The American Rescue Plan Act of 2021 extends eligibility of the Paycheck Protection Program ("PPP") loans to labor organizations and some employee benefit plans.

The eligibility requirements for the “additional covered nonprofit entities”:

1. Employ no more than 300 employees,
2. The organization does not receive more than 15% of its receipts from lobbying activities,
3. Lobbying activities do not comprise more than 15% of the total activities of the organization, and
4. The cost of lobbying activities did not exceed $1m during the most recent year ending prior to February 15, 2020.

The additional eligibility provides the potential for organizations tax-exempt under IRS Section 501c (including labor organizations and health and welfare plans). Organizations under IRS Section 501a, such as pension plans, are not included.

The remaining eligibility and loan forgiveness rules for PPP loans were unchanged. This includes a statement that organizations must affirm during the application process stating that the “current economic uncertainty makes this loan request necessary to support the ongoing operations of the Applicant.”

For labor organization and benefit plans, there are two additional items to give special attention to as part of assessing eligibility:

1. In cases where payroll costs are allocated among one or more other organizations, the only organization that can consider applying for a PPP loan is the one under whose EIN payroll is paid and the related payroll tax forms are filed.
2. Be mindful of these affiliations and where applicable, consider aggregation rules when assessing eligibility (e.g., employee counts, lobbying activities, etc.)

How to calculate the PPP Loan

Your organization may qualify for up to a $10m loan, calculated as follows:

- Step 1: 2019 total payroll costs (see SBA for inclusions)
- Step 2: Divide Step 1 by 12
- Step 3: Multiply Step 2 by 2.5

How to be eligible for forgiveness
After all loan proceeds are used, your organization can request forgiveness of the loan if, during the 8 to 24 week period following the loan disbursements:

- Employee and compensation levels are maintained.
- The loan proceeds are spent on payroll costs and other eligible expenses; and
- At least 60 percent of the proceeds are spent on payroll costs.