

Downstate Small Business Stabilization Program Frequently Asked Questions (FAQs)

- **Can a business apply directly for this grant?** No, all applications must be made through a unit of local government (city, village or county) following the Program Guidebook and Application requirements. **The Guidebook and related materials can be found here:**
<https://www2.illinois.gov/dceo/CommunityServices/CommunityInfrastructure/Pages/DownstateSmBizStabilization.aspx>
- **Are sole proprietorships allowed?** Yes, but the business must employ at least one person other than the owner(s).
- **My business is in an Entitlement county or city, can I apply?** No, as these areas receive their own direct allocation of Community Development Block Grant funds from HUD. You can find a list of Ineligible counties and cities in the Guidebook.
- **If communities included in an Entitlement area have opted out of the local CDBG Program, are businesses located there eligible to apply for the Downstate Small Business Stabilization Program?** Yes, if the opt-out can be verified.
- **Can a business in an unincorporated area, apply through the County?** Yes.
- **Does the business have to be located within the unit of local government that applies for them? For instance, can a business in an unincorporated part of the county have a city apply for them or does it need to be the county?** In the example given, it should be the County. If there are extenuating circumstances, please reach out to the DCEO Community Development grant manager in your area. A map of contacts is at:
<https://www2.illinois.gov/dceo/CommunityServices/CommunityInfrastructure/Pages/DownstateSmBizStabilization.aspx>
- **If the application is accepted and a grant awarded, does the business get a check?** No, the grant award is made to the local government that made the application. The local government can then draw down funds for appropriate expenditures and provide them to the business.
- **How much money can my business receive?** Businesses may receive funding equating to 60 days of verifiable working capital up to a maximum of \$25,000.
- **If I am a newer business who has been operating less than three years can I apply? OR Would an established business that has come under new ownership in the last 3 years be eligible to apply?** This grant is funded by Community Development Block Grants and must meet a federally required National Objective. In this case, the objective is Urgent Need. To show a track record of stability and that the business would not be in need but for the current emergency, it is necessary to provide information dating back to January 1, 2017 for a singular owner. Perhaps one of the other programs DCEO has can be of assistance. You can find them here:
<https://www2.illinois.gov/dceo/SmallBizAssistance/Pages/EmergencySBAInitiatives.aspx>

- Referring to National Objective Criteria, what is meant by “conditions pose an immediate threat to the health or welfare of the business and community”? This is federal language to describe the Urgent Need National Objective. In this case it means that current conditions (the COVID-19 emergency) have a negative impact on the financial health of the business.
- Do the businesses need to be GATA prequalified and submit an Internal Control Questionnaire (ICQ)? No. Only the local government needs to be GATA registered and submit an ICQ.
- What information do I have to provide as a business? A business must provide:
 - Business FEIN #, DUNS and SIC. What if my business doesn't have a DUNS? Insert N/A on the line on the form.
 - Verification of Good Standing with the Secretary of State (printed from their website). This is not applicable for Sole Proprietorships.
 - Net income for the last three fiscal years beginning January 1, 2017 and ending December 31, 2019. 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.
 - Disclosure of previous bankruptcy and current/pending lawsuits.
 - A Participation Agreement between the unit of local government and the business that will receive funding.
 - Verification of tax clearance from the Illinois Department of Revenue will be made prior to grant closeout.
- What's a Participation Agreement? A Participation Agreement is a legal document that allows the local government to claw back the funding provided to the local business if conditions of the grant are not met.
- Are Financials Protected from FOIA? A small amount of financial information is included in the application and is available to the public as part of the Public Hearing process. After award, as a state document, then yes, it could be accessed via FOIA, as all state documents can be.
- Who completes the Uniform Budget in the application? This is a joint effort between the benefiting business and the local government.
- Do the businesses' employees have to be full-time employees? No, businesses may have just part-time employees, but there must be at least one Full Time Equivalent (FTE) employee other than the business owner(s). My business has 100 part-time employees, is our business eligible? No, number of total employees is based on the number of people employed, not FTE.
- Can Municipalities apply for assistance for their own working capital expense? No.
- Can Regional Planning Commissions apply? No, only cities, villages or counties.
- Can a planning commission help applicants apply on behalf of municipality? Of course. Can some portion of the funding be allowed to cover the cost of the application or administration of reporting? Grant funding is for working capital to the benefiting business only. No portion of the grant can be applied to administration expenses.

- Will a separate application be required for each business that reached out to request a local government's participation? Yes.
- If one business states its need is \$15,000 and another business states they need \$20,000, does the municipality ask for \$35,000? The municipality will need to have two applications – one for \$15,000 and one for \$20,000. Also, is the municipality restricted to \$25,000 or a certain number of applications? The local government is not restricted to \$25,000, the business is, and there is no limitation on applications.
- If the local government submits more than one application, will all applications be included in one grant or will we have multiple grants? DCEO is aware that having more than one grant will mean additional steps. We are looking in to ways to make it easier and still meet all requirements.
- Does the local government have to have a separate bank account for this grant? Federal regulations state that grant funds cannot be co-mingled with other funds. A separate bank account will be needed, but if more than one Downstate Small Business Stabilization grant is received by the local government, all grant receipts can be deposited into, and paid out of one bank account.
- Does the local government have to register on the GATA Grantee Portal? Yes, and complete the Internal Control Questionnaire for the current fiscal year.
- Who submits an IRS Certification Letter, the local government or the business? The local government submits and IRS Certification letter. The business must demonstrate that they do not have any tax liability to the Illinois Department of Revenue prior to closeout of the grant.
- My local government doesn't have a Fair Housing Resolution; do you have samples? There are multiple samples of Fair Housing Resolutions available by searching the web.
- Public Hearing
 - Is a separate public hearing required for each request? No, a public hearing can cover multiple requests, but the posting for the public hearing must include appropriate information for each applicant. Further, the public hearing must discuss each application and a vote for a Resolution of Support must be taken for each individual application.
 - What is the expectation for the public hearing requirements during the period of current Executive Order 2020-10? HUD is allowing virtual hearings through web systems or conference calls. Details are contained in the Guidebook.
- What is the level of monitoring responsibilities that are going to be required by the local government? 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). In addition, the local government will need to draw down the expended funds and disburse them to the business.

We are relaxing our requirements for supporting documentation for the reports. Only the following will be required:

- All funds drawn for employee related expenditures (lines 1 & 2) on the GATA budget
- Any other budget line that cumulatively exceeds 10% of the grant award

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

- [What is the liability to the unit of local government if a business doesn't open by the end of the grant period? Is the unit of local government responsible to pay back the grant?](#) Unlike our standard Economic Development program, the business doesn't have to meet an employment number, but we do want to emphasize that these funds are to ensure the business stays open or reopens and re-employs people, not to go for a long vacation in Hawaii. A participation agreement ensures all grant conditions are met, including reporting with appropriate back-up documentation. Just like any other grant, if DCEO doesn't receive reports, a FEIN lock will be instituted, and local governments won't have access to any DCEO funding. The participation agreement allows the local government to hold the business's feet to the fire. In addition, the participation agreement allows the local government to claw back funds from the business if the State should determine funds were not used appropriately or conditions not met, and funding must be returned to the State.
- [With the passage of the CARES Act and other programs, does the application for any other assistance program for COVID-19 impact their ability to qualify for this program? No. Must they apply for and be denied from other programs first? No.](#)
- [How does this program differ from the DCEO Illinois Small Business Emergency Loan Fund? Most obviously is that the Downstate Small Business Stabilization program is a grant, rather than a loan. Both have specific conditions of who can apply, which are similar. The Small Business Emergency Loan Fund has requirements concerning revenue, decreases in revenue, and employment requirements. The Downstate Small Business Stabilization program does not. What businesses would apply through the Downstate Stabilization program, and why?](#) DCEO has developed several programs in response to the COVID-19 emergency. We encourage businesses to explore each one, and decide which ones are best for their unique circumstances.