

Did the \$660 Billion Paycheck Protection Program and \$220 Billion Economic Injury Disaster Loan Program Get Disbursed to Minority Communities in the Early Stages of COVID-19?

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Social distancing restrictions and health- and economic-driven demand shifts from COVID-19 shut down many small businesses with especially negative impacts on minority owners. Is there evidence that the unprecedented federal government response to help small businesses – the \$659 billion Paycheck Protection Program (PPP) and the related \$220 billion COVID-19 Economic Injury Disaster Loans (EIDL) – which had a stated goal of helping disadvantaged groups, was disbursed evenly to minority communities? In this descriptive research note, we provide the first detailed analysis of how the PPP and EIDL funds were disbursed across minority communities in the country. From our analysis of data on the universe of loans from these programs and administrative data on employer firms, we generally find a slightly positive relationship between PPP loan receipt per business and the minority share of the population or businesses, although funds flowed to minority communities later than to communities with lower minority shares. PPP loan amounts, however, are negatively related to the minority share of the population. The EIDL program, in contrast, both in numbers and amounts, was distributed positively to minority communities.