The Job Preservation Effects of Paycheck Protection Program Loans

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Abstract

The Paycheck Protection Program (PPP) supported over 60 million jobs through August 2020. How many of those jobs would have otherwise been lost? We estimate the number of jobs saved by leveraging the relationship between local banking markets and the average speed to loan approval. With county-level weekly unemployment insurance (UI) data, we estimate that a 10 percentage point increase in PPP payroll coverage at sub-100 employee businesses led to a 1.0 percentage points suppression of initial UI claims. That same increase suppressed the insured unemployment rate (IUR) by 2.4 percentage points. In aggregate, we estimate that PPP loans saved 10.5 million jobs at sub-100 employee businesses and 13.8 million overall.

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