

Rural Pennsylvania and the Paycheck Protection Program, 2020

September 2020

Introduction

According to data from the U.S. Small Business Administration, 165,891 Pennsylvania businesses and nonprofit organizations participated in the Paycheck Protection Program (PPP). This federal loan program was created through the CARES Act (March 2020) to provide small businesses (<500 employees) with funds to pay up to 8 weeks of payroll costs, including benefits. Funds may also be used to pay interest on mortgages, rent, and utilities. The PPP loans will be forgiven if the employers maintain or quickly rehire employees during the 8-week period as well as maintain salary levels. This analysis examines the number and types of rural and urban businesses that participated in the PPP. The data sources and methodology are on Page 2.

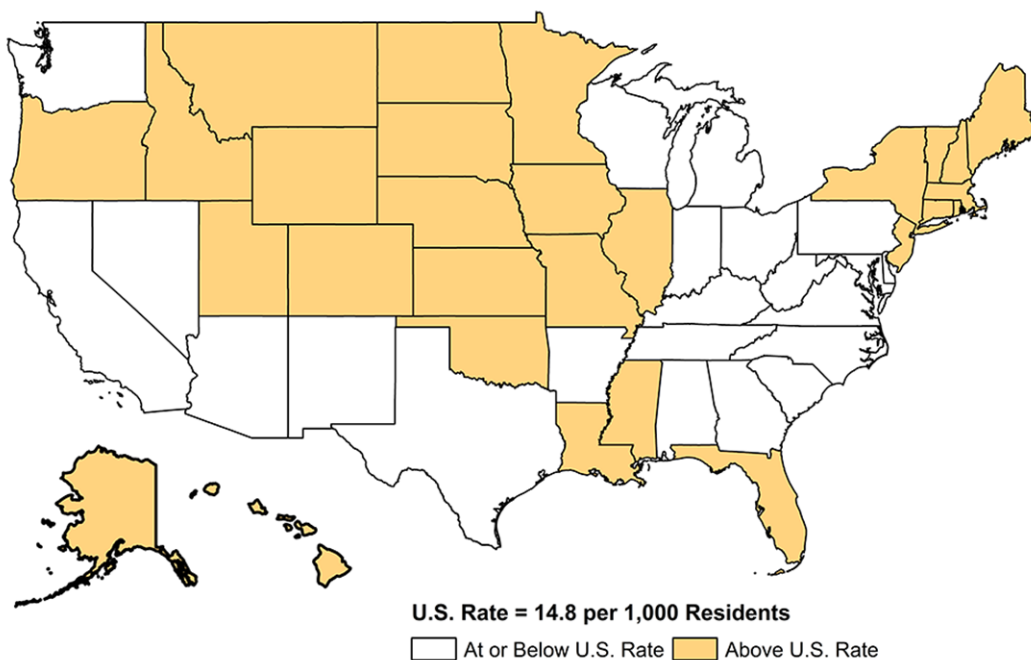
Findings

PPP Participation in the U.S.

Nationwide, more than 4.84 million employers participated in the PPP, or 14.8 employers per 1,000 residents. With 165,891 participants, Pennsylvania ranked 6th in the nation in the number of participants overall. California, Florida, Texas, and New York each had more than 300,000 participants.

Per capita, Pennsylvania ranked 39th in the number of participants nationwide. The three states with the highest number of participants, per capita, were North Dakota, South Dakota, and Wyoming, each with more than 22.5 participants for every 1,000 residents.

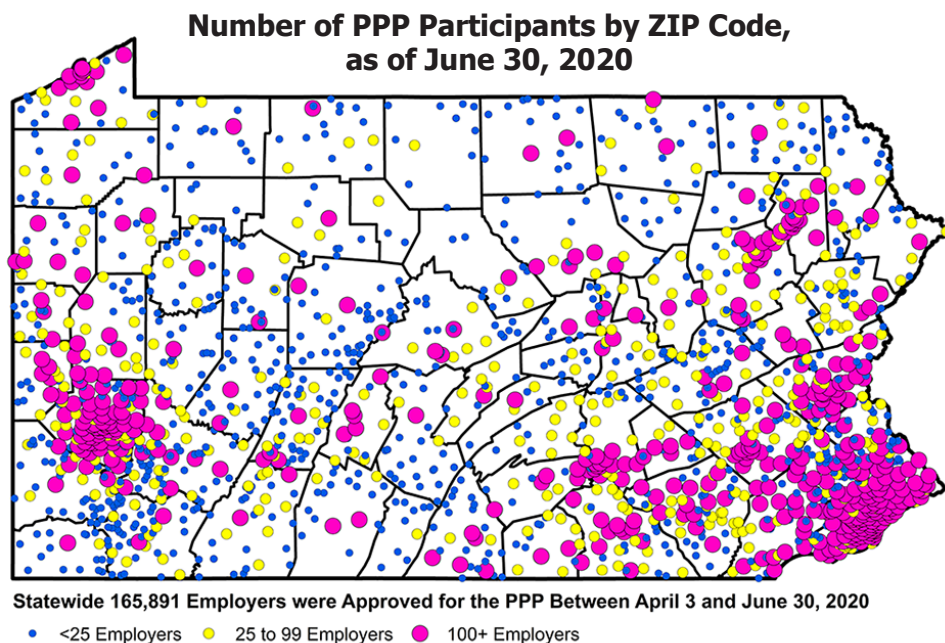
Number of PPP Participants per 1,000 Residents as of June 30, 2020



PPP Participation in Pennsylvania

In Pennsylvania, 1,498 ZIP Codes had at least one employer participate in the PPP: 300 ZIP Codes had no employers participate.

ZIP Codes in Allegheny, Montgomery, and Philadelphia counties had the most PPP participants, each with more than 16,300 participants. ZIP Codes in Sullivan, Cameron, and Forest counties had the fewest participants, each with fewer than 100 participants.



ZIP Codes with no PPP participants were a mix of rural (48 percent) and urban (52 percent). On average, these ZIP Codes are geographically small (3.6 square miles) and have small populations (fewer than 400 people). There were very few differences between rural and urban ZIP Codes without PPP participants.

Data Sources and Methodology

For this analysis, the Center used the following data sources: U.S. Small Business Administration (SBA), 2020; 2018, 5-year average, American Community Survey, U.S. Census Bureau; 2018 County Business Patterns, U.S. Census Bureau; and 2018 Nonemployer Statistics, U.S. Census Bureau.

The Center downloaded and combined two SBA files: businesses and organizations that received less than \$150,000 in loans and those that received \$150,000 or more in loans.

Using employers' ZIP Codes, the Center aggregated the data to Census Bureau ZIP Code Tabulation Areas (ZCTAs) as well as to the county level. ZCTAs are generalized areal representations of U.S. Postal Service Zip Codes. The ZCTAs were then matched with data from the 2018, 5-year average, American Community Survey to better understand the demographic and economic characteristics of businesses and organizations by ZIP Code that participated in the PPP. Eighteen participants either had incomplete ZIP Codes or out-of-state ZIP Codes. These participants were excluded from the analysis.

Rural ZCTAs (called rural areas in the analysis) had population densities below the statewide rate

of 284 people per square land mile. Urban ZCTAs (called urban areas in the analysis) had population densities at or above the statewide rate.

For participants with loans under \$150,000, the exact amount of the loan was provided. For participants with loans of \$150,000 or more, the dollar amounts were reported in five, dollar-range categories. The Center recoded the five categories to a mid-point.

The SBA data identified PPP participants by their legal classification. The Center collapsed these 16 categories into four broad categories: corporations, limited liability corporations and partnerships, self-employed, and nonprofits and others.

The SBA also identified PPP participants by the North American Industrial Classification System (NAICS). The Center collapsed the six-digit NAICS codes into two-digit sector levels. In the dataset, 6,014 businesses and establishments had either missing NAICS codes or were identified as "unclassified." These establishments were classified as "other."

In the analysis, businesses and nonprofits that participated in the PPP are called "employers."

Participation in Rural and Urban Pennsylvania

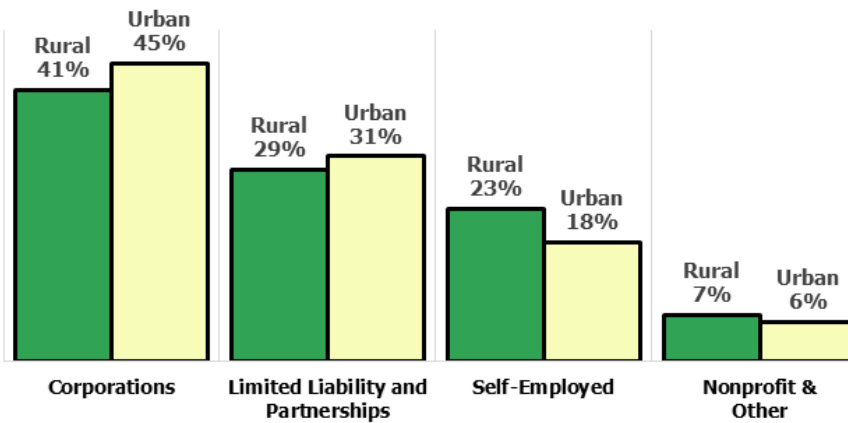
In Pennsylvania, 30,203 employers (18 percent) were in rural areas, and 134,488 (82 percent) were in urban areas.

Per capita, rural employers participated at a lower rate than urban employers. The reason for the difference is not readily apparent in the data. Note that rural areas have fewer small businesses per capita (22.0 per 1,000 residents) than urban areas (24.0 per 1,000 residents).

Number of Rural and Urban Pennsylvania Participants per 1,000 Residents



Types of Businesses and Organizations that Participated in the PPP



Participation by Business Type in Rural and Urban Pennsylvania

In both rural and urban areas, the majority of PPP participants were corporations, followed by limited liability corporations and partnerships, self-employed, and nonprofit and other types of organizations. In both rural and urban areas, more than 80 percent of employees assisted by the PPP worked in companies that were corporations, and limited liability corporations and partnerships.

Participation by Industry Type

Both rural and urban employers from every economic sector participated in the PPP. The Center estimated that 11 percent of all 273,000 rural employers participated in the PPP, and that 15 percent of all 893,000 urban employers participated in the PPP.

Top Five Types of Rural and Urban Employers that Participated in the PPP

(# of Employers)

Rural

1. Other Business Support Services (1,158 Employers)
2. Full-Service Restaurants (993 Employers)
3. Religious Organizations (972 Employers)
4. General Freight Trucking, Local (585 Employers)
5. General Automotive Repair (583 Employers)

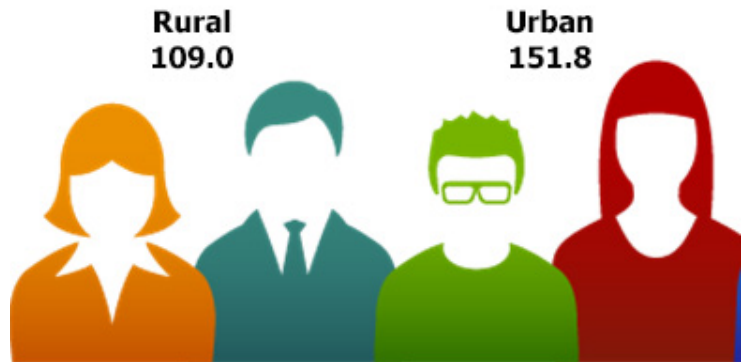
Urban

1. Full-Service Restaurants (4,968 Employers)
2. Law Offices (3,430 Employers)
3. All Other Business Support Services (3,176 Employers)
4. Religious Organizations (3,059 Employers)
5. Dental Offices (2,939 Employers)

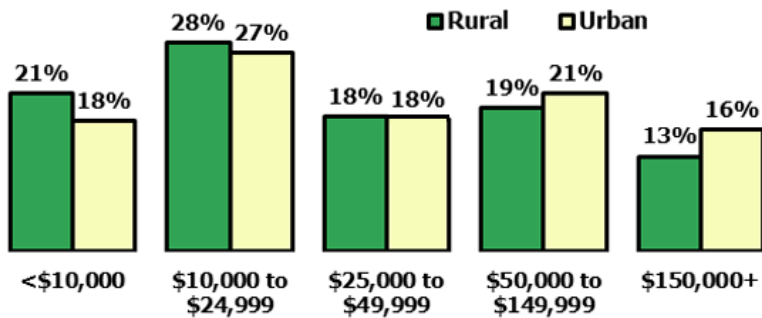
Employees Retained

Rural employers reported that the PPP helped retain nearly 317,033 employees. Urban employers reported that the program retained 1.50 million employees. Using Census data, the Center estimated that the PPP helped retain wages and salaries for 23 percent of rural Pennsylvania's 1.35 million workers, and 31 percent of Pennsylvania's 4.80 million urban workers.

Number of Rural and Urban Employees, per 1,000 Residents, Retained by the PPP



PPP Loan Amounts for Rural and Urban Employers



Loan Amounts

According to Center estimates, rural employers received \$3.3 billion in PPP loans, and urban employers received \$19.5 billion (85 percent). The median loan to rural employers was \$25,200, and the median loan to urban employers was \$30,500.

Characteristics of Rural and Urban Areas and the PPP

Rural areas with higher rates of PPP participation had higher percentages of adults with a college degree, and households with higher incomes than rural areas with lower rates of PPP participation. This pattern was similar in urban areas.

Characteristics of Rural and Urban Areas By PPP Participation per Capita, 2020					
		Rural Areas		Urban Areas	
		Low PPP Participation Rate	High PPP Participation Rate	Low PPP Participation Rate	High PPP Participation Rate
	# ZIP Codes	596	172	438	289
	Avg. Population, 2018	3,703	3,799	12,634	14,827
	% Change, 2010 to 2018	-1.0%	-2.5%	1.2%	1.6%
	Population Density, 2018	80.8	87.9	1,143.6	1,051.8
	% Working Age Pop. (18-64)	61%	59%	62%	62%
	% Population Non-White	5%	4%	30%	15%
	% Bachelor's Degree+	19%	25%	26%	44%
	Avg. Household Income	\$70,410	\$74,007	\$69,640	\$102,649
	Labor Force Participation Rate	60%	59%	63%	65%
	Homeowner Rate	78%	77%	64%	69%
	Low-Mod Income <150% Poverty Level	20%	18%	26%	14%

Summary/Observations

- The Paycheck Protection Program provided loans to 30,203 rural employers. These loans totaled an estimated \$3.3 billion, and they were used to keep more than 317,033 rural workers on the payroll during the pandemic.
- Throughout the commonwealth, there was widespread participation in the PPP. However, per capita, urban employers participated at a higher rate than rural employers.
- Although it is too early to assess the full impact of the PPP, the program did keep paychecks coming to 23 percent of the rural workforce and 31 percent of the urban workforce.
- In rural areas, there were differences in PPP participation. Areas with higher incomes and higher educational attainment levels among workers had greater participation rates. These differences could suggest that more affluent rural areas were better able to take advantage of the program than less affluent areas. This same pattern was evident in urban areas.
- Reasons for the differences in participation rates between rural and urban employers were not evident from the data. However, reasons may go beyond just rural/urban location, as Pennsylvania, overall, had a lower participation rate than 39 other states.

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