



# American Rescue Plan

## State and Local Funding

Lead Contact:  
Paul Penna, Legislative Analyst  
609-695-3481 x110  
[ppenna@njlm.org](mailto:ppenna@njlm.org)

# American Rescue Plan (ARP)

- \$1.9 trillion package
- Signed yesterday (March 11) by President Joe Biden
- Designed to facilitate the recovery from the economic and health effects of the COVID-19 pandemic
- ARP Funding is in addition to the
  - \$2.2 trillion Coronavirus Aid, Relief and Economic Security (CARES) Act passed in March 2020
  - \$900 billion Pandemic Relief Bill passed in December 2020

# Major Components of the ARP

- Direct payments to working families & expanding child tax credit
- Aggressive action to speed up COVID-19 vaccinations and contain the virus
- Providing the resources needed to allow schools to safely reopen
- Immediate economic relief for Americans hit hardest
- Support for struggling communities

# State & Local Funding in the American Rescue Plan

- \$350 billion in new federal fiscal assistance for states, territories, tribes, counties, and municipalities
- \$10 billion for coronavirus capital projects
- Local governments will receive \$130.2 billion split evenly between municipalities and counties
- New Jersey is expected to receive \$9.3 billion:
  - Approximately \$6.4 billion to the state
  - \$2.9 billion to municipalities and counties

# Distribution & Guidelines for ARP State and Local Aid

- Municipalities with population 50,000 and over
  - Direct federal aid
  - using a modified Community Development Block Grant formula.
- Municipalities with populations of less than 50,000
  - aid is distributed through the state
  - State required to distribute within 30 days of receipt from US Treasury
  - State can request an extension if they are unable to distribute within 30 days.
- Any amounts that are not distributed to non-entitlement municipalities shall be returned to the U.S. Treasury.
- If the state fails to distribute funds to local entities, the penalty comes from the state portion of the State and Local Coronavirus Fund.
- Amount per jurisdiction may not exceed 75% of its most recent budget as of January 27, 2020.
- Funding will be distributed in two tranches:
  - 50% immediately
  - 50% 12 months later.

# Permitted Uses of ARP State and Local Aid

The ARP outlines that funds may be used to:

- Respond to the public health emergency with respect to the COVID-19 or its negative economic impacts, including assistance to households, small businesses, and nonprofits, or aid to impacted industries such as tourism, travel, and hospitality.
- For the provision of government services to the extent of the reduction in revenue due to the public health emergency.
- Make necessary investments in water, sewer, or broadband infrastructure.
- State and local governments are allowed to transfer aid to a private nonprofit organization, a public benefit corporation involved in the transportation of passengers or cargo or a special-purpose unit of state or local government.

# Use Limitations on ARP State and Local Aid

The ARP outlines that funds may not be used to:

- Directly or indirectly utilize these funds to offset a reduction in net tax revenue and penalty for doing so will require repayment to the treasury.
- No funds can be deposited in pension funds.

# ARP Reporting Requirements

- Local governments would be required to provide “periodic reports” providing a detailed accounting of the use of funds.
- If a municipality fails to comply with any provision of this bill, they will be required to repay the U.S. Treasury an equal amount to the funds used in violation.
- Funds must be used no later than December 31, 2024.

# Coronavirus Capital Project Fund

- \$10 billion for states, territories, and tribal governments to carry out critical capital projects, specifically related to enabling work, education, and health monitoring, including remote options, in response to the COVID-19 public health emergency.
- Each state, receives a minimum allocation of \$100 million
  - with the remaining funds allocated based on a formula including population, individuals living in rural areas, and households living below the poverty line.
- Presumably the state will announce guidelines once this funding is received.

# Other ARP Funding of Note for Municipalities

- **Housing Assistance**
  - \$27.5 billion for Emergency Rental Assistance
  - \$10 billion for Homeowner Assistance
  - \$4.75 billion for state and local governments to combat homelessness.
- **Food Security**
  - Extends SNAP maximum benefits by 15% through September
  - \$1.1 billion to states to address increased caseload
  - \$800 million for increased WIC benefits
  - \$37 million for Commodity Supplemental Food Program for low-income Americans over 60 years old.
- **Child Care and Early Learning**
  - \$39 billion for Child Care and Development Block Grant for child care providers

# Other ARP Funding of Note for Municipalities

- **Pandemic Emergency Fund**
  - \$1 billion to states for providing emergency assistance to low-income families with children
- **Paycheck Protection Program**
  - Additional \$7.25 billion and expands eligibility of 501(c ) organizations (except lobbying organizations)
- **Restaurant Revitalization Fund**
  - \$28.86 billion with \$5 billion set aside for smaller establishments with less than \$500,000 in 2019 revenue
  - Priority first 21 days applications from restaurants owned by women, veterans, or socially and economically disadvantaged individuals

# Other ARP Funding of Note for Municipalities

- **Transit and Airport Funding**
  - \$30 billion for transit agencies
  - \$8 billion for airports
- **Funding to Address Health Disparities and Expand Behavioral and Mental Health Services**
  - \$7.6 billion for COVID-19 response at Community Health Centers
  - \$1.5 billion for Substance Abuse Prevention and Treatment block grant program
  - \$1.5 billion for Community Mental Health Block Program.
- **LIHEAP**
  - \$4.5 billion for low-income Home Energy Assistance Program
- **\$500 million for a new water assistance program**
  - Modeled after LIHEAP to help low-income residents pay water bills.

# Questions?

As with legislation that funds multiple programs, there are more questions than answers at the forefront.

This is being recorded and will be posted.

NJLM will prepare a FAQ.

Check [www.njlm.org](http://www.njlm.org) for updates



## **NJLM Legislative Team**

Mike Cerra, Executive Director  
[mcerra@njlm.org](mailto:mcerra@njlm.org),  
609-695-3481 x120

Lori Buckelew, Asst. Executive  
Director & Director Gov. Affairs  
[lbuckelew@njlm.org](mailto:lbuckelew@njlm.org),  
609-695-3481 x112

Frank Marshall, Esq, Associate Counsel  
[fmarshall@njlm.org](mailto:fmarshall@njlm.org),  
609-695-3481 x137

Paul Penna, Legislative Analyst  
[ppenna@njlm.org](mailto:ppenna@njlm.org),  
609-695-3481 x110

Andrew LaFevre, Legislative Analyst  
[ALaFevre@njlm.org](mailto:ALaFevre@njlm.org)  
609-695-3481 x116

Ciara Bradley, Leg.Administrator  
[cbradley@njlm.org](mailto:cbradley@njlm.org)  
609-695-3481 x128