

Financially Distressed Cities, Villages, and Townships (FDCVT) Grant Program

FY 2020 Report



Revenue Sharing and Grants Division
Michigan Department of Treasury
March 2020

Background

For FY 2020, the Michigan Legislature appropriated \$2.5 million for the Financially Distressed Cities, Villages, and Townships (FDCVT) grant program to be granted to cities, villages, and townships that have one or more conditions that indicate probable financial distress, as determined by the Michigan Department of Treasury (“Treasury”) (see 2019 Public Act 56, Section 956).

In addition, Treasury had \$0.2 million of excess FDCVT funds from the FY 2019 appropriation. This amount is derived from a \$0.2 million transfer from unexpended FY 2019 City, Village, and Township Revenue Sharing that was transferred to the grant, per 2018 Public Act 618, Section 901(5).

Purpose

The purpose of the grant program is to provide grants to financially distressed cities, villages, and townships with one or more conditions that indicate probable financial distress. Grant funding is intended to be used to pay for specific projects or services that move the city, village, or township toward financial stability. The cities, villages, or townships must use the grant funds to make payments to reduce unfunded accrued liability; to repair or replace critical infrastructure and equipment owned and maintained by the city, village, or township; to reduce debt obligations; for costs associated with a transition to shared services with another jurisdiction; or to administer other projects that move the city, village, or township toward financial stability.

The Michigan Legislature stipulated that Treasury shall award no more than \$2.0 million to any city, village, or township.

Criteria

1. Michigan city, village, or township with one or more conditions that indicate probable financial distress.
2. A completed application with detailed information.
3. The city, village, or township must demonstrate how the budgeted costs will lead toward financial stability.
4. Priority is given to applicants:
 - a. with two or more conditions that indicate probable financial distress,
 - b. in which a financial emergency has been declared in the past ten years,
 - c. that has an approved Deficit Elimination Plan for the General Fund, and/or
 - d. in which the fund balance of the General Fund has been declining over the past five years and the fund balance is less than 3% of the General Fund Revenues.

Grant Awards

Applications were made available on November 12, 2019, with a due date of January 2, 2020. Treasury received 38 applications from 22 municipalities with requested funding totaling approximately \$22.2 million.

As of March 31, 2020, the grant awards have not been finalized.

This report will be updated once the FY 2020 grant awards are announced.

Reporting Requirements

Treasury is required by 2019 PA 56, Section 956(2) to release a report detailing a list by grant recipient of the date each grant was approved, the amount of the grant, and a description of the project or projects that will be paid by the grant.

The report must be submitted to the Senate Appropriations Subcommittee on General Government, the House of Representatives Appropriations Subcommittee on General Government, the Senate Fiscal Agency, the House Fiscal Agency and the State Budget Office by March 31, 2020.