American Rescue Plan

Overview

New Hanover County will receive $45,543,632 from the American Rescue Plan, which was signed into law by President Biden on March 11. The funds must be obligated by Dec. 31, 2024, and New Hanover County has developed a draft framework to utilize these funds over the next three years to strengthen our community. The Board of Commissioners approved the initial framework at its April 5 board meeting.

This framework reflects an updated staff recommendation following the May 11 release of Treasury’s Rules and Guidance for the funds.

**Broadband Connectivity - $5,760,000**

The Congressional language permits using the funds for broadband purposes, so the county proposes the following:

**Broadband Access:** A program to connect around 8,000 homes to broadband, focusing on households with children who qualify for Medicaid or Food and Nutrition benefits, for two years in order to increase access and affordability to reliable high-speed internet for students and families. ($5,760,000)

**Business and Employment Assistance - $4,210,000**

The legislation allows for assistance to businesses and nonprofits. New Hanover County’s leisure and hospitality sectors were particularly hard hit during the pandemic and the county proposes using funds for the following:

**Business Assistance:** Business grants, scaled in size based on a business’ number of employees, focused on the retail, service, leisure and hospitality sectors and child care facilities. ($2,500,000)

**Nonprofit Assistance:** Grants to nonprofits that have been negatively impacted and were not able to continue operations at some point during the pandemic. ($700,000)

**Job Training:** Two jobs programs, to be administered in partnership with Step Up Wilmington, to include a six-week paid job training and placement program for up to 200 people with a particular focus on the local film industry, and a six-month paid internship and job placement for an additional 10 to 20 people to develop long-term skills and employment. Includes administrative expenses equaling 5 percent of the programs’ cost. ($900,000)

**Apprenticeship program:** Administered by the Chamber of Commerce, to provide two years of tuition expenses for 10 students through Cape Fear Community College. ($110,000)

**Housing - $3,600,000**

The legislation allows assistance to households who have been impacted by the COVID-19 pandemic, so the county proposes to use funds for the following:

**Mortgage Assistance:** Provide assistance to homeowners who are in arrears on mortgages because of impacts from COVID-19. This would be in addition to the $7 million Emergency Rental Assistance Program that is currently underway through the county. ($3,000,000)
Workforce Rental Housing Assistance: A pilot project to provide residents who qualify under workforce housing guidelines – 60 percent to 120 percent of area median income – by providing direct payments to landlords. ($600,000)

Physicial and Mental Health - $6,775,506

The well-being and mental health of children, students and seniors suffered during the pandemic and the legislation allows local governments to use funds to mitigate the public health impact of the pandemic. The county proposes to use funds as outlined below to help address these issues and provide long-term positive impacts. With the exception of the infant and toddler initiatives, the intention is to fold the services into the county’s continuation budget beginning in Fiscal Year 2023-24.

Mental Health in Schools: Ensure access at each public school to mental health counselors through the county’s Health and Human Services Department. ($3,156,039)

Mental Health for Seniors: Establish mental health counselors and a mobile health outreach team based at the Senior Resource Center to serve our county’s older adults. ($332,215)

Virtual Outreach Position: Based at the Senior Resource Center, the position develops and maintains virtual programs for the SRC, which allows broader reach and service delivery. ($86,406)

School Nurses: Reclassify two school nurses into school nurse leads and provide one school nurse supervisor through the county’s Health and Human Services Department, in addition to the school nurses that the county already provides at each school. ($211,892)

Afterschool Transportation: Providing New Hanover County Schools students with transportation needs for afterschool and tutoring programs ($1,200,000)

Health Educator: A health educator position. ($136,670)

Senior Resource Center: A congregate site in southern New Hanover County for the Senior Resource Center for meal distribution and social interaction. It also provides for enhanced meal distribution at the SRC’s existing sites. ($436,790)

Senior Resource Center: To cover the costs of providing transportation to seniors for two years. ($223,500)

Infant and Toddler Mental Health: Provide two years of recovery-related mental health services for families with infants and toddlers through five county staff positions at Health and Human Services. ($891,994)

Mental Health Scholarships: Provide 10 scholarships for students to receive degrees or certifications in childhood mental health, with the program administered by Smart Start. ($100,000)

Infrastructure and Emergency Management - $11,336,567

Congressional language explicitly allows the American Rescue Plan allocations for water and sewer projects. Given Emergency Management’s role in the pandemic, it appears eligible for funding as well. The county proposes to use funds in the following ways:

Stormwater Services: Cover and pay for stormwater utility costs, not including debt and reserve funds, in the unincorporated county for fiscal year 2021-22. The county anticipates assessing full fees beginning in fiscal year 2022-23. ($3,017,567)
Water & Sewer:

- Future water and sewer extensions to aid in responsible growth and support the creation of affordable housing in New Hanover County. The intention is to lower development costs to provide affordable housing. ($3,535,000)
- Bill assistance program ($500,000)
- Blue Clay Business Park water and sewer infrastructure to increase economic development opportunities in this area. ($3,600,000)
- To extend water and sewer to Eden Village, which is being established to address chronic homelessness in the community. ($250,000)

Homeless Sheltering: Reimburse nonprofits that provided non-congregate sheltering during the pandemic and were denied reimbursements from FEMA. ($370,000)

Personal Protective Equipment: Replenish the county’s PPE stock to ensure adequate supplies for any future needs. ($64,000)

**Essential County Employees - $5,631,612**

The American Rescue Plan allows for “premium pay” for public employees who provided essential government services, so the county is proposing to use funds in the following ways:

Employee Pay:

- Provide employee premium pay in fixed dollar amounts based on an employee’s length of service during the pandemic and full- or part-time status. This is in recognition of county staff who have remained on the frontlines, continued important public services, and ensured residents received the help they needed at a time when it was critical. ($5,284,811)
- Provide additional premium pay for employees working directly in the vaccine response to compensate them for their dedication, long hours and constant work in vaccinating our community and saving lives. ($346,801)

**Reserve and Administration - $8,230,007**

The legislation appears to allow the county to set aside funds as a reserve for potential future allowable expenses as well as funds to administer and provide reports as needed on the use of the funds. The county proposes the following reserve funds for this purpose:

- A reserve fund for future needs. ($5,960,007)
- A reserve fund for administration and reporting, established at 5 percent of the total amount received. ($2,270,000)

**Total Amount of Funding Outlined in the County’s Plan: $45,543,632**
Changes to New Hanover County ARP framework since April 5

Several items were added and removed from the initial framework upon the release of Rules and Guidance from the U.S. Treasury Department. Those changes are incorporated in the updated plan and are specifically detailed below.

**Additions:**

**Afterschool Transportation:** Providing New Hanover County Schools students with transportation needs for afterschool and tutoring programs. ($1,200,000)

**Apprenticeship program:** Administered by the Chamber of Commerce, to provide two years of tuition expenses for 10 students through Cape Fear Community College. ($110,000)

**Job Training:** To double the amount of a job training program administered by StepUp Wilmington and with a particular focus on recruiting and placing workers in the local film industry. ($250,000)

**Workforce Rental Housing Assistance:** A pilot project to provide residents who qualify under workforce housing guidelines – 60 percent to 120 percent of area median income – by providing direct payments to landlords. ($600,000)

**Water and Sewer:** Future water and sewer extensions to aid in responsible growth and support the creation of affordable housing in New Hanover County. The intention is to lower development costs to provide affordable housing. ($3,535,000)

**Water and Sewer:** To provide utility bill relief to households negatively impacted by the pandemic. ($500,000)

**Virtual Outreach Position:** Based at the Senior Resource Center, the position develops and maintains virtual programs for the SRC, which allows broader reach and service delivery. ($86,406)

**Health Educator:** A health educator position. ($136,670)

**Senior Resource Center:** To cover the costs of providing transportation to seniors for two years. ($91,000)

**Infant and Toddler Mental Health:** Provide two years of recovery-related mental health services for families with infants and toddlers through five county staff positions at Health and Human Services. ($891,994)

**Mental Health Scholarships:** Provide 10 scholarships for students to receive degrees or certifications in childhood mental health, with the program administered by Smart Start. ($100,000)

*Increase in overall receipt from the federal government from the estimated $45.4 million to the actual $45,543,632

*Increase in reserve for future needs from $4,660,366 to $5,960,007

*Updated June 7, 2021*
Subtractions:

Water and Sewer: Water and sewer extensions for Sidbury Road to ensure access to these vital services, aid in responsible growth and support the creation of affordable housing in northern New Hanover County. The intention is to lower development costs to provide affordable housing. ($4,035,000)

Rationale: “Necessary investments are designed to provide an adequate minimum level of service and (that) are unlikely to be made using private sources of funds,” (Rules page 62), The Sidbury Road project had already been identified for private investment by a developer prior to passage of the American Rescue Plan.

Emergency Operations Plan: Revise the county’s EOP to reflect the updated structure and ensure the plan addresses pandemic issues. ($100,000)

Rationale: The Rules, Fact Sheet and FAQ are all silent on whether this program would be an allowed use of funds. There is no language supporting it.

Stormwater Services: Cover and pay for stormwater utility costs, not including debt and reserve funds, in the unincorporated county for fiscal year 2021-22. The county anticipates assessing full fees beginning in fiscal year 2022-23. ($3,017,567)

Rationale, according to Treasury’s list of Frequently asked questions: “Paying interest or principal on outstanding debt, replenishing rainy day or other reserve funds, or paying settlements or judgments would not be considered provision of a government service since these uses of funds do not entail direct provision of services to citizens.” A portion of the total budget for stormwater services, $1,140,954, encompasses such debt and reserves.

Sales Tax Revenue: Reimburse sales tax revenue that didn’t meet projections to ensure the county remains on solid financial footing. ($3,200,000)

Rationale: The Treasury Rules inserted, where it didn’t exist in the Congressional language, a more complicated process to arrive at a figure for revenue replacement. It factors not just a simple comparison to the last full fiscal year prior to the emergency (2018-19) but further envisions applying equations related to growth adjustments over prior years and specifies that calculations be based on calendar years rather than fiscal years. It also will not allow you to look at one particular revenue source, but instead has developed a formula that includes a unit’s “general revenue” which includes tax revenues, current charges and miscellaneous general revenue less certain exclusions. When staff recalculated based on these rules, we found no net loss of revenue.

Employee premium pay: A slight decrease, from $5,745,177 to $5,631,612.

Rationale: The Treasury Rules do not permit providing premium pay for those who exclusively teleworked from a residence.