State of Illinois
Hospitality Emergency Grant Program
Purpose and Procedures

Purpose

To assist small businesses in the hospitality industry throughout the state who, as an industry, lost significant revenues almost immediately as the pandemic worsened, on March 23rd the State launched a $14M grant program for hotels and food and beverage small businesses. The State sought to provide funding very quickly in this crisis, and therefore used existing appropriated funds, but it also sought to award those limited funds fairly and evenly throughout the state.

Procedures

To move quickly in the crisis, the Illinois Department of Commerce and Economic Opportunity asked Accion Serving Illinois and Indiana to serve as the fiscal agent for the program. Accion opened a simple application form that the State promoted widely until the application closed on April 1st at 5pm. Accion received 14,257 applications, of which 12,128 were filled out completely. For the 12,128 complete applications, Accion then followed these procedures to randomly select the grant winners who met the requirements, fitting the applicants to the geographic and funding use stipulations of the program.

1. Filter the applications by business type and geography into six Lottery Groups:
    a. Hotel Cook
    b. Hotel Collar (DuPage, Kane, Lake, McHenry, Will)
    c. Hotel Other
    d. Food and Beverage Cook
    e. Food and Beverage Collar (DuPage, Kane, Lake, McHenry, Will)
    f. Food and Beverage Other
2. Assign each application within each of the six Lottery Groups a number ("Number ID") ordering the applications alphabetically in that Lottery Group by business name and beginning with Number ID = 1.
3. Create a random list of numbers ("Random Number") using a published unbiased randomizer: https://www.random.org/sequences/ per group
4. Apply the random sequence to the applications within each of the six Lottery Groups by listing the randomized sequence next to the list of applicants in each group ordered by Number ID. For example, the randomized sequence returned as the first Random Number 3546, which was then assigned to the first application (Number ID = 1) in the Lottery Group. The application that was assigned the first randomized number (Random Number = 1) was application number 137 (Number ID = 137).
5. For the three Hotel Lottery Groups, filter by revenue size to create a Hotel Lottery List with revenues under $4M and a Hotel Lottery List with revenue between $4M and $8M. That creates six Hotel Lottery Lists. Revenue lists were segmented to ensure a balance of awardees among large and small hotels.
6. Using the funding amounts available for each Lottery List in the table below, determined based on funding sources available to the program and criteria set to provide opportunity for businesses of a variety of size and location, identify how many applications are tentatively above the line to receive a grant award ("cut line") for that Lottery List by adding up the requested grant amounts starting at the top of the randomized order (Random Number = 1) moving down the list until the sum for those requests reaches the maximum amount for that Lottery List, beneath which there is not enough money in the pool to continue funding applications. See the table below for how the $14M is allocated. For example, the Hotel Lottery List for hotels under $4M in revenue within the Hotel Cook Lottery Group can include funding for up to $1.67M. At this step, Accion identified the applications in that Lottery List that, in randomized order, added up to $1.67M.

Hotel				
	Revenues <$4M	**Revenues $4M - $8M**		**Total**
Total	$5,000,000	$3,000,000		$8,000,000
Cook	$1,666,667	$1,000,000		$2,666,667
Collar	$1,666,667	$1,000,000		$2,666,667
Downstate	$1,666,667	$1,000,000		$2,666,667
Food and Beverage				
	Working Capital	**Job Training**	**Technology**	**Total**
Total	$2,050,000	$2,950,000	$1,000,000	$6,000,000
Cook	$683,333	$983,333	$333,333	$2,000,000
Collar	$683,333	$983,333	$333,333	$2,000,000
Downstate	$683,333	$983,333	$333,333	$2,000,000
Grand Total				**$14,000,000**

7. For the three Food and Beverage Lottery Groups, filter by use of funds to create a Food and Beverage Lottery List for Job Training and Technology and a Food and Beverage List for Working Capital. (The Job Training and Technology lists were combined at this step because most applicants who applied for one applied for the other, but for funding purposes they were split apart per the steps below. Job Training and Technology groups require segmentation based on restrictions on available State funding that requires businesses to apply grant funds for these purposes.) That creates six Food and Beverage Lottery Lists.
8. As with the Hotels analysis described above, using the amounts available for each Lottery List in the table, identify how many applications are tentatively above the cut line for that Lottery List by adding up the requested grant amounts starting at the top of the randomized order moving down the list until the sum for those requests reaches the maximum amount for that Lottery List, beneath which there is not enough money in the pool to continue funding applications. For example, the Food and Beverage Lottery List for Working Capital within the Food and Beverage Cook Lottery Group has available funding for up to $683,333.
9. Within each of the twelve Lottery Lists, validate those tentative winners above the cut line for eligibility. Refer to the Validation section below for further detail. (This is the step which required the most time to execute.)
10. Remove each tentative winner that does not meet the eligibility requirements, and replace that applicant with the next applicant on the list in Random Number order that was originally below the cut line. After Validation efforts outlined below, Accion sought to assess the diversity of lottery awardees relative to the diversity of the applicant pool and state as a whole and evaluated next applicants in line in a manner to provide greater racial equity to the grant winning pool. This is the only instance in which Accion did not follow strict randomization.
11. Specifically for the three Food and Beverage Lottery Lists for Job Training and Technology:
    a. Evaluate each tentative winner of a Job Training grant for eligibility
    b. If selected for a Job Training grant, remove from the Technology list
    c. Evaluate each tentative winner of a Technology grant that has not already won a Job Training Award
12. Continue validating applications for eligibility until the funds for each of the twelve Lottery Lists (using the distinct budgets within the Job Training and Technology Lottery Lists) are fully allocated to eligible applications.
13. Request ACH and W9 forms from tentative winners.
14. If a tentative grant winner doesn't provide ACH and W9 information within 24 hours, move to the next potential winner within that Lottery List and request ACH and W9 forms.
15. Send grants via ACH using the bank account information provided by the grant winners.
16. Report the final list of grant winners to the public once the final validations are complete.

Validation

Although the State wished to distribute these funds as quickly as possible to help the businesses in need, the State also wished to give applicants who tentatively won the lottery an opportunity to confirm their eligibility by providing additional documents to avoid any uncertainties that may have arisen due to the speed of the application process and varieties of documents across business types and locations. Accion followed this procedure with each tentative lottery winner:

1. Validate that the applicant has provided the following:
   a. A business license or permit that is clearly related to food and beverage OR a hotel business license that is not for home share
   b. A tax return for 2019 or 2018, or multiple monthly tax statements or bank statements for businesses too new to have filed a tax return
2. Then for each application, verify the following:
   a. Annual revenues are beneath $1M for food and beverage and beneath $8M for hotels
   b. The applicable license or permit matches the Doing Business As on the financial statement
3. For each applicant that uploaded a document that indicated the applicant might be eligible but which was not completely clear, request that the applicant provide a clarifying document within 24 hours. For example, if an applicant uploaded a driver's license with the name of a restaurant owner but not a restaurant, liquor, or business license, Accion asked for a business license.