

COVID-19 Assistance for Labor Unions

SBA Emergency Economic Injury Loans & Grants

The CARES Act expands the Small Business Administration's Economic Injury Disaster Loan (EIDL) program. Although these SBA loans are normally only available to small businesses, the CARES Act allows nonprofits like labor unions to apply. The new law also makes \$10,000 emergency grants available, even to applicants that are ultimately denied the loans.

The CARES Act made some other, forgivable loans available to 501(c)(3) nonprofit organizations that are NOT available to labor unions. Organizations that are not labor unions should NOT refer to this memo for information about CARES Act relief.

What can labor unions borrow under this program?

Labor unions, as a type of private nonprofit, are temporarily eligible to apply for loans available through the SBA's Economic Injury Disaster Loan program. These loans can be for amounts up to \$2 million and can be used to cover bills that cannot be paid due to the COVID-19 crisis, like payroll and mortgage or rent payments. Except for the emergency grant assistance described below, the loans must be repaid at an interest rate of 2.75%. Other terms are determined on a case-by-case basis, including the possibility to defer repayment for up to four years.

What grant assistance is available to labor unions?

Applicants for an EIDL can also request up to \$10,000 in immediate assistance in the form of an emergency grant. The emergency grant does not need to be repaid, *even if the loan application is ultimately denied*. The SBA will rely on the applicant's self-certification (made under penalty of perjury by submitting the [online loan application](#)) that it is eligible to receive the funds.

What labor unions are eligible to receive funds?

The CARES Act makes the EIDL program loans and grants available to all private nonprofit organizations that have a current tax-exempt status with the IRS. For a local union, this generally will mean that it applied for tax-exempt status at some point in the past (or that it falls under a group exemption held by the national or international) *and* that its tax-exempt status isn't currently revoked, such as for failure to file its annual IRS Form 990 for three consecutive years. Unlike businesses, labor unions are eligible for the program *regardless of their size or number of employees*. The union will also need to certify that it does not engage in illegal activity, among other statements. The AFL-CIO can provide additional information concerning this certification to your counsel.

How does a labor union apply and when are applications due?

The SBA has created an online application that is available at <https://covid19relief.sba.gov/>. Labor unions that are eligible and want to apply should do so *as soon as possible*. A limited total amount of funds are available to all applicants.

Where can I get more information about eligibility or the application process?

The SBA has a 24-hour hotline for questions, but because many of the general rules about these loans were written with only small businesses in mind and not nonprofits or unions, it is *strongly recommended* that labor applicants contact their attorney with questions.