Establishment and Execution of the Nonprofit Relief Grant Program

Process Overview

The execution of the SC CARES Act Nonprofit Relief Grant Program, beginning with organizing the application review panel to the issuing of grant award notifications, took a little more than three months.

The process began **Sept. 25, 2020**, when Governor Henry McMaster signed Act 154, which established the Nonprofit Relief Grant Program to reimburse nonprofit organizations for qualifying expenditures for providing services due to COVID-19. As defined in Act 154, qualifying expenditure means an expenditure of funds related to services provided to people in response to the COVID-19 public health emergency. The definition does not include any expenditure that qualified the nonprofit entity to receive federal emergency relief funds, including the Paycheck Protection Program (PPP), if the nonprofit entity has, or will, receive the federal emergency relief funds.

Immediately, the South Carolina Department of Administration (Admin) directed Guidehouse, the grants management provider it had previously secured to assist with administering other CARES Act grants, to implement the SC CARES Act Relief Grant Program.

Admin worked with Guidehouse to establish and follow an appropriate process that fulfilled the requirements of Act 154, ensuring all **$25 million** of relief grant funding allocated for nonprofits was awarded by **Dec. 30, 2020**.

Nonprofit Relief Grant Program Eligibility Requirements

The Act 154 eligibility requirements for the Nonprofit Relief Grant Program included:
- Must be designated as a 501(c)(3) nonprofit organization by the Internal Revenue Service.
- Must be lawfully operating in South Carolina.
- Must be providing services in the State of South Carolina.
- Has been in operation from Sept. 13, 2019, to present.
- Has experienced an expenditure of funds related to services provided to people in response to the COVID-19 public health emergency between March 1, 2020, and Dec. 1, 2020.
- Seeks a grant award of at least $2,500.
- All reimbursement requests in the grant applications must comply with federal CARES Act requirements.
- The nonprofit has provided information required by Act 154 concerning the applicant's qualifying expenditures.

The legislation also required prioritized funding for nonprofit applicants in the following categories:
- Applicants that have not received any other assistance/aid such as PPP.
- Applicants with expenditures related to:
  - Food assistance, including prepared meals;
  - Rent or mortgage assistance;
  - Utilities assistance;
  - Mental health counseling;
  - Health care services;
  - Criminal domestic violence and children's advocacy services; and
  - Arts and cultural items or activities.

Determining Application Review Process
October through Early November: In early October, Guidehouse and the legislatively-created grant review panel determined an application review process, assigned roles and responsibilities, and set desired completion dates.

The panel, established by Act 154 to review applications and make recommendations for funding, included representatives from the following state agencies:
- The Director of the Department of Social Services, or his designee;
- The Director of the Department of Mental Health, or his designee;
- The Director of the Department of Consumer Affairs, or her designee;
- The Director of the Department of Health and Human Services, or his designee;
- The Director of the Department of Alcohol and Other Drug Abuse Services, or her designee;
- The Secretary of State, or his designee;
- The Director of the South Carolina Arts Commission, or his designee;
- The Director of the Department of Archives and History, or his designee; and
- The Executive Director of the South Carolina State Housing Finance and Development Authority, or her designee.

While the panel developed ground rules for carrying out its part of the process, work simultaneously began on creating and testing the online application for the Nonprofit Relief Grant Program. This included building out application fields that would capture legislatively-required information and documents necessary to determine overall eligibility and payment priorities.

Communicating Programs and Providing Application Resources/Assistance
In mid-October, Admin created several documents explaining the grant program and tools to assist applicants with the process. Admin incorporated those resources and other pertinent information, as well as video tutorials in the CARES Act section of accelerate.sc.gov (https://accelerate.sc.gov/cares-act/applying-sc-cares-act-funds) and provided regular updates on that page. Some of the available resources for the Nonprofit Relief Grant Program included the:
- Nonprofit Relief Grant Program Overview: The initial high-level informational document for potential applicants
- Nonprofit Relief Grant Program Design Document: Detailed overview with a list of necessary documentation
- Nonprofit Relief Grant Program FAQs: Detailed list of frequently asked questions; updated regularly to reflect applicant questions throughout the process
- Nonprofit Relief Step-by-Step Application Walkthrough: Walkthrough of the application with informational pictures/graphics

To provide an additional resource, collaborating entities supporting Admin in helping nonprofits understand the application process, conducted applicant webinars to demonstrate how to apply and answer participant questions. Both Admin and Guidehouse took part.

Admin sent a statewide press release **Oct. 12, 2020**, to notify the public of the Nonprofit Relief Grant Program. The press release was sent in advance of the **Oct. 19-Nov. 1, 2020, application window**. Due to long-lasting power outages in Anderson, Greenville, Oconee, Pickens and Spartanburg counties caused by Tropical Storm Zeta on Oct. 29, 2020, Admin extended the application window for applicants in those counties who had started the application process. Those applicants were given an additional 48 hours to submit completed applications.

Admin also deployed social media announcing both programs and how to apply. The social media posts and press release were shared with state agency and community partners for use through their communication channels.

To provide applicants assistance, the SC CARES Call Center operated and received calls prior to the grant application window, as well as during and after it closed. Specifically, **between Oct. 19 and Nov. 1, 2020**, the SC CARES Act Call Center fielded nearly 6,650 calls, answering questions about the application process for the Nonprofit Relief Grant Program and a similar grant opportunity for minority and small businesses.

Once the application window closed and Guidehouse completed an initial review of all applications, the call center began conducting applicant outreach in mid-November and continued throughout December, to provide those applicants missing required documentation the opportunity to submit it so that they could be appropriately considered for or verified to receive grant funding.

Initial Evaluation of Submitted Applications
The initial evaluation of submitted applications began **in early November**. Applicants requested a total of **$75,980,037.43** in the **1,590** applications submitted for the Nonprofit Relief Grant Program. Further review of the initial data found there were abandoned applications included in the initial request total dollar figure. An abandoned application is one that was initiated by an applicant but not completed and submitted. After removing these abandoned applications, the adjusted request total is $68,244,181.74. Upon receipt of those applications, Guidehouse, conducted an initial review of all applications to determine whether each applicant had submitted the required documentation necessary to qualify for the grant program. As part of Guidehouse's initial review, the Secretary of State's Office also assisted in determining the status of applicants as 501(c)3s properly operating in South Carolina.

Applications initially lacking information and documentation were not summarily rejected**.** Rather, Guidehouse, through the SC CARES Call Center, contacted nonprofit grant applicants who did not provide all required documentation and asked them to submit any remaining documentation needed to be considered for the grant programs.

Scoring and Award Methodology
Once Guidehouse finished the initial review of applications, the Nonprofit Entity Reimbursement Grant Program Evaluation Panel met **Nov. 18, 2020**, and determined the scoring methodology for reviewing applications and making grant recommendations, as well as established criteria for rejecting applications from consideration.

The adopted scoring methodology included:
- Awarding eight points to those entities that have received no other assistance and awarding one point each for the seven services prioritized in Act 154 (food assistance - including prepared meals, rent or mortgage assistance, utilities assistance, mental health counseling, health care services, criminal domestic violence and children's advocacy services, and arts and cultural items or activities), for a total possible score of 15.
- Awarding a negative seven to any entity that provides none of the seven prioritized services and has received other assistance. The panel excluded from further consideration for a grant award any entity which received an aggregate score of negative seven based on the determination that the entity performs none of the seven prioritized services and the entity has received other assistance.
- Rejecting the application of any entity meeting any of the following criteria:
  - The entity answered "No" to 501c3 question or "No" to in operation on Sept. 13, 2019.
  - The entity's 501c3 status has been revoked by the IRS.
  - The entity is a business, not a nonprofit, and filed the wrong application.

- The entity's charity registration has expired.
- The entity's application reflects an incorrect EIN with no way of verifying the correct EIN.
- The entity is not a 501c3 entity reflected in the IRS Database.
- The entity is not a registered charity.
- The entity's charity registration has been suspended.
- The entity is required to file Form 990 by IRS, but the entity is not a registered charity.
- The entity is subject to some other disqualifying factor.

Following the meeting, the panel used the adopted scoring methodology to begin reviewing nonprofit applications.

Applications for Panel Consideration

Of the 1,590 submitted nonprofit applications, the panel accepted a total of **924** for funding consideration as is reflected in the chart below. Prior to the panel accepting applications for funding consideration, the Secretary of State reviewed the applications to determine whether the nonprofit applicants were operating lawfully as a 501(c)(3) in South Carolina, as required by Act 154.

Applications for Panel Consideration	Application Count	Application Requested Amount
Total nonprofit applications received	1,590	$68,244,181.74
Less applications rejected for Panel consideration (rejection criteria)	390	$17,084,526.85
Less applications excluded by Panel from further consideration (-7 Scores)	276	$12,202,473.10
Total applications for Panel funding consideration	924	$38,957,181.79

During the Nonprofit Panel's **Dec. 10** meeting, the panel made the following determinations regarding the 924 applications it reviewed for funding consideration:

Panel Review Determination	Application Count
Applications approved for partial funding (Secretary of State analysis)	72
Applications declined for partial funding (Secretary of State analysis)	4
Applications approved for full funding (Panel recommendation)	460
Applications declined for funding (Panel recommendation)	33
Applications approved for partial/full funding (Panel recommendation)	355
Total applications reviewed by Panel	**924**

The panel's approval of applications for both full and partial funding included the express requirement that Guidehouse conduct a verification process prior to payment. That verification process was designed to ensure that applicants met the eligibility requirements of Act 154, including the requirement that documentation supporting an applicant's expenditures for which the applicant seeks a grant has been provided. As part of this process, Guidehouse not only checked for required documentation, but continued to contact applicants for as long as time would allow in an effort to secure additional information needed to substantiate an award, if possible.

Ultimately, **686** nonprofit organizations received grant award notifications Between **Dec. 18-30, 2020,** totaling $25 million. The chart below shows how the panel reached that number.

Verification of Applications the Panel Recommended for Funding	Application Count	Application Requested Amount	Awarded Amount
Total Applications Reviewed by Panel	924	$38,957,181.79	
Less Applications Declined by Panel for Funding	37	$1,494,782.42	
Subtotal Applications the Panel Recommended for total or partial funding pending a successful verification process	**887**	**$37,462,399.37**	
Less applications that did not have a successful verification process	201	$7,246,298.49	
Total Applications the Panel recommended for total or partial funding and that had a successful verification process	**686**	**$30,216,100.88**	**$25,000,000**

Once notified of their grant awards and amounts, nonprofit recipients were required to submit payment information through the online application portal, to ensure the state can appropriately disburse the awarded funds.

Grant Award Distribution
After conducting the entire award process from the end of September through the end of December, Admin, working through the Comptroller General's and State Treasurer's Offices, is disbursing the grant awards amounts to recipients through **January 2021**.