

Monday, November 15, 2021
To: New York Community Banks

FROM ICBA

ICBA continues pushback against SBA direct lending plan

ICBA continued its campaign opposing proposed changes to the SBA 7(a) loan program in the House budget-reconciliation bill.

Letter: In a [letter](#) to House and Senate leaders, ICBA said the bill's proposal to authorize the SBA to issue direct 7(a) loans would harm small businesses and taxpayers.

Details: The letter says:

- The proposal may not comply with the Byrd Rule because its budgetary effects are incidental to the nonbudgetary components of the provision, so it should not be considered under reconciliation procedures.
- The SBA canceled a previous direct lending experiment because the subsidy rate was 10 to 15 times higher than that for loan guaranty programs.
- With the PPP ending successfully, the SBA has already guaranteed a record \$30.1 billion in 7(a) lending in fiscal 2021

More: ICBA has spoken out against the proposal in a [news release](#), previous [letter](#) to committee leaders, and [testimony](#) before the House Small Business Committee.

Blog: Community bank PPP lending targeted those most in need

Community bank Paycheck Protection Program lending was instrumental to the industries and communities most in need of emergency assistance, according to a [new ICBA blog post](#).

Details: In the [new post](#), ICBA economist Noah Yosif breaks down data detailing how community banks prioritized at-risk workers and industries while meeting the needs of underserved communities.

Series: The final installment of a three-part series on PPP data follows previous posts on how community banks:

- [Drove lending in the PPP's earliest weeks.](#)
- [Led the financial services industry's response.](#)

Romero Rainey offers IRS, tax status update

A [new ICBA blog post](#) provides the state of play on the debate over the reconciliation package's IRS reporting proposal and tax provisions.

Details: ICBA President and CEO Rebeca Romero Rainey [writes](#) that while ICBA's months-long efforts are bearing fruit, the grassroots push must continue due to ongoing policy threats.

Grassroots: The post encourages community bankers to:

- Continue [calling their members of Congress](#) and [rallying consumers](#) in opposition to the IRS proposal.
- Use ICBA's [Be Heard resource center](#) to speak out against numerous tax increases included in the budget bill's draft framework. [Read more.](#)

Hearing on Omarova nomination this week

The Senate Banking Committee is scheduled to meet this Thursday for a [hearing](#) on the nomination of Cornell University law professor Saule Omarova for comptroller of the currency.

Concerns: ICBA has [expressed concerns](#) with Omarova's policy proposals to:

- Migrate retail banking deposits to the Federal Reserve.
- Establish government banking FedAccounts for consumers.

Consumer sentiment drops to 10-year low

Consumer sentiment fell in early November to its lowest level in a decade due to escalating inflation, according to the University of Michigan's [index](#). The sentiment index declined 6.8% from October and was down 13.1% from a year ago.

OTHER SOURCES

- America is emerging from the pandemic facing its biggest inflationary spike in decades, as startling and persistent price hikes threaten to undermine the recovery while posing an entirely new kind of economic challenge to the Biden presidency. Policymakers are facing the quandary of booming consumer demand and dramatic supply disruptions combining to push higher the cost of necessities such as food, gas and housing. https://www.washingtonpost.com/us-policy/2021/11/14/inflation-economy-biden-prices/?mkt_tok=ODUwLVRBQS01MTEAAAGAwqSxSyCCqofSRFuWCnWHloAaybSgyFKhiV2cJDkk4x9itzF6vFGhoQZ4kt7yg8uc1X8xb5si-5_IKhdPsIsxBU-vUFiu7QhHNRPdIOVeKx6n
- Treasury Secretary Yellen said yesterday that "continuing to make progress against the pandemic is the most important thing we can do" to tamp down inflation, adding that if the country is "successful with the pandemic," then labor supply and demand should normalize in the second half of next year and prices should "go back to normal." White House economic adviser Brian Deese reiterated that President Biden's economic spending package will reduce inflation, and said the administration is "confident" the bill will get a House vote this week and move to the Senate. [Bloomberg](#)
- President Biden may decide as soon as this week whether to reappoint current Federal Reserve Chairman Jerome Powell or name Fed Governor Lael Brainard to a four-year term as Fed Chair effective next February. Brainard's views on inflation and interest rates have been similar this year to Powell's, so policy continuity seems likely no matter who is chosen. https://www.wsj.com/articles/biden-weighs-choice-of-jerome-powell-or-lael-brainard-as-fed-chair-11636972201?mkt_tok=ODUwLVRBQS01MTEAAAGAwqSxSuYVauqiIzvEF5kEv_xwumJiQwkmThrt1-pHjdmyqjHblNvMViy-y36RjoE8PWGjv-mGCdBkzZpr-Rhen0Q3sOOWK0tvEDmXEDYZF5vF
- Majorities of Americans support President Biden's \$1.2 trillion bipartisan infrastructure package and a pending bill that would spend nearly \$2 trillion on social programs and climate initiatives. Yet despite the backing for these measures, Biden's approval rating has ticked down to a new low, driven largely by more negative views among Democrats and independents, according to a [Washington Post-ABC News poll](#). President Biden [signs BIF](#) at 3 p.m. today.
- Mainstream lenders have long been reluctant to make short-term consumer loans because the costs involved make them expensive for borrowers. Upstart says its technology will enable partner banks to offer loans at annual percentage rates below 36%. [Read story →](#)
- The White House chose former New Orleans Mayor and ex-Louisiana Lt. Gov. Mitch Landrieu to supervise the rollout of the \$1 trillion infrastructure bill. Landrieu, who has experience in rebuilding New Orleans after Hurricane Katrina. Landrieu, will work through the National Economic Council as a senior adviser. [The Wall Street Journal](#)
- House Democrats want to vote this week on President Joe Biden's nearly \$2 trillion tax and spending bill, despite lingering uncertainty over the bill's cost, GOP attacks over its potential inflationary impact and a wide-spread expectation that the Senate won't act until December at the

earliest. A key milepost this week will be more analysis of revenue and spending of the legislation's various provisions from the Congressional Budget Office.

https://www.bloomberg.com/news/articles/2021-11-15/house-eyes-vote-on-biden-agenda-but-slowdown-looms-in-senate?mkt_tok=ODUwLVRBQS01MTEAAAGAwqSxS-G9fT2x43e4_DdSYRSa7kWcBPsIk278G3RNe-JaF_bVYWFkkK--KEIOi1kNvsYPCCnygdYAdFTBEivf9e1iXB6CTJK0GOG2qUYZN-uT

- How America's Pandemic Economic Response Fought the Last War: A focus on the challenges of the Great Recession has fueled some of the challenges of this crisis. https://www.nytimes.com/2021/11/15/upshot/pandemic-economic-response.html?mkt_tok=ODUwLVRBQS01MTEAAAGAwqSxS0lfb2GdGI9zGJGrQLqzUbNxsxp791-5rmQD0iMSJHqdZ4v1kJJakbc1nGYDINy7oO3prbo_KvR9wCrcvBza9eJof8rDByxNtevaDS6I
- Longtime advocates of paid family and medical leave are working to make sure it stays in the massive social and environmental spending bill after House Speaker Pelosi revived it. However, the outcome will likely come down to the support of one man: Sen. Manchin (D-W. VA.), the one Senate Democrat who opposes including the provision. https://apnews.com/article/lifestyle-business-nancy-pelosi-west-virginia-congress-6f120ec3a695c7d76274e6da3325faf4?mkt_tok=ODUwLVRBQS01MTEAAAGAwqSxTEvw6gnU76uGQsv7-FT-PBO5LFmLg5Q53_ggqdCg1SulparTE6Sdi_6YNFGQWMIQ5O0QqXCWZO2cI6x96KgXLN2rQhwpUjvozieIk6kQ
- Last June, President Biden nominated Julia Gordon (President of the National Community Stabilization Trust, a nonprofit that promotes neighborhood revitalization and housing affordability) to head the Federal Housing Administration. Her nomination is stuck in limbo as the Senate battles competing priorities, frustrating many in the mortgage industry who are concerned about a lack of leadership at a critical juncture for the agency. https://www.americanbanker.com/news/with-bidens-fha-nominee-in-limbo-mortgage-market-grows-restless?mkt_tok=ODUwLVRBQS01MTEAAAGAwqSxTDsBbwJfd7-w3Zlmk1RYZ1BtBEalP2WGP0H0Ft7FMw2b63ti5fp5Zdz0yosjx0hEzsVA4A0rJ0fLDPn2CAsEAYvumgHFHVTPuAtxaWG-
- President Joe Biden says he intends to run for reelection in 2024. But not all Democrats believe him. Nor are they convinced his No. 2 would be the clear heir if he did choose to opt out. All of it adds a new level of electoral uncertainty that the Democratic Party and Harris in particular face as they remain dependent on Biden's success and unclear about his future. https://www.politico.com/news/2021/11/14/biden-successor-2024-kamala-harris-522160?mkt_tok=ODUwLVRBQS01MTEAAAGAwriYtSMmf2CXMDU6nGqdhLEN8bPPJATssF7mwYIRMSc2Ea22XjGLPgXkqO3xIDY-C9l_2-DplH9xPUI-ulwcKUMIQfoDDuyuQkkzM_b8AQuv
- Transportation Secretary Buttigieg started his week in the White House press briefing room promoting a crown jewel of President Biden's legislative agenda — a landmark public works package that recently passed with bipartisan support. Many Democrats see Vice President Harris's and Secretary Buttigieg's political fortunes as diverging in the first 10 months of Biden's presidency. Buttigieg has become a visible advocate for the administration's top legislative achievement, while Harris often has been associated with its biggest trouble areas. https://www.washingtonpost.com/politics/harris-buttigieg-democrats/2021/11/13/3215219c-4310-11ec-9ea7-3eb2406a2e24_story.html?mkt_tok=ODUwLVRBQS01MTEAAAGAwriYtCNXvLbCqLKFJGS7vB1yaGckYMMpoaC_HOC_Qz7xKgCu_kxhRQMaGkFo4z5119nTtz0E3nOIKSEpwJwyx7p8JxPja2jiff3HN2IUx_9

FROM NEW YORK

- New York State [has hit 3 percent in the seven-day average for positivity](#) in testing for COVID-19, as virus indicators tick up and the state heads for what medical experts fear will be another holiday season surge
- New York City has been a good Covid story of late. Indeed, positive signs abound downstate, according to Covid infection and hospitalization numbers. The same can't be said for Western New York, and much of upstate, where infection rates have been far higher than the state average for a couple of months or more, and vaccination rates are lower than in many downstate counties. https://buffalonews.com/news/local/covid-rates-are-climbing-upstate-what-is-hochul-doing-about-it/article_74baa332-431f-11ec-90b1-9f2866752621.html#tracking-source=home-top-story-1
- New York state is running out of money for the Emergency Rental Assistance Program and is asking for more funding from the federal government. [Read More](#). New York State said on Friday that it would stop taking most requests for its pandemic rent relief for struggling tenants because an overwhelming number of applicants had left the program nearly out of money. Since the \$2.4 billion program started this summer, the state has received nearly 280,000 applications for help paying overdue rent and utility bills. As of this week, New York had paid out \$1 billion — nearly 85% in cases involving New York City renters — with another \$1.1 billion committed to be given out but where more paperwork was needed from landlords.
- The \$1 trillion infrastructure bill that President Joe Biden is expected to sign today has the potential to transform New York City and the surrounding region, with uses for the funds including cleaning contaminated groundwater and purchasing cleaner public vehicles, [The New York Times reports](#).
- Gov. Hochul announced that 10 of New York's mass-vaccination sites will now jab kids aged 5 to 11 with the COVID vaccine after the Centers for Disease Control and Prevention recently approved Pfizer's shot for kids, [the New York Post reports](#).
- Even as Albany insiders focus on Andrew Cuomo's successor, Gov. Kathy Hochul, and New York City Mayor-elect Eric Adams, they privately continue worrying that Cuomo might run for office next year or, at the very least, influence critical races, [Politico New York reports](#).
- NYC Public Advocate Jumaane Williams will officially throw his hat in the ring for governor, with an announcement expected early this week, according to [reports, he's set to jump into the fray](#). If outgoing NYC Mayor **Bill de Blasio** [jumps into the race too](#), that would make three prominent Brooklynites looking for the governor's job.

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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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