



STATE OF MICHIGAN
DEPARTMENT OF TREASURY
LANSING

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STATE TREASURER

DATE: Monday, April 19, 2021

TO: Local Government Officials

FROM: Rod Taylor, Administrator

SUBJECT: Planning for the use of the American Rescue Plan

On March 11, 2021, the federal government enacted the American Rescue Plan Act (ARPA) to provide over \$4 billion to local governments in the State of Michigan. While there is currently no federal guidance on this legislation, many local governments have already started discussing how they may utilize this unprecedented opportunity. Additionally, as we await further direction, such as the amount of money local governments may receive, when the money will be received, and how the funds can be utilized, please review the following suggestions. These suggestions can help you prepare and ensure that the money is used effectively to make transformative change for many years to come.

- **Timing** - Before allocating any resources, your local government needs to develop a plan; we recommend considering the following:
 - **Go slow** - No decisions need to be made today. It is essential to wait until more information is released on this program; for example, many current estimates are most likely incorrect. Time is on your side; entering contracts now may be premature until more specifics are known.
 - **Planning** - Use this time to update your strategic plan or develop your strategic plan if you do not have one. This will allow your community to identify its priorities and help aid in difficult decision-making when you have multiple competing interests. A well-developed strategic plan will help guide your community for years after ARPA.
 - **Long-term considerations** – The money does not have to be spent until 2024. Since revenues may be down for multiple years, do not make short-term decisions that put you at risk in the long-term. This is an opportunity to make transformational changes in your community, so take your time and make the best long-term decisions. The best way to do this is via your strategic plan.
- **Transparency** - Ensure you take full advantage of the public process by holding public hearings, discussing ARPA in newsletters, and using public input tools. While this is not a requirement, many of your stakeholders will be interested in how you plan to use these funds; being transparent upfront will help get the buy-in to support your community efforts.

- **Financial Stability** - The future is uncertain; use this time to review your financial position. Some of our local governments may not have enough reserves to handle unplanned events, now is the time to strengthen your financial position. Start by reviewing your fund balances and potential lost revenue projections over the next few years. While spending money on one-time projects that you wanted to do for several years might be nice, focus on projects that strengthen your long-term financial position and do not have increased long-term costs.
- **Documentation and Reporting** – The ARPA requires periodic reporting. While at this time we do not know what this will entail, but we recommend ensuring that you are prepared by establishing good recording keeping now. Depending on the dollar amount of federal money received, you may be required to submit a single audit.
 - **Single Audit** – By receiving these funds, you are required to have certain policies and procedures in place. Additionally, you may need to do a single audit. Before receiving the funds, talk with your auditor to make sure you are prepared. For more information on single audits, we recommend watching our [COVID-19 Updates and Resources for Local Governments webinar](#) from January 19, 2021.

For some communities, the ARPA will be a large portion of their budget; it may be a relatively small part of their budget for others. In either case, it is still valuable to develop strong plans now as it will help with overall decision-making. If you are willing, we would be interested in seeing your documented plans. This will help Treasury understand how this money is being used to help communities around the state and, more importantly, help guide us as we work proactively with assisting other communities. You can e-mail TreasLocalGov@michigan.gov.

Lastly, if you did not have an opportunity to attend our Updates and Resources for Local Governments webinar on March 23, 2021, where we provided an update on the CARES Act grant and ARPA, you can view the [presentation](#) and watch the [recording](#) by visiting www.michigan.gov/cefd and clicking on Webinar, Education, & Training Resources. As the Michigan Department of Treasury gathers more information on ARPA, we anticipate having additional webinars to help keep you informed.

Sincerely,



Rod Taylor, Administrator
Community Engagement and Finance Division