

Act now

Townships will have short timeframe to apply for federal COVID-19 relief funding

Townships will have a short turnaround time to apply to receive their apportionment of federal COVID-19 relief funding, through the American Rescue Plan Act (ARPA), and are encouraged to submit their application to the state Department of Treasury as quickly as possible.

The state of Michigan will receive an estimated \$10.3 billion in Coronavirus State and Local Fiscal Recovery funds under ARPA, including some \$644 million for “non-entitlement units of local government” (NEUs). All but eight Michigan townships are NEUs—communities under 50,000 population—and will receive their funding through the state of Michigan. “Entitlement Metropolitan Cities,” which include Michigan’s eight largest townships, and counties have received or will submit applications to receive direct payment from the U.S. Department of Treasury.

A new state website, www.michigan.gov/ARPA, has been created as a hub of information for local units of government to assist in navigating the process. The site includes updated allocation estimates for every NEU in the state. Allocations are based on 2019 Census population counts, with a maximum amount no more than 75% of the local government’s operating budget—both general fund and all other funds—as of Jan. 27, 2020 (pre-pandemic annual budget). Note that the allocations are the maximum amount allowed, before the 75% cap. Allocations will not later be adjusted to reflect 2020 Census population figures.

While additional information and processes were still being developed as of *Township Focus* press time, further information has been shared by state Treasury about the application process, required documentation and an estimated timeframe. Please watch MTA’s emails and website for continued updates and guidance, including free guidance videos and Q&A webinars to help answer your township’s questions as you move through the process.

Applying for funding

To receive their allocation of ARPA funding, townships **MUST** submit an online application form requesting payment, along with the appropriate documentation. Treasury expected to have the system up and running, and ready to accept requests for funding, by early July. The application process will be through the state’s Elite system, with which many local officials may already be familiar, as it is the same system by which townships provide documents to the state, such as the Form F-65. The due date to apply for funds had not been established as of press time, but based on current U.S. Treasury guidance, townships may only have a couple of weeks to submit a successful application. While the state is seeking an extension to allow for additional time for funding requests, that had not been approved as of press time. Because of the tight timeframe, townships should visit the state’s ARPA website, which outlines and links to required documents and information that must be completed and submitted via the application portal, including:

- Township name, taxpayer ID number, DUNS Number, and address (*visit <https://fedgov.dnb.com/> to register for a free DUNS number if your township does not already have one*)
- A township SAM.gov account (*which is free, and must be renewed annually*)
- Authorized representative name, title and email (*your “chief administrative officer,” such as the supervisor or township manager*)
- Contact person name, title, phone and email

- Verify township’s banking information in the state’s SIGMA payment system
- Award Terms and Conditions Agreement (*completed by the supervisor, as “chief administrative officer” of the township, or manager if the township has one*)
- Assurances of Compliance with Title VII of the Civil Rights Act of 1964 (*completed by the supervisor, as “chief administrative officer” of the township, or manager if the township has one*)

The township must also complete and submit a “Funding Election and Budget Certification” form, which was being developed by Treasury but not finalized as of press time. Check www.michigan.gov/ARPA for a finalized version, and watch MTA emails for its availability.

When completing the form, townships will need to select one of three options: 1) request to receive the funding, 2) decline the fund and complete a U.S. Treasury form to have funds transferred to the state or 3) decline funding and have the funds proportionally distributed to other NEUs. If a township requests the funding be transferred to the state, the money goes into state coffers for the Legislature to determine spending priorities in the typical state budget process. In Option 3, if a township declines the funds, state Treasury will reallocate that money to all other applicable NEUs.

MTA encourages townships to accept the funding, as you will have until 2024 to determine how to use the funds. If your township does not want to accept the funding, consider selecting Option 3 to allow the funding to go to other local governments and stay at the local level. The choice selected is final, and cannot later be changed.

On the form, the township will also certify its total operating budget amount as of Jan. 27, 2020. When submitting the application, you must include all required documentation at the same time.

When will you receive the money?

The state is not planning to wait until the application period closes to transfer payments to local units of governments. During Treasury’s June 17 ARPA webinar, state officials estimated that local units will receive their first payments within several weeks of applying. Payments will be made through the state’s SIGMA financial portal. This is the same system by which township receive revenue sharing payments from the state.

Total allocations will be distributed in two tranches: the first half this year, and the second half no later than 12 months after the initial allocation—so likely in summer 2022. On June 23, Gov. Whitmer signed Senate Bill 37, which allocates the first half—\$322.16 million—of the ARPA funding for NEUs.

What can townships spend the money on?

As explored in the June issue of *Township Focus*, townships have broad latitude to use the funding, if it falls into one of four categories for allowable uses. According to both state and U.S. Treasury, recipients have flexibility in how they put the dollars to use, as long as it meets the objectives of responding to the impacts of COVID-19. Primary funding uses include:

- Replace public sector revenue lost due to the pandemic
- Provide premium pay for essential workers
- Invest in water, sewer, and broadband infrastructure
- Respond to the public health emergency or its negative economic impacts

The formula to determine revenue loss is complex and was explained and outlined in both the state Treasury webinar and webinar PowerPoint presentation, which are available on MTA’s ARPA website, www.michigantownships.org/covidrelief.asp. Even if you do not think your township will have a revenue loss, we encourage *all* townships to run this formula. The formula is structured in such a way that we anticipate most local units will have lost revenue. By showing lost revenue, you have flexibility to spend the funds on most current government services, so it is worth going through the calculation process.

The webinar also offered additional examples of allowable uses under each category. In addition, during the webinar, Treasury officials confirmed that all ARPA funding expenditures must comply with state law—so not all examples of allowable uses outlined in U.S. Treasury resources are lawful expenditures for Michigan townships.

And remember, there is no need to rush; townships should take some time to analyze, ask and assess the best way to put these dollars to work for your community. Funds must be “obligated” by Dec. 31, 2024, but the “period of performance” does not end until Dec. 31, 2026.

‘Long-term impacts for communities’

The federal ARPA funding represents an enormous opportunity for townships to shore up, create or expand operations, programs or services to the benefit of their community and residents following this turbulent and uncertain time. Townships are encouraged to reach out to MTA and the state Department of Treasury with questions or for additional guidance and resources, and network with organizations and other local units of government in your own area to share experiences and ideas. U.S. Treasury’s FAQs document, available on both the state and MTA’s ARPA webpages, is updated frequently and provides a great deal of insights and examples.

State Treasury has also set up a dedicated email address—treas-arpa@michigan.gov—to submit questions. Sign up to receive Treasury’s email alerts by visiting the Community Engagement and Finance Division website, www.michigan.gov/cefd. Both MTA and Treasury will continue to offer webinars and additional guidance as the state finalizes its processes and policies for NEUs.

“This is going to be a long process, as we continue to navigate the significant dollars that are being made available for our local governments,” Rod Taylor, Community Engagement and Finance Division administrator, told more than 1,000 local officials during the June webinar. “Our goal is to hopefully see that many communities are able to make transformative changes within their communities. Ultimately, we hope that the use of our ARPA dollars is going to strengthen the fiscal position of our local units of government, which will have long-term impacts to ensure vibrant communities for decades to come.”