



Legislation Text

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TITLE:

American Rescue Plan Act - Eligible Programs and Expenditures

PURPOSE: This agenda item is a presentation of eligible programs and expenditures under the American Rescue Plan Act.

DEPARTMENT: Town Manager and Finance

CONTACT INFORMATION: David Andrews. 918-7315; Arche McAdoo, 918-7439

INFORMATION: The American Rescue Plan Act was signed into law on March 11, 2021 and provides funding to state and local governments to meet pandemic response needs and rebuild a stronger, more equitable economy as the country recovers. Recipients have broad flexibility to decide how best to use this funding to meet the needs of their communities, including: 1) revenue replacement for the provision of government services to the extent the reduction in revenue is due the COVID-19 public health emergency; 2) premium pay to essential employees; 3) assistance to small businesses, nonprofits, household and hard-hit industries, and economic recovery; and 4) investments in water, sewer and broadband infrastructure.

For “non-entitlement unit of local government”, of which the Town is, the United States Treasury will allocate and pay funds to state governments and the state will distribute funds to non-entitlement units of local government. It is estimated that the Town will receive \$6.2 million under the Act. Fifty percent of these funds are expected to be distributed to the Town in May 2021 with the other fifty percent distributed in 2022. All funds must be obligated by 2024 and spent by 2026.

The US Treasury Secretary released Guidance/Interim Final Rule and Frequently Asked Questions (FAQ) on May 10, 2021. Additional clarifications and guidance are expected to be on-going from Treasury. Based on staff’s review of the IRS Guidance/Interim Final Rule and participation in various webinars offered by National League of Cities, North Carolina League of Municipalities, UNC School of Government, staff has prepared a presentation for the Council on what we have learned further about programs/activities available under the Act.

FISCAL & STAFF IMPACT: The Town expects to receive \$6.2 million from the American Rescue Plan Act.

RECOMMENDATION: That the Council receive this presentation and provide instructions and guidance to staff to for identifying the harmful effects of COVID-19 and negative impact and proposed programs/activities to be taken with funding from the American Rescue Plan Act.