

## **Financial Assistance Award Program Guidelines and Application Instructions**

### **A. Introduction**

The U.S. Small Business Administration's (SBA) Office of International Trade (OIT) has awarded a State Trade Expansion Program (STEP) grant to the Idaho Department of Commerce (IDC). The STEP program provides competitive Financial Assistance Awards (FAA) to Idaho small businesses for the purposes of international export marketing initiatives. These initiatives are aimed at achieving three primary goals:

- 1) increase the number of small businesses that export
- 2) increase the value of exports
- 3) increase the number of small businesses exploring significant new trade opportunities.

IDC and ISDA are pleased to announce a competitive solicitation process for FAAs. Eligible companies may apply for grants valued from \$2,000 to \$10,000 and are required to provide 35% cash match.

#### **Project Period**

With some exceptions, funds will be awarded on or after August 19, 2019 and all funds must be expended on or before September 29, 2020. *Refer to Section D. Pre-Award costs for exceptions.*

Note: If an applicant has limited English proficiency and needs access to resources for assistance, the IDC/ISDA maintains service standards to help.

### **B. Eligible Activities**

Financial Assistance Awards are a valuable trade tool available to qualifying companies seeking support in various international trade activities. The program was designed with flexibility to meet the specific international marketing needs of Idaho companies. Approved project areas include the following:

- Governor's or foreign trade mission
- Foreign market sales trips
- Services provided by the U.S. Department of Commerce (International Partner Search, Gold Key and Platinum Key)
- International Trade shows

**Note:** The SBA expects that companies will eventually graduate from the STEP program. Therefore, IDC/ISDA may choose not to fund the same project more than a total of three (3) times, consecutive years or otherwise, per company. For example:

- If STEP funds have been awarded for the company to attend Mobile World Congress in 2013, 2016 and 2017, an FAA may not be awarded to attend the show a 4<sup>th</sup> time.

## C. Eligible Applicants

The Trade Facilitation and Trade Enforcement Act of 2015, which authorized the State Trade Expansion Program, limits provision of services to 'eligible small business concerns'. For purposes of implementing the STEP Program, the SBA operationally defines the term 'eligible small business concern' as an entity that meets the specifications below and completes the subsequent certification.

Complies with SBA requirements for self-representation as an eligible small business concern:

- Is organized or incorporated in the United States;
- Is operating in the United States;
- Meets
  - The applicable industry-based small business size standard established under section 3 of the Small Business Act; or
  - The alternate size standard applicable to the program under section 7(a) of the Small Business Act and the loan programs under title V of the Small Business Investment Act of 1958 (15 U.S.C. 695 et seq.);

The U.S. Small Business Administration (SBA) size standards are found at 13 C.F.R. Part 121. Use the following [sba.gov](https://www.sba.gov/category/navigation-structure/contracting/contracting-officials/small-business-size-standards) link for information on size standards for your business (<https://www.sba.gov/category/navigation-structure/contracting/contracting-officials/small-business-size-standards> ) Click [HERE](#) to link directly to the complete list of SBA size standards used to define small business concerns based on NAICS codes;

- Has been in business for not less than 1 year, as of the date on which assistance using a grant under this subsection commences; and
- Has access to sufficient resources to bear the costs associated with trade, including the costs of packing, shipping, freight forwarding, and customs brokers
- Is an export ready U.S. company seeking to export goods or services of U.S. origin or have at least 51% content, click [HERE](#) for information.

Eligible small business must meet the following additional criteria to be considered for this program:

- Operates a business in Idaho to process, assemble, and/or distribute a product or provide an exportable service. The company does not need to be headquartered in Idaho, but must have operations located within the state to qualify.
- Must not be debarred, suspended, proposed for disbarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency
- Company is for-profit
- Recipients must adhere to the Civil Rights Act of 1964, click [HERE](#) for information

The following small businesses are not eligible for STEP funding:

- Consulting agencies
- Companies, organizations or individuals recruiting foreign direct investment
- Companies engaged in any activity that is illegal under Federal or state law
- Derives more than one-third of its gross annual revenue from legal gambling activities
- Distributors representing clients
- Educational institutions or for-profit schools recruiting students
- Foreign based companies or more than 49% foreign owned

- Hospitality or tourism operators
- Law Firms
- Multi-level marketing (MLM), direct sales or network marketing companies
- Non-Profit organizations, unless a significant portion of activities are to assist entrepreneurs
- Presents live performances of a sexual nature or derives more than a minor amount of revenue from the sale of products or services of a sexual nature
- Real estate developers
- Retail businesses
- The IDC/ISDA reserves the right to limit or exclude previous recipients of STEP funds that have been assessed risk rating

#### D. Eligible Expenses

- Travel Expenses
  - Airfare
    - Economy airfare compliant with the **Fly America Act** for up to two (2) company employees
    - The **Fly America Act** requires a U.S. flagship carrier for all travel unless there is no service to that destination. Click [HERE](#) to review federal requirements. Some exceptions apply, click [HERE](#) for guidance and waiver.
  - Baggage Fees
    - For up to two (2) company employees
  - Lodging
    - Per Diem Maximum Lodging Rate as set by the [U.S Department of State](#) for up to two (2) company employees
  - Rental Car and fuel for the rental car
  - Meals & Incidental Expenses (M & IE)
    - Maximum M & IE Rate as set by the [U.S Department of State](#) for meals and incidental expenses for up to two (2) company employees. First and last travel days are reimbursed at 75% of the allowed rate.
- Trade Show Expenses
  - Booth space/registration fees, insurance, display and furnishings
  - Show services (labor, utilities, security, storage)
  - Demonstration supplies
  - Shipping fees up to \$2,000
- Other Eligible Expenses
  - Interpreter fees
  - Trade Mission participation fees
    - Idaho Governor's Trade Mission participation fee can only be used as match.
  - Services provided by the U.S. Department of Commerce or similar contractor
    - International Partner Search, Gold Key, Platinum Key
  - Design of Marketing Media (not printing)
- Pre-Award Cost Exceptions
  - The following expenses may be incurred prior to the award period of September 30, 2018 to September 29, 2020 and are eligible for reimbursement during the contract term:
    - Booth Space Rental Fees: Up to one year in advance of the approved trade show is allowable

- Airfare: Up to six months in advance of the approved trade show is allowable

## E. Ineligible Expenses

Expense categories **ineligible** for reimbursement include, but are not limited to:

- Domestic Trade Show expenses
- First Class or Business Class airline tickets
  - If you fly first class, you will only be reimbursed up to the Economy rate. To receive reimbursement for the value of an Economy ticket when you fly First/Business class, you **MUST** provide a model of what the economy fare would have been at the time you booked your First/Business class ticket. Ensure you or your travel agent secures this documentation; without it we cannot reimburse you.
- Airline Point Redemption
  - The value of Airline Point Redemption is not a reimbursable expense. You may use points to upgrade to business or first class, however, the economy airfare must be clearly shown on receipts.
- Travel expenses for importers/distributors or in-market company representatives.
- Wages, salaries, benefits, bonuses or other employee incentives
- Meals and beverages other than travel per diem
- Tips of any kind
- Printing of brochures, flyers and business cards
- Capital goods, product samples and supplies (except for trade show demonstration supplies)
- Expenses incurred outside of the STEP grant period (see exceptions on page 3)
- Federal regulations set by the U.S. Department of the Treasury prohibit funding of activities in/with sanctioned and/or embargoed countries. Click [HERE](#) for the current list.
- Passport or visa costs
- Immunizations
- Entertainment expenses related to entertaining current or prospective clients or government officials
- New product development or alteration of existing products
- Cell phone rentals and cell phone roaming or long-distance charges
- Television and radio production
- Efforts to create or augment marketing and advertising campaigns to draw international visitors to a State
- Costs associated with CE mark
- Costs for website development and/or design
- Costs for enhancement and/or development of an existing company's product

## F. Matching Funds

Applicants are required to provide at least 35% cash match. For example: for every authorized \$100 you spend you will be reimbursed \$65, up to the maximum amount awarded.

- **MINIMUM AWARD = \$2,000**

Allowable expenditures of \$3,077, you will be reimbursed \$2,000 (\$3,077 x 65% = \$2,000)

- **MAXIMUM AWARD = \$10,000**

Allowable expenditures of \$15,385, you will be reimbursed \$10,000 (\$15,385 x 65% = \$10,000)

**G. Application Process**

**Submission Procedures**

All applications are accepted online at [Idaho Commerce's Grant Portal](#). To register for a portal account and apply for a STEP Financial Assistance Award, contact Tina Salisbury at 208-287-3164 or by email: [tina.salisbury@commerce.idaho.gov](mailto:tina.salisbury@commerce.idaho.gov). Logins must be requested at least 48 hours prior to application due date. Access can only be granted during regular business hours, Monday – Friday, 8:00 a.m. – 4:00 p.m. MT. Once registered you will receive instructions via email for using the portal. Only one login is given per company.

There will be multiple rounds for applications based upon availability of funds. Application submission is an “all-call” process where applications for projects falling within the project period of August 19, 2019 – September 29, 2020, are due by June 24, 2019 at 3:00 p.m. MDT and will be reviewed and evaluated concurrently. Applications will be awarded approximately 6-weeks after application close.

- A company is only allowed to submit one application per round
- The maximum award per application is \$10,000
- A company may receive a maximum of 3 Financial Assistance Awards during the period of performance of September 30, 2018 – September 29, 2020

**Selection and Scoring Criteria**

Applications will be scored by a team of subject matter experts and will be considered in the final funding determination. Applications for funding will be evaluated on applicant’s export capabilities, product/service potential, commitment and resources, proposal completeness, and potential impact on the Idaho company and the greater state economy.

Subject to the demand for program funds the IDC/ISDA will determine a competitive range for applications and set a threshold score. Application that fall below the threshold may not be funded.

I. Scoring Requirements			
What we will measure	Scoring Criteria	Scoring Levels	Weight
a. Applicant Overview and Information	How clear is the purpose of the activity?	Very Poor = 1, Poor = 2, Fair = 3, Good = 4, Very Good = 5	5%
	How complete/accurate is the company overview info?		
b. Product & Export Activity	Clear description of company's products?	Very Poor = 1, Poor = 2, Fair = 3, Good = 4, Very Good = 5	40%
	Clear description of export activities that have led to this project choice and/or market?		
	How well does the project address identified obstacles and challenges with international business?		
	Describes domestic activity if NTE?		
c. Project Proposal and Budget	How does this activity support the company's overall growth and export strategies?	Very Poor = 1, Poor = 2, Fair = 3, Good = 4, Very Good = 5	40%
	Is the budget well justified and appropriate?		
	How great is the need for the project?		
	How effective will the project be at establishing/increasing the company's exports?		
d. Performance Indicators	How significant are the long term benefits?	Very Poor = 1, Poor = 2, Fair = 3, Good = 4, Very Good = 5	15%
	How reasonable and achievable are the anticipated outcomes?		

## Socially and Economically Disadvantaged Applicants

Up to 12 points will be given to companies that are socially and economically disadvantaged per the SBA guidelines: Woman Owned; Veteran or Service-Disabled Veteran Owned; Rural Classification; and/or New to STEP. See chart below for definitions of eligibility.

II. Bonus Criteria		
What we will measure: Small Business Communities	Definitions: For the Purpose of the STEP program	Weight - up to 12 Bonus Points (Cumulative)
a. Owned and Controlled by Socially and Economically Disadvantaged Individuals	(Set forth in 13 C.F.R 124.103 and 104) Individuals who have been subjected to racial or ethnic prejudice or cultural bias within American society because of their identities as members of groups and without regard to their individual qualities; whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same or similar line of business who are not socially disadvantaged. The socially and economically disadvantage individual must own not less than 51% of the firm. These include: Black Americans, Hispanic Americans, Native Americans, Asian Pacific Americans, Subcontinent Asian Americans	2 Bonus Points
b. Owned and Controlled by Women	Not less than 51% unconditionally and directly owned and controlled by one or more women who are United States citizens	2 Bonus Points
c. Owned and Controlled by Veterans or Service-Connected Disabled Veterans	A person who served in the active military, naval, or air service and who was discharged or released under conditions other than dishonorable, which is demonstrated on the DD Form 214 and who is not less than 51% unconditionally and directly owned and controlled by one or more veterans who are U.S. citizens.	2 Bonus Points
d. Rural Classification	Located in a rural area, as defined at 26 USC 1393(2), Rural area. This includes any area that is outside of a metropolitan statistical area (MSA). MSAs have at least one urbanized area of 50,000 or more population, plus adjacent territory that has a high degree of social and economic integration as measured by commuting ties. See OMB Bulletin No. 15-01 for a complete list of MSAs.	2 Bonus Points
e. New to STEP	"New" defined as any of the following: - Never been awarded a STEP International Market Access Grant or STEP Financial Assistance Award to conduct your own project. - Never participated in a STEP funded trade show organized by Idaho Department of Commerce and/or Idaho State Department of Agriculture. - Never participated in a STEP funded trade mission organized by Idaho Department of Commerce and/or Idaho State Department of Agriculture	4 Bonus Points

## Risk Assessment

A Risk Assessment Rating of up to negative fifteen (-15) points may apply to previous award recipients that have not performed adequately per the award guidelines.

III. Risk Rating - Only for previous award recipients evaluated on a per-award basis				
What we will measure		Rating Criteria	Rating Levels	Weight - 15 Points Deducted (Cumulative)
				Meets Standards Consistently (in good standing): -0 Slightly under Standards: -1 to -5 Significantly under Standards: -6 to -10 Severely under Standards: -11 to -15
a.	REQUEST FOR FUNDS	Post Project Fiscal Request for Reimbursement	Late and/or incomplete submittal: -1 Insufficient proof/documentation: -1 Inadequate communication: -3 max	Up to 5 Points Deducted
b.	REPORTING	Progress Performance Reporting	Late submittal: -1 (per reporting period) Incomplete submittal: -1	Up to 5 Points Deducted
c.	RETURNED FUNDS	Company returned significant unspent funds to the program, sliding scale starting at return of more than 10% of award	11-20% unspent: -1 21-30% unspent: -2 31-40% unspent: -3 41-50% unspent: -4 51-100% unspent: -5	Up to 5 Points Deducted

## H. Financial Reporting

The STEP program is a cost reimbursable program. Recipients of funds will be reimbursed for eligible costs after the approved activity has been completed and all documentation has been received. Requests for reimbursements are submitted online via [Idaho Commerce's Grants Portal](#) using the reimbursement portion of the "Budget and RFF 2in1" Excel worksheet submitted during application along with a .pdf of all eligible receipts. Requests must be completed and submitted **within 30 days** of the project end date listed on the award agreement.

A reminder email with submission instructions and reimbursement timeline will go out about one (1) week after your project completion date. IDC will not guarantee payment of unbudgeted items. Upon final approval from IDC, payment will be disbursed to the grant recipient. Subject to the availability of federal funds it may take up to 8 weeks to be received.

## I. Reporting Requirements

Companies will be required to complete Progress Performance Reports (PPR) indicating projected and actual sales, activities performed, including success stories and/or trade barriers. A reminder email will be sent to recipients with instructions and reporting template as deadlines approach.

### Reporting Schedule:

- **1<sup>st</sup> Report:** due by **30 days** after project is complete in conjunction with the Reimbursement Request for Funds
  - Reimbursement will be held until this first reporting requirement is met
- **2<sup>nd</sup> Report:** November 30, 2019
- **3<sup>rd</sup> Report:** March 30, 2020
- **4<sup>th</sup> Report:** August 31, 2020

## J. Contacts

**Tina Salisbury, Idaho Department of Commerce**

Phone: (208) 287-3164

Email: [tina.salisbury@commerce.idaho.gov](mailto:tina.salisbury@commerce.idaho.gov)

**Chelsea Conlon, Idaho State Department of Agriculture**

Phone: (208) 332-8678

Email: [Chelsea.Conlon@isda.idaho.gov](mailto:Chelsea.Conlon@isda.idaho.gov)

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