

# Introduction to American Rescue Plan Act of 2021:

Funding LG Employees

Eligible Uses Related to Development

Other Examples of Eligible Projects  
Targeted to Disproportionately  
Impacted Populations



# Agenda

01

**Session 1 (8:30-9:15)**



Addressing COVID-19 Public Health Issues and Negative Economic Impacts

02

**Session 2a (9:30-11:30 / 12:30-2:30)**

Funding LG Employees (premium pay, public health/safety employees, replenish workforce to pre-pandemic levels, etc.)

Eligible Uses Related to Development

Other Examples of Eligible Projects Targeted to Disproportionately Impacted Populations

03

**Session 2b (9:30-11:30 / 12:30-2:30)**

Necessary Water, Sewer, Stormwater Infrastructure

04

**Session 3 (3:00-4:00)**

Funding General Government Capital, Programs, and Services  
Lost Revenue Growth Formula

# ARP/CLFRF Allowable Expenditures

## Address COVID Public Health

Support public health expenditures, by funding COVID-19 mitigation efforts, medical expenses, behavioral healthcare, and certain public health and safety staff;

## Address COVID Economic Impact

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 Revenue

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;

## Premium Pay

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,

## Infrastructure Investments

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.

Disproportionately Negatively Impacted by Pandemic

# LG Personnel Costs



Replenish LG workforce to pre-pandemic levels. Compensation during award term, plus training and other employment incentives.



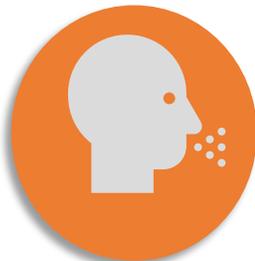
Allowable costs for each project include LG staff time dedicated to that project. (Also allowable as indirect costs are general administration, clerical support, and finance personnel.)



Salaries and benefits of public health, public safety, and social services employees to the extent they are Dedicated to COVID-19 response.



Self-insured LG expenses for employee COVID-19 treatment, including the long-term symptoms or effects of COVID-19



Expenses of providing paid sick and paid family and medical leave to public employees to enable compliance with COVID-19 public health precautions



Premium Pay for LG employees performing essential work (this is a separate ARP/CLFRF category)

# Premium Pay

A recipient may use funds to provide premium pay to **eligible workers** of the recipient who perform **essential work** ... provided that any premium pay ... must respond to eligible workers performing essential work during the COVID-19 public health emergency. A recipient uses premium pay... to respond to eligible workers performing essential work during the COVID-19 public health emergency if it **prioritizes low- and moderate-income persons**. The recipient must provide ... a written justification to [US Treasury] of how the premium pay ... responds to eligible workers performing essential work if the premium pay or grant would increase an eligible worker's total wages and remuneration above 150 percent of such eligible worker's residing State's average annual wage for all occupations or their residing county's average annual wage, whichever is higher.

**Eligible Workers** are workers needed to maintain continuity of operations of essential critical infrastructure sectors....including any work performed by an **employee** of a State, local, or Tribal government

**Essential Work** is work that

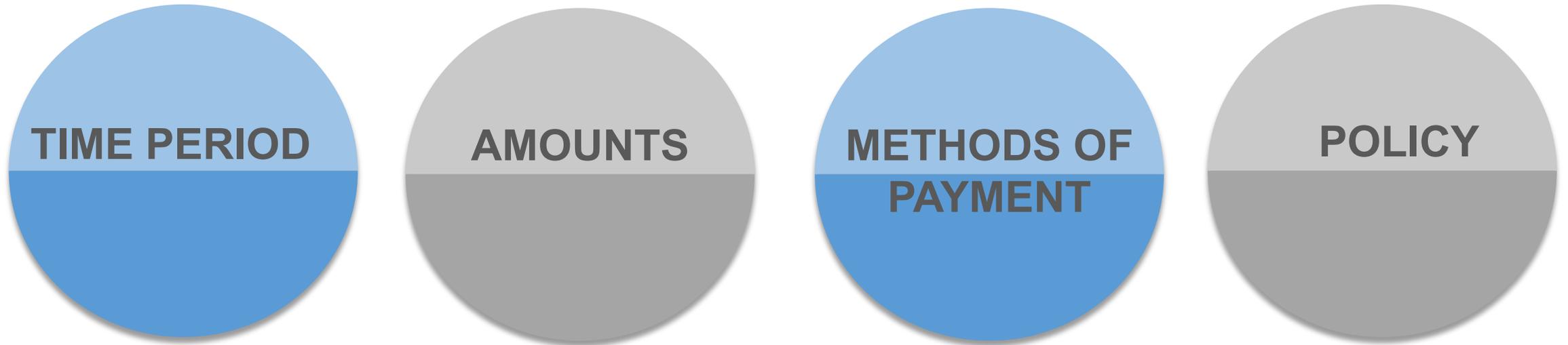
(1) Is not performed while teleworking from a residence; AND

(2) Involves:

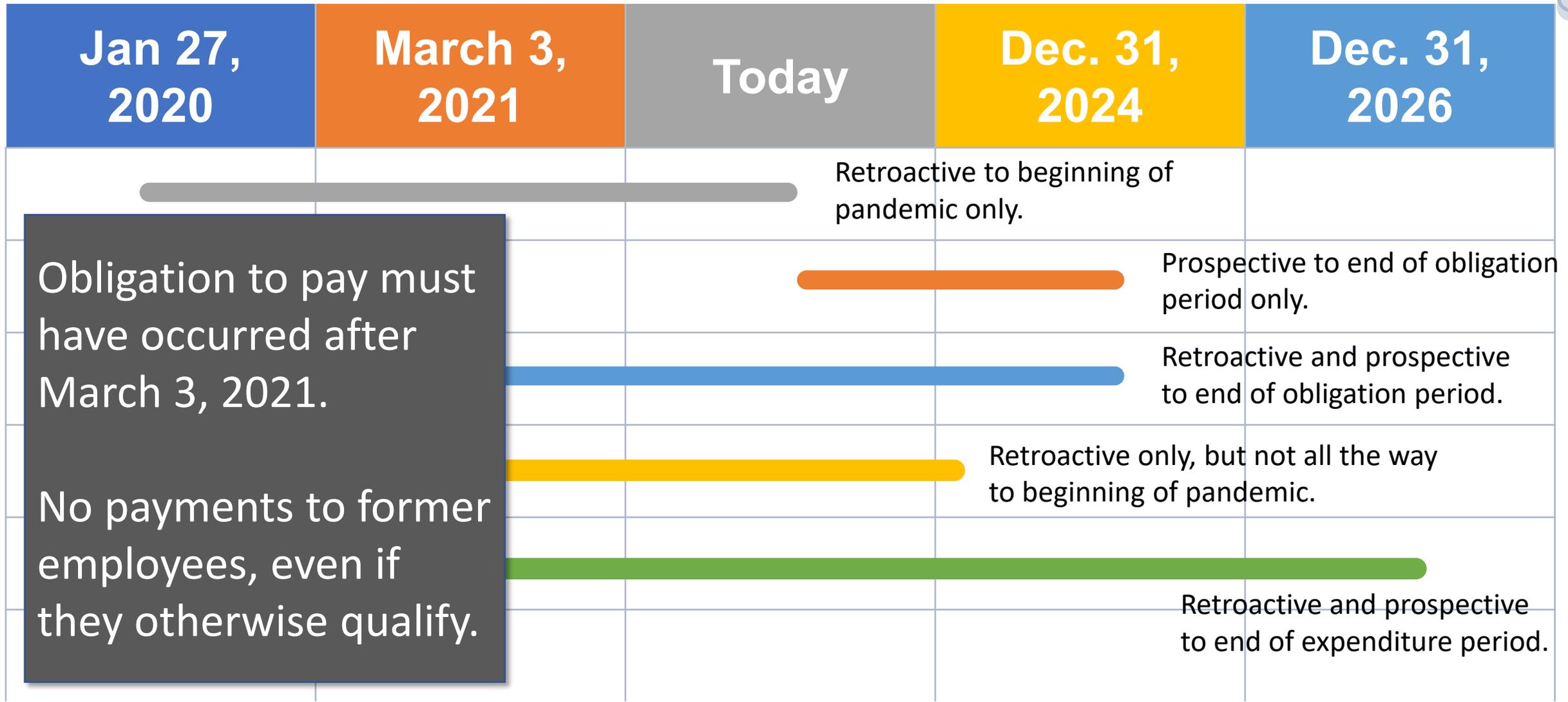
(i) Regular in-person interactions with patients, the public, or coworkers of the individual that is performing the work; or

(ii) Regular physical handling of items that were handled by, or are to be handled by patients, the public, or coworkers of the individual that is performing the work.

# Premium Pay



# Premium Pay: Time Period



Obligation to pay must have occurred after March 3, 2021.

No payments to former employees, even if they otherwise qualify.

# Premium Pay: Amounts



- **PER PERSON MAXIMUMS.** Up to **\$13 per hour**, for each eligible employee, for work performed during the pandemic. **Maximum total per employee payout is \$25,000.** (Note that is an overall cap, including any retroactive and prospective payments, not just a yearly cap.)



- **MUST SUPPLEMENT, NOT SUPPLANT.** Must be entirely additive to an employee's regular rate of wages and other compensation and **may not be used to reduce or substitute for an employee's normal earnings.**



- **150% LIMITATION.** Should target low- and moderate-income employees. **Extra justification required if paid to employee whose total wages and remuneration are 150 percent of the State's average annual wage for all occupations or for the county's average annual wage, whichever is higher.**

# Premium Pay: Amounts

NC State wage data is available [here](#), and county wage data is available [here](#).

State average annual wage for all occupations is \$51,010

**150% LIMITATION.** Should target low- and moderate-income employees. Extra justification required if paid to employee whose **total wages and remuneration** are 150 percent of the State's average annual wage for all occupations or for the county's average annual wage, whichever is higher.

**Base annual salary + guaranteed longevity and other bonus pay**  
+ overtime? + benefits? + other?

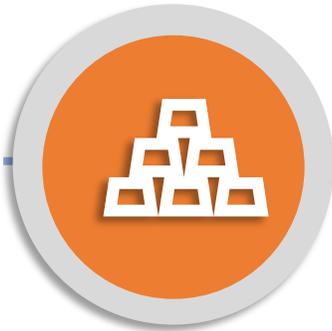
## Extra Justification in Project & Expenditure Report:

A brief written narrative justification of how the premium pay or grant is responsive to workers performing essential work during the public health emergency. This could include a description of the essential workers' duties, health or financial risks faced due to COVID-19, and why the recipient government determined that the premium pay was responsive to workers performing essential work during the pandemic.

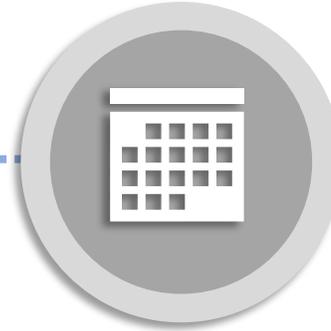
# Premium Pay: Methods of Payment



HOURLY RATE (UP  
TO \$13 PER HOUR)



SINGLE LUMP SUM



MONTHLY OR  
YEARLY  
PAYMENTS



OTHER?

**Must be paid for work performed during the pandemic.**

**Must be run through payroll and treated as wages to the employee for employment tax, retirement, and other withholding purposes.**

# Premium Pay: State Law



- ❑ **G.S. 160A-162** (municipalities); **G.S. 153A-92** (counties).
- ❑ The governing board must approve any changes to employee compensation, including premium pay, unless this authority has been delegated to the manager or other employee or official in the local government's pay classification plan.
- ❑ County governments may require additional approvals from other boards.

# Premium Pay: Policy

## PREMIUM PAY PROGRAM CHECKLIST

- 1. Adopt a written policy defining premium pay program that does all the following:
  - Sets eligibility parameters for receiving premium pay
  - Specifies time-period for awarding premium pay
  - Indicates if different eligibility criteria will be used for retroactive payments vs. prospective payments
  - Specifies how payments will be calculated
  - Specifies how payments will be distributed
  - Sets document retention requirements
  - Documents procedures for determining eligibility based on parameters.
  - Assigns roles and responsibilities for implementing the program
  - Establishes periodic monitoring and other internal controls
- 2. Identify eligible employees and document number of workers to be served
- 3. Identify if any eligible employees exceed the 150% threshold, and articulate additional justification for their inclusion
- 4. Calculate estimated total costs of program
- 5. Implement premium pay program
- 6. Document number of workers that receive premium pay
- 7. Track total obligations and expenditures for premium pay
- 8. Implement monitoring and other internal controls
- 9. Report on program according to US Treasury guidelines

### Essential Work

- (1) Not teleworking
- (2) Involves:
  - Regular in-person interactions; OR
  - Regular physical handling of items that were handled by others.

### Note

US Treasury requires a local government to prioritize low- and moderate-income workers when awarding premium pay

### Per-Person Maximums

- (1) Up to \$13 per hour
- (2) Overall (*not yearly*) total per employee payout is \$25,000

For more detailed information on developing a premium pay program, check out the [Coates' Cannon blog linked here!](#)

# Premium Pay: Other Entities

If LG has state law authority to provide service itself, and instead contracts with another government or private entity for that service, the LG may enter into a subaward with that partner entity to allow the private entity to provide premium pay to eligible workers performing essential work.

**Eligible workers** means workers needed to maintain continuity of operations of essential critical infrastructure sectors, including **health care; emergency response;** sanitation, disinfection, and cleaning work; maintenance work; grocery stores, restaurants, food production, and food delivery; pharmacy; biomedical research; **behavioral health work;** medical testing and diagnostics; home- and community-based health care or assistance with activities of daily living; family or child care; social services work; public health work; vital services to Tribes; any work performed by an employee of a State, local, or Tribal government; **educational work, school nutrition work, and other work required to operate a school facility;** laundry work; elections work; solid waste or hazardous materials management, response, and cleanup work; work requiring physical interaction with patients; dental care work; transportation and warehousing; work at hotel and commercial lodging facilities that are used for COVID-19 mitigation and containment; work in a mortuary; work in critical clinical research, development, and testing necessary for COVID-19 response.

# Pay Salaries & Benefits of Certain LG Employees

To mitigate negative economic impact on LG, may use ARP/CLFRF monies for payroll and covered benefit expenses for public safety, public health, health care, human services, and similar employees to the extent that the employee's time is spent mitigating or responding to the COVID-19 public health emergency.

## Who Qualifies?

**Public safety employees:** LG police officers, sheriffs and deputy sheriffs, firefighters, emergency medical responders, correctional and detention officers, and those who directly support such employees such as dispatchers and supervisory personnel.

**Public health employees:** LG employees involved in providing medical and other health services to patients and supervisory personnel, including medical staff assigned to schools, prisons, and other such institutions, and other support services essential for patient care (e.g., laboratory technicians, medical examiner or morgue staff) as well as employees of public health departments directly engaged in matters related to public health and related supervisory personnel.

**Human services staff:** LG employees providing or administering social services; public benefits; child welfare services; and child, elder, or family care, as well as others.

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## COVID-19 Effort Req'ts

**May use ARP/CLFRF funds to cover salaries and benefits\* of eligible employees for the portion of the employee's time that is dedicated to responding to the COVID-19 public health emergency**

- **>50% Rule:** May consider employee to be entirely devoted to mitigating or responding to the COVID-19 public health emergency, and therefore fully covered, if the employee, or his or her operating unit or division, is primarily dedicated (e.g., more than half of the employee's time is dedicated) to responding to the COVID-19 public health emergency.
- **Effort Certification:** Maintain records to support its assessment, such as payroll records, attestations from supervisors or staff, or regular work product or correspondence demonstrating work on the COVID-19 response. Recipients need not routinely track staff hours. Recipients should periodically reassess their determinations

*\*see footnote 46 in explainer [IFR](#) for allowable benefit costs*



Eligible Uses for  
Development

