

# AMERICAN RESCUE PLAN ACT: KEY MILESTONES

MARCH 2022



## ENACTING ARPA

MARCH 11, 2021

U.S. Congress enacted the American Rescue Plan Act (ARPA), which included \$350 billion in federal assistance for state, local, and Tribal governments across the country to support their response to and recovery from the COVID-19 public health emergency.

Through ARPA, the Coronavirus State and Local Fiscal Recovery Funds program (SLFRF) provided direct allocations from U.S. Treasury to all 100 North Carolina counties using a [methodology](#) based on population. County-by-county allocation amounts are available at [www.ncacc.org/ARPAallocations](http://www.ncacc.org/ARPAallocations).

## INTERIM FINAL RULE (IFR)

MAY 17, 2021

The SLFRF [Interim Final Rule](#) (IFR) went into effect and included preliminary information on eligible uses for the funds, reporting and compliance requirements to implement the program, other applicable rules, and potential consequences of ineligible uses.

The IFR was issued without advance notice and public comment to allow for immediate implementation of this program. Although it went into effect immediately, comments were solicited from interested members of the public and from recipient governments on all aspects of the IFR until July 2021, when the public comment period closed.

## PUBLIC COMMENTS

JULY 16, 2021

The National Association of Counties (NACo) submitted a letter summarizing over 1,000 questions, comments, recommendations, and case studies gathered from hundreds of counties across the country. The 31-page letter sought additional flexibility and eligible uses for the recovery funds, and clarification on eligible uses as outlined in the IFR and compliance. To read the letter, visit [www.ncacc.org/ARPApubliccomments](http://www.ncacc.org/ARPApubliccomments). Anticipating greater flexibility in the Final Rule, many North Carolina local governments wanted to see the final guidance before making certain ARPA expenditure decisions and obtain greater clarity on circumstances that could lead to recoupment.

U.S. Treasury released initial guidance on recipients' reporting and compliance requirements for SLFRF funds on June 17, 2021. Between June 17, 2021 and February 28, 2022, Treasury released five subsequent updates to the SLFRF [Compliance and Reporting Guidance](#) document.

## FINAL RULE

U.S. Treasury released its Final Rule on the American Rescue Plan Act State and Local Fiscal Recovery Funds program on January 6, 2022, after receiving over 1,500 public comments on its Interim Final Rule.

The long awaited [Final Rule](#), which goes into effect April 1, 2022, provided increased flexibility for state and local governments. Among other things, it created a new standard allowance for expenditures in the revenue loss eligibility category, enabling counties to use up to \$10 million of their ARPA allocation for matching funds for other federal programs or general government services costs. To read an overview of the Final Rule, visit [www.ncacc.org/ARPAfinalrule](http://www.ncacc.org/ARPAfinalrule).

## PROJECT REPORTS

JANUARY 31, 2022

Counties with a population of 250,000 residents and counties below that population threshold that are allocated more than \$10 million in SLFRF funding submitted an initial [Project and Expenditure Report](#) to U.S. Treasury. These counties will submit Project and Expenditure Reports on a quarterly basis.

Counties with a population that exceeds 250,000 residents must also submit a Recovery Plan Performance Report on an annual basis, and make it publicly available. As part of this report, counties are required to include detailed information on their efforts to conduct community engagement including how "planned or current use of funds incorporates written, oral, and other forms of input that capture diverse feedback from constituents, community-based organizations, and the communities themselves." Many counties are conducting community engagement to gather feedback from local stakeholders to ensure their expenditures are supported by their community.

## OBLIGATION DEADLINE

December 31, 2024 is the deadline for SLFRF recipients to obligate their grant award.

MAY 10, 2021

## FISCAL RECOVERY FUNDS REQUESTS

U.S. Treasury began accepting county requests for the first SLFRF allocation through a submission portal, which required a rigorous process to set up an account and ID verification.

SLFRF funds are disbursed to counties in two equal tranches. The initial payment occurred shortly after the county completed all the necessary pre-award requirements. The county receives the second tranche of funds 12 months after the date on which they received the first tranche.

AUGUST 31, 2021

## INITIAL REPORTS

An initial round of financial and performance [reports](#) were due to U.S. Treasury. Recipients that received their first allocation of funds between July 15 and October 15, 2021 were required to submit an interim report sixty (60) days after first receiving funding. To access preliminary reports, visit [www.ncacc.org/ARPAinterimreport](http://www.ncacc.org/ARPAinterimreport).

SEPTEMBER 30, 2021

## DEADLINE EXTENSION

U.S. Treasury extended the deadline for the initial Project and Expenditure Report submission from October 31, 2021 to January 31, 2022 for metropolitan cities and counties, and to April 30, 2022 for smaller counties and non-entitlement units.

NOVEMBER 17, 2021

## ENACTED STATE BUDGET

The North Carolina state budget was enacted, which directed North Carolina's \$5.4 billion allocation of American Rescue Plan Act funding. North Carolina was the last state in the country without an enacted budget in place, and prior to its passage, counties didn't know what programs or services the state would offer with state ARPA funds. Many counties wanted to preserve the option to leverage state programs first before investing their limited ARPA allocation. North Carolina state agencies are still in the process of rolling out guidance for the state-administered programs that utilize federal ARPA funds.

APRIL 30, 2022

## PROJECT REPORTS

Counties with a population below 250,000 residents that are allocated less than \$10 million in SLFRF funding will submit their initial Project and Expenditure Report to Treasury. These counties will submit subsequent Project and Expenditure Reports on an annual basis.

DECEMBER 31, 2024

## FINAL DEADLINE

DECEMBER 31, 2026

December 31, 2026 is the deadline for SLFRF recipients to fully expend their grant award.