**Section 570.30 Application Evaluation**

a) Direct Funding

1) Criteria for evaluating loan applications.

 The Department shall screen all applications to determine that all requirements of the application package have been addressed. Complete applications will be reviewed and evaluated by Department staff. Applicants will be notified of deficiencies in applications and given an opportunity to correct such deficiencies through submission of additional documentation (see Section 570.25(a)(1)). This review and evaluation process will be completed within 45 days of the Department's receipt of a complete application. Department staff will conduct a technical and financial evaluation of each application.

A) Technical Evaluation Component – Each application will be reviewed to assure compliance with technical program requirements as specified in Sections 9-2, 9-4, 9-4.2, and 9-6 of the Small Business Development Act [30 ILCS 750/9-2, 9-4, 9-4.2, and 9-6]. The technical evaluation will address the following criteria:

i) Evidence of Need for Program Funding – The company must demonstrate the need for program funds in accordance with requirements of Section 9-4(c) of the Act, including evidence that the project's financing cannot be obtained without Department participation at an interest rate and term that makes the project viable; and the leverage of other funds in accordance with Sections 9-4(a) and (b) and 9-6(a) and (b) of the Act.

ii) Project Implementation Readiness – The company must demonstrate project readiness, including identifying loans and investments from all lenders and investors on letterhead, signed and dated; time schedule for project initiation; and written cost estimates from contractors, suppliers, and/or architects that support project costs.

iii) Employment Impact –

• The application shall provide evidence of: employment impact/opportunity (e.g., job creation/retention), including written assurance from the company which identifies a description of the type and the number of any jobs to be created/retained; and any evidence that such jobs will generate additional wealth for the community (e.g., final goods or services produced are sold in markets outside Illinois or final goods or services produced and sold locally substitute for those imported from outside the state). Special consideration will be given to a Minority, Women and Disability Business Project or to a project which demonstrates additional need (e.g.: Distressed community or county with an unemployment rate which is 25% higher than the State average, or a per capita income that is less than the State average, or area with limited economic development as evidenced by absence of development activities within the last two years or as evidenced by new job growth rate less than the State or national average, or

• Funding would support business which has provided assurance that the project will generate business growth and make an employment impact/opportunity in the community as a result of spinoff businesses, and thus evidence that the additional jobs will be created or retained, or

• Funding is needed to avert loss of a major employment source (more than 100 jobs or 2% of the local base) in the community, or

• Jobs to be created or retained offer wages substantially higher than the prevailing wage in the industry as determined by the Illinois Department of Labor pursuant to the Prevailing Wage Act [820 ILCS 130], or an annual wage higher than the State's median income as computed by the Department's Division of Research and Analysis, 620 E. Adams Street, Springfield, Illinois 62701, (217) 785-6117).

iv) Evidence of how the Company will modernize or improve their competitiveness. The Company must demonstrate how they will accomplish the following:

• improve productivity;

• reverse an actual or expected decline in production; or

• improve the Company's competitive advantage.

B) Financial Evaluation Component – The applicant's financial statements, including the items in Section 570.25(a)(1)(C), (D), (G), (H), and (K), as applicable, will be reviewed through a standard credit analysis which will determine the: liquidity and debt coverage for the project; ability of the company to manage debt; business trends, and projected earnings. This data will be compared to similar data for companies in the same industry using the "RMA Annual Statement Studies" (published by Robert Morris Associates, P.O. Box 8500, S-1140 Philadelphia, PA. 19178), or a comparable source (1990 with no later amendments or editions) if such industry is evaluated by this source. This standard credit analysis will determine the financial stability of the company in accordance with Section 9-4(f) of the Act.

2) The criteria for evaluating the Technical Assistance Grant Program shall be the following:

A) Evidence of Rationale for Program Funding – The company shall demonstrate, in accordance with Section 9-6(b) of the Act, that the project would not be undertaken unless the grant is provided along with the leverage of other funds in accordance with Section 9-6 of the Act and Section 570.60(a)(2).

B) Project Implementation Readiness – The company must demonstrate project readiness, including identifying sources of cash and in-kind matching funds and time schedule for project initiation.

C) Program Purpose – The degree to which the proposed project fulfills the program purpose.

D) Management – The management capacity of the applicant and its potential for completing the project.

E) Cost for Expected Results – The appropriateness of the project costs in terms of the project objectives, the work to be undertaken and the results expected.

3) The Criteria for Evaluating Development Corporation Grant Applications are the following:

A) Department staff will screen all applications to determine that all minimum requirements of the application package have been addressed. Application will be reviewed in accordance with Department review criteria listed in subsection (a)(1)(B).

B) A request for financial assistance to set up and operate a Development Corporation will be evaluated in accordance with the requirements of this Part. The review of applications will begin after the application due date and take no more than 75 working days, with financial assistance awards being announced at the end of that period. Applications will be evaluated on the basis of:

i) The extent of economic distress and unemployment in the area to be served; the nature of financial needs of the area and the geographic diversity of the applicants;

ii) The capability of the applicant and its staff as demonstrated by existing or past experience in managing work activities similar to those proposed to be undertaken;

iii) Time schedule for project initiation, etc., indicating the level of project readiness;

iv) Actual or anticipated amount of capitalization, extent of leveraging of other financial resource and consistency of proposed items of expenditure with the requirements of the Act;

v) The merits of the proposed work plan and consistency of proposed activities with the program purpose;

vi) The level of economic development results expected in terms of development financing, retooling or modernization, jobs created or retained, private funds leveraged, etc. and level of other significant benefits or impacts;

vii) Evidence of direct linkages or coordination between the proposed program and private financial institutions and public investment/loan/guarantee programs; and

viii) The anticipated financial feasibility of the project and its ability to maintain continuous operation beneficial to the public as determined by anticipated operational costs of less than or equal to anticipated income or the availability of equity to cover any shortfalls based on the company's historical and projected financial statements.

b) Indirect Funding

 The criteria for evaluating the Participation Loan Program, the Loan Loss Reserve Program and the Development Corporation Participation Loan Program shall be the following:

1) Technical Evaluation Component – Each application will be reviewed to assure compliance with technical program requirements as specified in Sections 9-2, 9-4, 9-4.2, 9-4.2a, and 9-6 of the Act [30 ILCS 750/9-2, 9-4, 9-4.2, 9-4.2a, and 9-6]. The technical evaluation will address the following criteria:

A) Evidence of Need for Program Funding – The company must demonstrate the need for program funds in accordance with requirements of Section 9-4(c) of the Act, including evidence that the project's financing cannot be obtained without Department participation at an interest rate and term which makes the project viable; and the leverage of other funds in accordance with Sections 9-4(a) and (b) and 9-6(a) and (b) of the Act.

B) Project Implementation Readiness – The company must demonstrate to the financial intermediary according to procedures and tests developed by the financial intermediary that it is ready to implement the project.

C) Employment Impact – The application shall provide evidence of: employment impact/opportunity (e.g., job creation/retention), a description of the type and number of any jobs to be created/retained and any evidence that such jobs will generate additional wealth for the community (e.g., final goods or services proposed are sold in markets outside Illinois or final goods or services produced and sold locally substitute for those imported from outside the State). Special consideration will be given to a Minority, Women and Disability Business Project, a Rural Micro-business Project or to a project which demonstrates additional needs; for example:

i) Distressed community or county with an unemployment rate which is 25% higher than the State average, or a per capita income which is less than the State average, or

ii) Area with limited economic development as evidenced by absence of development activities within the last two years or as evidenced by new job growth rate less than the State or national average, or

iii) Funding would support business which has provided assurance that the project will generate business growth and make an employment impact/opportunity in the community as a result of spinoff businesses, and thus evidence that additional jobs will be created or retained, or

iv) Funding is needed to avert loss of a major employment source (more than 100 jobs or 2% of the local base) in the community, or

v) Jobs to be created or retained offer wages substantially higher than the prevailing wage in the industry as determined by the Illinois Department of Labor pursuant to the Prevailing Wage Act [820 ILCS 130] and Section 6-3 of the Illinois Purchasing Act [30 ILCS 505/6-3], or an annual wage higher than the State's median income as computed by the Department's Division of Research and Analysis, 620 E. Adams Street, Springfield, Illinois 62701, (217) 785-6117).

D) Evidence of how the company will modernize or improve their competitiveness – The company must demonstrate how they will accomplish the following:

 i) improve productivity;

 ii) reverse an actual or expected decline in production; or

 iii) improve the company's competitive advantage.

2) Financial Evaluation Component – The financial intermediary will perform a credit analysis of the company using procedures and tests developed by the financial intermediary to determine the ability of the company to carry out the project.

(Source: Amended at 30 Ill. Reg. 8461, effective April 19, 2006)