



DIVERSE BUSINESS INVESTMENT GRANT PROGRAM QUESTIONS AND ANSWERS

December 23, 2021

Program Summary

The purpose of the Diverse Business Investment Program is to provide funding to Community Development Financial Institutions to support grants and forgivable loans to Diverse Businesses, particularly those in qualified census tracts or areas disproportionately impacted by the COVID-19 pandemic. The State intends to award \$37.5 million in grants through this program. Funding is provided by the Federal American Rescue Plan Act of 2021. Additional details are available on the [Program website](#).

Prior to contacting DOA please consult the Grant Announcement, Grant Application and this Question-and-Answer document available on the [Program Website](#).

U.S. Department of the Treasury American Rescue Plan Act guidance can be found [here](#).

FOR ALL QUESTIONS RELATED TO ALLOWABLE EXPENSES

DOA will execute grant agreements with successful applicants only after DOA determines that planned expenses included in an application's budget are reasonably consistent with guidance from the US Department of Treasury for use of State and Local Fiscal Recovery Funds under the American Rescue Plan Act requirements, and Program provisions. DOA's execution of grant agreements, however, is not dispositive as to whether any particular cost meets the criteria. Applicants retain responsibility for demonstrating eligibility of expenses and are required to hold DOA harmless for any audit disallowance related to the eligibility of costs, including repayment of ineligible amounts.

FOR ALL QUESTIONS RELATED TO APPLICANT ELIGIBILITY

DOA will not respond to inquiries regarding an applicant's specific eligibility. Each applicant is required to determine its eligibility based on program requirements provided in the Grant Announcement. However, DOA will accept and answer questions seeking clarification of eligibility requirements. DOA will determine applicant eligibility only as a routine matter during the application review process after the application deadline has passed. Applicants should carefully review "Section 4. Eligibility Requirements" of the Grant Announcement prior to applying.

1. In order to apply for the grant, does an CDFI have to apply on our behalf?

Response: This grant program is only open to CDFI organizations in Wisconsin. Once grant funds are disbursed, it is intended that organizations will make grants or forgivable loans to eligible businesses who apply for funding.

2. I am interested in applying for this grant, however I would like some more information about eligibility. Who all can qualify to receive this grant?

Response: Please see the eligibility requirements in section 4 of the grant announcement here: [Diverse Business Investment Grant Announcement 11292021.pdf \(wi.gov\)](#).

3. I am reaching out to see if our LLC would be eligible to apply for either of these funds to help with the down payment of a commercial property that we would like to acquire to offer services that the community is in desperate need as a result of COVID-19.

Response: No, LLCs are not eligible for this program as direct recipients. Please see the eligibility requirements in section 4 of the grant announcement [Diverse Business Investment Grant Announcement 11292021.pdf \(wi.gov\)](#). Once grants are made to CDFIs, awardees may make grants or forgivable loans to small businesses.

4. Is there any possibility that I can file for the grant as a sole proprietor?

Response: No, individuals are not eligible for this program. Eligible applicants are established Wisconsin Community Development Financial Institutions. Once grants are made to CDFIs, awardees may make grants or forgivable loans to small businesses.

5. Are equity investments an option for use of funds, along with pass-through grants & forgivable loans?

Response: No, equity investments are not allowable under the program. Eligible applicants may use funds to make grants or forgivable loans to small businesses.

6. Relating to the budget – may we reserve 15% for administrative purposes of operating the program? i.e. identifying, disbursing and reporting on the use of funds?

Response: No, a maximum of 10 percent for administrative costs is allowed under this program.

7. As a CDFI that also provides technical assistance/support to ethnically-diverse businesses, where does the CDFI apply for technical assistance dollars (i.e. operations/staff support) since these funds will not be used as grant dollars? Do they apply from the CDFI/grant pool for their operating/technical assistance support or the diverse business technical assistance pool? IF I have to apply from each fund separately, will I have to complete 2 applications? (You may not need to ask this but if so please let them know they will have to apply from both pools and how many applications they are expected to submit.

Response: Please review the eligible uses of funds in the grant announcement listed in section 7 of the grant announcement listed here: [Diverse Business Investment Grant Announcement](#)

[11292021.pdf \(wi.gov\)](#). If your organization is intending to provide both Technical Assistance to Diverse Businesses and provide investment assistance to businesses by making forgivable loans or grants to Diverse Businesses, and meets the requirements for both grant programs, you may wish to apply for funding under both programs.

8. Under 3.3 Evaluation Criteria - 3.3.1 describes funding a grant program for eligible businesses, scored at 25 points in the application. 3.3.3 describes supporting lending for eligible businesses, scored at 25 application points. Does this mean we need to propose a project which will both make grants and provide loans, in order to get each of the 25 points under 3.3.1 and 3.3.3? Put another way, are we missing points if we propose *only* to make subgrants or *only* loans, vs doing both?

Response: No, organizations are not required to propose a project which will both make grants and provide loans.

9. What is the amount of the grant?

Response: There is \$37.5 million available through this grant program, and eligible organizations may apply for up to \$5 million in funding.

10. Is it possible to add rows to the Budget form?

Response: Please email the Program at DiverseBusinessInvestment@wisconsin.gov if you would like to add rows to the Budget form. However, most applicants do not have this issue because similar expenses may be grouped. For example, salary and fringe for multiple staff performing similar duties may be combined on a single line and can be described in the "description" line.

11. Please confirm: Grant funds can be used for expenses incurred going back to March 3, 2021 (per guidelines and slides).

Response: Yes.

12. Is there a \$5 million limit for which each CDFI can apply?

Response: Yes.

13. What types of data will need to be tracked and reported if awarded funds?

Response: Some types of data that will be requested include the types of forgivable loans or grants that are made, the names and number of businesses or individuals that those forgivable loans or grants are being made to, etc.

14. Will you be looking for loans and grants disbursed and jobs created or retained?

Response: Yes, that is potentially information that will be requested by grant awardees as part of the grant reporting process.

15. Is the \$5 Million cap per year or is the \$5 Million cap per multi-year award?

Response: The \$5 million cap is per multi-year award.

16. Are subcontracts for TA allowed and can they be anticipatory or do the contractors need to be named and agreements in place?

Response: Under this grant announcement the technical assistance contracts can be anticipated, however since there is a Diverse Business Assistance grant program as well, it is desired that the majority of these funds be spent on forgivable loan programs or grants which will directly benefit Diverse Businesses.

17. Do we need to document service territories, or can we show that forgivable loans and grants will be disbursed only to business in a Low-Income Target Population?

Response: Applicants should identify where they intend to provide forgivable loans and grants.

18. Will you allow budget modifications if you are not able to award the full amount requested?

Response: Yes, depending on the number of qualified applications that are received, the program may adjust the awards to qualified applicants.

19. Can funds be used for non-forgivable loans?

Response: No.

20. Do loans need to be forgiven no later than 12/31/2024?

Response: Yes.

21. Can a CDFI apply for more than \$5 Million if it has a sub awardee applying under them?

Response: No. The maximum individual award to a CDFI in this program is \$5 million.

22. Do we need to list specific Census Tracts? We don't necessarily know in advance where the loans will be needed.

Response: Applicants do not need to list specific Census Tracts, but they should identify areas in which they plan to provide services.

23. I attended the webinar for the Diverse Business Investment grant program and I heard a reference to a different grant for TA. Is that other grant the Diverse Business Assistance grant?

Our organization is a CDFI. While we provide TA and loans to diverse and ethnic businesses, our organization is not a diverse and ethnic chamber so I don't think our organization would be eligible for the Diverse Business Assistance grant.

Under the Business Investment grant the eligible expenses include personnel costs, travel, supplies, and admin (10% max), along with the grants and forgivable loans to clients. Can you tell me what personnel or staff activities are eligible under the Business Investment grant? What I'm trying to ask is at what point is the service considered TA rather than loan servicing and underwriting? I can understand that assisting an entrepreneur to prepare a business plan would fall under the Diverse

Business Assistance Program rather than the Diverse Business Investment Program, but assisting an entrepreneur with their financial projections could be part of the loan underwriting process and be an eligible staff activity under the Diverse Business Investment Program. I want to make sure the staff activities we are planning for the Diverse Business Investment grant are eligible.

Response: The technical assistance services that you have described for forgivable loan/grant small business customers would be eligible under this grant program.

24. I was wondering if an organization could apply twice for the grant (ex. apply once on their own and apply a second time with a different organization).

Response: Applicants may only submit one application under this grant program.

25. In the budget portion (Section 3.1) of the application, should we list specific projects and project addresses in the budget along with specific dollar amounts and specific use of the funds for the project?

Response: Please review Sections 6.0 and 7.0 of the Grant Announcement for details on the information required in the Grant Application and examples of eligible expenses.

26. Is there a preference (grants score higher than interest only forgivable loans) for grants or forgivable loans that pay interest only until the date of forgiveness (December 21, 2024)?

Response: There is not a prescribed preference. However, the applications are competitive, and applicants should provide thorough responses to Narrative section of the application.

27. Is there a preference to allocate smaller dollar amounts to more projects versus larger dollar amounts to less projects?

Response: No.

28. Is there a DOA definition for micro businesses or small businesses (gross revenue and employee number) from Section 2.1.3?

Response: No.

29. Census Tract: Can we use FFIEC (Federal Financial Institutions Examination Council) or is there a specific link to HUD (U.S. Department of Housing and Urban Development) that you prefer for demographic information?

Response: Please use this link [State Table | HUD USER](#).

30. Can you provide more information on the points and weight assigned to each narrative question?

Response: Section 3.3 of the grant announcement provides the total points available for each narrative questions here: [Diverse Business Investment Grant Announcement 11292021.pdf \(wi.gov\)](#)

31. I'd like to clarify the eligibility requirements for the Diverse Business Investment grant. In reviewing the requirements, it looks like this fund is designed to support companies offering loans to small/micro businesses but there is no mention of personal loans. We also noticed that being in operation since January 1, 2019, is a requirement so I wanted to confirm that is the case.

Response: This grant program is only open to CDFI organizations in Wisconsin. Once grant funds are disbursed, it is intended that organizations will make grants or forgivable loans to eligible businesses who apply for funding. Yes, being in operation since January 1, 2019, is a requirement.

32. I didn't ask the original question about the cap of \$5M if they will have "sub-awardees" or be partnering with others but here's the scenario:
Some organizations may have to partner with a CDFI to administer grants or forgivable loans to their businesses. They have partner CDFI's lined up to administer those funds; however, those partner CDFI's will also have their own grant and forgivable loan programs that may be different from what contracting organizations wants to offer for their businesses. So the \$5 million cap for the entire term makes it hard for the revolving loan funds to serve all of the businesses intended. To assist with this, is it possible for the RLF's but non-CDFI's, specifically to submit a request for these funds on their own and to talk about the partnerships that they will have with their respective CDFI regarding deployment? Or could the CDFI's that they team up with ask for more if they can show/prove their partnership for the deployment of these funds?

Response: Only CDFIs are eligible to apply for funds under the Diverse Business Investment grant program; please see the eligibility requirements listed in the grant announcement for the program here: [Diverse Business Investment Grant Announcement 11292021.pdf \(wi.gov\)](#).

Eligible organizations who apply under the Diverse Business Assistance program can elect to work with a CDFI to administer a forgivable loan/grant program that they include as part of a Diverse Business Assistance grant application. If a CDFI serves a partner to a Diverse Business Assistance grant program awardee for the purpose of helping disperse forgivable loans or grants to small businesses, the amount of funds they assist an organization in disbursing will not be counted against the CDFI's \$5 million award maximum.

Revolving Loan Funds are not eligible for funding in this particular grant program due to certain limitations that have been placed on the use of funds by Dept. of Treasury guidance.

33. My question is in regards to the definition of ethnic and diverse business for both programs. In some grant programs, the definition for diverse and/or underrepresented businesses/communities includes women entrepreneurs, racially diverse clients, and those of low-to-moderate incomes. Would we be able to serve all of these populations with the Diverse Business Assistance and Diverse Business Investment programs?

Response: A Diverse Business is defined in both programs as one that is owned by a member of a community that has in the past been denied access to capital or has been underbanked. The program will rely on the applicant to demonstrate how the businesses it serves have faced such challenges to accessing capital (e.g., in a particular case, those barriers could correspond to, but need not correspond to, minority, gender, or LGBTQIA-owned status, and may include a variety of reasons like being in rural or economically disadvantaged areas, being veteran-owned, or other reasons).