



PROFITING FROM A PANDEMIC:

HOW INELIGIBLE UNIONS COLLECTED MILLIONS IN
FEDERAL COVID RELIEF FUNDS

Maxford Nelsen, Director of Labor Policy
February 2022

EXECUTIVE SUMMARY

Between creation of the Paycheck Protection Program (PPP) by Congress in March 2020 and passage of the American Rescue Plan in March 2021, as many as 223 forgivable loans totaling \$36.1 million were provided to labor unions and related organizations that were statutorily ineligible for the funds. Teachers' unions, government employees' unions and AFL-CIO advocacy organizations are among the most prominent beneficiaries of the relief funds.

This breakdown in the PPP, administered by the Small Business Administration (SBA), has not been publicly documented previously. The ineligible loans diverted resources away from the purpose of the PPP, namely helping businesses keep employees on payroll. Further, given that union revenue derives primarily from dues deducted from members' paychecks, direct support to unions was unnecessary; to the extent the PPP loans to businesses allowed union employees to keep working, it also allowed unions to continue collecting dues from their paychecks.

Disconcertingly, the apparently inappropriate PPP loans may have been granted due to fraudulent loan applications or other questionable conduct by applicants or the private lenders operating under the SBA's delegated authority to approve loan applications. Appropriate federal authorities, including at least the SBA and the Department of Justice, should investigate the matter further and take appropriate actions to recover funds improperly paid and prosecute any fraudulent activity committed.

ELIGIBILITY OF LABOR UNIONS FOR PPP LOANS

One of the largest and earliest COVID-19 relief programs created by the federal government was the Paycheck Protection Program. Created as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act¹ — the first COVID-19 package signed into law on March 27, 2020 — the PPP provided,

“...\$349 billion in fully guaranteed SBA loans—which can be forgiven if used in accordance with the Act—for certain eligible small businesses, individuals and non-profit organizations to cover payroll, rent, utility payments, and other limited uses.”²

Eligibility for PPP loans was not universal, however. While a variety of business enterprises with fewer than 500 employees qualified for the forgivable loans, nonprofit eligibility was primarily limited to tax-exempt organizations operating under 26 U.S.C. § 501(c)(3), which covers most traditional charitable nonprofits.³ As labor unions are generally registered with the Internal Revenue Service (IRS) under 26 U.S.C. § 501(c)(5), most were not initially eligible for PPP loans.

In December 2020, in addition to providing further funding for the program, Congress expanded PPP eligibility to “business leagues and chambers of commerce” operating under 26 U.S.C. § 501(c)(6) with passage of the Consolidated Appropriations Act of 2021.⁴ The handful of labor unions organized under this statute became eligible for PPP loans when President Trump signed the legislation into law on Dec. 27, 2020.

¹ The text of the CARES Act is available online at: <https://www.congress.gov/bill/116th-congress/house-bill/748>

² Hannibal “Mike” Ware. “Flash Report: Small Business Administration’s Implementation of the Paycheck Protection Program Requirements.” Small Business Administration Office of Inspector General. Report No. 20-14. May 8, 2020. https://www.sba.gov/sites/default/files/2020-05/SBA_OIG_Report_20-14_508.pdf

³ CARES Act, Sec. 1102. The only other types of nonprofits eligible for PPP loans were mutual or cooperative telephone companies operating under 26 U.S.C. § 501(c)(12) and veterans organizations operating under 26 U.S.C. § 501(c)(19). Disclosure: The Freedom Foundation received a PPP loan as a 501(c)(3) nonprofit.

⁴ Section 318. The text of the Consolidated Appropriations Act of 2021 is available online at: <https://www.congress.gov/bill/116th-congress/house-bill/133?q=%7B%22search%22%3A%5B%22hr133%22%2C%22hr133%22%5D%7D&s=3&r=1>

Finally, following the 2020 elections, the new Democrat congressional majority passed the American Rescue Plan, which President Biden signed into law on March 11, 2021, further extending the PPP and expanding eligibility to additional types of nonprofits, including labor unions under 26 U.S.C. § 501(c)(5), employee benefit funds under 26 U.S.C. § 501(c)(9), and building corporations under 26 U.S.C. § 501(c)(2).⁵

UNIONS AND RELATED ORGANIZATIONS RECEIVED PPP LOANS FOR WHICH THEY WERE INELIGIBLE

The Freedom Foundation's review of the SBA's database of PPP loan recipients⁶ identified as many as 223 loans totaling \$36.1 million that went to labor unions and affiliated organizations that were ineligible for the funds at the time their loans were approved, including:

- **179 loans totaling \$32.3 million** to labor organizations under § 501(c)(5) whose applications were approved prior to March 11, 2021;
- **23 loans totaling \$2.9 million** to union-operated voluntary employees' beneficiary associations under § 501(c)(9) whose applications were approved prior to March 11, 2021;
- **3 loans totaling \$208,000** to union operated building corporations under § 501(c)(2) whose applications were approved prior to March 11, 2021;
- **3 loans totaling \$179,000** to public employee advocacy organizations operating under § 501(c)(4) who were never eligible;
- **One loan for \$76,400** to a union registered under § 501(c)(6) whose application was approved prior to Dec. 27, 2020; and,
- **14 loans totaling \$389,000** to unions and affiliated organizations whose eligibility is suspect due to an apparent lack of IRS filings denoting nonprofit status, failure to file tax returns with the IRS for multiple years, use of a residential address not associated with a union or organization on the PPP loan application or obtaining a tax status inappropriate for a union.

OTHER KEY FINDINGS

- At least a dozen teachers' unions and advocacy groups received PPP loans for which they were apparently ineligible. Of the 223 loans identified by the Freedom Foundation's analysis, the largest by far was the \$6.4 million loan provided to the Michigan Education Association. Not only were the unions ineligible for these funds, but they had little need for them. The federal government allocated nearly \$200 billion to public schools⁷ to help them weather the pandemic and keep staff on payroll — and paying union dues.

⁵ Section 5001. The text of the American Rescue Plan is available online at: <https://www.congress.gov/bill/117th-congress/house-bill/1319/text>

⁶ The SBA's PPP loan dataset is available online at: <https://data.sba.gov/dataset/ppp-foia>

⁷ National Conference of State Legislatures. "Elementary and Secondary School Emergency Relief Fund Tracker." Jan. 25, 2022. <https://www.ncsl.org/ncsl-in-dc/standing-committees/education/cares-act-elementary-and-secondary-school-emergency-relief-fund-tracker.aspx>

Teachers' Union/Advocacy PPP Loan Recipients	
Union	Loan Amount
Michigan Education Association/NEA	\$6,420,500
Memphis-Shelby County Education Association/NEA	\$107,525
California Retired Teachers Association	\$72,617
American Federation of Teachers Local 1796	\$38,765
Ohio Retired Teachers Association	\$36,665
American Federation of Teachers Local 1904	\$32,612
American Federation of Teachers Local 6025	\$20,872
American Federation of Teachers Local 2274	\$20,054
Kean Federation of Teachers/AFT Local 2187	\$19,297
American Federation of Teachers Local 2275	\$17,736
Virginia Beach Education Association/NEA	\$10,877
Westminster Education Association/NEA	\$8,355
Total	\$6,805,875

- A number of unions representing state and local government employees received loans, despite the fact that state and local governments did not experience the kinds of economic disruption felt by private businesses and received hundreds of billions of dollars in direct federal aid used to keep staff employed and, for those represented by unions, paying dues.⁸

Government Union PPP Loan Recipients	
Union	Loan Amount
Alaska State Employees Association/AFSCME Local 52	\$516,180
Maryland Public Employees Council/AFSCME Council 67	\$302,008
AFSCME Council 66	\$245,275
Alabama State Employees Association	\$173,300
New York Civil Service Employees	\$105,607
Oklahoma Public Employees Association	\$56,325
AFSCME Local 1550	\$46,254
SEIU Local 513	\$21,450
Mississippi Alliance of State Employees/CWA Local 3570	\$40,427
Minnesota Public Employees Association	\$8,250
Alaska AFSCME Retiree Chapter 52	\$2,735
Total	\$1,517,811

- Most major unions are affiliated with the AFL-CIO — essentially a trade association and advocacy organization with a national headquarters and a network of its own state and county labor councils. As they represent affiliate unions, not employees, these entities tend to be heavily engaged in political activity rather than workplace representation. Several of these entities received PPP loans for which they were apparently ineligible.

⁸ U.S. Department of the Treasury. "Assistance for State, Local, and Tribal Governments." Accessed Jan. 25, 2022. <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments>



AFL-CIO PPP Loan Recipients	
Union	Loan Amount
Pennsylvania AFL-CIO	\$267,762
Metropolitan Baltimore Labor Council, AFL-CIO	\$66,903
Alaska AFL-CIO	\$62,500
Snohomish and Island County Labor Council, AFL-CIO	\$44,144
Dayton, Springfield, Sidney, Miami Valley Labor Council, AFL-CIO	\$22,242
Total	\$463,551

- About two-dozen local affiliates of the International Brotherhood of Teamsters received PPP loans for which they were apparently ineligible. From 1988 to 2020, the Teamsters were under court-ordered federal oversight to weed out corruption and ties to organized crime.⁹

Teamsters PPP Loan Recipients	
Union	Loan Amount
Teamsters Local 986	\$1,074,370
Teamsters Local 670	\$295,023
Teamsters Local 125	\$221,659
Teamsters Local 641	\$193,177
Teamsters Local 71	\$178,563
Teamsters Local 560	\$166,415
Teamsters, Brotherhood of Locomotive Engineers and Trainmen, Central Region General Committee of Adjustment	\$157,900
Teamsters Local 118	\$150,200
Teamsters Local 683	\$141,100
Teamsters Local 863	\$136,373
Teamsters Local 701	\$129,164
Teamsters, Brotherhood of Locomotive Engineers and Trainmen, Division 187	\$89,362
Teamsters Local 77	\$86,900
Teamsters Local 6-505	\$61,220
Teamsters Local 848	\$60,556
Teamsters Local 997	\$51,400
Teamsters Local 402	\$50,364
Teamsters, Brotherhood of Locomotive Engineers and Trainmen, General Committee of Adjustment, Conrail SAA CSXT Northern District	\$47,400
Teamsters, Brotherhood of Locomotive Engineers and Trainmen, General Committee of Adjustment	\$24,000
Teamsters Local 4-C	\$23,100
Teamsters Local 17M	\$16,700
Total	\$3,354,946

⁹ Andrew Wallender. "Teamsters Say Goodbye to U.S. Oversight 30 Years After Takeover." *Bloomberg Law*. Feb. 13, 2020. <https://news.bloomberglaw.com/daily-labor-report/teamsters-say-goodbye-to-u-s-oversight-30-years-after-takeover>

WHO'S RESPONSIBLE?

Because of how the PPP was structured, up to three parties may share the blame for every ineligible loan approved: (1) the borrower; (2) the private lender who processed the loan on behalf of the SBA; and, (3) the SBA itself.

THE BORROWER

To receive a PPP loan, applicants had to complete and submit an SBA Form 2483 (for first-draw loans)¹⁰ or an SBA Form 2483-SD (for second-draw loans in 2021)¹¹. The SBA prepared nine versions of the Form 2483, updating them as necessary to account for changes in PPP rules and laws. The first question on each version, however, required the applicant to check the appropriate box indicating which type of eligible entity it was.

As 501(c)(2), (5) and (9) organizations were ineligible to receive PPP funds prior to March 11, 2021, the first eight versions of the Form 2483 in use between June 2020 and March 2021 had no option for an applicant to check a box for these types of organizations. Similarly, the first three versions of the Form 2483-SD in use between January and March 2021 lacked these options, as well. Because 501(c)(4) organizations were never eligible, an option to check a box indicating such a tax status was never included on the forms. However, all of the forms did include an option to select “other.”

The unions and affiliated organizations completing these loan applications could have: (1) checked a box falsely indicating they were an eligible entity; or, (2) selected “other.” In the first instance, the applicant committed fraud; in the second, the lending institution and/or SBA did not detect, or detected but did not care about, the applicant’s ineligibility.

Even checking the “other” box may not have saved an ineligible applicant from committing fraud, as the forms also required applicants to certify their “...[eligibility] to receive a loan under the rules in effect at the time this application is submitted” and “...that the information provided in this application and the information provided in all supporting documents and forms is true and accurate in all material respects.”

Penalties for submitting incorrect forms are quite severe, and applicants were required to acknowledge that,

“...knowingly making a false statement to obtain a guaranteed loan from SBA is punishable under the law, including under 18 USC 1001 and 3571 by imprisonment of not more than five years and/or a fine of up to \$250,000; under 15 USC 645 by imprisonment of not more than two years and/or a fine of not more than \$5,000; and, if submitted to a federally insured institution, under 18 USC 1014 by imprisonment of not more than thirty years and/or a fine of not more than \$1,000,000.”

Because loan applications were submitted to private lenders rather than the SBA itself, the Forms 2483 are not in the possession of the SBA or accessible via the Freedom of Information Act (FOIA), making it impossible for non-governmental parties to obtain and evaluate the accuracy of any particular applications.¹²

¹⁰ SBA Form 2483. “PPP First Draw Borrower Application Form.” <https://www.sba.gov/document/sba-form-2483-ppp-first-draw-borrower-application-form>

¹¹ SBA Form 2483-SD. “PPP Second Draw Borrower Application Form.” <https://www.sba.gov/document/sba-form-2483-sd-ppp-second-draw-borrower-application-form>

¹² SBA email to Maxford Nelsen. Dec. 1, 2021. https://www.freedomfoundation.com/wp-content/uploads/2022/01/RE_-FOIA_PPP-question.pdf



THE LENDER

PPP loan applications were not submitted to the SBA directly. Instead, the applications were received and processed by more than 5,000 private financial institutions.¹³ To become PPP lenders, federally insured financial institutions completed SBA Form 3506, while non-bank lenders completed SBA Form 3507.¹⁴

By completing these forms to act as a PPP lender, the financial institution agreed to,

“...process and approve covered loans under delegated authority from SBA. Lender assumes all obligations, responsibilities, and requirements associated with delegated processing of covered loans made under the Paycheck Protection Program... For purposes of making covered loans to an eligible recipient under the Paycheck Protection Program, Lender is responsible, to the extent set forth in the PPP Loan Program Requirements, for all decisions concerning the eligibility (including size) of a borrower for a covered loan. Lender may issue a covered loan approved under PPP procedures without prior SBA review and approval of the processing and underwriting of the loan by executing a PPP Authorization.”¹⁵

(Emphasis added).

If a lender decided to approve a loan, it reported the loan to the SBA by completing and submitting an SBA Form 2484 (for first-draw loans) or an SB Form 2484-SD (for second-draw loans in 2021).¹⁶ Like the SBA Form 2483, the SBA Form 2484 asked the lender to check a box indicating the applicant’s organization type, with only eligible entities and “other” listed as options.

Lenders submitting Forms 2484 to the SBA were required to certify that they “obtained and reviewed the required application (including documents demonstrating qualifying payroll amounts) of the Applicant” and to confirm that, “The Applicant has certified to the Lender that the Applicant is eligible under the Paycheck Protection Program Rules.”¹⁷

Even if a PPP loan applicant submitted an application incorrectly indicating eligibility, in most cases a cursory review of the applicant’s tax documents should have confirmed the applicant’s ineligibility. Consequently, lenders bear at least some of the responsibility for approving PPP loans to ineligible applicants.

Indeed, lenders may have had to go out of their way to accommodate ineligible applicants like labor unions. After unions and other nonprofit organizations became eligible to receive PPP funds with passage of the American Rescue Plan, prominent certified public accounting and consulting firm PBMares cautioned that,

“Though labor unions and VEBA trusts are [now] eligible for PPP loans, many bank systems may not be designed to receive applications from 501(c)5 and 501(c)9 organizations. Even if the systems have been updated and are accepting applications from 501(c)5 and 501(c)9 organizations, many

¹³ Small Business Administration. “Paycheck Protection Program (PPP) Report: Approvals Through 06/30/2020.” Accessed Jan. 25, 2022. <https://www.sba.gov/sites/default/files/2020-07/PPP%20Results%20-%20Sunday%20FINAL.pdf>

¹⁴ SBA Form 3506. “PPP Lender Agreement.” <https://www.sba.gov/document/sba-form-3506-ppp-lender-agreement>
SBA Form 3507. “PPP Lender Agreement (Non-Bank).” <https://www.sba.gov/document/sba-form-3507-ppp-lender-agreement-non-bank>

¹⁵ Ibid.

¹⁶ SBA Form 2484. “Lender Application Form - Paycheck Protection Program Loan Guaranty.” <https://www.sba.gov/document/sba-form-2484-lender-application-form-paycheck-protection-program-loan-guaranty>

SBA Form 2484-SD. “PPP Second Draw Lender Application Form.” <https://www.sba.gov/document/sba-form-2484-sd-ppp-second-draw-lender-application-form>

¹⁷ Ibid.

of the answers may be confusing to not-for-profits as the systems were primarily designed with for-profit companies in mind.”¹⁸

In some cases, loans received by apparently ineligible unions or related organizations were processed and approved by financial organizations with direct ties to organized labor. For example, Beneficial State Bank approved a \$18,750 loan to the International Longshore and Warehouse Union Local 5, a 501(c)(5) organization, in June 2020,¹⁹ just two months after the bank worked with the Communications Workers of America to successfully make its workforce the first to unionize at a bank in 40 years.²⁰

THE SBA

As the entity charged by Congress with implementing and overseeing the distribution of PPP loans, the SBA certainly bore responsibility for instituting internal controls necessary to ensure ineligible organizations did not receive loans.

The SBA’s inspector general (IG) has released a series of reports analyzing SBA’s administration of the PPP. In a January 2021 report, the IG found that,

“...SBA lacks assurance that loans went to only eligible recipients. Loans given to ineligible borrowers placed taxpayer funds at risk of financial loss and delayed the amount of available critical capital needed for eligible businesses to withstand the effects of the pandemic during the first round of PPP funding.”²¹

In particular, the IG found thousands of cases in which “PPP loans were approved for potentially ineligible and, in some cases, fraudulent recipients” who received more than they were eligible for or were formed too late or were too large to qualify.²² The IG recommended that the SBA “assess vulnerabilities in internal controls and strengthen or implement necessary internal controls to address ineligible loans and potential fraud.”

In a letter responding to the IG’s report, SBA administrator Jovita Carranza declared that,

“Loans determined through the loan review process to have been made to ineligible borrowers will not be forgiven. SBA also will pursue all available legal remedies, including repayment and civil and criminal penalties, against borrowers engaged in activity that resulted in their obtaining ineligible loans. Further, if the lender did not comply with its responsibilities under the program rules, the loan guaranty made be at risk.”²³

While the extent to which labor unions and affiliated organizations may have received PPP loans for which they were ineligible has not been previously documented, SBA records obtained under the FOIA

¹⁸ Timothy Heller. “PPP Loan Eligibility for Labor Unions.” PBMAres. April 30, 2021. <https://www.pbmares.com/ppp-loan-eligibility-for-labor-unions/>

¹⁹ SBA loan no. 2987938005.

²⁰ Erin Musgrave. “Beneficial State Bank Congratulates Employees on Joining Communications Workers of America Union.” Beneficial State Bank. Mar. 2, 2020. <https://beneficialstatebank.com/blog/beneficial-state-bank-congratulates-employees-on-joining-communications-workers-of-america-union>

Beneficial State Bank. “Beneficial State Bank Reaches Agreement with Communications Workers of America Employee Union in Historic Step for Financial Industry.” Sept. 29, 2021. <https://beneficialstatebank.com/blog/historic-step-for-financial-industry-beneficial-state-bank-finalizes-agreement-with-communications-workers-of-america-union>

²¹ Hannibal “Mike” Ware. “Inspection of SBA’s Implementation of the Paycheck Protection Program.” Small Business Administration, Office of Inspector General. Report 21-07. Jan. 14, 2021. <https://www.sba.gov/sites/default/files/2021-01/SBA%20OIG%20Report-21-07.pdf>

²² Ibid.

²³ Jovita Carranza. Letter to SBA Inspector General Hannibal “Mike” Ware responding to Inspector General Report 21-07. Jan. 4, 2021. <https://www.sba.gov/sites/default/files/2021-01/SBA%20OIG%20Report-21-07.pdf>



confirm that the SBA was informed by White House staff in July 2020 that some unions were receiving PPP loans for which they were apparently ineligible.²⁴

What action, if any, the SBA took is unknown, and at least \$23.6 million of the \$36.1 million in union-related loans identified by the Freedom Foundation have now been forgiven. Additionally, the Freedom Foundation's analysis identified 11 apparently ineligible unions and three union affiliates who submitted applications for and received both first draw PPP loans in 2020 and second draw PPP loans in 2021,²⁵ suggesting the SBA was still failing to screen applicants for eligibility based on their tax-exempt status well into 2021.

METHODOLOGY

The primary data source relied upon for this analysis was the SBA's database of all 11.4 million PPP loans, posted online in a series of 13 CSV files.²⁶ The files contain several fields identifying and describing each loan recipient. This analysis relied primarily on the borrower's name, address, and North American Industry Classification System (NAICS) code.

To identify borrowers that were labor unions, the author first extracted all loans from the SBA dataset assigned an NAICS code of 813930 for labor unions and similar organizations. Further analysis revealed, however, that many labor unions or related organizations in the SBA's dataset were assigned inaccurate NAICS codes that did not correspond to the entity's status as a labor organization. In its January 2021 report, the SBA IG also concluded that "SBA's loan-level data on PPP North American Industry Classification System codes was incomplete."²⁷

Consequently, the author also conducted a keyword-based search of borrower names in the SBA dataset to identify possible unions/affiliates, removed entities that, on further investigation, were not unions or affiliated with unions, added the remaining loans to the list of loans with NAICS code 813930, and eliminated duplicates.

Confirming a loan recipient's eligibility/ineligibility involves identifying the recipient's tax status. Definitively determining a nonprofit entity's tax status involves looking up its annual Form 990 tax returns filed with the IRS, which denote the nonprofit's tax-exempt status/classification. To ensure an accurate match, a PPP borrower's unique taxpayer identification number (TIN) would be used to look up its corresponding IRS filings.

A TIN is, "an identification number used by the Internal Revenue Service (IRS) in the administration of tax laws. It is issued either by the Social Security Administration (SSA) or by the IRS."²⁸

According to the IRS, there are five kinds of TINs:

- Social Security number (SSN)
- Employer Identification Number (EIN)
- Individual Taxpayer Identification Number (ITIN)
- Taxpayer Identification Number for Pending U.S. Adoptions (ATIN)

²⁴ Emails between James Sherk of the White House Domestic Policy Council and Christopher Gray at the SBA. July 15-16, 2020. <https://www.freedomfoundation.com/wp-content/uploads/2022/01/SBA-FOIA-regarding-PPP-loans-to-unions.pdf>

²⁵ SBA loan nos. 4460878406, 5415138500, 5974618509, 1305018304, 8826928303, 3343978506, 1485898502, 4414248502, 9709548302, 5859498308, 9412638402, 1234478500, 3665888408, and 1876558306.

²⁶ The SBA's PPP loan dataset is available online at: <https://data.sba.gov/dataset/ppp-foia>

²⁷ Hannibal "Mike" Ware. "Inspection of SBA's Implementation of the Paycheck Protection Program." Small Business Administration, Office of Inspector General. Report 21-07. Jan. 14, 2021. <https://www.sba.gov/sites/default/files/2021-01/SBA%20OIG%20Report-21-07.pdf>

²⁸ Internal Revenue Service. "Taxpayer Identification Numbers (TIN)." Accessed Jan. 25, 2022. <https://www.irs.gov/individuals/international-taxpayers/taxpayer-identification-numbers-tin>

- Preparer Taxpayer Identification Number (PTIN)

PPP loan applicants were required to furnish their taxpayer identification number (TIN) on their applications and the CARES Act required the SBA to register each loan using the borrower's TIN. However, a May 2020 report by the SBA IG "found no evidence that SBA registered the loans as required by the Act. While SBA collects the applicant's Taxpayer Identification Number (TIN), we did not find it registered this information."²⁹ Thereafter, from June 12, 2020, through March 2, 2021, the SBA-generated PPP loan application forms required applicants to provide either an EIN or an SSN, but there was no way for the applicant to indicate on the form which type of TIN it entered.

Because EINs are not considered sensitive information and may be disclosed under the FOIA, while SSNs are exempted from disclosure, and because the SBA could not distinguish between SSNs and EINs in its database, the SBA simply refused to post any borrower TINs in its online database of PPP loans. The Freedom Foundation submitted a FOIA request to the SBA in December 2021 for the TINs corresponding to a list of borrowers it had identified as labor unions or similar organizations,³⁰ that would not have used a personal SSN as the TIN on their PPP application, but the SBA denied the request.³¹

Without access to borrower TINs/EINs from the SBA, the author relied upon the borrower names and addresses in the SBA dataset to manually locate the corresponding tax records from the IRS and ascertain the entity's tax-exempt status. In many cases, a positive match between the SBA and IRS records could be achieved with a high degree of confidence. However, in some cases, variations in the way the SBA and IRS recorded the name of the union applicant or discrepancies between the address listed for the applicant in SBA and IRS records make confirming a match more difficult. Many private-sector trade's unions also operate employee benefit funds which incorporate the union's name into the title, making differentiation between the union itself and the affiliate entities it operates, which may share offices or addresses but have different tax-exempt designations, more challenging.

A spreadsheet of all PPP borrowers identified by this analysis as likely ineligible is available online.³² Columns H-K were added by the author, while the other columns all contain information extracted directly from the SBA's loan database.

²⁹ Hannibal "Mike" Ware. "Flash Report: Small Business Administration's Implementation of the Paycheck Protection Program Requirements." Small Business Administration Office of Inspector General. Report No. 20-14. May 8, 2020. https://www.sba.gov/sites/default/files/2020-05/SBA_OIG_Report_20-14_508.pdf

³⁰ The Freedom Foundation's Dec. 3, 2021, FOIA request to the SBA is available online at: <https://www.freedomfoundation.com/wp-content/uploads/2022/01/SBA-PPP-TIN-FOIA.pdf>

³¹ The SBA's Jan. 19, 2022, response to the Freedom Foundation's FOIA request is available online at:

<https://www.freedomfoundation.com/wp-content/uploads/2022/01/Other-20220119160542-Final-Response-SBA-2022-002323.pdf>

³² The spreadsheet is available online at: <https://www.freedomfoundation.com/wp-content/uploads/2022/03/SBA-PPP-loans-to-ineligible-labor-unions-and-related-organizations.xlsx>



Contact the author: mnelsen@freedomfoundation.com

[360] 956-3482 | PO Box 552, Olympia, WA 98507