How Will the American Rescue Plan Affect North Carolina?

Dan Gerlach
Dan Gerlach LLC
NC Rural Coalition Fighting COVID-19
April 14, 2021
Where Does the $1.9 Trillion Go?

68 percent ($1.273 trillion) is in Finance
- $1400 per person Economic Impact Payment
- Extended unemployment benefits and tax exemption
- Child Tax Credit/EITC/Dependent Care Credit
- State and Local Fiscal Aid
- Health Care (including Medicaid)

16 percent ($304 billion) is in Health/Education/Labor
- Public schools/higher education/child care support
- Testing/vaccines/health workforce/community health/mental health

5 percent ($88.8 billion) is in Banking/Housing/Urban Affairs
- Rental/mortgage/other housing assistance
- Small business credit initiative
What About the State and Local Aid?

North Carolina receives $8.9 billion in state/local aid
- $5.276 billion to the state
- $2.034 billion for counties
- $1.354 billion for cities and towns
- $277 million for infrastructure

There are some limits
- Respond to public health emergency
- Respond to negative economic impact of pandemic
- Provide premium pay to start workers/others doing “essential work”
- Compensate for revenue loss
- Water/sewer/broadband

Waiting for the shoe to drop – Treasury Guidance forthcoming
What Will Happen?

- Governor has released his general fund budget proposal and will release a supplement to use the ARP funds (waiting for guidance)
- Likely to be heavy on infrastructure, including transportation
- Efforts to collaborate with state and local governments
- Local governments should be patient
Other Major Funds for NC

- Rent and utility assistance - $556 million
- Small Business Credit Initiative - $300 million
- K-12 public schools - $3.6 billion (learning loss)
- Higher education - $1.14 billion (half for aid for students)
- Child care - $1.8 billion for CCDF, etc
Health Care

- Medicaid expansion incentive
- Medicaid for new categories of eligible populations (postpartum women, home health care for those with disabilities)
- Nutrition
- Community health centers/Natl Health Service Corps/Indian Health Service
Other Items

- $25 billion for restaurant revitalization (aid)
- $15 billion for targeted economic injury advances
- $7 billion for broadband connection – schools/libraries
Questions?

Dan Gerlach
DanGerlachNC@gmail.com
252-326-1191