

NCACC

**American Rescue Plan Act of 2021
Coronavirus State and Local Fiscal Recovery Funds**



Federal Coronavirus Relief

CARES Act (March 2020)

SL 2020-4: Appropriated \$150 million of Coronavirus Relief Fund (CRF) to counties; \$150 million in reserve

SL 2020-80: Appropriated \$150 million reserve with required \$75 million share to municipalities

NC Pandemic Recovery Office and State Treasurer reporting and auditing; almost all funds disbursed

Consolidated Appropriations Act, 2021 (Dec. 2020)

\$900 billion federal relief package

Extends CRF expenditure deadline from Dec. 30, 2020 to Dec. 31, 2021; no new funding

Includes approx. \$700 million in Emergency Rental Assistance funding for NC; 18 direct allocation local govts

Local governments and state working on ERA program details and launching programs

American Rescue Plan

Signed March 11, 2021

\$1.88 trillion coronavirus relief package

\$350 billion in State and Local Fiscal Recovery Funds

\$2.034 billion directly to NC counties

NC municipalities will receive \$1.3 billion, either directly or via the State

State of North Carolina (\$5.4 billion) and Local Governments will receive approx. \$9 billion in Fiscal Recovery Funds



Federal Coronavirus Relief

American Rescue Plan Act of 2021

State and Local Fiscal Recovery Fund: County Focus

\$65.1 billion allocated to counties according to population;
sent directly from U.S. Treasury to counties

Counties will receive half of the allocation within 60 days of enactment,
and the 2nd installment one year after the 1st

Eligible uses:

- (1) To respond to the public health emergency or its negative economic impacts;
- (2) To provide premium pay to eligible employees for essential work (\$13/hour; may not exceed \$25,000)
- (3) To address certain revenue reductions;
- (4) To make infrastructure investments in water, sewer, or broadband

Restrictions:

- Cannot deposit into pension fund
- States also cannot directly or indirectly offset the reduction of revenues due to tax decrease made after March 3, 2021

Reporting is required; Funds are available to use until December 31, 2024



Federal Coronavirus Relief



American Rescue Plan (also includes; not complete list)



Public Health, Vaccines, and Testing

- \$7.5 billion in CDC vaccine distribution funds
- \$3.9 million in block grant funding for MH treatment



Education Funding

- \$3.6 billion for K-12 schools in NC
- Higher Education; Child Care; Head Start



Food Assistance

- Extends 15% benefits increase for SNAP (food stamps)
- \$4 billion for food assistance; loans for supply chain



Rental and Utility Assistance

- New \$21 billion in ERA (in addition to CAA); similar allocation structure
- Mortgage assistance; transit funding; homelessness assistance



Economic Impact Payments

- \$1,400 for 89% of adults in NC
- \$1,600 Child Tax Credit for ~ 2 million children



Unemployment Benefits

- \$300 supplement through Sept.6, 2021; tax waiver



Small Business Assistance

- \$28.6 billion Restaurant Revitalization Fund
- \$7 billion to expand PPP eligibility; \$15 billion for EIDL grants

Office of Recovery Programs

Treasury Guidance

Interim Final Rule

DEPARTMENT OF THE TREASURY

31 CFR Part 35

RIN 1505-AC77

Coronavirus State and Local Fiscal Recovery Funds

AGENCY: Department of the Treasury.

ACTION: Interim final rule.

SUMMARY: The Secretary of the Treasury (Treasury) is issuing this interim final rule to implement the Coronavirus State Fiscal Recovery Fund and the Coronavirus Local Fiscal Recovery Fund established under the American Rescue Plan Act.

DATES: *Effective date:* The provisions in this interim final rule are effective [INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER].

Comment date: Comments must be received on or before [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Please submit comments electronically through the Federal eRulemaking Portal at <http://www.regulations.gov>. Comments can be mailed to the Office of the Under Secretary for Domestic Finance, Department of the Treasury, 1500 Pennsylvania Avenue, NW, Washington, DC 20220. Because postal mail may be subject to processing delay, it is recommended that comments be submitted electronically.

FAQs

Coronavirus State and Local Fiscal Recovery Funds

Frequently Asked Questions

AS OF MAY 10, 2021

This document contains answers to frequently asked questions regarding the Coronavirus State and Local Fiscal Recovery Funds (CSFRF / CLFRF, or Fiscal Recovery Funds). Treasury will be updating this document periodically in response to questions received from recipients and stakeholders should consult the Interim Final Rule for additional information.

- For overall information about the program, including information on how to request funding, please see <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments>
- For general questions about CSFRF / CLFRF, please email SLFRP@treasury.gov
- Upon publication of the Interim Final Rule in the Federal Register, Treasury will invite stakeholders to submit public comments on the Interim Final Rule at <https://www.regulations.gov>

Eligibility and Allocations

1. Which governments are eligible for funds?

The following governments are eligible:

- States and the District of Columbia
- Territories
- Tribal governments
- Counties
- Metropolitan cities
- Non-entitlement units, or smaller local governments

2. Which governments receive funds directly from Treasury?

Coronavirus State and Local Fiscal Recovery Funds

The American Rescue Plan will deliver \$350 billion for eligible state, local, territorial, and Tribal governments to respond to the COVID-19 emergency and bring back jobs.

The Coronavirus State and Local Fiscal Recovery Funds provide a substantial infusion of resources to help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery.

FUNDING OBJECTIVES

REQUEST FISCAL RECOVERY FUNDS

RECEIVE COVID-19 RELIEF UPDATES

- Interim Final Rule
- Fact Sheet
- FAQs
- Quick Reference Guide
- Press Release
- Tribal Government Information
- Non-Entitlement Unit Information

Fact Sheet

FACT SHEET: The Coronavirus State and Local Fiscal Recovery Funds Will Deliver \$350 Billion for State, Local, Territorial, and Tribal Governments to Respond to the COVID-19 Emergency and Bring Back Jobs

May 10, 2021

Aid to state, local, territorial, and Tribal governments will help turn the tide on the pandemic, address its economic fallout, and lay the foundation for a strong and equitable recovery

Today, the U.S. Department of the Treasury announced the launch of the Coronavirus State and Local Fiscal Recovery Funds, established by the American Rescue Plan Act of 2021, to provide \$350 billion in emergency funding for eligible state, local, territorial, and Tribal governments. Treasury also released details on how these funds can be used to respond to acute pandemic response needs, fill revenue shortfalls among these governments, and support the communities and populations hardest-hit by the COVID-19 crisis. With the launch of the Coronavirus State and Local Fiscal Recovery Funds, eligible jurisdictions will be able to access this funding in the coming days to address these needs.

State, local, territorial, and Tribal governments have been on the frontlines of responding to the immense public health and economic needs created by this crisis – from standing up vaccination sites to supporting small businesses – even as these governments confronted revenue shortfalls during the downturn. As a result, these governments have endured unprecedented strains, forcing many to make untenable choices between laying off educators, firefighters, and other frontline workers or failing to provide other services that communities rely on. Faced with these challenges, state and local governments have cut over 1 million jobs since the beginning of the crisis. The experience of prior economic downturns has shown that budget pressures like these often result in prolonged fiscal austerity that can slow an economic recovery.

To support the immediate pandemic response, bring back jobs, and lay the groundwork for a strong and equitable recovery, the American Rescue Plan Act of 2021 established the Coronavirus State and Local Fiscal Recovery Funds, designed to deliver \$350 billion to state, local, territorial, and Tribal governments to bolster their response to the COVID-19 emergency and its economic impacts. Today, Treasury is launching this much-needed relief to:



Office of Recovery Programs

Treasury Guidance: Eligible Uses



Support Public Health Response

Fund COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff



Replace Public Sector Revenue Loss

Use funds to provide government services to the extent of the reduction in revenue experienced due to the pandemic



Water and Sewer Infrastructure

Make necessary investments to improve access to clean drinking water and invest in wastewater and stormwater infrastructure



Address Negative Economic Impacts

Respond to economic harms to workers, families, small businesses, impacted industries, and the public sector



Premium Pay for Essential Workers

Offer additional support to those who have and will bear the greatest health risks because of their service in critical infrastructure sectors



Broadband Infrastructure

Make necessary investments to provide unserved or underserved locations with new or expanded broadband access

Office of Recovery Programs

Treasury Guidance: Examples

Support Public Health Response

- **Services to contain and mitigate the spread of COVID-19**, including vaccination, medical expenses, testing, contact tracing, quarantine costs, capacity enhancements, and many related activities
- **Behavioral healthcare services**, including mental health or substance misuse treatment, crisis intervention, and related services
- **Payroll and covered benefits** for public health, healthcare, human services, and public safety staff to the extent that they work on the COVID-19 response

Replace Public Sector Revenue Loss

- **Ensure continuity of vital government services** by filling budget shortfalls
- **Revenue loss is calculated** relative to the expected trend, beginning with the last full fiscal year pre-pandemic and adjusted annually for growth
- **Recipients may re-calculate revenue loss** at multiple points during the program, supporting those entities that experience revenue loss with a lag

Address Negative Economic Impacts

- **Deliver assistance to workers and families**, including support for unemployed workers, aid to households, and survivor's benefits for families of COVID-19 victims
- **Support small businesses** with loans, grants, in-kind assistance, and counseling programs
- **Speed the recovery of impacted industries**, including the tourism, travel, and hospitality sectors
- **Rebuild public sector capacity** by rehiring staff, replenishing state unemployment insurance funds, and implementing economic relief programs

Premium Pay for Essential Workers

- **Provide premium pay to essential workers**, both directly and through grants to third-party employers
- **Prioritize low- and moderate-income workers**, who face the greatest mismatch between employment-related health risks and compensation
- **Key sectors include** healthcare, grocery and food services, education, childcare, sanitation, and transit
- **Must be fully additive** to a worker's wages



Office of Recovery Programs

Treasury Guidance: Eligible Uses



Water & Sewer Infrastructure

- **Includes improvements to infrastructure**, such as building or upgrading facilities and transmission, distribution, and storage systems
- **Eligible uses aligned to Environmental Protection Agency project categories** for the Clean Water State Revolving Fund and Drinking Water State Revolving Fund



Equity-Focused Services

- **Additional flexibility for the hardest-hit communities and families** to address health disparities, invest in housing, address educational disparities, and promote healthy childhood environments
- **Broadly applicable** to Qualified Census Tracts, other disproportionately impacted areas, and when provided by Tribal governments



Broadband Infrastructure

- **Focus on households and businesses** without access to broadband and those with connections that do not provide minimally acceptable speeds
- **Fund projects that deliver reliable service** with minimum 100 Mbps download / 100 Mbps upload speeds unless impracticable
- **Complement broadband investments** made through the Capital Projects Fund



Ineligible Uses

- **Changes that reduce net tax revenue** must not be offset with American Rescue Plan funds
- **Extraordinary payments into a pension fund** are a prohibited use of this funding
- **Other restrictions apply** to eligible uses



FAQs

➤ **How to apply?**

Local governments other than non-entitlement units should visit the [Treasury Submission Portal](#) to begin the identify verification process through ID.me and complete the steps to receive funds. See [Qs 49-59 in the FAQs](#). Local governments will receive one-half of their total allocation this year and the second half will be paid 12 months after the first payment. Non-entitlement units will receive their funds through the State of North Carolina; visit the NCPRO website

➤ **Time period for eligible expenditure of funds?**

In general, funds can be used to cover costs incurred between March 3, 2021 and December 31, 2024. Treasury is interpreting the requirement that costs be incurred by December 31, 2024 to require that recipients have obligated the funds by that date. The period of performance will run until December 31, 2026, which will provide recipients a reasonable amount of time to complete projects funded with Fiscal Recovery Funds. See [Q32 in the FAQs](#) and [Sec. 35.5 in the IFR](#).

➤ **Can a local government use Local Fiscal Recovery Funds on administrative costs?**

Yes, recipients may use funds to cover the portion of payroll and benefits of employees corresponding to time spent on administrative work necessary due to the COVID-19 public health emergency and its negative economic impacts. This includes, but is not limited to, costs related to disbursing payments of Fiscal Recovery Funds and managing new grant programs established using Fiscal Recovery Funds.

See [Q48 in the FAQs](#).



FAQs

➤ Ineligible Uses

A pension fund deposit is ineligible. See [Q43 in the FAQs](#) and [Sec. 35.7 in the IFR](#). Contributions to rainy day funds, financial reserves, or similar funds are also ineligible. See [Q24 in the FAQs](#). Payments of interest or principal on outstanding debt instruments are not eligible. See [Q26 in the FAQs](#). Funds are subject to pre-existing statutory and regulatory limitations and may not be used as the non-federal match when otherwise barred (e.g., the state share of Medicaid). See [Q27 in the FAQs](#).

➤ Can a local government transfer funds?

Yes, a local government can transfer funds to a private nonprofit organization, a tribal organization, a public benefit corporation involved in the transportation of passengers or cargo, or a special purpose unit of government. Local governments can also transfer funds to other constituent units of government (e.g., a county may transfer to a municipality or school district within it) or to a private entity. A local government recipient that transfers funds to a subrecipient is responsible for the subrecipient's compliance with the regulations and for reporting on the subrecipient's use of funds. See [Q38 in the FAQs](#) and [Sec. VI in the Supplementary Information of the IFR](#).

➤ What are reporting requirements?

Records must be retained for five years after all funds have been expended or returned to Treasury, whichever is later. Recipients will be required to submit one interim report (due Aug. 31, 2021) and thereafter quarterly Project and Expenditure reports (first due Oct. 31, 2021). Recipients with populations over 250,000 must submit annual Recovery Plan Performance reports (first due August 31, 2021, and then annually thereafter). See [Qs 44-45 in the FAQs](#) and [Section VIII in the Supplementary Information](#) of the IFR.



FAQs

➤ **Comparing Local Fiscal Recovery Funds (ARP) vs. Coronavirus Relief Funds (CARES Act)**

Generally, uses that were eligible for CRF are eligible for Local Fiscal Recovery Funds under ARP, with two exceptions:

- (1) payroll and benefits eligibility has been updated and tightened; payroll and covered benefit expenses for public safety, public health, health care, human services, and similar employees are eligible *to the extent the employee's time is spent mitigating or responding to the COVID-19 public health emergency*; and
- (2) expenses related to issuance of tax-anticipation notes are not eligible.

See [Q6 in the FAQs](#) and [Sec. 35.6\(b\)\(2\) in the IFR](#).

➤ **Infrastructure investments other than water, sewer, and broadband?**

Recipients may use funds for maintenance of infrastructure or pay-go spending for building of new infrastructure as part of the general provision of government services, to the extent of the estimated reduction in revenue due to the public health emergency. See [Qs 16-23 in the FAQs](#) to calculate a reduction in revenue on an entity-wide basis and [Sec. 35.6\(d\) in the IFR](#).

A general infrastructure project typically would not be considered a response to the public health emergency and its negative economic impacts unless the project responds to a specific pandemic-related public health need (e.g., investments in facilities for the delivery of vaccines) or a specific negative economic impact of the pandemic (e.g., affordable housing in a Qualified Census Tract). See [Q25 in the FAQs](#) and [Sections II.C. and II.D in the Supplementary Information](#) of the IFR.



FAQs

➤ **What types of water and sewer projects are eligible?**

The guidance aligns eligible projects with categories of projects that would be eligible to receive federal assistance through EPA's Clean Water State Revolving Fund or the Drinking Water State Revolving Fund. For example, treatment, transmission and distribution (including lead service line replacement), source rehabilitation and decontamination, storage, consolidation, and new systems development (DWSRF). And, construction of publicly-owned treatment works, nonpoint source pollution management, national estuary program projects, decentralized wastewater treatment systems, stormwater systems, water conservation, efficiency, and reuse measures, watershed pilot projects, energy efficiency measures for publicly-owned treatment works, water reuse projects, security measures at publicly-owned treatment works, and technical assistance to ensure compliance with the Clean Water Act (CWSRF). [See Qs 31-34 in the FAQs](#) and [Sec. 35.6\(e\)\(1\) in the IFR](#).

➤ **What types of broadband projects are eligible?**

The guidance requires eligible projects to deliver service that meets or exceeds symmetrical upload and download speeds of 100 Mbps. If impracticable, the project should meet or exceed 100 Mbps download speed and between 20-100 Mbps upload speed and be scalable to symmetrical 100 Mbps. Projects must be designed to serve unserved or underserved households and businesses, defined as those not currently served by a wireline connection delivering at least 25 Mbps download and 3 Mbps upload speed. Recipients may use funds to provide assistance to households facing negative economic impacts related to COVID-19 and digital literacy. Recipients may also use funds for modernization of cybersecurity, including hardware, software, and protection of critical infrastructure, as part of provision of government services up to the amount of revenue lost due to the public health emergency. See [Qs 35-36 in the FAQs](#) and [Sec. 35.6\(e\)\(2\) in the IFR](#).



Prioritization; Regionalization; Leveraging Funds

➤ How can local governments plan strategic investment of Local Fiscal Recovery funds?

Governor's Proposals to Spend Portion of State Coronavirus Fiscal Recovery Funds in Partnership with Local Governments

Affordable Housing & Rehabilitation

- Includes \$460 million for new housing development and rehabilitation projects
- Matching requirement: Tier 1 and 2 counties (80/20); Tier 3 (60/40)

Broadband Infrastructure and Affordability

- Includes \$350 million for GREAT grants; \$150 million for competitive bidding funds for county infrastructure; \$100 million for targeted local government infrastructure projects
- Also includes funding to help with affordability and adoption

Water and Wastewater Infrastructure

- Includes \$800 million for local government water, sewer, and stormwater projects
- Proposal includes both grants for distressed and at-risk units, and matching opportunities for at-risk units and all others
- 118 distressed units; currently 120 at-risk units

Rural Downtown Transformation Grants

- Includes almost \$200 million for variety of neighborhood revitalization projects; environmental hazard cleanup; other transformation projects
- Eligible recipients are rural local governments in communities disproportionately impacted

Site Development & Strategic Industry Development

- Includes \$20 million competitive local government grant program for megasite development
- \$10 million for competitive local government grant program for certification process in distressed communities
- \$5 million for competitive local government grant program to support green infrastructure
- \$50 million to help local governments attract strategic employers and industry



Broadband – Legislative Proposals



SB 689 (County Broadband Authority)

- Filed in Senate
- Would authorize counties to levy property taxes for broadband purposes
- Would authorize counties to use federal funds (Local Fiscal Recovery Funds) for broadband grants
- Would authorize counties to build broadband infrastructure and sell or lease to a private or nonprofit provider
- Also requires the replacement of utility poles under certain conditions

HB 947 (G.R.E.A.T. Broadband Expansion Act)

- Committee hearings in House
- Would create Completing Access to Broadband (CAB) Fund (intends to fund with \$400 million in State ARP funds) for counties to select a broadband service provider, through a bid process, to build infrastructure for unserved and underserved areas
- Requires coordination with State Broadband Office for site selection in areas not otherwise utilizing federal funds or G.R.E.A.T. grants. DIT retains site selection and providers can request project scope modifications from county
- Counties responsible for at least 35% of project cost (ARP funds), with provider cost share based on the amount county receives in ARP funds
- Allocates \$350 million and expands G.R.E.A.T. grant eligibility to rural census tracts in any county and authorizes counties to use ARP funding or unrestricted GF balance as program financial match

SB 517 (Innovative Statewide Broadband Infrastructure)

- Filed in Senate
- Includes placeholder provisions related to local government broadband infrastructure leases and additional G.R.E.A.T grant funding



Other Funds

Guilford County Schools

- ESSER I: \$22,021,950
- ESSER II: \$88,894,749
- ESSER III: \$198,231,440
- Other CRF from State: \$19,184,995



Emergency Rental and Utility Assistance

- ERA1: \$7,252,721 (Greensboro separate allocation)
- ERA2: \$5,738,739 (Greensboro separate allocation)
- Additional state allocation to Guilford: \$20,642,140



RENTAL ASSISTANCE

Visit www.ncacc.org/arp

Email arpquestions@ncacc.org



North Carolina Association
of County Commissioners

County Advocacy

Events & Training

Research & Publications

Services for Counties

About

Home > Services for Counties > Disaster Preparedness and Recovery

American Rescue



Webinar on May 18

NCACC will host a webinar Tuesday, May 18, at 3 p.m. to review ARP funding guidance and hold a Q&A session.

Virtual Meeting Details

Important Information

Coronavirus State and Local
Fiscal Recovery Funds

Interim Final Rule
(Implementation Guidance)

Other Relevant Links to ARP Information

American Rescue Plan
Act of 2021

NACo Covid-19
Recovery Clearinghouse

State and
Recovery

Local Fiscal Recovery Funds FAQs

The Office of Recovery Programs in the U.S. Dept. of the Treasury has issued guidance and supporting documentation for the [Coronavirus State and Local Fiscal Recovery Funds](#) included in the American Rescue Plan Act of 2021.

Office of Recovery Programs

NCACC ARPA Homepage

Use the drop-down menus below for common questions and issues addressed by Treasury, as well as a reference to the relevant guidance or provision. These are a selection of questions related to local governments and the Local Fiscal Recovery Funds. More information is available in the complete [Interim Final Rule](#) and [Treasury FAQs](#) on the Office of Recovery Programs website.

Eligible Uses

What is the time period for eligible expenditure of funds?

+

What are eligible uses for Local Fiscal Recovery Funds?

+

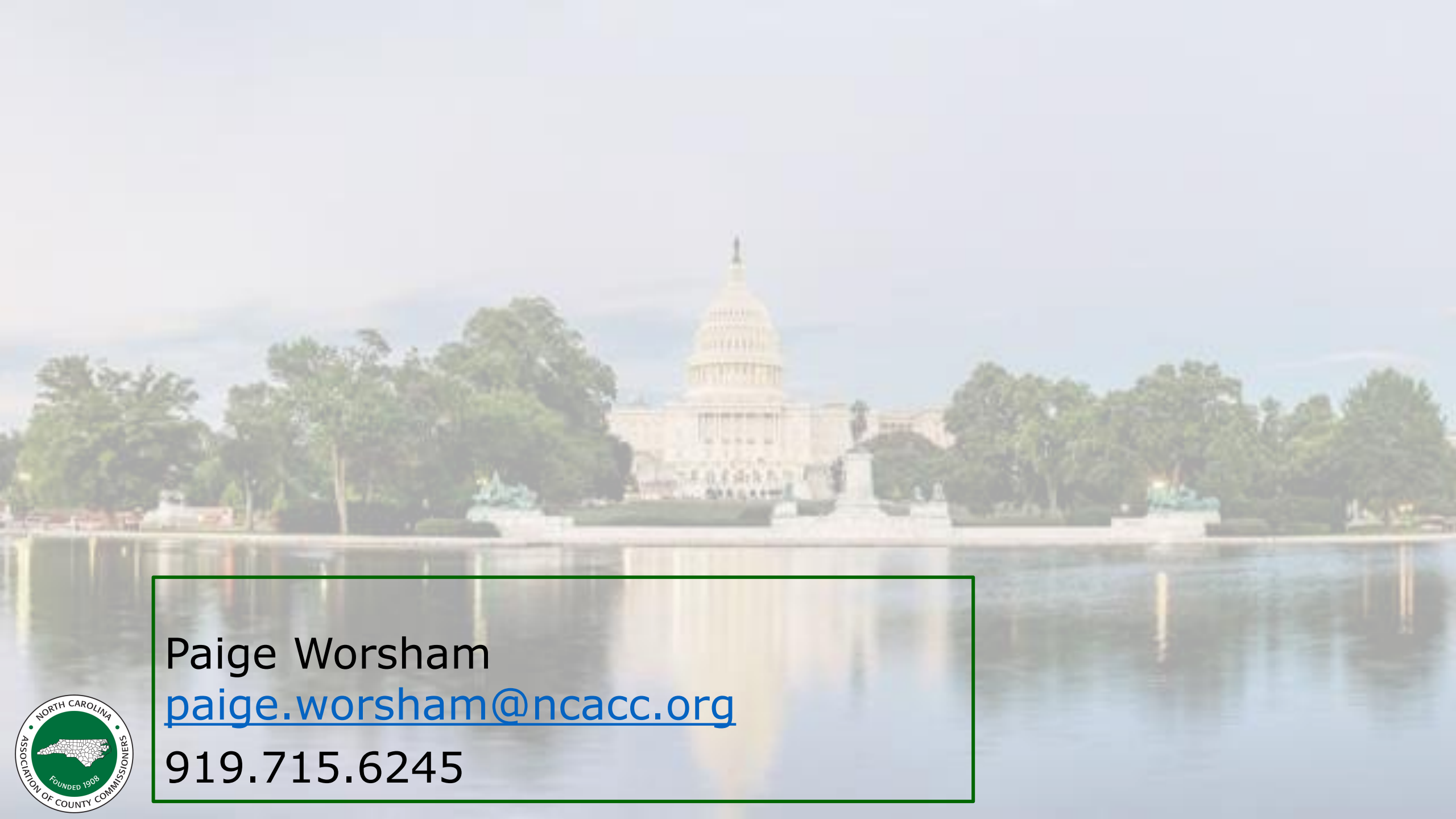
Are uses that were eligible for Coronavirus Relief Funds (CRF) also eligible for Local Fiscal Recovery Funds?

+

Other than water, sewer, and broadband infrastructure projects, what types of infrastructure investments are eligible?

+





Paige Worsham

paige.worsham@ncacc.org

919.715.6245

