**Section 700.120 Economic Support Payments Grants Program**

The Department will administer an Economic Support Payments Grants Program available to eligible local governments (see Section 700.40(b)) through Local CURE Program funding allocated for this purpose (see Section 700.80(e)(1)). The purpose of the grant program is to provide financial support to businesses that have experienced interruption of business attributable to the COVID-19 public health emergency. The funds issued to local governments for the Economic Support Payments Grants shall be provided on a reimbursement basis only and shall follow all processes required by GATA and 2 CFR 200. Local governments that receive grants may be reimbursed for costs incurred by the qualifying businesses during the allowed time period set forth in the Local CURE Program and posted on the Department's website.

a) Form of Financial Assistance

Financial assistance provided by local governments to qualifying businesses may be in the form of a grant, subsidy or expense reimbursement only. Regardless of the form of assistance, a business participant shall be obligated to comply with the requirements set forth in this Part and in any agreement or certification executed as part of applying for or receiving financial assistance.

b) Source of Advance Payments

Funds provided to business participants by local governments for the costs of business interruption shall be advanced by the local governments from a source other than direct federal funds or federal pass-through funds, including, but not limited to, any portion of the allotments received through Section 700.80(a). The Department will then reimburse the local governments for expenditures incurred through an Economic Support Payments Grant.

c) Application Process

1) The Department will post one or more Notices of Funding Opportunity (NOFO) on the GATA Grantee Portal seeking applications from eligible local governments (see Section 700.40(b)). The Department may accept several rounds of applications through a single NOFO. A local government may apply for multiple funding rounds. However, a local government may only submit one application per funding round. Applicants shall submit their application materials by the deadlines set by the Department.

2) As part of the application, local governments will be required to provide a narrative about the program, which shall include, but is not limited to, a description of the following:

A) The types of businesses or industries that will be served by the program;

B) The method of selecting business participants;

C) A summary of how the proposed grant program adheres to the U.S. Department of the Treasury's CRF guidance;

D) How the program meets the following criteria for reimbursable expenses:

i) The expense is connected to the COVID-19 public health emergency;

ii) The expense is "necessary" as defined by the U.S. Department of the Treasury guidance;

iii) The expense is not filling a shortfall in government revenues;

iv) The expenses were not accounted for in the budget most recently approved as of March 27, 2020;

v) The expense is not being reimbursed through a different emergency response program;

vi) The expense would not exist without the COVID-19 public health emergency or would be for a substantially different use; and

vii) The expense was incurred during the allowed time period set forth in the Local CURE Program and posted on the Department's website and the NOFO;

E) The form of financial assistance being provided to businesses (e.g., grants, subsidies, expense reimbursement); and

F) The due diligence procedures and controls the local government will implement to ensure funds are expended within the parameters of this Part, the CARES Act, and the U.S. Department of the Treasury guidance.

3) Local governments are permitted to receive reimbursements for administrative expenses for administering these grants by requesting reimbursement from their allotments received pursuant to Section 700.80(a) only. Local governments are not permitted to receive reimbursements for administrative expenses directly from the Economic Support Payments Grants.

4) Local governments are not permitted to receive reimbursements for indirect costs related to the Economic Support Payments Grants.

5) Grant applications will be reviewed using the GATA merit-based review process to ensure applicants meet the eligibility requirements of this Part.

d) Grant Award Issuance

1) Grants will be awarded to local governments following a merit review of the local government's economic support payments program, including their due diligence procedures and adherence to subsection (c). If a local government applicant meets the eligibility criteria in subsection (c), the local government shall receive a grant of up to the maximum amount of eligible grant funds if grant funds are still available at the time of application.

2) The maximum amount of eligible grant funds for each local government shall be based on a pro rata share of funds available at the time of application as set forth in the NOFO, based on the populations of the eligible geographic regions set forth in the State's Restore Illinois Plan (see Restore Illinois regions, available at https://coronavirus.illinois.gov/s/ restore-illinois-regional-dashboard).

3) If a local government grantee has expended or will expend all funds awarded under its Economic Support Payments Grant and grant funds are available, the local government may request from the Department that additional funds be added to its grant award. The local government must also submit supporting information or documentation demonstrating that it will expend its full initial award and that there is a need for the additional funds. The Department has no obligation to agree to an increase of funds requested by a local government.

4) If a geographic region's allotted share of funds has not been awarded in full by December 1, 2020, the Department may reallocate funds to other regions for which there remains a need.

5) Grants will be issued through the GATA Uniform Intergovernmental Grant Agreement, which must be executed by both the Department and the local government.

6) The local government grantees will be responsible for the repayment to the Department of any costs for funding issued to businesses that are found, by the federal government, the Department, or any other State agency:

A) to be ineligible under the Economic Support Payments Grants Program; or

B) to have misspent funds.

e) Grant Award Administration

1) Grantees and business participants shall comply with all GATA and Department requirements for grant administration and reporting, including the monitoring and records retention requirements in Section 700.110.

2) Grantees shall:

A) require that all business participants that receive financial support through the grant award shall sign a certification that attests to eligibility for this program; and

B) condition funding on compliance with programmatic requirements, including, but not limited to, the Local CURE Program, the CARES Act, and the U.S. Department of the Treasury guidance.

(Source: Amended at 45 Ill. Reg. 9417, effective July 9, 2021)