American Rescue Plan
State and Local Funding

Lead Contact:
Paul Penna, Legislative Analyst
609-695-3481 x110
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.

Friday, March 12, 2021

New Jersey State League of Municipalities
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 for updates
NJLM Legislative Team

Mike Cerra, Executive Director
mcerra@njlm.org,
609-695-3481 x120

Lori Buckelew, Asst. Executive Director & Director Gov. Affairs
lbuckelew@njlm.org,
609-695-3481 x112

Frank Marshall, Esq, Associate Counsel
fmarshall@njlm.org,
609-695-3481 x137

Paul Penna, Legislative Analyst
ppenna@njlm.org,
609-695-3481 x110

Andrew LaFevre, Legislative Analyst
ALaFevre@njlm.org
609-695-3481 x116

Ciara Bradley, Leg. Administrator
cbradley@njlm.org
609-695-3481 x128