

American Rescue Plan Act (ARPA or ARP)

FAQ*

Regarding *STATE AND LOCAL FISCAL RECOVERY FUNDS* for North Carolina

As of August 30, 2021

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1. What is the ARP and what does it include?

On March 11, 2021, President Joe Biden signed the \$1.9 trillion American Rescue Plan Act of 2021 ([H.R. 1319](#)) (ARP) into law. The ARP has nine components:

- A. Economic Impact Payments
- B. Child Tax Credit
- C. State and Local Fiscal Recovery Funds
- D. Capital Projects Fund
- E. Homeowner Assistance Fund
- F. Emergency Rental Assistance
- G. State Small Business Credit Initiative
- H. Employee Retention Credit and Paid Leave Credit Programs
- I. Unemployment Compensation

(Source: <https://home.treasury.gov/news/featured-stories/fact-sheet-the-american-rescue-plan-will-deliver-immediate-economic-relief-to-families>)

**This FAQ was developed as a broad public resource and is intended to be strictly informational. For local governments or others looking for more technical guidance about ARP funding uses and restrictions, visit <https://www.nc.gov/agencies/ncpro> or <https://www.govinfo.gov/content/pkg/FR-2021-05-17/pdf/2021-10283.pdf>.*

The North Carolina General Assembly is still developing its budget for ARP funds designated for North Carolina. This document does not account for any additional limitations that may be imposed by state law. Furthermore, the U.S. Department of the Treasury continues to provide clarifications and guidance pertaining to each provision of the ARP. Thus, information included in this document is subject to change.

2. Is the ARP the same as the CARES Act and/or the Coronavirus Response and Consolidated Appropriations Act?

No. The Coronavirus Aid, Relief, and Economic Security (CARES) Act was signed into law on March 27, 2020. The Coronavirus Response and Consolidated Appropriations Act was signed into law on December 27, 2020.

The American Rescue Plan was passed by Congress on March 10, 2021 and signed into law on March 11, 2021 by President Joe Biden.

While all of them aim to provide “fast and direct economic assistance for American workers, families, small businesses, and industries,” they each have their own sets of guidelines, forms, agreements and compliance mechanisms. Additionally, while the ARP has several spending categories that are intended for emergency near-term expenditure, many of its spending categories are intended for long term recovery and accordingly have obligation and expenditure deadlines several years into the future.

(Sources : <https://home.treasury.gov/policy-issues/coronavirus/about-the-cares-act> and <https://home.treasury.gov/policy-issues/coronavirus/about-the-american-rescue-plan>)

3. What is the “State and Local Fiscal Recovery Funds” section of the ARP?

“State and Local Fiscal Recovery Funds” is one of the nine ARP provisions and is the primary focus of this FAQ.

According to the U.S. Department of the Treasury, “[t]he 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 substantial flexibility for each government to meet local needs—including support for households, small businesses, impacted industries, essential workers, and the communities hardest hit by the crisis. These funds can also be used to make necessary investments in water, sewer, and broadband infrastructure...

Congress has allocated Coronavirus State and Local Fiscal Recovery Funds to tens of thousands of eligible state, local, territorial, and Tribal governments. These allocations include:

Type	Amount (\$ billions)
States & District of Columbia	\$195.3
Counties	\$65.1
Metropolitan Cites	\$45.6
Tribal Governments	\$20.0
Territories	\$4.5
Non-entitlement Units of Local Government	\$19.5

Treasury will distribute funds to eligible state, territorial, metropolitan city, county, and Tribal governments.

Eligible local governments that are classified as non-entitlement units of local government should expect to receive this funding through their applicable state government. Jurisdictions classified as non-entitlement units of local government are not eligible to receive this funding directly from Treasury and should not request funding through the Treasury Submission Portal.”

(Source: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>)

4. How much money will NC receive via the State and Local Fiscal Recovery Funds section of the ARP?

The *State and Local Fiscal Recovery Funds* for North Carolina include:

- \$5.4 billion in State Fiscal Recovery Funds
- \$3.4 billion in Local Government Fiscal Recovery Funds

In particular, there are 5 funding streams for the *State and Local Fiscal Recovery Funds* allotment for North Carolina:

- A. STATE:** The State of North Carolina will receive \$5.4 billion from the U.S. Treasury.
- B. COUNTIES:** Each NC county will receive a direct allotment from the federal government. The amount designated for each county can be found [here](#) (NC's list begins on page 43).
- C. METROPOLITAN CITIES:** "The American Rescue Plan Act defines, for purposes of the Coronavirus Local Fiscal Recovery Fund (CLFRF), metropolitan cities to include those that are currently metropolitan cities under the Community Development Block Grant (CDBG) program but also those cities that relinquish or defer their status as a metropolitan city for purposes of the CDBG program. This would include, by way of example, cities that are principal cities of their metropolitan statistical area, even if their population is less than 50,000. In other words, a city that is eligible to be a metropolitan city under the CDBG program is eligible as a metropolitan city under the CLFRF, regardless of how that city has elected to participate in the CDBG program." (Source: <https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>)

Metropolitan cities will receive direct ARP payments from the U.S. Treasury. There are 26 cities in NC that the U.S. Treasury has thus far classified as metropolitan cities:

North Carolina	Apex town	\$5,257,681.00
North Carolina	Asheville	\$26,293,853.00
North Carolina	Burlington	\$11,516,517.00
North Carolina	Cary	\$16,476,072.00
North Carolina	Chapel Hill	\$10,668,497.00
North Carolina	Charlotte	\$141,618,325.00
North Carolina	Concord	\$16,255,872.00
North Carolina	Durham	\$51,881,733.00
North Carolina	Fayetteville	\$40,427,539.00
North Carolina	Gastonia	\$15,661,923.00
North Carolina	Goldsboro	\$8,813,514.00
North Carolina	Greensboro	\$59,430,051.00
North Carolina	Greenville	\$24,689,311.00
North Carolina	Hickory	\$8,237,002.00
North Carolina	High Point	\$22,699,511.00
North Carolina	Huntersville town	\$4,809,066.00
North Carolina	Jacksonville	\$9,000,774.00
North Carolina	Kannapolis	\$9,352,893.00
North Carolina	Lenoir	\$3,834,691.00
North Carolina	Morganton	\$4,835,619.00
North Carolina	New Bern city	\$6,704,351.00
North Carolina	Raleigh	\$73,292,365.00
North Carolina	Rocky Mount	\$11,521,180.00
North Carolina	Salisbury	\$7,227,329.00
North Carolina	Wilmington	\$25,929,952.00
North Carolina	Winston-Salem	\$51,732,065.00

(Source: [U.S. Treasury – Amount for Metro Areas](#) - see pg. 19 for NC)

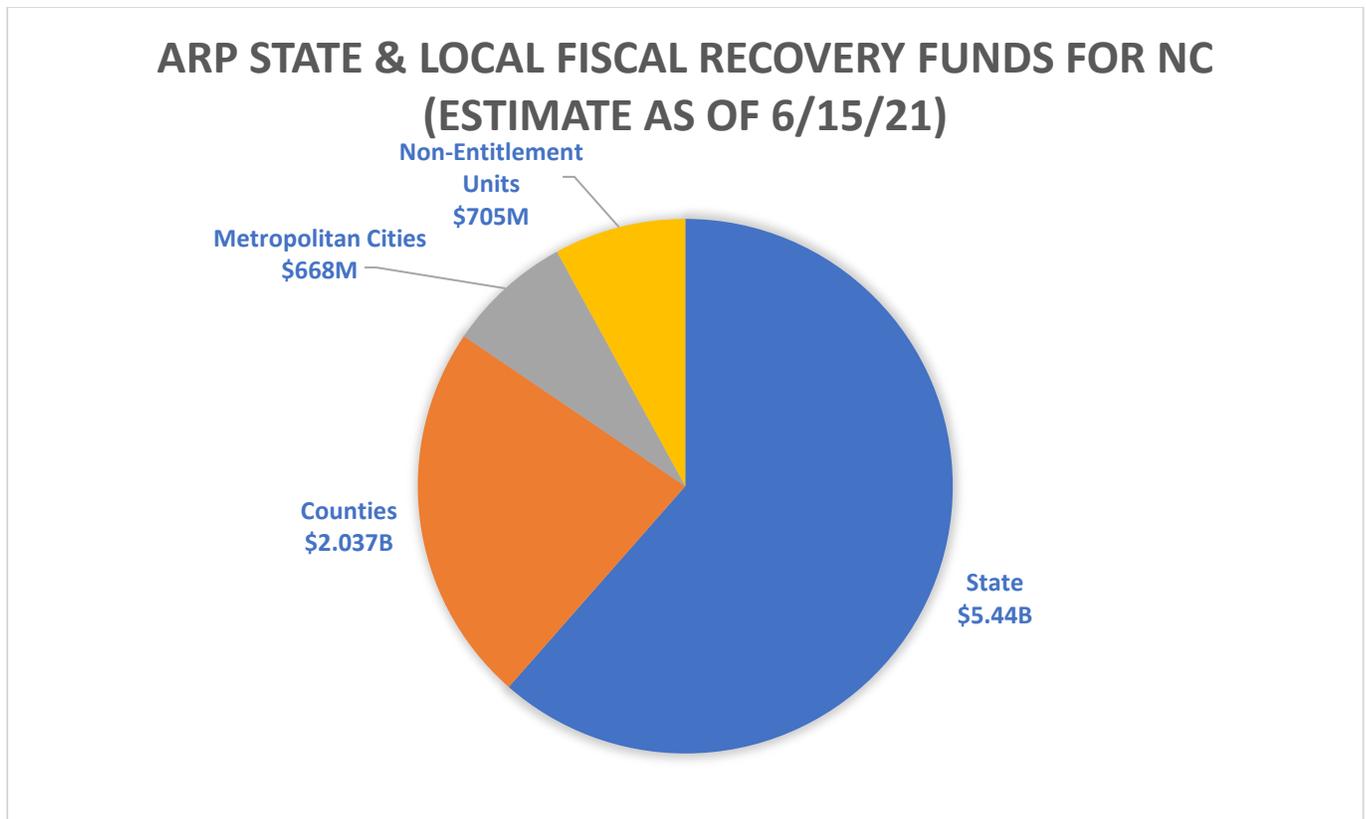
D. NON-ENTITLEMENT UNITS: “Non-entitlement units of local government (NEUs) . . . are local governments typically serving populations of less than 50,000. NEUs include cities, villages, towns, townships, or other types of local governments. NEUs should expect to receive Coronavirus Local Fiscal Recovery Fund payments through their state governments. State governments will receive a specific allocation of these funds from Treasury for this purpose and are responsible for distributing these funds to NEUs within their state. Award amounts are based on the population of the NEU.” (Source: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-fund/non-entitlement-units>)

All total, NEUs are slated to receive an estimated \$705,384,207, which is separate from the other \$5.4 billion that the State of NC will receive. (Source: Numbers as of June 15, 2021; <https://home.treasury.gov/system/files/136/fiscalrecoveryfunds-nonentitlementfunding1-508A.pdf>)

As for how much money each non-entitlement unit in NC will receive, the state will use a formula provided by U.S. Treasury (see [here](#)) to make that determination. Each non-entitlement unit is responsible for its own ARP budget, implementation and compliance. (Source: <https://home.treasury.gov/system/files/136/SLFRPFAQ.pdf>)

E. TRIBES: NC has one federally recognized Tribal government, the Eastern Band of Cherokee Indians, and it is eligible to receive funds directly from U.S. Treasury. For more information about the amount that eligible Tribes will receive, see Section 1.4 of the [U.S Treasury Coronavirus State and Local Fiscal Recovery Funds Frequently Asked Questions \(as of June 10, 2021\)](#).

The [NC Pandemic Recovery Office](#) (NCPRO) is working closely with the NC League of Municipalities, NC Association of County Commissioners, UNC School of Government, NC Metro Mayors Association and others to prepare NC local governments to receive their disbursements of allocated funding.



5. How can State and Local Fiscal Recovery Funds be used?

“Coronavirus State and Local Fiscal Recovery Funds provide eligible state, local, territorial, and Tribal governments with a substantial infusion of resources to meet pandemic response needs and rebuild a stronger, more equitable economy as the country recovers. Within the categories of eligible uses, recipients have broad flexibility to decide how best to use this funding to meet the needs of their communities. Recipients may use Coronavirus State and Local Fiscal Recovery Funds to:

- Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;
- Address negative economic impacts caused by the public health emergency, including economic harms to workers, households, small businesses, impacted industries, and the public sector;
- Replace lost public sector revenue, using this funding to provide government services to the extent of the reduction in revenue experienced due to the pandemic;
- Provide premium pay for essential workers, offering additional support to those who have borne and will bear the greatest health risks because of their service in critical infrastructure sectors; and,
- Invest in water, sewer, and broadband infrastructure, making necessary investments to improve access to clean drinking water, support vital wastewater and stormwater infrastructure, and to expand access to broadband internet.*

Within these overall categories, Treasury’s [Interim Final Rule](#) provides guidelines and principles for determining the types of programs and services that this funding can support, together with examples of allowable uses that recipients may consider.”

*Expenditures must comply with federal and state law, which may have additional restrictions on types of spending, such as municipal or county spending on broadband internet.

(Source: <https://home.treasury.gov/system/files/136/SLFRP-Fact-Sheet-FINAL1-508A.pdf>)

For additional information on how eligible Tribes may use ARP funds, see [here](#).

6. Who decides how NC’s state and local governments will allocate the State and Local Fiscal Recovery Funds?

Elected officials are responsible for determining how funds will be budgeted and spent, in accordance with the [guidelines developed by U.S. Treasury](#).

STATE: At the state level, Governor Cooper released his [ARP budget recommendations](#) to the North Carolina General Assembly (NCGA), which are separate from the biennium budget recommendation he proposed. The NCGA is now deliberating a final budget for the \$5.4 billion in ARP funding coming to the State via the *State and Local Fiscal Recovery Funds* provision.

LOCAL: At the local level, municipal and county elected officials will decide how funds will be spent within each of their respective jurisdictions. Every NC county and municipal government is eligible to request funds, but not every local government may elect to do so.

TRIBES: Eligible Tribal governments will decide how their funds will be spent, in accordance with the Treasury guidelines. (For more info on ARP funds going to Tribes, visit <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-fund/tribal-governments>)

7. What is the timeline for receiving *State and Local Fiscal Recovery Funds*?

“Local governments will receive funds in two tranches, with 50% provided beginning in May 2021 and the balance delivered approximately 12 months later. . .

[North Carolina] will receive funds in two equal tranches. . .

Tribal governments will receive two payments, with the first payment available in May and the second payment, based on employment data, to be delivered in June 2021.”

(Source: <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-funds>)

STATE: “The State of North Carolina has applied for [ARP funds] and anticipates receiving half of the distribution shortly and the second distribution in twelve (12) months.” (Source: <https://www.nc.gov/agencies/pandemic-recovery-office/american-rescue-plan-act-information-and-resources>)

COUNTIES: All NC counties are now eligible to request their first tranches from U.S. Treasury. It is up to the county when to make the request, in accordance with the guidelines set forth by the U.S. Treasury. For more info see <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-fund/request-funding>.

METROPOLITAN CITIES: NC’s eligible metropolitan cities (see 4.C above for additional information) may now request their first tranches directly from the U.S. Treasury. It is up to the municipality when to make the request, in accordance with the guidelines set forth by the U.S. Treasury. For more info see <https://home.treasury.gov/policy-issues/coronavirus/assistance-for-state-local-and-tribal-governments/state-and-local-fiscal-recovery-fund/request-funding>.

NON-ENTITLEMENT UNITS: All of the non-entitlement units (NEUs) must submit pre-contracting documents to the State in order to receive payment. The [NC Pandemic Recovery Office](#) is assisting those entities in completing the requirements. See [here](#) for a timeline of key dates for NEUs.

TRIBES: NC has one federally recognized Tribal government, the Eastern Band of Cherokee Indians, and it will receive funds directly from U.S. Treasury. For more information about the timeline for Tribes to request and receive funds, see Section 1.4 of the [U.S Treasury Coronavirus State and Local Fiscal Recovery Funds Frequently Asked Questions \(as of June 10, 2021\)](#).

8. What is the timeline for spending the *State and Local Fiscal Recovery Funds*?

In general, funds can be used to cover eligible costs incurred between March 3, 2021 and December 31, 2024. Funds must be obligated by December 31, 2024, and spent by December 31, 2026 (see 35.5 of [Interim Final Rule](#)).

Unlike with the CARES Act funding, which had a quick turnaround time for being obligated and spent, the ARP funds have a much longer timeframe. Local officials can spend the funds quickly, and/or can take time to plan and strategize about how the funds will be spent, particularly in light of other investments coming from the state or federal level.

9. Is the money that school systems are receiving part of the *State and Local Fiscal Recovery Funds* section?

No. Those funds (known as ESSER) are part of the ARP but are separate from the *State and Local Fiscal Recovery Funds*. See <https://www.ed.gov/news/press-releases/department-education-announces-american-rescue-plan-funds-all-50-states-puerto-rico-and-district-columbia-help-schools-reopen> for more information.

10. Are nonprofit organizations eligible to receive ARP funding via the *State and Local Fiscal Recovery Funds*?

According to [Section VI of the U.S. Treasury’s Interim Final Rule](#), states, Tribes and local governments (aka “recipients”) may subaward or subcontract ARP funds to nonprofit organizations (aka “subrecipients”) to carry out work that is an eligible use of those funds; however, the recipients remain “responsible for monitoring and overseeing the subrecipient’s use of Fiscal Recovery Funds and other activities related to the award to ensure that the subrecipient complies with the statutory and regulatory requirements and the terms and conditions of the award.” Recipients also “remain responsible for reporting to Treasury on their subrecipients’ use of payments from the Fiscal Recovery Funds for the duration of the award.”

11. Where can I find more information about the *State and Local Fiscal Recovery Funds* section of the ARP?

Visit [U.S. Department of the Treasury’s Covid-19 Economic Relief Information](#)

Visit [NC Pandemic Recovery Office](#) (NCPRO)

12. Where can I find more information about other sections of the ARP?

Visit [U.S. Department of Treasury ARP Fact Sheet](#)