



MICHIGAN STRATEGIC FUND

MEMORANDUM

DATE: February 8, 2021

TO: Members of the Michigan Legislature

FROM: Mark Burton, President
Michigan Strategic Fund

SUBJECT: FY 2020 Michigan Small Business Restart Grant Program - Final Report

Public Act 144 of 2020 allocated \$100 million of federal CARES Act funding to the Michigan Strategic Fund (MSF) to create and execute the Michigan Small Business Restart Grant Program. The program provides up to \$20,000 in grants to assist small businesses and nonprofit entities with COVID-19 recovery efforts. The funds were distributed across 15 local economic development organization (EDOs) designated by the Act to administer the program.

The Act requires the MSF to submit a report to Appropriations Committees, fiscal agencies, and the State Budget Office by September 30, 2020, summarizing all the grants awarded under the program. A report was submitted to the required recipients on September 29 that reflected data the Michigan Economic Development Corporation (MEDC) received from the local EDOs as of September 10.

Subsequent information was sent to all legislators along with a “wrap-up” news release attachment on November 10 to provide updated data.

The EDOs were required to submit progress reports to the MEDC by the tenth of each month through the term of the Grant Agreement, with final reports due on January 10. The attached report summarizes grant awards as submitted by the local EDOs in their final progress reports. A full list of grant awards is available at <https://www.michiganbusiness.org/restart/>.

Because of the legislative interest in this program and to provide full transparency, this final report is being shared with all members of the Michigan Legislature.

If you have any questions regarding the information in this report, please contact our Office of Government Relations at 517.335.1847.

Attachment

cc: Dave Massaron, State Budget Director
Chris Harkins, Director, Senate Fiscal Agency
Mary Ann Cleary, Director, House Fiscal Agency

Michigan Strategic Fund

Michigan Small Business Restart Grant Program

FY 2020 Final Report

In response to the economic impact of COVID-19, the State of Michigan allocated \$100 million of CARES Act funding to implement the Michigan Small Business Restart Grant Program to support the needs of Michigan businesses directly impacted by COVID-19. The program is modeled after the Michigan Small Business Relief Program, approved on March 19, 2020, by the Michigan Strategic Fund (MSF) to support small businesses impacted by the COVID-19 crisis.

In an effort to continue to support small businesses and nonprofits, the Michigan Small Business Restart Grant Program provided funding to local economic development organizations (EDOs) to award grants of up to \$20,000 to eligible small businesses or nonprofits that have been negatively impacted by COVID-19 and needed working capital to support payroll expenses, rent, mortgage payments, utility expenses, or other similar expenses.

Businesses and nonprofits with 50 or fewer employees, worldwide, located in Michigan were eligible to apply. Businesses also had to demonstrate the following:

- Part of an industry or nonprofit that can demonstrate it has been impacted by the COVID-19 emergency
- Needs working capital to support payroll expenses, rent, mortgage payments, utility expenses or other similar expenses
- Demonstrates an income loss as result of the COVID-19 emergency as determined by the Michigan Strategic Fund

The MSF approved the distribution of grant funding across 15 local EDOs covering all 83 counties in the state on July 7, 2020 with the application for the program going live on July 15, 2020. The \$100 million was distributed among the local EDOs using the same formula as was used for the Michigan Small Business Relief Program with adjustments made to meet statutory requirements that each local EDO receive a minimum of \$3.5 million for Restart grants.

The local EDOs could retain up to five percent of the amount they received for awards for administration and the MSF could retain not more than \$1,000,000 for administration. Several of the EDOs retained a fee of less than five percent or did not retain their administration fee. The MSF also did not retain an administration fee allowing for additional grants to be awarded.

A total of 36,727 applications for this funding was received from all 83 counties in the state. Those applications were submitted to the 15 local EDOs for their review and selection process once the application period closed on August 5, 2020. The EDOs were required to submit progress reports to the MEDC by the tenth of each month through the term of the Grant Agreement, with final reports due on January 10.

The local EDOs report awarding 14,441 grants to businesses totaling \$95.6 million. They also report 97,217 jobs were retained and 30,723 jobs were created as a result of the program. A full list of the grant awards is available at <https://www.michiganbusiness.org/restart/>.

At least 30 percent of the funds awarded under the program were required to be provided to women-owned, minority-owned, or veteran-owned eligible businesses, and all EDOs have met, or exceeded, this requirement. Of the 14,441 businesses that received grants, 2,101 reported as minority-owned, 3,832 reported as woman-owned, and 460 reported as veteran-owned, with 2,621 businesses selecting multiple categories.

The chart on the following page includes a list of the local EDOs, original funding amount, grant amount authorized, businesses awarded, jobs retained, jobs created, and the counties covered by each entity.

	Local EDO	Original Funding Amount¹	Authorized Grant Amount	Businesses Awarded	Jobs Retained	Jobs Created	Counties Covered
1	Invest UP	\$4,545,455	\$4,317,465	730	5,591	1,238	Keweenaw, Houghton, Ontonagon, Gogebic, Baraga, Iron, Marquette, Dickinson, Menominee, Alger, Delta, Schoolcraft, Luce, Mackinac, Chippewa
2	Networks Northwest	\$4,545,455	\$4,338,687	305	3,268	492	Emmet, Grand Traverse, Charlevoix, Antrim, Kalkaska, Missaukee, Wexford, Manistee, Benzie, Leelanau
3	Otsego County Economic Alliance	\$3,500,000	\$3,325,000	269	1,767	419	Otsego, Crawford, Roscommon, Montmorency, Ogemaw, Oscoda
4	Target Alpena	\$3,500,000	\$3,325,000	393	2,655	579	Iosco, Alcona, Alpena, Presque Isle, Cheboygan
5	The Right Place, Inc.	\$9,545,455	\$9,075,829	1,063	5,773	2,031	Barry, Ionia, Kent, Lake, Mason, Mecosta, Montcalm, Muskegon, Newaygo, Oceana, Osceola
6	Lakeshore Advantage	\$3,500,000	\$3,325,000	428	3,006	758	Allegan, Ottawa
7	Middle Michigan Development Corporation	\$3,500,000	\$3,320,000	843	5,489	1,360	Isabella, Gratiot, Clare, Gladwin, Arenac, Midland
8	Saginaw Future	\$3,545,455	\$3,353,500	513	3,549	1,109	Bay, Saginaw
9	Flint & Genesee Chamber Foundation	\$8,045,455	\$7,643,182	868	6,762	1,679	Shiawassee, Genesee, Lapeer, St. Clair, Tuscola, Sanilac, Huron
10	Lansing Economic Area Partnership (LEAP)	\$5,545,455	\$5,270,000	412	2,712	1,145	Clinton, Eaton, Ingham
11	Southwest Michigan First (SWMF)	\$7,545,455	\$7,175,000	1,435	11,102	2,730	Kalamazoo, St. Joseph, Berrien, Calhoun, Van Buren, Cass, Branch
12	Ann Arbor SPARK	\$8,545,455	\$8,153,488	1,147	7,283	2,188	Livingston, Washtenaw, Hillsdale, Jackson, Lenawee, Monroe
13	Oakland County	\$11,045,455	\$11,045,455	2,975	19,554	7,298	Oakland
14	Macomb County	\$7,545,455	\$7,170,000	1,606	7,628	3,263	Macomb
15	Detroit Economic Growth Corporation (DEGC)	\$15,545,450	\$14,763,678	1,454	11,078	4,434	Wayne

¹Approximately \$20,000 of the funding awarded to the local EDOs was returned to the MSF.