

**U.S. Department of the Treasury**  
**State Small Business Credit Initiative**  
**Technical Assistance Grant Program Guidelines**

**April 28, 2022**

**Section I. Overview**

The American Rescue Plan Act of 2021 (ARPA) reauthorized and amended the Small Business Jobs Act of 2010 (SBJA) to provide \$10 billion to fund the State Small Business Credit Initiative (SSBCI). The SSBCI is a federal program administered by the Department of the Treasury (Treasury) that is intended to expand access to capital, promote economic resiliency, create new jobs, and increase economic opportunity. ARPA provided \$9.5 billion for SSBCI capital programs of jurisdictions (i.e., states, the District of Columbia, territories, Tribal governments, and eligible municipalities) and \$500 million for technical assistance (TA) funding. Treasury intends to award \$200 million in federal grants to eligible recipients for the provision of legal, accounting, and financial advisory services to small businesses (TA Grant Program).

This document provides guidance on the application, award requirements, and administration of the TA Grant Program. Section II describes the available TA Grant Program funding. Section III defines eligible recipients, eligible beneficiaries, and eligible TA providers. Section IV provides detail on qualifying TA services. Section V describes the application process, including the components of the required TA plan. Additional pre-award requirements, including the TA grant agreement, are described in Section VI. Section VII describes how Treasury will assess applications. Finally, Section VIII provides award administration information.

TA grant recipients will be required to comply with these TA Grant Program Guidelines, the SBJA, as amended (codified at 12 U.S.C. § 5701 *et seq.*, referred to herein as “the SSBCI statute”), and other SSBCI guidance, including Frequently Asked Questions (FAQs) that Treasury may publish from time to time. Because awards under the TA Grant Program are considered federal financial assistance, eligible recipients must also comply with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), 2 C.F.R. Part 200, unless otherwise specified in the TA Grant Program Assistance Listing, these TA Grant Program Guidelines, or other SSBCI guidance.

Treasury expects the duration of the period of performance for TA Grant Program awards will be up to five years. TA award recipients will be required to provide financial and performance reports pursuant to 2 C.F.R. §§ 200.328-329. TA Grant Program reporting guidance will be issued separately. Treasury may issue further TA Grant Program guidance specific to Tribal governments.

## **Section II. Allocations of TA Grant Program Funding**

Treasury will award \$200 million of TA funding to eligible recipients. A total of \$185.27 million of the \$200 million (92.63 percent) will be available for distribution to states, the District of Columbia, and territories, and \$14.73 million (7.37 percent) will be available for distribution to Tribal governments. These percentages are consistent with the approaches for allocating the capital program funds set forth in the SSBCI statute and applied by Treasury in allocating the SSBCI main capital allocation under 12 U.S.C. § 5702(b), the capital allocation supporting businesses owned and controlled by socially and economically disadvantaged individuals (SEDI-owned businesses) under 12 U.S.C. § 5702(d), and the very small business (VSB) capital allocation under 12 U.S.C. § 5702(f).<sup>1</sup>

Treasury will publish TA Grant Program allocations for states, territories, and the District of Columbia. The TA Grant Program allocation for each of these eligible recipients will be based on their SEDI and VSB capital allocations. Specifically, each eligible recipient's TA Grant Program allocation will be calculated by taking the sum of the eligible recipient's SEDI and VSB capital allocations, dividing that number by the sum of SEDI and VSB capital allocations to all states, the District of Columbia, and territories, and then multiplying that fraction by \$185.27 million. Treasury will publish the Tribal governments' TA Grant Program allocation methodology at a later date and will inform Tribal governments of their TA Grant Program allocations via e-mail.

Treasury may invite eligible recipients to apply for any remaining TA funds that are not awarded, not disbursed, or returned.

## **Section III. Eligible Recipients, Beneficiaries, and TA Providers**

### **a. Eligible Recipients**

Eligible recipients under the TA Grant Program are states, the District of Columbia, and territories that submitted a complete SSBCI capital program application by February 11, 2022; and Tribal governments that submit a complete SSBCI capital program application by September 1, 2022.

In the TA Grant Program application, the eligible recipient must demonstrate that all actions required under the eligible recipient's law have been taken to delegate administrative responsibility for the TA Grant Program award to the specific department, agency, or political subdivision of the eligible recipient that is applying on behalf of the eligible recipient. The eligible recipient will be required to submit a designation letter on official letterhead signed by the governor of the state (or his or her delegate) or mayor of the District of Columbia, or governing official of the territory or Tribal government stating that they have designated the

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<sup>1</sup> See U.S. Department of Treasury, State Small Business Credit Initiative Preliminary Allocation Table, November 10, 2021, available at: <https://home.treasury.gov/system/files/256/Updated-Preliminary-Allocations-Table-Nov-2021.pdf>; U.S. Department of Treasury, State Small Business Credit Initiative Allocation to Tribal Governments, <https://home.treasury.gov/system/files/256/Updated-Tribal-Methodology-document-Nov-2021.pdf>.

specific agency, department or political subdivision to apply for, receive, and administer the SSBCI TA award funds on behalf of the eligible recipient.

**b. Eligible Beneficiaries**

TA Grant Program eligible beneficiaries are VSBs and SEDI-owned businesses that are applying for, preparing to apply for, or have previously applied for a SSBCI capital program or other federal or other jurisdiction small business program.

A VSB is a business with fewer than 10 employees and includes independent contractors and sole proprietors.

A SEDI-owned business is:

- a business enterprise that certifies that it is owned and controlled by individuals who have had their access to credit on reasonable terms diminished compared to others in comparable economic circumstances, due to (1) membership of a group that has been subjected to racial or ethnic prejudice or cultural bias within American society, (2) gender, (3) veteran status, (4) limited English proficiency, (5) disability, (6) long-term residence in an environment isolated from the mainstream of American society, (7) membership of a Federally or state-recognized Indian Tribe, (8) long-term residence in a rural community, (9) residence in a U.S. territory, (10) residence in a community undergoing economic transitions (including communities impacted by the shift towards a net-zero economy or deindustrialization), or (11) membership of an underserved community. (Underserved communities are populations sharing a particular characteristic, as well as geographic communities, that have been systematically denied a full opportunity to participate in aspects of economic, social, and civic life, as exemplified by the list in the definition of equity. Equity is consistent and systematic fair, just, and impartial treatment of all individuals, including individuals who belong to underserved communities that have been denied such treatment, such as Black, Latino, and Indigenous and Native American persons, Asian Americans and Pacific Islanders and other persons of color; members of religious minorities; lesbian, gay, bisexual, transgender, and queer (LGBTQ+) persons; persons with disabilities; persons who live in rural areas; and persons otherwise adversely affected by persistent poverty or inequality.);
- a business enterprise that certifies that it is owned and controlled by individuals whose residences are in Community Development Financial Institution (CDFI) Investment Areas, as defined in 12 C.F.R. § 1805.201(b)(3)(ii);<sup>2</sup>
- a business enterprise that certifies that it will build, open, or operate a location in a CDFI Investment Area, as defined in 12 C.F.R. § 1805.201(b)(3)(ii); or
- a business enterprise that certifies that it is located in a CDFI Investment Area, as defined in 12 C.F.R. § 1805.201(b)(3)(ii).

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<sup>2</sup> The CDFI Fund evaluates Puerto Rico, but not other territories, in identifying CDFI Investment Areas. For purposes of the SSBCI, Treasury has also evaluated American Samoa, Guam, the Northern Mariana Islands, and the U.S. Virgin Islands and has determined that these territories in their entirety constitute CDFI Investment Areas, because each of these territories has a poverty rate of at least 20 percent. See 12 C.F.R. § 1805.201(b)(3)(ii)(D)(1).

For purposes of the definition of “SEDI-owned business,” a business is “owned and controlled” by applicable individuals:

- (1) if privately owned, 51 percent or more is owned by such individuals;
- (2) if publicly owned, 51 percent more or of the stock is owned by such individuals; and
- (3) in the case of a mutual institution, if a majority of the board of directors, account holders, and the community which the institution services is predominantly comprised of such individuals.

Some businesses may qualify as both a SEDI-owned business and a VSB. An eligible recipient can consider these businesses as SEDI-owned businesses, VSBs, or both for all TA Grant Program purposes.

### **c. Eligible TA Providers**

Eligible TA providers provide TA services to eligible beneficiaries. An eligible recipient may carry out the TA Grant Program award itself, make a subaward for a subrecipient to carry out the TA Grant Program award, or contract with legal, accounting, and financial advisory firms to provide TA services. In accordance with 12 U.S.C. § 5708(e)(1), a subrecipient may be an entity of the eligible recipient (e.g., a state entity), or a legal, accounting, or financial advisory nonprofit or for-profit entity, and a third-party contractor may be a legal, accounting, or financial advisory nonprofit or for-profit entity. Eligible recipients must verify prior to entering into a subaward or contract that the subrecipient or contractor is not suspended, debarred, or otherwise excluded from or ineligible for participation in federal assistance programs or activities pursuant to 31 C.F.R. § 19.300.

The regulation at 2 C.F.R. § 200.331 provides guidance on determining when an entity is a subrecipient or a contractor. An eligible recipient that makes a subaward for a subrecipient to carry out a TA Grant Program award is called a pass-through entity.

A pass-through entity must execute a subaward agreement with the subrecipient, which is a legally binding written agreement that includes a budget consisting of separate line items reflecting the budget categories set forth in section V.d. of the TA Grant Program Guidelines or a fixed amount consistent with 2 C.F.R. § 200.332. Any subaward agreement must incorporate all the terms and conditions of the TA Grant Program grant agreement and must include the information listed in 2 C.F.R. § 200.332(a). A pass-through entity must require a subrecipient, including a lower-tier subrecipient, to comply with the terms and conditions of the grant agreement, including the Uniform Guidance (2 C.F.R. Part 200).<sup>3</sup>

In accordance with 2 C.F.R. § 200.332, pass-through entities must monitor subrecipients’ use of TA Grant Program funds to ensure the subrecipients’ compliance with all TA Grant Program terms and conditions.

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<sup>3</sup> See also 2 C.F.R. § 200.101(b)(2) (Applicability to different types of Federal awards), which describes the applicability of 2 C.F.R. Part 200 to various types of Federal awards, including their application to subrecipients, and §§ 200.331-333 (Subrecipient monitoring and management).

## **Section IV. Legal, Accounting, and Financial Advisory Services**

Funds provided under a TA Grant Program award are for the provision of legal, accounting, and financial advisory services intended to help SEDI-owned businesses and VSBs access SSBCI capital or participate in other federal or other jurisdiction programs that support small businesses. Such services include a wide variety of assistance throughout the business life cycle.

Eligible legal, accounting, and financial advisory services provided to an eligible beneficiary under a TA Grant Program award include the following and other services that are similar to the following.

### ***Legal Services***

- Assisting with business formation or adopting corporate governance documents.
- Obtaining needed registrations, licenses, filings, and certifications.
- Advising on, or preparing documents for, the business to enter into contracts.
- Legal services related to the business obtaining capital from investors, such as the development of financial instruments, investment term sheets, purchase agreements, and shareholder rights agreements.
- Legal services related to a transfer of ownership interests in a business, in the case of employee stock ownership plans (ESOPs).

### ***Accounting Services***

- Preparing audits, financial statements, or business records.
- Digitizing financial records.
- Advisory services or training regarding accounting practices, recordkeeping, or accounting software.

### ***Financial Advisory Services***

- Assisting with the establishment of banking relationships or other financial services.
- Assisting with applications for government small business programs, including preparing financial analyses.
- Identifying sources of credit, capital, grants, and other financing.
- Advising on factors that may impede access to financing for the business.
- Advising on financial management.
- Developing presentations to potential investors, financial models, and business plans.

## **Section V. TA Grant Program Application**

Treasury will establish an online portal for eligible recipients to submit their TA Grant Program applications.

### a. TA Plan

As part of the TA Grant Program application, eligible recipients must submit a TA plan that describes each project for which they will use TA Grant Program funds. Specifically, eligible recipients must address the following:

- Data-driven assessment of the needs of eligible beneficiaries in the eligible recipient's jurisdiction. Eligible recipients must provide information and data that they have used to design their TA projects in a way that effectively addresses eligible beneficiaries' needs, particularly information and data on barriers to capital access. Information and data may include information from organizations and businesses associated with eligible beneficiaries; historical records and research reports on the need for small business legal, accounting, and financial advisory services in the jurisdiction; and statistical data on local economic conditions such as unemployment or job-creation numbers.
- The organizational capacity and ability of the TA providers. Eligible recipients must describe the proposed TA providers and, if applicable, the process for identifying future TA providers, such as eligible recipients' procurement processes.<sup>4</sup> Eligible recipients must discuss their capability to directly implement the TA project or to manage subrecipient or contractor implementation. Eligible recipients must also discuss any subrecipient's or contractor's capability to implement the TA project or to manage the implementation of lower-tier subrecipients or contractors. Eligible recipients must discuss the process, sources, and tools used in identifying and determining the capability of the TA providers. Eligible recipients must address requirements set forth under "TA Provider Requirement: Connection to Economic Benefits" in Section V.b below and "TA Provider Requirement: Prioritization of SEDI-Owned Businesses as Providers" in Section V.c below.
- The connection between the TA project and SSBCI or other program that supports small businesses. As explained above, eligible beneficiaries are VSBs and SEDI-owned businesses that are applying for, preparing to apply for, or previously applied for an SSBCI capital program or other federal or other jurisdiction small business program. Accordingly, eligible recipients must describe how the project is connected to the relevant small business programs. For example, where an eligible recipient's capital program is focused on capital access for small manufacturing enterprises (SMEs), the eligible recipient's TA Grant Program application should include information connecting TA projects to the needs of SMEs that are SEDI-owned businesses and VSBs applying for an SSBCI program or other federal or other jurisdiction small business program. This

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<sup>4</sup> In accordance with 2 C.F.R. § 200.317, eligible recipients that are states, the District of Columbia, and territories must follow the same policies and procedures they use for procurements from their non-federal funds and comply with 2 C.F.R. §§ 200.321, 200.322, 200.323, and 200.327. This means that these jurisdictions must use their own policies and procedures, subject to the SSBCI statutory requirement set forth in Section V.c to prioritize SEDI-owned businesses as TA providers. Tribal governments must follow the procurement standards in 2 C.F.R. §§ 200.318-200.327, which include the requirement that recipients and subrecipients maintain written standards of conduct covering conflicts of interest and governing the performance of their employees engaged in the selection, award, and administration of contracts. No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. See Section VIII.c of these TA Grant Program Guidelines for further information about conflicts of interest.

could include information on how the planned TA services are expected to help SME eligible beneficiaries to, for example, implement new technologies, build relationships with local distributors, or reduce energy costs.

- The strategy and efforts to reach SEDI-owned businesses and VSBs that are eligible beneficiaries. Eligible recipients should describe their strategy and efforts to reach eligible beneficiaries, such as regular internal organization meetings to assess TA project implementation and planned outreach efforts (e.g., publicity, email campaigns, neighborhood canvassing).
- Performance goals. Eligible recipients must describe their performance goals and benchmarks. The performance measures must be tied to addressing the needs of eligible beneficiaries and explain the approach to addressing those needs. Eligible recipients must explain the output measures they will use to measure performance and the benchmarks for all identified short-, medium-, or long-term goals. Examples of output measures may include the number of newly established business organizations or the number of successful small business program applications submitted by TA recipients.

**b. TA Provider Requirement: Connection to Economic Benefits**

Eligible recipients must describe in their TA plans how their anticipated TA providers together have the capability to achieve economic benefits to SEDI-owned businesses and VSBs in a manner proportional to the ratio of the eligible recipient's allocated capital funds under the SEDI capital allocation (12 U.S.C. § 5702(d)) to the eligible recipient's allocated capital funds under the VSB capital allocation (12 U.S.C. § 5702(f)). Treasury will provide each eligible recipient with its specific ratio prior to the deadline for the TA Grant Program application. One potential measure of economic benefit to SEDI-owned businesses and VSBs is the amount of TA funds expected to be expended for such businesses. However, the eligible recipient may use a different measure, such as the number of SEDI-owned business and VSB eligible beneficiaries expected to be reached, or the number of SEDI-owned businesses and VSBs expected to receive funding in an SSBCI capital program after benefiting from TA. Among other things, TA plans must explain how the TA providers are capable of achieving the specific ratio of economic benefits for SEDI-owned businesses and for VSBs that are eligible beneficiaries based on the TA providers' historical record, geographic reach, policies, or procedures.

For instance, if an eligible recipient received a SEDI capital allocation twice the size of its VSB capital allocation, the eligible recipient's plan may address how two-thirds of its TA funding can be expected to be administered by TA providers that are likely to predominantly reach SEDI-owned businesses and one-third can be expected to be administered by TA providers that are likely to predominantly reach VSBs, in order to support the expectation that economic benefits will accrue to SEDI-owned business and VSB eligible beneficiaries in a manner proportional to the 2-to-1 ratio. Alternatively, the eligible recipient's plan may address how the ratio of the number of SEDI-owned business eligible beneficiaries expected to be reached to the number of VSB eligible beneficiaries expected to be reached is 2 to 1. In this approach, the eligible recipient should explain how the proposed TA providers that are likely to predominantly serve SEDI-owned businesses are expected to use the funds to serve twice as many eligible beneficiaries as the proposed TA providers that are likely to predominantly serve VSBs.

An eligible recipient must explain in its TA plan whether a TA provider is likely to predominantly serve SEDI-owned businesses or VSBs based on the TA provider's historical record, geographic reach, policies, or procedures. For TA providers likely to predominantly serve SEDI-owned businesses, an eligible recipient may describe, for example:

- The historical record of the TA provider serving veteran- or women-owned businesses;
- Procedures demonstrating that the TA provider operates in a majority-minority census tract, a CDFI Investment Area, or a rural census tract; or
- A policy demonstrating that the TA provider focuses on reaching those who are disabled.

For TA providers likely to predominantly serve VSBs, an eligible recipient may describe, for example:

- The historical record of the TA provider predominantly serving microbusinesses and sole proprietors;
- Procedures demonstrating how the TA provider will focus on programs targeting a cluster of business founders (with fewer than 10 members) who are part of a place-based strategy for microbusinesses in revitalizing urban deserts, or deindustrialized or rural towns; and
- A policy demonstrating that the TA provider provides TA as part of a university entrepreneurship incubator supporting startup VSBs.

If the eligible recipient is unable to identify all of the anticipated TA providers in its TA plan, it must describe how its process for contracting with and identifying future TA providers has the capability to achieve economic benefits in proportion to the ratio described above. For example, the eligible recipient may explain in its TA plan that it will include in its criteria for selecting contractors that the contractors are likely to predominantly serve SEDI-owned businesses.

**c. TA Provider Requirement: Prioritization of SEDI-Owned Businesses as Providers**

Under 12 U.S.C. § 5708(e)(1), if an eligible recipient chooses to contract with third parties to deliver TA, the eligible recipient must prioritize providers that are SEDI-owned businesses, consistent with any applicable federal, state, and local requirements. In its TA plan, the eligible recipient must explain how the eligible recipient will implement this requirement and prioritize such providers.

To the extent that the eligible recipient has already-established policies or processes for identifying and prioritizing such providers, such as contracting policies related to minority-owned or women-owned businesses, the eligible recipient may cite these policies or processes to support its implementation of this requirement. If the eligible recipient does not have such policies or processes, or wishes to supplement existing policies, the eligible recipient must describe the process for identifying and prioritizing providers that are SEDI-owned businesses. Additionally, the eligible recipient may provide data, if available, on the extent to which it has contracted with providers that are SEDI-owned businesses for comparable services during the last two years.

#### **d. Budget and Narrative Justification**

Using a template that Treasury will provide in the TA Grant Program application portal, eligible recipients must provide a budget, along with a narrative that identifies and explains how funds in each line item of the budget will be used to support the proposed TA projects. Treasury's template will generally cover the line items in the Form SF-424A (Budget Information – Non-Construction Programs).<sup>5</sup> The budget narrative must provide specific justification for all budget categories that apply, including eligible direct cost categories (i.e., personnel, fringe benefits, travel, equipment, supplies, contractual, and other), eligible indirect costs, and program income. The budget narrative must include an explanation of the necessity, allowability, reasonableness, and allocability of proposed costs.<sup>6</sup> Eligible costs must be determined in accordance with 2 C.F.R. Part 200, Subpart E and the TA Program Guidelines and other SSBCI guidance. Each cost category should be treated consistently in like circumstances as direct or indirect costs, and eligible recipients must not double-count any costs as both direct and indirect costs.

The following provides guidance on each budget category.

**Personnel** – This refers to salaries and wages paid to employees of the eligible recipient who are directly involved in award implementation. The budget narrative must identify the personnel category type by full-time equivalent employees (FTEs),<sup>7</sup> including FTE equivalents for part-time employees, number of personnel proposed for each personnel category, and the estimated funding amounts. The budget narrative should identify positions by title and function, include a brief description of duties, and state the rate of compensation and the amount of time to be allocated for each position. This line item does not include personnel of subrecipients; those costs are included in the “Contractual” line item. See also 2 C.F.R. § 200.430 (Compensation – personal services).

**Fringe Benefits** – This refers to the allowances and services the eligible recipient provides to its employees as compensation in addition to regular salaries and wages. Fringe benefits include, but are not limited to, the costs of leave (vacation, family-related, sick, or military), employee insurance, pensions, and unemployment benefit plans. The budget narrative must provide a basis for the eligible recipient's fringe benefit amount. See also 2 C.F.R. § 200.431 (Compensation – fringe benefits).

**Travel** – This refers to the expenses for transportation, lodging, subsistence, and related items incurred by employees who are in travel status on official business of the eligible recipient.

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<sup>5</sup> See <https://apply07.grants.gov/apply/forms/readonly/SF424A-V1.0.pdf>.

<sup>6</sup> See 2 C.F.R. § 200.402 (Composition of costs); 2 C.F.R. § 200.403 (Factors affecting allowability of costs); 2 C.F.R. § 200.404 (Reasonable costs); and 2 C.F.R. § 200.405 (Allocable costs).

<sup>7</sup> This is determined by adding the number of full-time employees and number of part-time and seasonal employees as a fraction of a full-time employee. For example, if a business has 100 employees working full-time (assume a full-time week of 40 hours) and 50 employees working 20 hours per week, the total number of FTEs would be 125. For seasonal employees, the FTE count is based on a 2,080-hour year, so that an employee who works 520 hours per year counts as 0.25 FTEs.

Such costs may be charged on an actual cost basis, on a per diem or mileage basis in lieu of actual costs incurred, or on a combination of the two, provided the method used is applied to an entire trip and not to selected days of the trip, and results in charges consistent with those normally allowed in like circumstances in the eligible recipient's non-federally funded activities and in accordance with the recipient's written travel reimbursement policies. The budget narrative must provide an estimated number of trips, points of origin and destination, and purpose of travel. It should also show how each trip (or type of trip) is needed to achieve the goals and objectives of the eligible recipient's proposed projects. This line item does not include a subrecipient's travel expenses; those costs are included in the "Contractual" line item. See also 2 C.F.R. § 200.472 (Travel costs).

Equipment – This refers to tangible personal property (including information technology systems) having a useful life of more than one year and a per-unit acquisition cost that equals or exceeds the lesser of the capitalization level established by the eligible recipient for financial statement purposes or \$5,000. The budget narrative must include an itemized listing of any proposed equipment to be purchased under the grant agreement. For each item to be purchased, provide an estimated unit cost, estimated useful life, basis for the estimated useful life, and justification for items of equipment to be purchased. Include a lease versus purchase analysis for each item of equipment. See the definition of "equipment" at 2 C.F.R. § 200.1.

Supplies – This refers to all tangible personal property other than equipment to be purchased under the grant agreement. For example, a computing device is a supply if the acquisition cost is less than the lesser of the capitalization level established by the eligible recipient for financial statement purposes or \$5,000, regardless of the length of its useful life. The budget narrative must include a brief description of and justification for the supplies required to perform the work. These costs should be listed by major supply categories (e.g., office supplies, computer supplies), and include the estimated costs by category. See the definition of "supplies" at 2 C.F.R. § 200.1.

Contractual – This refers to purchases of property or services needed to carry out the project under the grant agreement. It is not specific to the legal instrument used, so this line item must include proposed subawards and contracts. The budget narrative should clearly identify the amount of funds the eligible recipient intends to award via contract or subaward, as well as the purpose of amounts to be awarded via contract or subaward.<sup>8</sup> Before disbursing funds to any proposed subrecipient, the recipient must identify the subrecipient and provide

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<sup>8</sup> The eligible recipient may provide the overall amount the eligible recipient intends to award via contract or subaward. If known, the eligible recipient may also identify each proposed contract and specify its purpose and estimated cost. Treasury expects the eligible recipient to make reasonable efforts to carry out its TA plan as proposed in the plan, in particular TA providers' connection to economic benefits as explained in Section V.b above, but Treasury recognizes that a plan regarding proposed TA providers may change over time. Post-award changes in the set of proposed TA providers are permitted subject to the restrictions on moving funds among direct cost categories described below in this Section V.d, the requirements for TA providers in Section III.c, and the requirements of the Uniform Guidance (2 C.F.R. Part 200), including requirements applicable to subawards and procurements.

Treasury with an itemized subrecipient budget using the same line items as specified in the TA Grant Program application portal, with appropriate justification in a budget narrative.

Other – This refers to direct costs that do not fit any of the above categories, such as rent for buildings used to conduct award activities, utilities, or leased equipment, and costs for recipient personnel training. The budget narrative should list and describe other items by major type, provide a cost estimate or budget for each item, and describe the basis for the cost estimates or budget computations.

Indirect Costs – In accordance with 2 C.F.R. § 200.1, indirect costs are defined as those costs incurred for a common or joint purpose benefitting more than one cost objective (i.e., program, function, activity, award, organizational subdivision, contract, or work unit), and not readily assignable to the cost objectives specifically benefitted, without effort disproportionate to the results achieved. Indirect costs must be supported by either a current federally approved Negotiated Indirect Cost Rate Agreement (NICRA) or, if the recipient does not have a current NICRA and receives less than \$35 million in direct federal funding per year, the eligible recipient may elect to use the *de minimis* indirect cost rate, 10 percent of modified total direct costs (MTDC), as defined at 2 C.F.R. § 200.1.<sup>9</sup> Eligible recipients electing to use the *de minimis* rate should specify in the budget narrative that the recipient does not have a current NICRA and are electing to take the 10 percent *de minimis* rate.

Program Income – If the eligible recipient anticipates generating any program income, the eligible recipient must detail the activities that are anticipated to generate such program income and must clearly explain those amounts in the budget narrative. For purposes of the TA Grant Program, program income is defined in 2 C.F.R. § 200.1 as gross income earned by a recipient or subrecipient that is directly generated by a supported activity or earned as a result of the TA Grant Program award during the period of performance and includes, but is not limited to, fees for services performed. In accordance with 2 C.F.R. § 200.307(e)(2), any program income must be added to the TA Grant Program award and used for the purposes and under the conditions of the award. Program income must be reported on in accordance with TA Grant Program reporting guidance.

The narrative should not repeat information provided in the TA plan but should provide additional detail needed to understand the amounts allocated to each budget line item. Any resources and funding dedicated to the proposed projects from other funding sources must be clearly identified in the narrative.

Recipients of TA Grant Program funds must expend project funds in accordance with the approved budget. Recipients are required to report deviations from the approved award budget and request prior written approval from Treasury in accordance with 2 C.F.R. §§ 200.308 and 200.407. In accordance with 2 C.F.R. § 200.308(f), transfers of funds by the recipient among

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<sup>9</sup> In accordance with 2 C.F.R. § 200.414(f), a recipient or subrecipient that does not have a current NICRA with the federal government and receives less than \$35 million in direct federal funding per year may elect to use a *de minimis* rate of 10 percent of MTDC.

direct cost categories are permitted for awards in which the Federal share of the project is equal to or less than the simplified acquisition threshold, which is \$750,000 as of April 28, 2022. For awards in which the Federal share of the project exceeds the simplified acquisition threshold, transfers of funds among direct cost categories must be approved in writing by Treasury when the cumulative amount of such direct costs transfers exceeds 10 percent of the budget as last approved by Treasury.

The recipient (and any subrecipient implementing an award) must maintain a financial management system that meet the requirements of 2 C.F.R. § 200.302, including records that document the expenditure of funds under an award.

## **Section VI. Pre-Award Requirements**

### **a. SAM.gov Registration**

Eligible recipients must be registered in the System for Award Management (SAM, at SAM.gov) before submitting their TA Grant Program application to Treasury and must maintain an active SAM registration at all times throughout the period of performance pursuant to 2 C.F.R. § 25.200(b). In addition, pass-through entities must ensure that any subrecipient is registered in SAM before disbursing any award funds to that subrecipient.

### **b. Technical Assistance Grant Agreement**

Each eligible recipient approved to receive an award under the TA Grant Program must enter into a TA grant agreement with Treasury. A standard template of the TA grant agreement will be published on Treasury's website. In accordance with 2 C.F.R. § 200.208, Treasury may impose specific award conditions on a recipient's award, including as a result of a pre-award risk assessment.

## **Section VII. Application Review and Award Determination Information**

Treasury will assess TA Grant Program applications based on the following factors:

- Alignment of the project design with the needs of eligible beneficiaries: Whether the project design reasonably addresses the needs of eligible beneficiaries;
- Alignment of the performance goals and benchmarks with project design: Whether the performance goals and benchmarks reasonably align with the project design;
- Adequacy of the organizational capacity and ability of the TA provider(s): Whether the organizational capacity and ability of the TA provider(s), as described in the TA plan, is adequate to implement the project(s);
- Alignment of the budget with project design and performance goals: Whether the budget reasonably corresponds with the project design and reasonably supports the achievement of the performance goals; and
- Completeness of the TA Grant Program application: Whether the eligible recipient adequately addressed all of the requirements set forth in Section V above.

Throughout the review and selection process, Treasury may seek clarifications and request revisions to the TA plans and other TA Grant Program application materials as appropriate to meet these TA Grant Program Guidelines.

## **Section VIII. Award Administration Information**

### **a. Funding Restrictions**

Eligible costs under a TA Grant Program award are costs of providing legal, accounting, and financial advisory services to eligible beneficiaries.

In accordance with 2 C.F.R. § 200.455, costs required for the establishment or reorganization of a recipient, subrecipient, or contractor under an award are generally not eligible.

In accordance with 2 C.F.R. Part 200, Treasury will not allow reimbursement for costs incurred before an award is made, unless a recipient demonstrates that the costs were incurred directly pursuant to the negotiation and in anticipation of the award, and that the costs were necessary for the efficient and timely performance of the scope of work. Pre-award costs are limited to five percent of the total amount of the award. Such costs are allowable only to the extent that they would have been allowable if incurred after the date of the award and only with Treasury's written approval. All costs incurred before Treasury makes the award are at the eligible recipient's risk. Any pre-award costs should be requested as part of a TA Grant Program application. The TA Grant Program application must clearly describe the proposed pre-award costs in the scope of work and budget justification, and provide a compelling justification as to why Treasury should approve them.

Treasury recognizes that in many circumstances, having adequate facilities is important to a successful TA Grant Program. As such, costs related to securing adequate space (e.g., rent, leases) and other non-construction capital costs are allowable costs under this program. Building-based construction project costs (i.e., any activity that disturbs the ground or modifies a structure) are not allowable costs.

### **b. Conflict of Interest**

Recipients and subrecipients must maintain a conflict of interest policy consistent with 2 C.F.R. § 200.318(c) that is applicable to all activities funded under the TA Grant Program award. In accordance with 2 C.F.R. § 200.112, recipients and subrecipients must disclose in writing to Treasury or the pass-through entity, as appropriate, any potential conflict of interest affecting the awarded funds.

Recipients and subrecipients must establish and maintain a conflict of interest policy that includes safeguards to prohibit employees from using their positions for a purpose that constitutes or presents the appearance of personal or organizational conflict of interest, or personal gain in the administration of a TA award.

A conflict of interest generally exists when an interested party participates in a matter that has a direct and predictable effect on the interested party's personal or financial interests. A financial interest may include employment, stock ownership, a creditor or debtor relationship, or prospective employment with the entity selected, or to be selected, for a subaward or to be a TA provider. A conflict of interest also may exist where there is an appearance that an interested party's objectivity in performing his or her responsibilities under the project is impaired (i.e., conflict in appearance). An appearance of impairment of objectivity may result from an organizational conflict where, because of other activities or relationships with other persons or entities, an interested party is unable to render impartial assistance, services, or advice to the eligible recipient or a participant in the TA project. Interested parties should avoid any action that might result in, or create the appearance of, using an official position for private gain; giving special treatment to any person; losing complete independence or objectivity; making an official decision outside official channels; or affecting negatively the confidence of the public in the integrity of the recipient, the U.S. government, or the SSBCI program. Additionally, a conflict of interest may result from non-financial gain to an interested party, such as benefit to reputation or prestige in a professional field.

For purposes of the TA Grant Program, an interested party includes, but is not necessarily limited to, any officer, employee, or director of a recipient, subrecipient, or contractor, including any other parties that advise, approve, recommend, or otherwise participate in the business decisions of the recipient, subrecipient, or contractor, such as agents, advisors, consultants, attorneys, accountants, or shareholders. This also includes immediate family and other persons directly connected to the interested party by law or through a business arrangement. An interested party also includes anyone who meets the definition of "SSBCI insider" in Section VIII.f of the SSBCI Capital Program Guidelines.