but the draft is still being tweaked and is expected to change before it hits the Senate floor. The draft does provide a window into some of the discussions about adding and subtracting from the bill. Senate Majority Leader Schumer has promised the \$1.9 trillion Covid relief bill will pass by March 14, when unemployment benefits expire. <https://bit.ly/2ZXn1sX>

- Congressional Republicans opposed to President Biden's coronavirus/economic relief proposal have settled on a central line of attack: Congress shouldn't spend more money when \$1 trillion in aid allocated last year hasn't even been doled out. It's a criticism meant to underscore their argument that the resurgent U.S. economy doesn't need another giant influx of cash, and certainly not the \$1.9 trillion package that Biden is seeking. [https://www.politico.com/news/2021/02/27/gop-coronavirus-stimulus-471815?mkt\\_tok=eyJpIjoiWmpWbE5qTmtNbVUxTVdZNCIsInQiOiIyQTlpUmpvTG5DUURHem9yK1pxSXhKbnkwNk5IbVhMd3JWYitOY0dVdWJtYjRKeWhnMDNCWUljRERSQ1MxYzcrTms0UEYzY2hVaFcwK2M1M2dsbWRodUVvTXozdHpgR3Z6TmRScG9KSUNLMGNWdWxyVVliWGxHQm40THNVM1VIRSJ9](https://www.politico.com/news/2021/02/27/gop-coronavirus-stimulus-471815?mkt_tok=eyJpIjoiWmpWbE5qTmtNbVUxTVdZNCIsInQiOiIyQTlpUmpvTG5DUURHem9yK1pxSXhKbnkwNk5IbVhMd3JWYitOY0dVdWJtYjRKeWhnMDNCWUljRERSQ1MxYzcrTms0UEYzY2hVaFcwK2M1M2dsbWRodUVvTXozdHpgR3Z6TmRScG9KSUNLMGNWdWxyVVliWGxHQm40THNVM1VIRSJ9)
- Personal income surged [a remarkable 10 percent in January](#), the Commerce Department reported on Friday. Spending increased last month, too, by a healthy 2.4 percent, largely fueled by a rise in purchases of goods. The report was the latest sign of the economy's slow but steady march forward after a series of setbacks.
- Nearly a year since [coronavirus](#)-related shutdowns began affecting large swaths of the American economy, more businesses are filing for bankruptcy as Chapter 11 filings were up nearly 20 percent in 2020 compared with the previous year, court records show.
- President Biden's plans for a new era of tough Wall Street oversight will take center stage this week when two of his top regulator nominees appear before Senate Banking Committee hearing Tuesday. Gary Gensler, picked to head the SEC, and Rohit Chopra, the administration's choice to lead the CFPB, are likely to win confirmation. [https://www.bloomberg.com/news/articles/2021-03-01/wall-street-is-set-to-learn-how-tough-biden-s-watchdogs-will-be?mkt\\_tok=eyJpIjoiWmpWbE5qTmtNbVUxTVdZNCIsInQiOiIyQTlpUmpvTG5DUURHem9yK1pxSXhKbnkwNk5IbVhMd3JWYitOY0dVdWJtYjRKeWhnMDNCWUljRERSQ1MxYzcrTms0UEYzY2hVaFcwK2M1M2dsbWRodUVvTXozdHpgR3Z6TmRScG9KSUNLMGNWdWxyVVliWGxHQm40THNVM1VIRSJ9](https://www.bloomberg.com/news/articles/2021-03-01/wall-street-is-set-to-learn-how-tough-biden-s-watchdogs-will-be?mkt_tok=eyJpIjoiWmpWbE5qTmtNbVUxTVdZNCIsInQiOiIyQTlpUmpvTG5DUURHem9yK1pxSXhKbnkwNk5IbVhMd3JWYitOY0dVdWJtYjRKeWhnMDNCWUljRERSQ1MxYzcrTms0UEYzY2hVaFcwK2M1M2dsbWRodUVvTXozdHpgR3Z6TmRScG9KSUNLMGNWdWxyVVliWGxHQm40THNVM1VIRSJ9)
- Companies are anticipating another largely remote work year, and new questions about compensation and benefits are weighing on managers. Discussions about the future of work, such as whether to reduce the salaries of employees who have left high-cost cities, are priority items in board meetings and senior executive sessions across industries, according to chief executives, board members and corporate advisers. [https://www.wsj.com/articles/pay-cuts-taxes-child-care-what-another-year-of-remote-work-will-look-like-11614508201?mod=hp\\_lista\\_pos5&mkt\\_tok=eyJpIjoiWmpWbE5qTmtNbVUxTVdZNCIsInQiOiIyQTlpUmpvTG5DUURHem9yK1pxSXhKbnkwNk5IbVhMd3JWYitOY0dVdWJtYjRKeWhnMDNCWUljRERSQ1MxYzcrTms0UEYzY2hVaFcwK2M1M2dsbWRodUVvTXozdHpgR3Z6TmRScG9KSUNLMGNWdWxyVVliWGxHQm40THNVM1VIRSJ9](https://www.wsj.com/articles/pay-cuts-taxes-child-care-what-another-year-of-remote-work-will-look-like-11614508201?mod=hp_lista_pos5&mkt_tok=eyJpIjoiWmpWbE5qTmtNbVUxTVdZNCIsInQiOiIyQTlpUmpvTG5DUURHem9yK1pxSXhKbnkwNk5IbVhMd3JWYitOY0dVdWJtYjRKeWhnMDNCWUljRERSQ1MxYzcrTms0UEYzY2hVaFcwK2M1M2dsbWRodUVvTXozdHpgR3Z6TmRScG9KSUNLMGNWdWxyVVliWGxHQm40THNVM1VIRSJ9)

#### FROM NEW YORK

- Governor Cuomo updated New Yorkers on the state's progress during the ongoing COVID-19 pandemic. There were 5,259 patient hospitalizations statewide, the lowest hospitalizations since December 9. 1,083 patients were in the ICU. 728 were intubated. The statewide positivity rate was 2.77%, the lowest 1-day average since November 21. The statewide 7-Day Average is 3.14%, the lowest 7-Day average since November 25. There were 90 more COVID-19 deaths in New York State.
- COVID hospitalizations continued to decline in New York to their lowest point since December, state officials on Sunday reported, but more than 5,000 people remain hospitalized in the state amid growing concerns over new variants of the virus that are considered more contagious. The positive rate statewide is below 3% out of hundreds of thousands of tests. [Read more.](#)
- In a bid to speed up a reopening, the New York City Economic Development Corp. is investing in a rapid COVID-19 test that was initially developed for use to reopen the Columbia University campus, [The Wall Street Journal reports.](#)

- Workplaces in New York would be required to have in place minimum safety rules for operating during the COVID-19 pandemic under a measure set to be voted on by the state Senate on Monday. [Read More](#)
- A year ago today, New York confirmed its first case of the COVID-19 virus. In a few short weeks, hospitals would begin to fill up with COVID-19 patients, people would begin to die by the hundreds a day, businesses would be shuttered, schools closed, nursing homes receive sickened residents, and Governor Cuomo's daily presence on midday TV would launch him into the political stratosphere. A year later, a lot has changed. [Read More](#)
- Governor Cuomo yesterday sought to stem the growing political fallout over fresh allegations of sexual harassment, acknowledging that he may have made inappropriate remarks that could "have been misinterpreted as an unwanted flirtation" to a young female aide during private meetings last spring. Cuomo said his comments - including those which emerged in an account from the aide - were an extension of life spent at work, where he sometimes "teased people about their personal lives and relationships." The allegations compounded his recent political problems, including [a federal inquiry](#) into his administration's purposeful undercount of coronavirus-related deaths of nursing home residents. [https://www.nytimes.com/2021/02/28/nyregion/cuomo-investigation-sex-harassment.html?action=click&module=Spotlight&pgtype=Homepage&mkt\\_tok=eyJpIjoiWkRV Mk5qbGxaVEE1WW1SbSIzInQiOiJXOXYYyVXZrWTcxOGtRU0VWWM3JsUFFZbDYyRGxEV ThFdVZGQ2EyTkZ1a2hQVVlhWCtuNjZyalFFdmp0S1BIOUIyTDUybkpDZEhYRzhFV2xjMX ZjSE1OYkjhMkNGT3AxVG1FdUluUdhQVQ1aVdDYnc2OXNXSUU1cGZ2bGYwOE15QjJ9](https://www.nytimes.com/2021/02/28/nyregion/cuomo-investigation-sex-harassment.html?action=click&module=Spotlight&pgtype=Homepage&mkt_tok=eyJpIjoiWkRV Mk5qbGxaVEE1WW1SbSIzInQiOiJXOXYYyVXZrWTcxOGtRU0VWWM3JsUFFZbDYyRGxEV ThFdVZGQ2EyTkZ1a2hQVVlhWCtuNjZyalFFdmp0S1BIOUIyTDUybkpDZEhYRzhFV2xjMX ZjSE1OYkjhMkNGT3AxVG1FdUluUdhQVQ1aVdDYnc2OXNXSUU1cGZ2bGYwOE15QjJ9)
- Governor Cuomo was fighting for his political life over the weekend following [new allegations of sexual harassment](#) and the imminent naming of an independent investigator by state Attorney General Letitia James.
- Amid massive pressure from state and federal elected officials, Governor Cuomo's office announced last night it would refer allegations of sexual harassment leveled against the governor to state Attorney General James -- less than 24 hours after initially proposing Cuomo's own appointee for the role. James is expected to appoint an independent counsel to review the allegations made by two former aides to the governor in the last several days. [Read More](#). . White House press secretary Jen Psaki **on Sunday said President Joe Biden supports an "independent review"** of the sexual harassment accusations leveled against New York Gov. Andrew Cuomo. House Speaker Nancy Pelosi [called the allegations](#) "credible."

#####

**IBANYS will continue to provide updates as additional information becomes available. Thank you all for your continued participation and support.**

- **John J. Witkowski, President & CEO ([Johnw@ibanys.net](mailto:Johnw@ibanys.net); 716.880.0518)**
- **Stephen W. Rice, Director, Communications & Government Relations ([Steve@ibanys.net](mailto:Steve@ibanys.net))**