

Establishment and Execution of the Minority and Small Business Relief Grant Program

Process Overview

The execution of the SC CARES Act Minority and Small Business Relief Grant Program, beginning with organizing the application review panels 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 Minority and Small Business Relief Grant Program to reimburse minority and small businesses for qualifying expenditures for providing services or revenue loss due to COVID-19. As defined in Act 154, qualifying expenditure means costs associated with business interruptions resulting from the COVID-19 public health emergency and any expenses deemed necessary and incurred as a result of the COVID-19 health emergency.

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 Programs.

Admin worked with Guidehouse to establish and follow an appropriate process that fulfilled the requirements of Act 154, ensuring that all **\$40 million** of relief grant funding allocated for minority and small businesses was awarded by **Dec. 30, 2020**.

Minority and Small Business Relief Grant Program Eligibility Requirements

The Act 154 eligibility requirements for business applicants to the Minority and Small Business Relief Grant Program included:

- The Applicant is actually a “business.”
- Was in operation in S.C. prior to Sept. 13, 2020.
- Has twenty-five or fewer employees.
- Is seeking a grant award of at least \$2,500.
- Has experienced costs associated with qualifying expenditures incurred, or expected to be incurred, by the qualifying minority or small business enterprise between March 1, 2020, and Dec. 1, 2020.
- The business’ reimbursement requests comply with federal CARES Act requirements.
- The business has provided information required by Act 154 concerning the applicant's qualifying expenditures.

The legislation also required prioritized funding for applicants in the following categories:

- Minority businesses (U.S. citizen and socially and economically disadvantaged;)
- Applicants that have not received any other aid/assistance (PPE);
- Businesses with 15 or fewer employees; and
- Businesses that can demonstrate the greatest financial need.

Process Explainer

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 Commission for Minority Affairs, or her designee;
- The Secretary of Commerce, or his designee; and
- The Director of the Department of Revenue, or his 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 Minority and Small Business 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 the Grant Program and Providing Application Resources/Assistance

In mid-October, Admin created several documents explaining the Relief Grant Programs 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 Minority and Small Business Relief Grant Program included the:

- Minority and Small Business Grant Program Overview: The initial high-level informational document for potential applicants
- Minority and Small Business Relief Grant Program Design Document: Detailed overview with a list of necessary documentation
- Minority and Small Business Relief Grant Program FAQs: Detailed list of frequently asked questions; updated regularly to reflect applicant questions throughout the process
- Minority and Small Business Relief Step-by-Step Application Walkthrough: Walkthrough of the application with informational pictures/graphics

To make additional resources available for understanding the application process, Guidehouse and collaborating entities supporting Admin in helping businesses and nonprofits understand the application process, conducted webinars to demonstrate how to apply and answer participant questions.

Admin sent a statewide press release **Oct. 12, 2020**, to notify the public of the Minority and Small Business 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 Oct. 29, 2020, Admin extended the application window for applicants in those counties who had started the application process by 11:59 p.m., Nov. 1, 2020, but were unable to complete it due to the outages. 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 Minority and Small Businesses Relief Grant program and the similar grant opportunity for nonprofits.

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 and the establishment of a scoring methodology began in **early November**. Applicants requested a total of approximately **\$213.3 million** in the **9,627** applications submitted for the Minority and Small Business Relief Grant Program. Upon receipt of those applications, Guidehouse, conducted an initial review of all applications to determine whether each applicant had provided information and submitted the required documentation necessary to enable the application to be reviewed as part of the grant program (threshold minimum requirements of Act 154). For the 9,627 applications, Guidehouse worked with the South Carolina Department of Revenue (DOR) to verify the identity of each applicant as a business lawfully operating in South Carolina.

Applications initially lacking information and documentation were not summarily rejected. Rather, Guidehouse undertook an effort to contact those minority and small business applicants who did not provide all required documentation and ask them to submit documentation required to be considered for the grant program.

Eligibility, Scoring and Award Methodology

Once Guidehouse finished the initial verification process for all 9,627 applications, the Minority and Small Business Enterprises Reimbursement Grant Program evaluation panel met **Dec. 2, 2020**. At this meeting, the panel approved for evaluation those applicant businesses identified by Guidehouse as having provided appropriate identification information as validated by DOR. The panel also determined the scoring methodology for those applications.

The scoring methodology adopted by the panel during the Dec. 2 meeting:

- Awarded businesses one point, for a total possible score of four, for each of the following priority factors outlined in Act 154:
 - Minority businesses.
 - Applicants that have not received any other aid/assistance.
 - Businesses with 15 or fewer employees.
 - Businesses that can demonstrate the greatest financial need.

As reflected in the Dec. 2 meeting minutes, the panel accepted **6,491** business applications for review that met threshold minimum requirements set out in Act 154 and Guidehouse identified as having provided appropriate identification information validated by DOR.

As with efforts to continue to collect required information and documentation from applicants, Guidehouse, continued to work with DOR to verify the identity of applicants as businesses operating in South Carolina even after the panel's Dec. 2 meeting. Those efforts resulted in the verification of the identities of additional applicants. As reflected in the meeting minutes for **Dec. 11, 2020**, the panel voted to accept an additional **572** business applications for review after Guidehouse had confirmed identification information through Schedule C EIN filings provided by DOR. The additional 572 applications brought the total number of applications approved for review by the panel to **7,063**. The chart below provides a visual representation of how the panel reached that number.

Applications Reviewed by Panel	Application Count
Number of submitted applications	9,627
Applications that did not meet the minimum threshold requirements of Act 154 and were not eligible for the program as validated by Guidehouse	-622
Applications that did not provide appropriate identifying information as validated by DOR	-2,514
Applications that did meet the minimum threshold requirements of Act 154 and provided appropriate identifying information as initially validated by DOR	6, 491
Applications for which Guidehouse confirmed identification information through Schedule C EIN filings provided by DOR	572
Total applications reviewed by Panel	7,063

Applications for Panel Review/Consideration

When the panel met **Dec. 15, 2020**, it was determined that of the **7,063** applications reviewed by the panel, **2,077** had received priority scores of 4 or 3. The panel approved fully funding **2,037** of the applications that received a priority score of 4 or 3, subject to a due diligence review by Guidehouse, Admin and DOR, which included a review for tax delinquencies, necessary licensure and licensure violations, as well as confirming that applicants provided the necessary documentation to support an award and the specific amount requested as required by Act 154.

The panel rejected the remaining **40** applications that received priority scores of 4 or 3 for funding due to the failure of the information/narrative provided by the applicant to support the grant award requested.

In addition to the aforementioned actions, the panel also approved a methodology to fund applications with priority scores of 2 in a manner that equally distributed, but did not exceed the amount appropriated in Act 154, should the funding approved for applicants with priority scores of 4 and 3 not reach a total of \$40M after the due diligence review. The panel also adopted a methodology, contingent upon the due diligence review, for funding applications found to have outstanding tax liabilities with DOR. This action resulted in the inclusion of 214 applications for funding consideration and due diligence review that did not validate after the initial DOR review.

After the due diligence review, **2,284** minority and small businesses ultimately received grant award notifications between **Dec. 18-30, 2020**, totaling \$40 million. The chart below provides a visual representation of how the panel reached that number.

Applications the Panel Approved for Funding	Application Count
Applications that received a priority score of 4 or 3 the Panel approved for funding contingent upon a successful due diligence review	2,037
Applications that received a priority score of 2 the Panel approved for funding contingent upon a successful due diligence review	1,085
Applications that the panel recommended for funding that did not validate during the initial DOR review	214
Applications approved for funding contingent upon a successful due diligence review that were not able to be validated after the due diligence review	-1,052
Total applicants recommended for funding with a successful due diligence review	2,284

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**.