

Friday, October 1, 2021
To: New York Community Banks

FROM ICBA

ICBA to Congress: Preserve community bank SBA lending

ICBA [called on](#) Congress to reject proposed changes to the SBA 7(a) loan program that would displace community bank SBA lending.

Details: In [testimony](#) before the House Small Business Committee, Bank of Charles Town, W.Va., President and CEO Alice Frazier said experimenting with SBA direct 7(a) lending—in which the agency has a poor track record—would jeopardize access to credit for small businesses.

More: In her testimony, Frazier noted:

- Establishing a direct lending program to compete with 7(a) experts would risk diminishing program participation, increase fraud, and put taxpayer dollars at risk.
- While the Paycheck Protection Program displaced 7(a) lending in 2020, the SBA has already guaranteed a record \$30.1 billion in lending in 2021—contradicting claims that 7(a) lending has declined.

Background: An [ICBA-opposed provision](#) of the \$3.5 trillion budget-reconciliation package would provide \$4.5 billion to the SBA to make direct 7(a) loans of \$150,000 or less, which ICBA spoke out against in a [recent letter](#) to lawmakers.

[READ MORE](#)

ICBA's IRS pushback continues on Glenn Beck show

The ICBA-led campaign against the reconciliation package's IRS reporting proposal continued making news with ICBA's Paul Merski appearing on [The Glenn Beck Program](#).

Appearance: On the radio show and podcast, Merski cited the proposal's threat to consumer privacy and security while noting the regulatory burdens it would place on financial institutions and potential infringement of their efforts to reach the unbanked.

More: "Financial privacy will go right out the window with this new IRS sleuthing and snooping on everyone's financial accounts," Merski said.

Coverage: The proposal also continued generating headlines in a [Bloomberg](#) article on ICBA's consumer-facing campaign and a [Daily Mail](#) story on state treasurer opposition to the proposal.

Campaign: Meanwhile, ICBA continues calling on community bankers to use its customizable [email and social media content](#) to urge consumers to [contact Congress in opposition](#) to the plan.

Call Alert: In addition to the consumer campaign—which has resulted in more than 460,000 consumer messages to lawmakers—community bankers can call their lawmakers using an ICBA [call alert and customizable script](#).

Public-private partnership key to CBDC: report

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Details: Issued with the Federal Reserve and other central banks, the reports explore private-public collaboration, how a CBDC could best serve consumers, and the possible effect of CBDCs on banking intermediation and resilience.

Fed Research: The BIS release follows reports that the Federal Reserve Bank of Boston is [nearing the completion](#) of a research project on a U.S. CBDC, with Fed governors and other policymakers [divided on the issue](#).

More: A recent [ICBA blog post](#) discusses why a U.S. CBDC must account for the vital role played by community banks. It also offers community bank primers on [crypto](#) and [central bank digital currency](#).

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GDP growth revised up to 6.7%

The Commerce Department upwardly revised its [estimate](#) for second-quarter gross domestic product growth from 6.6% to 6.7%. The increase followed a 6.3% gain in the first quarter. The advance estimate of third-quarter growth is slated to be released Oct. 28.

FROM OTHER SOURCES

- Moderna has asked for authorization of a third shot for its recipients, but [with a dose half the size](#) of the original two.
- J&J recently [put out a press release](#) outlining results from its clinical trials evaluating a second shot two and six months after the first. However, it's reportedly unclear whether the full six-month data will be available by the time the FDA reviews J&J boosters. [Read more.](#)
- Merck said it would ask US regulators to authorise the first antiviral pill to treat Covid-19 after a late-stage clinical trial showed the drug cut the risk of hospitalization or death in half. Merck and Ridgeback Biotherapeutics [announced](#) positive interim results for its COVID antiviral drug and said they plan to seek emergency use authorization in the U.S. as soon as possible.
- A group of lawsuit plaintiffs, including four Air Force officers and a Secret Service agent, have asked a federal court to block the Biden administration's coronavirus vaccination mandates, declaring, "Americans have remained idle for far too long as our nation's elected officials continue to satisfy their voracious appetites for power."
https://www.washingtonpost.com/local/public-safety/vaccine-mandate-lawsuit-military/2021/09/30/b774fe36-2216-11ec-8200-5e3fd4c49f5e_story.html?mkt_tok=ODUwLVRBQs01MTEAAAF_2tNmVc_ojgYkyQCwYtNoIJ3QkrOUYBFFDKWRQXn0fa3dZOm8vwcf_Bm4pWB5FdCw8MNRW7nVX5zU6VQHxFS_Aqg5zTZjTgqtxxmtBK3-5oH
- The Senate voted 50-48 to confirm Rohit Chopra Director of the Consumer Financial Protection Bureau. No Republican backing his nomination. Chopra is expected to take a more aggressive stance toward the finance industry compared to the agency's approach during the Trump administration. He served at the Federal Trade Commission for the past three years, and helped Senator Warren (D-MA) set up the CFPB after the 2010 Dodd-Frank law was enacted. [Politico](#)

- House Speaker Pelosi will try again today to pass the bipartisan infrastructure package that's been delayed by disagreements between moderate and progressive Democrats over the timing of that legislation and the \$3.5 trillion spending bill that includes a raft of social programs. ([Bloomberg](#)) Meanwhile, President Biden signed a bill extending government funding to Dec. 3, avoiding a government shutdown before funding was set to expire at midnight. [The Wall Street Journal](#)
- Senator Manchi (D-WVA) reportedly proposed a deal to Senate Majority Leader Schumer this summer to limit the total cost of Democrats' sweeping spending bill to \$1.5 trillion. He also suggested beginning debate no earlier than Oct. 1. https://www.politico.com/news/2021/09/30/manchin-proposed-15t-topline-number-to-schumer-this-summer-514803?mkt_tok=ODUwLVRBQS01MTEAAAF_2rfgFlcGouNxgu_jC4_1e4S6_MK3Mp19397ifH7nHWGad1hcnCT02eFNZCE4qyZsZFFObZ_5yNbCsuNOB20r5lOIABZqmRptGshfqbiUEOfP
- Treasury Secretary Yellen told a House Financial Services Committee hearing she would back the repeal of the national debt ceiling, and reiterated it would be "catastrophic for the economy and for individual families" if Congress doesn't raise the spending limit. [CNBC](#)
- Federal Reserve Chairman Powell told a House Financial Services Committee hearing the Fed still expects a recent spell of high inflation to reverse, but it was difficult to pinpoint when that might happen. He said a surge in prices this year "is a function of supply-side bottlenecks over which we have no control." https://www.wsj.com/articles/powell-says-fed-faces-difficult-trade-off-if-inflation-doesnt-moderate-11633017666?mkt_tok=ODUwLVRBQS01MTEAAAF_2rfgFl-9jZX6PzzGczCgRx0txwtFqRjDWUN6krhCR8NknEPTGMaV7PWYqETP3yYNgt5GdVlVZYaIzM5K6j6c55i6M0SFi73ZlOj6MuFu3Wfa
- New applications for unemployment benefits are trending this month near the lowest levels of the pandemic, as employers continue to limit layoffs during Covid-19's latest surge driven by the Delta variant. Initial unemployment claims, a proxy for layoffs, have edged higher the past three weeks largely due to temporary factors. https://www.wsj.com/articles/weekly-jobless-claims-09-30-2021-11632938796?mkt_tok=ODUwLVRBQS01MTEAAAF_2rfgFD908aDdN8Yx6HGn3QscIoigfmgGDIXV7z3a89GuuCzZOYsJRorCY6ttA3JrCTdGMT2vugnwiGzxG8uMkvLeIJcW3cbAmRUac_NkTal
- Consumer spending likely picked up in August, a sign the U.S. economic recovery is gaining steam heading into the fall. Economists surveyed by The Wall Street Journal expect the Commerce Department to report Friday that consumer spending in August rose 0.7% from a month earlier after a 0.3% rise in July. https://www.wsj.com/articles/consumer-spending-personal-income-inflation-august-2021-11633027180?mkt_tok=ODUwLVRBQS01MTEAAAF_2rfgFBwxgJpEvpoS3FSdAIk4WJv0D0kRn7KawYUir3weCVYBy-l2jZ_tZ3mOB087RrWTTWvcqjOu3UqC4IqBbHTXB-D9LvzGMFZhtoCXp-xo
- In the latest development in a May lawsuit challenging New York's then-law limiting pandemic-era evictions. *Law360's* Emma Whitford writes: "A Second Circuit panel declined to block New York tenants' eviction protections late Wednesday, reasoning that landlords could not use their lawsuit against a previous eviction shield law to challenge the current one. The landlords are free to return to district court to pursue claims against a statute enacted this month." [2nd Circ. Rejects Challenge To NY Eviction Protections.](#)

FROM NEW YORK

- New York state’s vaccine mandate for health care workers has managed to [drive up Covid-19 vaccination rates](#) in its first few days, leading thousands to get their shots. But not without some unintended consequences.
- Gov. Hochul will expand the mandate to [include thousands of nurses and other health workers](#) at state mental health and prison facilities that have been able to bypass the requirement with a weekly test. “There’s no reason for that exception,” Hochul said Thursday, a day after the Times Union [reported on the discrepancy](#).
- As unvaccinated workers [get the boot](#), some hospitals and health care facilities are scaling back services due to staff shortages. SUNY Downstate Medical Center in Brooklyn postponed radiology appointments and canceled elective C-sections, [Gothamist reported](#). Albany Medical Center said Thursday it [is temporarily closing](#) two urgent care centers to redirect staff to its main campus.
- The [next test will come in New York City public schools](#), where teachers and other staff face a 5 p.m. deadline today to get the shot. A group of teachers who brought a federal lawsuit challenging the rule [appealed Thursday](#) to the U.S. Supreme Court, asking the high court to block [what they call](#) an unconstitutional burden. Lower courts have so far supported the city’s case, though the fights already delayed its effective date once.
- Hochul launched a pilot program that would provide nurses and other “patient-facing” health care professionals at SUNY hospitals with up to two and a half times overtime pay – but the security guards at these hospitals were left out of the pay boost, [State of Politics reports](#).
- During the COVID-19 pandemic, home health aides have been on the frontlines of the crisis, providing direct care to thousands of New Yorkers. But New York's other looming vaccine mandate could spell trouble for those who rely on services from home health aides and be even less easier to replace than many health care workers. [Read More](#)
- A *Time Magazine* profiles looks at Governor Hochul's first month in office and her focus on three major priorities: curbing COVID-19, delivering relief money to New Yorkers and investing in infrastructure. <https://time.com/6102203/kathy-hochul/>

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

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