

City of Scranton
American Rescue Plan Act

Notice of Funding: Small Business Wage Boost Grant and Negative Economic Recovery Grant Program Guidelines

ARPA Expenditure Category 2.29 - “Loans or Grants to Mitigate Financial Hardship”

BACKGROUND AND GENERAL INFORMATION

On March 11, 2021, President Biden signed the American Rescue Plan Act of 2021 (ARPA) into law. The \$1.9 trillion Fiscal Recovery Funds package is intended to combat the COVID-19 pandemic, including public health and economic impacts. The City of Scranton has received a total of \$68.746M to respond to the COVID-19 public health emergency and its economic impacts.

The mission of the city’s specific ARPA program is to give people access to resources, rebuild the infrastructure systems that impact their everyday lives, and foster real equitable wealth generation that targets the needs of Scranton residents. This mission statement is also accompanied by six (6) guiding principles:

1. **Recovery:** Use funds to equitably guide residents, businesses, nonprofits & local government out of the economic downturn and onto a path of financial recovery
2. **Response:** Enhance city health & emergency response capabilities
3. **Alignment:** Integrate ARPA Funds with ACT 47 Exit Plan Goals, long-term financial and tax strategies, & comprehensive economic development planning
4. **Sustainability:** Avoid one-time items and programs that incur unsustainable operational, maintenance, or other long-term legacy costs
5. **Leverage:** Tackle large infrastructure needs for a safer, healthier city
6. **Transparency:** Accountability, communication, collaboration

Scranton City Council approved ARPA funding to be made available as grants to small business that have faced economic hardship resulting from or exacerbated by the public health emergency. Below is a summary of the award funding, as well as eligibility requirements.

DEFINITION OF ECONOMICALLY DISADVANTAGED

In accordance with the City’s mission to offer equitable recovery and investment resources to the community, grant applications for subrecipient awards will be reviewed and prioritized based on the target populations the beneficiary or its program will serve. Higher prioritization and consideration will be given to those applications that serve the economically disadvantaged populations within the city. According to a recent median household income study by race/ethnicity, it was found that the median income for Black or African American and Hispanic or Latino households is lower than the White and

Asian households located in the city. Programs and applicants that intend to serve these lower income communities will be given more consideration for funding than those that do not.

DEFINITIONS OF IMPACTED AND DISPROPORTIONATELY IMPACTED

An impacted small business is a business that both meets the definition of “small business” as defined by the City below and can demonstrate a negative economic impact directly related to COVID-19. A disproportionately impacted small business is a business that both meets the definition of “small business” as defined by the City and is located within a Disproportionately Impacted area or Qualified Census Tract (QCT) within the City. See the City’s attached QCT map to determine if your small business is located within a disproportionately impacted area or QCT area.



Small Business Wage Boost Grant Program:

In accordance with the Scranton ARPA mission, the City is seeking applications for eligible small business wage boost grant funding for both impacted and disproportionately impacted small businesses operating within the city. Awards are available to assist eligible small business owners in recovering from the financial hardship and the ongoing challenging economic conditions created by the pandemic specifically regarding the support of efforts to retain employees or increase their workforce by offering wages and benefits competitive with state averages. To qualify, the small businesses must be able to demonstrate a negative economic impact created by the pandemic or operate within a disproportionately impacted area or QCT area (See the eligibility and required documentation sections to understand what is required for a small business owner to demonstrate a negative financial impact). Awards are available up to \$50,000 total per applicant, for up to two years or to the extent an applicant can demonstrate a wage boost need. The first year of enhanced wages will be funded up to 100%, and the second year up to 50%, dependent on the applicant’s total amount of funding requested. Funding requests for loss that bears no relation or is grossly disproportionate to the type or extent of harm experienced due to the COVID-19 public health emergency will not be eligible. Additionally, applicants will not be eligible for funding if the same costs or impacts identified in this grant application have been previously made whole through alternate Federal, State or Local grant funding. Business franchises are not eligible



Small Business Negative Economic Impact Recovery Grant Program:

In accordance with the Scranton ARPA mission, the city is also seeking applications for small business negative economic impact recovery grant funding. Funding may be applied for and used to support eligible small businesses impacted by the pandemic to mitigate financial hardships including, but not limited to, decreased revenue, financial insecurity, increased costs caused directly by the pandemic, as well as challenges covering other costs including mortgage payments, rent, utilities, and other operational costs. In addition, funding may be applied for to cover COVID-19 mitigation costs required for social distancing, cleaning, disinfecting, separation barriers, and other health and safety investments or upgrades. Funding applications may also be submitted for technical assistance, counseling, or other services to support business planning. Awards are available up to \$25,000 per applicant, or to the extent the need can be clearly demonstrated by the applicant. Funding requests for

loss that bears no relation or is grossly disproportionate to the type or extent of harm experienced due to the COVID-19 public health emergency will not be eligible. Additionally, applicants will not be eligible for funding if the same costs or impacts identified in this grant application have been previously made whole through alternate Federal, State or Local grant funding. Business franchises are not eligible

ELIGIBILITY REQUIREMENTS

The City's ARPA grant programs are designed to support residents, organizations, programs, and activities that benefit City of Scranton residents and community. Per the Final Rule, the U.S. Treasury recognizes impacted small businesses as eligible to receive funding for this program. A small business is "impacted" if they can demonstrate and provide evidence of a negative economic impact caused by the pandemic, which may include evidence of:

- Decreased revenue or gross receipts
- Financial insecurity
- Increased costs created directly by the pandemic
- Reduced capacity to weather financial hardship created by the pandemic
- Challenges covering payroll, rent, mortgage, and other operating costs

Treasury also recognizes small businesses operating out of QCT area or disproportionately impacted areas as eligible to receive funding for this program. To determine if your small business is located in one of these areas, please see the QCT map posted on the City's ARPA webpage.

Below are additional eligibility requirements that all small business applicants must meet for this program:

- Business is a "for-profit" business
- Must have 50 or fewer full-time and/or part-time employees
- Business must be physically located within the City of Scranton.
- Business is licensed to do business, in the state of Pennsylvania
- Must be registered and in good standing with the City single tax office as well as current with local taxes and trash fees
- Must not have any unpaid code enforcement liens or violations of any state, federal or local laws
- Must be current on all taxes including payroll, sales, unemployment, property, state, and federal
- No business owners, including all managing members and/or officers, have been convicted of financial crimes within the past three years.
- Provide proof of insurance to the satisfaction of the City prior to the receipt of any funding.
- The applicant has not received alternate Federal or State grant funding to cover these same costs and/or uses.
- The business is not a publicly traded company
- The business is not a franchise

INELIGIBLE COSTS

- Loss that bears no relation or is grossly disproportionate to the type or extent of harm experienced due to the COVID-19 public health emergency.
- Contributions to rainy day funds, financial reserves, or similar funds.

- Payment of interest or principal on outstanding debt instruments.
- Inherently religious activities, such as worship, religious instruction, or proselytization and/or those that promote or inhibit religious interest.
- Lobbying, support of candidates for public office, or other political activities.
- Economic hardship incurred for reasons other than the pandemic
- Direct reimbursement for invoices, receipts, or expenditures prior to March 3, 2021.
- Expenses reimbursed or eligible for reimbursement through any other contract or agreement with the City, including but not limited to City Small Business Assistance previously administered or CARES Act funding
- During the period beginning on March 1, 2020 and ending on the date of your funding application submission to the City, the applicant has not received alternate Federal, State or Local grant funding to cover the same costs, programs, and/or impacts identified in its grant application to the City

REQUIRED DOCUMENTATION

Below is a list of required documentation for all applicants

- Proof of operating address (*e.g. utility bill, lease agreement, mortgage statement, etc.*)
- Copy of 2022 Tax Returns
- Copy of last fiscal year audited financial statements
- Federal Tax Identification Number
- Current copy of IRS W-9 Tax Form
- Copy of business license
- M/W/DBE certifications (*if available*)
- Articles of Incorporation (*if applicable*)
- Proof of payroll to verify employee numbers and wages
- List of monetary and/or in-kind donations from the City of Scranton (*if applicable*)
- Disclosure statement if Owner(s) hold greater than a 10% interest in the company/organization
- A summary of intended use, by itemized description and amount, of the total grant funding applied for. The summary shall be on the small business letter head and signed by the business owner.
- Completed wage boost budget worksheet (**Exhibit 1**) digital file (.xls) submitted with the application (*if submitting for the wage boost grant*)
- If an applicant has identified Alternate Federal or State funding to assist with the same impacts, costs, or expenditures in their application, the applicant will be required to complete a duplication of benefit worksheet (**Exhibit 2**) that identifies the need, sources, and uses of all funding associated with these costs for review by the City.

Below is a list of additional required documentation for all applicants that ARE NOT located within a disproportionately impacted area or QCT area:

- Copy of 2019, 2020, 2021, and 2022 Tax Returns or copy of tax returns for each year in operation if the business opened after 2019
- Copy of 2019, 2020, 2021, and 2022 fiscal year audited financial statements or copy of financials for each year in operation if the business opened after 2019 for the organization including the following:
 - Statement of Financial Position
 - Income statement
 - Cashflow statement
 - Statement of Activities
 - If audited statements are not available, unaudited statements with a certification from the small business owner is required
- Projected revenue and expenditure totals for fiscal year 2023
- Additional Evidence to demonstrate a negative economic impact was sustained:
 - Copies of invoices demonstrating an increase in operations cost since March 3, 2021 (*If applicable*).
 - Past-due Mortgage/Rent Statements (*If applicable*).
 - Past-due utility bills (*If applicable*).
 - Evidence of reduced or inhibited fund-raising activities due to COVID-19 (*if applicable*).
 - Copies of invoices or evidence of COVID-19 related expenses incurred (*if applicable*).
 - Evidence or statements demonstrating a loss of funds or income due to COVID-19 (*if applicable - must be certified by the business owner*).

TERMS OF GRANT AWARD:

- All costs must be expended on or before September 30, 2026
- Grant funding will be made available once applications are 1) reviewed for eligibility, 2) prioritized by the review panel, and 3) applicants submit evidence or statements certifying the use of the grant funds upon award.

APPLICATION PROCESS

The City of Scranton ARPA grant program applications will be available through the Scranton Area Foundation grant portal which can be accessed at safdn.org/grants from August 2023 to September 2023. Late submissions will not be accepted.

The application packet must include the information listed below.

- Completed Application
- Completed list of all required documents

The City will open the grant applications for this program in three (3) funding rounds. The first funding round will have a total allocation of \$1 million, and the 2nd and 3rd funding rounds will have up to a total allocation of \$2 million, dependent on the number of eligible applications received. The funding rounds will open according to the schedule below:

- Applications open in SAF's portal: October 24th, 2022
- Application informational session: October 28th, 2022
- Applications close (Round 1): November 14th, 2022
- Award determinations (Round 1): Week of December 14th, 2022
- Applications close (Round 2): January 31st, 2023
- Award determinations (Round 2): February 2023
- Applications close (Round 3): September 30th, 2023
- Award determinations (Round 3): November 2023

City and ARPA advisory staff are available to answer questions about the application requirements, eligible activities, or the funding process once the application is posted through the deadline. Please contact Christopher Hughes at chughes@scrantonpa.gov with questions.

APPLICATION REVIEW PROCESS

City staff will review grant applications for completeness and eligibility. Applicants may be asked to revise proposals or provide additional information.

Complete and eligible applications will then be reviewed by a review panel.

AFFIDAVIT, WAIVER, AND RELEASE FORM

All eligible small businesses offered a grant who choose to accept the grant will be required to sign a non-negotiable affidavit, waiver, and release form prior to payment being made. The affidavit will require the applicant to declare that all information contained in the application is true and correct and can be used as admissible evidence in any legal proceeding against the company if the City attempted to recoup any grant funds provided under false pretenses.

AGREEMENT REQUIREMENT & MONITORING

Grant awards will be made in the form of an agreement executed between the applicant and the Scranton Area Community Foundation (SAF). The grant period, scope, allowable budget, and reporting requirements will be outlined in a grant agreement between the applicant organization and the SAF. All awarded funds for new programming/activities must be expended no later than September 30, 2026. Failure to comply with this requirement may result in disqualification from future grant cycles. Additional information may be required at the City's discretion, based on the usage of funds.

EXIT REPORT

An Exit Report will be required at the end of each grant agreement when all grant funds have been expended. Awardees must submit the Exit Report to the Office of Community Development no later than December 31, 2026. Failure to submit an Exit Report may result in disqualification from future grant cycles.

PROGRAM CONTACT

Please contact Christopher Hughes with all inquiries regarding the City of Scranton American Rescue Plan Act Grant Program Application via email at chughes@scrantonpa.gov.