

COVID-19 RELIEF STATEWIDE SMALL BUSINESS ASSISTANCE

Program Guidelines | June 2020



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Section I – Introduction/Statement of Purpose

The Act of May 29, 2020 (Act 2A of 2020), known as the COVID-19 Emergency Supplement to the General Appropriation Act of 2019, appropriated \$225,000,000 from the COVID-19 Response Restricted Account to DCED to be used for COVID-19 Relief to small businesses through a distribution to Community Development Financial Institutions (CDFIs) for loan payment deferment and portfolio loan loss reserves, main street business revitalization grants and historically disadvantaged business revitalization grants.

Section II – Definitions

- **CDFI:** A community development financial institution that is certified by the United States Department of Treasury, is headquartered in Pennsylvania, is part of the 17-member Pennsylvania CDFI Network and Primarily provides business loans to low-to-moderate income individuals and business owners.
- **Main Street Business:** A for-profit business located and operating in the Commonwealth of Pennsylvania that experienced losses as a result of the Governor’s March 19, 2020 order relating to the closure of all businesses that are not life sustaining, has or will incur costs to adapt to new business operations related to COVID-19 and has 25 or fewer employees.
- **Historically Disadvantaged Business:** A for-profit business located and operating in the Commonwealth of Pennsylvania that experienced losses as a result of the Governor’s March 19, 2020 order relating to the closure of all businesses that are not life sustaining, has or will incur costs to adapt to new business operations related to COVID-19, has 25 or fewer employees and in which socially and economically disadvantaged individuals own at least a 51% interest and also control management and daily business operations and meets the definition of “targeted population” as defined by 12 CFR 1805.201(b)(3)(iii).

Section III – Eligibility and Distribution

A. Eligible Applicant

- Pennsylvania Microenterprise Coalition d/b/a Pennsylvania Community Development Financial Institution Network (PA CDFI Network)

B. Uses of Funds

- Grants to Main Street Businesses and Historically Disadvantaged Businesses to cover operating expenses for the duration of the shutdown and the transition period to re-opening.
- Technical assistance, including training and guidance, for business owners as they stabilize and relaunch their businesses
- Debt payment relief for CDFIs Pennsylvania borrowers
- Loan loss reserves for CDFIs

C. Distribution of Funds

- Main Street Business Revitalization Program: \$100,000,000
- Historically Disadvantaged Business Revitalization Program: \$100,000,000
- Loan payment deferment and loss reserve: \$25,000,000

Section IV – Application Procedures

To apply for funding, the applicant must submit DCED’s electronic Single Application for Assistance (ESA) – www.esa.dced.sate.pa.us. Required supplemental information outlined in Section VI must be attached electronically to the application on the Addenda tab. Additional information may be requested to satisfy state and federal requirements.

Section V – Procedures for Accessing Funds

Upon approval of the application by DCED, a contract will be issued electronically to the applicant explaining the terms and conditions of the grant to include the scope of work, budget, and all applicable laws, statutes, and reporting requirements. The contract must be electronically signed and returned to DCED. A fully executed contract between the applicant and DCED is required prior to disbursement of funds. Costs incurred prior to full execution of the contract are incurred at the applicant’s own risk.

Upon receipt of a fully executed contract, the applicant may request disbursement of the full amount of grant funds.

Section VI – Program Requirements

The applicant will submit a proposal for administering program funds, which shall be included in the contract as a Scope of Work, to include the following information, at a minimum:

- Application procedures to ensure uniform review of applications across the state
- Criteria for review, approval and prioritization to include loss of sales, projected revenues, duration of closure as a result of COVID-19, and receipt of other relief funding from federal, state and local governments.
- Basic marketing and outreach plan

The proposal must consider the following restrictions and limitations:

- Eligible businesses must have 25 or fewer employees*
- Grant awards may not exceed \$50,000*
- Applicant may request an administrative fee to be assessed on each transaction not to exceed 5% or \$2,500, whichever is less.
- Businesses receiving grant funds must certify such compliance under penalty of perjury and fines pursuant to 18 Pa. C.S. § 4904 (relating to unsworn falsification to authorities) to all of the below:
 - The business was in operation on February 15, 2020 and, if required, paid income taxes to the state and federal government, as reported on individual or business tax returns.
 - COVID-19 has had an adverse economic impact and makes this grant request necessary to support the ongoing operations of the applicant.
 - The grant will be used to cover COVID-19 related costs.
 - During the period beginning on June 1, 2020 and ending on December 31, 2020, the business has not and will not receive another grant under this state program.
 - The business must have been, and remain, in compliance with all relevant laws, orders, and regulations during the period of the COVID-19 disaster emergency under the Governor's proclamation dated March 6, 2020, and any and all subsequent renewals. The foregoing includes, but is not limited to, orders by the Governor, Secretary of Health, or other commonwealth officials empowered to act during the emergency. Any noncompliant business will be ineligible for funding under this program and may be required to return all, or a portion, of the funds awarded.

**The applicant may, in extraordinary circumstances and with justification, use discretion in exceeding these limitations.*

Section VII – Reporting Requirements

- A. **Distribution Report:** 60 days from the date of disbursement of funds by DCED, the applicant will report to DCED the aggregate and per CDFI breakdown of the following:
1. Number of applications received and
 2. Number of awards made.
- B. **Detailed Interim and Final Reports:** The applicant must submit an interim and final report to DCED which will be distributed to the Secretary of the Budget, the Majority and Minority Chairs of the Senate Appropriations Committee and the Majority and Minority Chairs of the House Appropriations Committee. The interim report shall be submitted September 1, 2020 and the final report shall be submitted no later than December 1, 2020. Both the interim and final reports shall include the following in aggregate and broken down by each CDFI:
1. The total number of grants awarded;
 2. The total number of grant awards for the Main Street Business Revitalization Program to include a breakdown by county;
 3. The total number of grant awards for the Historically Disadvantaged Business Revitalization Program to include a breakdown by county;
 4. The total number of grant awards to Historically Disadvantaged businesses as a percentage of the number of Historically Disadvantaged Businesses in the county and CDFI's coverage area;
 5. The total amount committed for loan payment and deferment and loss revenue;
 6. To the extent possible, the total number of jobs saved as a result of the Main Street Business Revitalization Program;
 7. The extent possible, the total number of jobs saved as a result of the Historically Disadvantaged Business Revitalization Program;
 8. The total number of maximum grant awards for both the Main Street Business Revitalization Program and the Historically Disadvantaged Business Revitalization Program;
 9. The total amount of administrative costs associated with administering the Main Street Business Revitalization Program and the Historically Disadvantaged Business Revitalization Program;
 10. Listing of individual grants approved according to the extraordinary exception allowance as detailed in Section VI – Program Requirements to include a written justification outlining circumstances warranting the exception;
 11. The aggregate amount of economic impact of COVID-19 on these businesses, quantified by the following, but not limited to, loss of revenue and decrease in projected sales, and any other important and relevant information as collected.
- C. Additional reporting documents required for federal funding may also be required.

Section VIII – Miscellaneous Program Information

If funds remain on October 15, 2020, DCED may, at its discretion, modify business eligibility criteria, and expand the eligible applicants to include other economic development organizations.

Section IX – Program Inquiries

Program inquiries may be directed to:

PA Department for Community & Economic Development
Center for Community Enhancement
400 North Street, 4th Floor
Commonwealth Keystone Building
Harrisburg, PA 17120-0225

Telephone: 717-787-6245
Email: ra-dcedcbf@pa.gov