

**International  
Association of  
Machinists and  
Aerospace Workers**



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OFFICE OF THE INTERNATIONAL PRESIDENT

DATE: April 1, 2020

MEMO TO: All United States Grand Lodge Representatives, Directing Business Representatives and General Chairs, District and Local Lodge Recording Secretaries

FROM: Robert Martinez, Jr., International President

CC: Executive Council, Chiefs of Staff, General Counsel, Director, Strategic Resources

RE: Small Business Subsidies to Protect Jobs for IAM Employers

Part of the \$2 trillion federal coronavirus relief package (“CARES Act”) is the Paycheck Protection Program (“PPP”). The PPP allows businesses with under 500 employees (all employees including affiliates, not just bargaining unit members) to obtain low interest loans (0.5%) to pay its employees when “current economic uncertainty makes the loan necessary to support ongoing operations.” Each employer can receive up to \$10 million, or 2.5 times the businesses’ total payroll over the loan period. The loans are to be applied to payroll costs incurred from February 15 through June 30. The loans are to be repaid over a two-year period, starting in six months after the loan is taken out, but, critically, **loans covering the first eight weeks of payroll costs are entirely forgiven as long as the business does not lay off its workers.** Put another way, **the federal government will pay a small employer’s payroll costs for eight weeks as long as it does not lay off its workers during the coronavirus crisis.**

Our representatives should inform any small IAM employer claiming hardship or threatening to lay-off workers of this program. It has the potential to save our members’ jobs during the most critical period of this crisis.

The Treasury Department says loans will become available on April 3<sup>rd</sup>, and the loan application became available earlier this week. The [application](#) has been posted on the Treasury Department’s [CARES Act resource page](#). After our employer gathers the information described on the application form they should contact their bank or an approved lending institution to start the application process. If the employer’s bank is not a Small Business Administration (“SBA”) lender, they should [contact the SBA](#) to find a bank participating in the program. The SBA says it will provide a web page identifying local approved lenders though that information is not yet up on the SBA’s website.

Details of the loan program are on the links provided in the above paragraph, and on the linked [SBA fact-sheet](#). In sum, the new loans will cover payroll costs capped at \$100,000 for each employee, as well as employee benefits including insurance, retirement, state and local

payroll taxes, vacation pay, parental, family, medical, and sick leave. It also covers an employer's mortgage and rent obligations.

For more information, the employer can reach the SBA by email at [answerdesk@sba.gov](mailto:answerdesk@sba.gov) or by phone at 1-800-827-5722. The Treasury Department has also posted [its own fact-sheet](#) on the program on its CARES Act resource page. Several business groups also have published fact sheets on the SBA's loan programs, including the [Economic Innovation Group](#) and the [U.S. Chamber of Commerce](#). There are 10 SBA regions. An employer can find its region by [clicking here](#).

No IAM employer with less than 500 employees should be laying off workers or threatening to do so when the federal government is committed to paying eight weeks of our members' wages and benefits, and offering substantial loans at low interest rates beyond those eight weeks. Please make sure our struggling employers are taking advantage of this beneficial program.

Please also inform larger employers, or smaller employers not taking out an SBA loan, that there is a government subsidy available to them as well to pay laid off workers if the businesses' gross receipts are below 50 percent of the comparable quarter in 2019. Specifically, the CARES Act includes an "employee retention credit" that is a refundable tax credit of 50% up to \$10,000 in wages paid to workers laid off as a result of the COVID-19 pandemic. *See* [Coronavirus page](#) of IRS.gov. and <https://home.treasury.gov/news/press-releases/sm962>.

If you have any questions about these programs, please contact Ilana Boivie of our Strategic Resources Department at [IBoivie@iamaw.org](mailto:IBoivie@iamaw.org).

R. M.