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Section I – Statement of Purpose

On Friday, February 5, 2021, Governor Tom Wolf signed into law legislation that set aside $145 million in funds to aid hospitality industry businesses adversely affected by the COVID-19 pandemic. Specifically, the program requires counties to establish grant programs for eligible businesses. The initiative will be known as the “COVID-19 Hospitality Industry Recovery Program.”

Section 134-C of the Act of February 5, 2021 (P.L. __, No. 1), known as The Fiscal Code, establishes the County Block Grant - Hospitality Industry Recovery Program within the Department of Community and Economic Development (DCED). While every effort has been made to draft these guidelines in conformity with Act 1 of 2021, any discrepancies between these guidelines and the statute should be resolved in favor of the legislative language.

Grants under this program are processed under the authority of Section 3 of the Act of May 10, 1939 (P.L. 111, No. 51), known as the Commerce Law, which authorizes DCED to undertake ways and means of promoting and encouraging the prosperous development of Pennsylvania business, industry and commerce, of expanding markets and promoting and developing new markets for Pennsylvania products, to encourage the location and development of new business, industry and commerce within the Commonwealth, to aid in restoring employment in communities affected by unemployment, and to assist persons, firms, associations, political subdivisions, corporations, cooperative associations and other organizations in the execution of its duties and functions under the Commerce Law.

Section II – Definitions

Terms used in these guidelines shall have the meanings assigned to them in Act 1 of 2021.

Section III – Eligibility

A. Eligible Applicants

Eligible Applicants are Pennsylvania counties.

B. Eligible Uses of Funds

Grant funds provided to counties will be awarded to eligible businesses as defined in Act 1 of 2021 to alleviate revenue losses and pay eligible operating expenses due to the COVID-19 pandemic. The county will contract with one or more Certified Economic Development Organization (CEDO) or Community Development Financial Institution (CDFI), which in turn will disburse the funding through grant agreements with eligible businesses, subject to requirements set forth in Section 134-C of the Act of February 5, 2021 (P.L. __, No. 1), known as The Fiscal Code.

Contracting must occur no later than March 1, 2021. By March 15, 2021, the contracted CEDO(s) or CDFI(s) must then process the applications from eligible businesses within the county on a rolling basis until the county’s block grant funds have been exhausted or the date of June 15, 2021, whichever occurs first.
Section IV – Formula for Program Funding

Each county shall receive an amount equal to the population proportion amount as determined below. The following shall apply:

1. The department shall distribute block grants for the program to counties on or before February 28, 2021.
2. For purposes of such distribution, the population proportion amount shall be determined as follows:
   a. divide:
      i. the population estimate of the county; by
      ii. the sum of the population estimates of all counties; and
   b. multiply the quotient under subparagraph (i) by the total amount appropriated for the program.

Section V – Eligibility and Formula for CEDO/CDFI Block Grant Funding

A. Maximum Distribution
   A contracted CEDO or CDFI may award grants to eligible businesses in increments of $5,000. A grant awarded to an individual applicant shall not exceed $50,000.

B. Minimum Distribution
   The minimum grant for eligible businesses is $5,000.

C. Exclusion
   Grant awards may not be used to pay the same eligible operating expenses for which an eligible business received payment, reimbursement or loan forgiveness from any of the following:
   • The Coronavirus Aid, Relief, and Economic Security Act, commonly known as the CARES Act (Public Law 116-136, 134 Stat. 281)
   • The Consolidated Appropriations Act, 2021 (Public Law 116-260, 134 Stat. 1182)
   • The COVID-19 Emergency Supplement to the General Appropriation Act of 2019 (Act 2A of 2020)

D. Exclusion
   Receipt of a loan or grant issued under the authority of the Federal Government or the Commonwealth shall not disqualify an eligible business from eligibility for this grant.
Section VI – General CEDO/CDFI Program Requirements

A. Eligible Expenditures

Counties may award grants to eligible businesses as defined in Act 1 of 2021 for the purpose of alleviating revenue losses and paying eligible operating expenses.

Administrative Fees:

• A CEDO OR CDFI may charge a fee not to exceed $500 per each reviewed and completed grant application which is approved for funding. Fees charged under this paragraph shall be deducted from the total amount of money distributed to the county in which the CEDO or CDFI is designated to perform services for the program.

Section VII – Other Requirements

A. Conflict of Interest Provision

An officer, director, member, or employee of an applicant who is a party to or has a private interest in a project shall disclose the nature and extent of the interest to the governing body of the applicant and may neither vote on action of the applicant concerning the project nor participate in the deliberations of the applicant concerning the project. Additionally, the applicant’s board members and directors must complete an annual financial disclosure statement.

B. Nondiscrimination

No assistance shall be awarded to an applicant under this program unless the applicant certifies to DCED that they will not discriminate against any employee or against any person seeking employment by reason of race, gender, creed, color, sexual orientation, gender identity or expression, or in violation of the Pennsylvania Human Relations Act, which prohibits discrimination on the basis of race, color, religious creed, ancestry, age, sex, national origin, handicap or disability, or in violation of any applicable local, state, or federal laws. All contracts for work to be paid with program assistance must contain the Commonwealth’s official nondiscrimination clause.

C. Program Records

The applicant must maintain full and accurate records with respect to the activities and must ensure adequate control over related parties in the project. DCED requires access to such records, as well as the ability to inspect all work, invoices, materials, and other relevant records at reasonable times and places. Upon request of DCED, the applicant must furnish all data, reports, contracts, documents, and other information relevant to the project.
Section VIII – Application Process

A. Application Procedures

In order for DCED to meet its statutory deadline of February 28, 2021 for distributing the block grants to the counties, counties should complete and submit DCED’s Single Application online by the close of business (5:00 p.m.) on February 11, 2021. The application and the resulting grant contract are merely vehicles to enable DCED to disburse the funds; the legislature has made clear that counties are entitled to those funds based on population size.

The Single Application can be accessed at www.dced.pa.gov or www.esa.dced.state.pa.us. Paper applications will not be accepted. Counties should carefully follow instructions outlined in the Single Application and provide all requested information. Help can be obtained by contacting DCED Customer Service at 1-800-379-7448 or ra-dcedcs@pa.gov.

Eligible businesses seeking a grant should contact the county in which the business is located for information on how to apply for a relief grant. Counties will contract with one or more CEDO or CDFI designated to serve that county to award grants. DCED is not providing funding directly to businesses for this program.

B. Procedures for Accessing Funds

Following acceptance of the application, a grant agreement will be sent to the applicant for execution. Upon execution by the county, the agreement must be returned to DCED. Upon receipt of an invoice from the county, DCED will advance 100% of the grant award. All grant funds must be expended by July 15, 2021.

C. Reporting

Each county must complete a report containing the following information:

- A list of each grant awarded under the program.
- The name and address of each grant recipient.
- The amount of the grant and a description of the financial impact to the grantee for which the grant was awarded.
- The name of the CEDO or CDFI that processed the grant.

The report must be submitted to DCED no later than August 31, 2021.

- The report should be emailed to RA-DCEDInvoicing@pa.gov and bshover@pa.gov.

D. Auditing

- DCED waives the audit and closeout requirements specified in Article XIV of the Grant contract, entitled Contract Audit and Closeout Requirements, as the Grantor has determined that the reporting requirements eliminate the need for an audit. However, this waiver does not impact DCED’s or the Department of the Auditor General’s ability to request, for purposes of an audit review, documentation.
- Section 134-C(b)(13) of Act 1 requires counties, CEDOs, and CDFIs to provide documentation to the Department of the Auditor General or DCED, upon request, for purposes of an audit review.
Section IX – Program Inquiries

Program inquiries should be directed to:

Department of Community & Economic Development
Governor’s Center for Local Government Services
Commonwealth Keystone Building
400 North Street, 4th Floor
Harrisburg PA 17120-0225

Telephone: 888-223-6837 or 717-787-8158

Ted Martin
Deputy Director, Center for Local Government Services
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