



## **DOWNSTATE SMALL BUSINESS STABILIZATION PROGRAM**

## **FUNDING OPPORTUNITY INFORMATION**

In 2019, the Department of Commerce and Economic Opportunity allocated \$4,000,000 for Economic Development funding from the U.S. Department of Housing and Urban Development's Community Development Block Grant Program. With the outbreak of the COVID-19 virus and its detrimental impact on small businesses, the State is invoking its option to adjust allocations to address specific needs to benefit Illinois' non-entitlement communities in case of unforeseen circumstances, as included in the Consolidated and Action Plans. This allocation, along with unspent and recaptured funds from previous allocations will be made eligible in a total of \$20,000,000 for the DOWNSSTATE SMALL BUSINESS STABILIZATION PROGRAM.

This Application is for the use of federal Community Development Block Grant (CDBG) Funds through the State of Illinois' Department of Commerce and Economic Opportunity (DCEO), Office of Community Development.

CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBER: 14.228

CFDA TITLE: COMMUNITY DEVELOPMENT BLOCK GRANTS/STATES

CATALOG OF STATE FINANCIAL ASSISTANCE (CSFA) NUMBER: 420-75-2398

CSFA TITLE: DOWNSSTATE SMALL BUSINESS STABILIZATION PROGRAM

DCEO FUNDING OPPORTUNITY NUMBER: 24-4

DCEO FUNDING OPPORTUNITY TITLE: CDBG ECONOMIC DEVELOPMENT DOWNSSTATE SMALL BUSINESS STABILIZATION PROGRAM

Applications may be submitted based on the published Guidebook and awarded until the allocated funds are exhausted. The Guidebook and required supporting documentation for the application can be found at:

<https://www2.illinois.gov/dceo/CommunityServices/CommunityInfrastructure/Pages/DownstateSmBizStabilization.aspx>

## **ECONOMIC DEVELOPMENT** **DOWNSSTATE SMALL BUSINESS STABILIZATION** **COMPONENT REQUIREMENTS**

### **A. FEDERAL AND STATE PROGRAM OBJECTIVES**

The Community Development Block Grant (CDBG) Program was established by the federal Housing and Community Development Act of 1974 (Act). Administered nationally by the U.S. Department of Housing and Urban Development (HUD), the Act combined eight existing categorical programs into a single block grant program. In 1981, Congress amended the Act to allow states to directly administer the block grant for small cities. At the designation of the Governor, the Department of Commerce and Economic Opportunity (Department) assumed operation of the State of Illinois CDBG – Small Cities Program in the same year. Through this program, funds are available to assist Illinois communities to meet their greatest economic and

community development needs, with an emphasis on helping persons of low-to-moderate income.

To ensure that the State-administered program meets the intent of the federal Housing and Community Development Act of 1974, as amended, benefiting businesses of the Downstate Small Business Stabilization Grant must meet the national objective of Urgent Need. To demonstrate, businesses must have been operating continuously with the same ownership since January 1, 2017 (at a minimum) and provide documentation on the financial health of the business in 2017, 2018, 2019 and currently. This documentation will be available to the public as part of the application process and is subject to FOIA. Benefiting businesses should have solid commitments to remain open or reopen, and retain or re-employ permanent jobs.

All applications must be made through a unit of local government recognized by the Illinois Constitution and able to support economic development activities on a sufficient scale; this includes cities, villages, and counties. Grant funds are granted to communities to be provided as financial assistance to an eligible business which must document the need for grant assistance.

**Businesses cannot apply directly to DCEO** for assistance and grant awards will not be made directly to the business.

The Economic Development Downstate Small Business Stabilization component has been established to provide working capital funds to the community's most vulnerable businesses economically impacted by the COVID-19 virus. The program component makes funds available for 60 days of verifiable working capital up to a grant ceiling of \$25,000.

CDBG Economic Development Downstate Small Business Stabilization funds may be used to assist private for-profit small businesses considered non-essential by the Governor's Executive Order without the ability for employees to work remotely. Businesses must have at least one full-time equivalent (FTE) employee other than the owner(s) but must not exceed 50 employees (total number of people employed) including the business owner(s).

Businesses that have multiple locations can apply for each location **if** each business has its own FEIN and operates independently of the other. If the same FEIN is used for multiple locations, the business can only apply once, utilizing the address on record with the Secretary of State.

**The following businesses are specifically ineligible for assistance:**

- Businesses that have both essential and non-essential activities.
- Not-for-profit businesses.
- Independent contractors.
- Franchises or chain businesses.
- As this grant is federally funded, businesses that involve the use of cannabis for medical and/or recreational purposes are not eligible to apply.
- Private club or business that limits membership for reasons other than capacity.
- A business that derives at least 33% of its gross annual revenue from legal gambling activities, unless, subject to the Department's approval, the business is a restaurant with gaming terminals.

- Business engaged in manufacturing or selling at wholesale, tobacco products, vaping, liquor or sexually explicit materials or in the business of manufacturing or selling firearms at wholesale or retail.
- Liquor store, an adult bookstore, non-therapeutic massage parlor, strip club or nightclub
- Pawn Shops
- Storage facility, trailer-storage yard or junk yard
- Businesses owned by public officials or state employees who are paid at least 60% of the governor's salary; their spouses, and their minor children.
- An establishment similar to any enumerated above; or
- Any other business subsequently deemed ineligible by the U.S. Department of Housing and Urban Development.

For additional information on essential and non-essential businesses, see:

<https://www2.illinois.gov/dceo/Documents/Essential%20Business%20FAQ-Flowchart.pdf>

Some exceptions to the essential business requirement *may* be made if other social-distancing directives make it impossible for the business to continue, it has subsequently closed and that situation is satisfactorily demonstrated in the application. Exceptions will be made on a case-by-case basis; all decisions are final.

Funds are available to all eligible applicants meeting program component requirements until all funds allocated to this component have been distributed. All awards in this category are predicated upon a demonstrated need for funds. This will include a review of all sources and uses of funds, an analysis of the recipient's ability to comply with the terms of the program, and a determination that CDBG participation is appropriate.

Businesses must enter into a financial assistance agreement, referred to as the "Participation Agreement", at agreed upon terms with the local government making the application and receiving the grant award. The Department has provided a boilerplate of the agreement in the application forms. The agreement language can be altered to be more stringent but not less stringent, and if altered, must be pre-approved prior to the application.

## **B. ELIGIBLE APPLICANTS**

Only units of local government recognized by the Illinois Constitution and able to support economic development activities on a sufficient scale are eligible to apply for Economic Development Downstate Small Business Stabilization grant funding. This includes cities, villages, and counties. Municipalities must not be a HUD direct Entitlement community or located in an urban county that receives "entitlement" funds (see Section C). The primary business location (where people come to receive services) of the benefiting business must not be in an "entitlement" area. Examples:

- If the primary business address is in Springfield but the owner lives in Chatham, the business is not eligible for assistance.
- If the primary business address is in Springfield but they have a warehouse in Chatham, the business is not eligible for assistance.

- If the primary business address is in Chatham but the owner lives in Springfield, then the business is eligible for assistance.

Under the Grant Accountability & Transparency Act (GATA), all applicants (the local government) must register with the State of Illinois via the “Grantee Portal” at [www.grants.illinois.gov](http://www.grants.illinois.gov) and be pre-qualified prior to application. **Failure to register prior to application will result in a determination of “Do Not Fund”.** The applicant (local government) is required to complete the Internal Controls Questionnaire (ICQ) for Fiscal Year 2020. If the ICQ is not completed prior to application, it must be completed before the grant can be awarded. The benefiting business is not required to register on the Grantee Portal or submit an Internal Controls Questionnaire.

**C. INELIGIBLE COMMUNITIES**

Communities receiving an annual allocation directly from HUD on an entitlement (formula) basis are not eligible to apply for the State’s CDBG funding, and businesses located within the entitlement areas are not eligible for assistance. In 2019, Illinois had 33 metropolitan cities and eight urban counties named as Entitlements. They are:

**Urban Counties**

Cook County	Madison County
DuPage County	McHenry County
Kane County	St. Clair County
Lake County	Will County

**Metropolitan Cities**

Arlington Heights	DeKalb	Mount Prospect	Rantoul
Aurora	Des Plaines	Naperville	Rockford
Berwyn	Elgin	Normal	Rock Island
Bloomington	Evanston	Oak Lawn	Schaumburg
Champaign	Hoffman Estates	Oak Park	Skokie
Chicago	Joliet	Palatine	Springfield
Cicero	Kankakee	Pekin	Urbana
Danville	Moline	Peoria	Waukegan
Decatur			

**D. ELIGIBLE ACTIVITIES**

The business may use funds for working capital expenses (employee salaries, general operating expenses, inventory and advertising/marketing expenses).

**E. INELIGIBLE ACTIVITIES**

Only Working Capital Expenses are eligible grant activities. No other activities are eligible.

**F. REQUIREMENTS, DISCLAIMERS, FEDERAL AND STATE COMPLIANCE AREAS**

The following requirements apply to all applications submitted for consideration under the CDBG Program.

1. Costs incurred prior to the date of grant award are not reimbursable under this grant program.
2. The Department reserves the right to reject any or all applications received and/or negotiate or cancel in part or in entirety grants resulting from application awards if it is in the Department's best interest to do so.
3. The Department reserves the right to establish the amount of grant funds awarded, raise the individual grant ceilings, and to award funds to the next highest rated applicant(s) should funds become available due to de-obligations, etc.
4. The Department reserves the right to deny funding when submitted applications involve eligible units of government with serious unresolved audit or monitoring findings related to performance.
5. A grant agreement will be issued to the local government for a contract period of twelve months. All grants must meet the National Objective of Urgent Need for the benefiting business. If circumstances beyond a grantee's control are apparent and impact the project, a grantee may apply for an extension, which may, or may not be granted. No more than one six-month extension may be considered. Requests for Modifications must be presented to the Department and approved prior to any changes.
6. If the National Objective is not met by the benefiting business, then the grantee (unit of local government) will be required to repay the entire amount of the grant to the State. With enforcement of the Participation Agreement, the benefiting business will be required to repay the entire amount of the grant to the unit of local government.
7. Each applicant must agree to comply with all applicable federal and state requirements. **This includes 2 CFR 200, 24 CFR 570, Part 85, and the Grantee Accountability & Transparency Act (GATA).**
8. Equal Opportunity and Fair Housing Accessibility Laws require that CDBG grantees administer their project in a manner that affirmatively furthers equal opportunity and fair housing. All CDBG grantees (local governments) will be required to pass a Fair Housing Resolution prior to application, if they do not have one. There are numerous examples available through a web search. CDBG grantees must assure all activities and services are accessible to persons with disabilities.
9. A HUD Exempt/Categorically Excluded not subject to 58.5 Environmental Review form, signed and dated by the community's environmental review preparer and chief elected official must be included with the application.
10. A copy of the current FEMA FIRMeTte obtained from FEMA's Map Service Center <https://msc.fema.gov/portal/home> with the proposed business's location clearly marked must be included with the application. If the business is located in a denoted prohibited Floodway, then the business would be ineligible for assistance unless the business is a

functionally dependent use of the floodway (e.g., a riverside marina or boat repair shop).

11. A Certificate of Good Standing from the Illinois Secretary of State for the local business (does not apply to sole proprietorships) should accompany the application. The certificate can be printed from: <https://www.ilsos.gov/corporatellc/> In addition, an ITR-1 verification that the business has no tax liability with the Illinois Department of Revenue must be provided prior to grant closeout. This may be obtained at: <http://tax.illinois.gov/taxforms/misc/clearance/ITR-1.pdf>

## **G. SPECIAL REQUIREMENTS FOR ECONOMIC DEVELOPMENT**

The following requirements, in addition to those listed above, apply to applications submitted for consideration under the CDBG-Economic Development Downstate Small Business Stabilization component:

1. **Grant Costs and Funding Information.** All applications are assessed to determine whether CDBG funding is appropriate. The business must submit supporting financial data as indicated in Section K. The Department will review each application to determine whether funding is appropriate and whether the activity complies with the guidelines for evaluating project costs and financial feasibility set forth in 24 CFR 570.209(a). A financial review will be conducted to ensure that CDBG funds are not being substituted for available private debt financing or equity capital.
2. The amount of CDBG grant assistance provided to a business will be limited to the amount, with appropriate terms and conditions, sufficient to allow continuity of the business for 60 days or the grant ceiling, whichever is less, without substituting CDBG funds for available private debt, cash equity or other federal assistance programs.
3. The Department will conduct an analysis of the assisted Business in relation to the grant request and assess the risk. The Department may approve the project if it determines that the risk is reasonable.
4. The following will be required for all businesses as a condition of a CDBG grant award:
  - The business must identify their net income for the last three fiscal years beginning January 1, 2017 and ending December 31, 2019. Net income can be obtained from the Profit and Loss statement, generally the last item on that statement. If the Profit and Loss statements are not available, net income can be derived from total sales minus total expenses. End-of-year cash balances must also be provided. This will be either the first line item on the balance sheet or bank statements as of the last day of each fiscal year. Three years of ending cash balances must be provided for each fiscal year, as well as the current cash balance.
  - A copy of the most current bank statement for the business.
  - If available, other forms of documentation to demonstrate the lack of permanent working capital in support of operating expenses. Such evidence may include shutoff utility notices, delinquent bills, denied loan applications, etc.

- A listing of all employees as of January 1, 2020, employees hired since then, and their status.
- A Participation Agreement between the unit of local government and the business that will receive funding.

## H. RESIDENT PARTICIPATION

A public hearing must be held prior to submission of an application and prior to passage of a local council resolution of support by the local governing body.

**NOTE: To reduce the potential for spread of COVID-19, public hearings may include virtual public hearings (alone, or in concert with an in-person hearing) if it allows questions in real time, with answers coming directly from the elected representatives to all “attendees.”**

**For virtual hearings, steps must be made to ensure that information is provided on an accessible website, that e-mails and other digital notifications are accessible, and that the application or platform used to host the hearing must also be accessible. Additional services such as audio description or captioning may also be needed to provide effective communication in a digital context. Helpful guidelines for ensuring the accessibility of web-based and digital materials are available through the World Wide Web Consortium’s Web Accessibility Initiative at <https://www.w3.org/WAI/>.**

### Resident Participation

- ◆ All applicants **must** provide for public participation. All residents must be given reasonable access to the community’s application and reasonable time to review the application prior to the public hearing.

### Public Notice

- ◆ A Notice of Public Hearing **must** be published at least once in a newspaper of general circulation at least seven calendar days (excluding the date of publication *and* the date of the hearing) prior to the public hearing. **NOTE: One public hearing may cover multiple applications; information concerning each application must be included in the Notice of Public Hearing.**
- ◆ All project information must be available for viewing on the first date of publication at a location within the community.

### Conducting the Public Hearing

- ◆ Public Hearings must be facilitated by the applicant’s governing body authorized official and certified by the authorized official or clerk.
- ◆ Efforts must be made to assure reasonable access to the public hearing by persons with disabilities; as well as be conducted in a manner to meet the needs of non-English speaking residents where a significant number of non-English speaking residents can reasonably be expected to participate.

- ◆ Those attending the public hearing must be informed of where and how to access a copy of the application.
- ◆ A sign-in sheet must be provided to document attendance. It is suggested that each person attending the public hearing provide his address and identify his role of participation (e.g., resident, elected or appointed official, municipal employee, contractor, grant administrator, business owner, etc.). **NOTE: To reduce the potential for spread of COVID-19, a roll call may be taken or some other remote method of obtaining the names of those in attendance may replace a sign-in sheet.**
- ◆ The public hearing must cover:
  1. The amount of funds available;
  2. The activities that will be undertaken with grant funding, including amount;
  3. A detailed, prioritized list of community development and housing needs; and
  4. A narrative discussion of the scope of the project including the proposed improvements, costs, benefit area, impact on community finances, etc.

**NOTE: One public hearing may include multiple applications, but the details of each application must be discussed during the hearing, and a separate vote for a Resolution of Support must be made.**
- ◆ The minutes of the public hearing must be certified by the chief elected official or other authorized local officials, such as county clerk, city clerk, etc.

#### Documenting Resident Participation

The following documents must be submitted with the application.

- ◆ 7-day Notice
- ◆ Newspaper Clipping
- ◆ Publisher's Certification
- ◆ Certified Minutes
- ◆ Attendance Sheet

**As the opportunity for resident participation is a federal requirement, if the publication guideline or public hearing requirements are not met, the application will not be reviewed further nor considered for funding.**

**A sample of a public hearing notice is contained in the Application Forms section.**

## **I. INITIAL GRANTEE RESPONSIBILITY**

Successful applicants (local governments) will receive a **Notice of State Award (NOSA)** which includes information regarding your entity, grant funding, grant terms and conditions, and specific conditions assigned to the grant based on the risk assessments. To receive the formal Grant Agreement, the Grantee (local government) must indicate agreement to the contents of the NOSA by remitting its acceptance through the grants portal.

Local Governments will provide DCEO pay requests on behalf of the benefiting business. Pay requests must detail what the funds will be used for and in what amount(s). Payments will be made to the local government, who in turn will provide funds to the benefiting business.

Payments received by the local government for grant funds must be kept in a separate bank account, per federal rules. However, if the local government is receiving more than one Downstate Small Business Stabilization (DSBS) grant, all DSBS funds may be held in one account.

## **J. REPORTING**

The local government will be responsible for a 6-month report and close-out report. (For projects 6 months or less, this will mean the grantee only needs to submit 1 report).

Only the following will be required:

- Cancelled checks/bank documentation to support the funds drawn.
- Invoices/Receipts for any budget line that cumulatively exceeds 10% of the grant award

Grantees will be required to retain receipts and documentation if DCEO should require documentation, but it will not need to be submitted during the grant period.

## **K. APPLICATION NARRATIVE RESPONSES and INCLUSIONS**

All applications must include the following narrative responses and requested documentation. Please utilize the Submission Checklist contained in the Application Forms section to ensure all required application components are included and for placement in the application submission.

1. **Letter of Transmittal** – must be dated, include the amount requested, a brief project description, and additional funding amount and source; and certify that the application has been approved by the unit of local government named in the application. A sample letter of transmittal is available in the Application Forms section.
2. **State of Illinois-DCEO Uniform Grant Application** The Uniform Grant Application must be completed by the local government, and can be found in the Downstate Small Business Stabilization section at:  
<https://www2.illinois.gov/dceo/CommunityServices/CommunityInfrastructure/Pages/default.aspx>
3. **Project Information** Basic details concerning the project including information from the local government and benefiting business. (see Application Forms section for form.)
4. **Uniform GATA Budget-DSBS** Local governments and benefiting businesses should work together to complete the Uniform GATA Budget-DSBS. It can be found in the Downstate Small Business Stabilization section at:  
<https://www2.illinois.gov/dceo/CommunityServices/CommunityInfrastructure/Pages/default.aspx>

This budget has been streamlined to **only include Working Capital**. Please read and follow the directions below for completion:

Begin with the Working Capital tab on the bottom of the Excel file. An example is provided below. In this example, the business has 5 employees who work hourly at a rate of \$12.00/hour. Over the next 60 days they will each work 320 hours. The Capital Cost will automatically calculate based on the information provided. This example also includes rent at the rate of \$650/month. It will be paid twice in the next 60 days. The

State Total at the bottom of the page automatically adds up the Capital Costs. The State Total will then automatically fill in the appropriate cells in Section A.

Description	Quantity	Basis	Cost	Length of time	Capital Cost
Personnel (Salaries and Wages)	5	hourly	\$ 12.00	320	\$ 19,200.00
Fringe Benefits	5		\$ 90.00	2	\$ 900.00
Occupancy (Rent/Mortgage Payments)	1	monthly	\$ 650.00	2	\$ 1,300.00
Utilities (Electrical, Gas, Water, Sewer)	1	monthly	\$ 250.00	2	\$ 500.00
Telecommunications & Internet	1	monthly	\$ 300.00	2	\$ 600.00
Inventory/Goods Necessary	1	monthly	\$ 1,050.00	2	\$ 2,100.00
Supplies (office-related)	1	monthly	\$ 75.00	2	\$ 150.00
Contractual Services (Pest Control, Cleaning, etc.)	1	monthly	\$ 125.00	2	\$ 250.00
Other (specify):					\$ -
				<i>State Total</i>	\$ 25,000.00

The Narrative Summary will also be automatically filled based on the information in the Working Capital Section. You do not need to do anything further.

Complete Section A next. Verify that the State Total has transferred to the Total Revenue and Total Expenditures boxes. Fill in the Organization Name (local government) and DUNS#.

The ICI Indirect Cost Rate tab has been pre-filled to show no reimbursement for indirect costs is being requested. This is because indirect costs are not an eligible expense for this grant.

The final part of the Budget is the Certification section. This must be signed by the Chief Elected Official and the person who handles the financial affairs for the government, for example, the City Treasurer.

5. **Project Summary** – The benefiting business must provide a summary of their present situation. This should include a brief description of the Business, e.g., type of firm, its product or service, and how long they have been in business. Describe how the CDBG funds will be used and reasons why they are needed for the Business to be in a position to retain jobs. Identify specific needs. Explain what circumstances make this project necessary in maintaining adequate permanent working capital to sustain operating needs.
6. **Net Income Verification** (form is found in the Application Forms section) and should be completed by the benefiting business.
7. **Employment Documentation** (form is found in the Application Forms section). A listing of all employees as of January 1, 2020, employees hired since then, and their status, must be completed by the benefiting business.
8. **Council Resolution of Support**, required for all CDBG funded grant applications. An example can be found in the Application Forms section.

9. **Resident Participation Public Hearing Documentation** (see Application Checklist for a listing of **all required documentation** and a sample Public Hearing Notice).
10. **Local Government Certifications** as required for all grants and signed by the Chief Elected Official. (see Application Forms)
11. **Business Certifications** signed by the benefiting business's authorized signatory,
12. **Mandatory Disclosures** as required for all grants, signed by the chief elected official of the local government. (see Application Forms)
13. **Conflict of Interest Disclosure** as required for all grants, signed by the chief elected official of the local government. (see Application Forms)
14. **REQUIRED ATTACHMENTS from the Local Government** The following items must be attached to the Application:
  - ◆ **Fair Housing Resolution** A copy of the unit of local government's Fair Housing Resolution. Samples can be found via an internet search.
  - ◆ **W-9**
  - ◆ **SAM Registration (CAGE #)** All grantees are required to be registered in the System for Award Management (SAM) at [www.sam.gov](http://www.sam.gov) for the purpose of obtaining a Commercial or Government Entity (CAGE) Code. The CAGE Code is a unique identifier assigned to government agencies and various organizations. **CAGE codes provide a standardized method of identifying a given facility at a specific location. This documentation must be available at the time of grant award if not submitted with the application. The benefiting business does not need a SAM registration.**
  - ◆ **IRS Certification Letter** Include in the application "Letter 147c" or "Letter 4158c" provided by the IRS to verify the Taxpayer Identification Number (TIN) or Federal Employer Identification Number (FEIN) for the applicant (local government). If you do not have a current (dated within five years) copy of an IRS certification letter on file, please call the IRS Business line, **1-800-829-0115**, to request a "**Letter 147C**", or call **1-877-829-5500** to request a "**Letter 4158c.**" Only the local government is authorized to request a copy of this letter. This certification letter is only required for the local government. **NOTE: If an IRS Certification Letter cannot be obtained prior to application, it must be provided to the Department prior to grant award.**
  - ◆ A HUD Exempt/Categorically Excluded not subject to 58.5 **Environmental Review form**, signed and dated by the community's environmental review preparer and chief elected official must be included with the application.
  - ◆ A copy of the current **FEMA FIRMette** obtained from FEMA's Map Service Center <https://msc.fema.gov/portal/home> with the business's location clearly marked must be included with the application. If the business is in a denoted prohibited floodway, then the business would be ineligible for assistance unless

the business is a functionally dependent use of the floodway (e.g., a riverside marina or boat repair shop).

- ◆ A **Participation Agreement** between the unit of local government and the business that will receive funding. The Department has provided a boilerplate of the agreement in the application forms. The agreement language can be altered to be more stringent but not less stringent, and if altered, must be pre-approved prior to the application.

**15. REQUIRED ATTACHMENTS from the benefiting Business** The following items must be included with the Application:

- ◆ **Certificate of Good Standing** (does not apply to sole proprietorships) for the benefiting business from the Illinois Secretary of State printed from: <https://www.ilsos.gov/corporatellc/> In addition, the business must demonstrate they have satisfied all tax liability with the Illinois Department of Revenue by submitting an ITR-1 form prior to grant closeout. This may be obtained at: <http://tax.illinois.gov/taxforms/misc/clearance/ITR-1.pdf>
- ◆ **Most Recent Bank Statement** to verify cash balance. Please redact (mark out) the account number.
- ◆ If available, other forms of **documentation to demonstrate the lack of permanent working capital** in support of operating expenses. Such evidence may include shutoff utility notices, delinquent bills, denied loan applications, etc.

**L. APPLICATION REVIEW AND EVALUATION PROCESS**

The screening and review process for the program is designed to ensure that limited CDBG program funds are awarded to communities for the use of businesses that demonstrate the need for financial assistance and meet the qualifications. The actual number and types of awards will be subject to funding availability. All recommendations are forwarded to the Director's Office, for final funding decisions.

The criteria noted below will be used to evaluate all applications requesting funding under the CDBG Economic Development Downstate Small Business Stabilization component, as well as determine the appropriate level of financial assistance:

1. Project Benefit
2. CDBG National Objective
3. CDBG Dollars

**1. Project Benefit** (information to be provided in Project Summary)

Three factors will be considered under this criterion:

- a. **Project Need** – Project need is defined as the inability of the Business to maintain sufficient permanent funding to sustain normal operating working capital needs. Describe in sufficient detail the need for the assistance and the specific role of CDBG funding, including any other options which have been pursued.

Evidence of need is demonstrated through a well-developed justification for public financing demonstrating a financial gap argument. The discussion should also address why other financing options could not be obtained or are not feasible and repercussions if funding is denied.

- b. Financial Feasibility – Determination must be made as to how CDBG funds can address the Business’s need to provide adequate working capital in addressing current and future working capital needs, like payroll, operating needs and short-term liabilities. A comparison must be provided as to the existing payroll that existed prior to the outbreak of the COVID-19 virus in January and current payroll. In addition to payroll, the effect of the COVID-19 virus on current and long- term liabilities.
- c. Commitments for Job Retention - Benefiting businesses must demonstrate they have solid commitments to remain open (for at least 60 days) OR reopen and retain or re-employ permanent jobs prior to the grant end date (one year from grant award).

## 2. National Objective – Urgent Need

The Urgent Need National Objective is defined as assistance to a business designed to alleviate existing conditions. The benefiting business certifies that such conditions pose a serious and immediate threat to the health or welfare of the business and community, they are of recent origin or recently became urgent, they are unable to finance the activity on its own, and other sources of funds are not available. Benefiting business must demonstrate through information in the Project Summary, financial documentation and employee status that they meet this objective.

## 3. CDBG Dollars Available

The program component makes CDBG funds available for 60 days of verifiable working capital up to a grant ceiling of \$25,000.

### Application Denial

For applications that are not funded, denial reasons may include, but are not limited to, the following:

- No justification of the need for funds;
- Projected financial need data, is not documented;
- Evidence that program funds replace sources of capital available to the business.
- CDBG Economic Development Small Business Stabilization funding has been exhausted.

## M. SUBMISSION INFORMATION

Under the Grant Accountability & Transparency Act (GATA), all applicants (local governments) must register with the State of Illinois via the “Grantee Portal” at [www.grants.illinois.gov](http://www.grants.illinois.gov) and be pre-qualified prior to application. **Failure to register prior to application will result in a determination of “Do Not Fund”.** The local government is required to complete the Internal Controls Questionnaire (ICQ) for Fiscal Year 2020. If the ICQ is not completed prior to application, it must be completed before the grant can be awarded.

Applications for the Economic Development Downstate Small Business Stabilization component may be submitted on an as-needed basis until all funds are exhausted.

All grant application materials **must** be:

- Typed (except for signatures and preprinted materials such as bank statements)
- All application materials requiring a signature from the applicant (local official) must be signed by the Chief Elected Official.
- All application materials requiring a signature from the benefiting business must be signed by the Business's Authorized Signatory.

**The complete grant package in the order specified on the Submission Checklist (Application Forms section) must be scanned into one document.**

**The document must be e-mailed as an attachment to: [ceo.oed@illinois.gov](mailto:ceo.oed@illinois.gov) with the subject line: SBS Application -Local Government-Business.**

For example: SBS Application-Whoville-Pop's Restaurant

**N. FOR FURTHER INFORMATION and TECHNICAL ASSISTANCE:**

**Contact the grant manager for your area. Maps may be found at:**

**<https://www2.illinois.gov/dceo/CommunityServices/CommunityInfrastructure/Documents/Community%20Outreach%20Map%20March%202020.pdf>**

**E-Mail: [ceo.oed@illinois.gov](mailto:ceo.oed@illinois.gov)**

**Call: 217/785-6174**