



American Rescue Plan LFRF Funding Update

June 15, 2022

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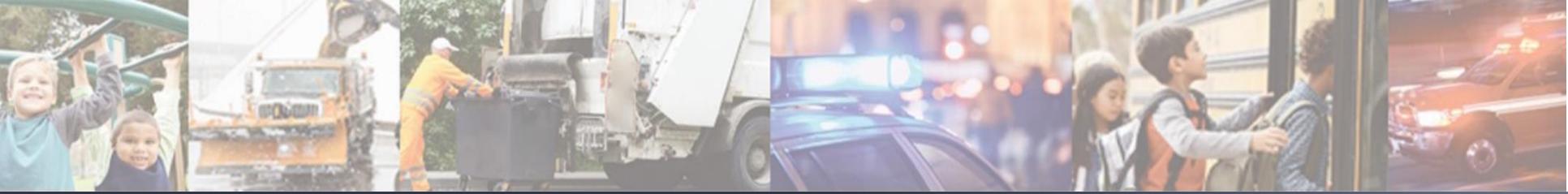
New Jersey State League of Municipalities Mini-Conference



Overview

- **Distribution Process**
- **Timeline for Use of Funds**
- **Acceptable Uses of Funds**
- **Unacceptable Uses of Funds**
- **Examples of Poor and Questionable Use of Funds**
- **Uses of Funds – Large Municipalities**
- **Most Common Specific Uses of Funds**





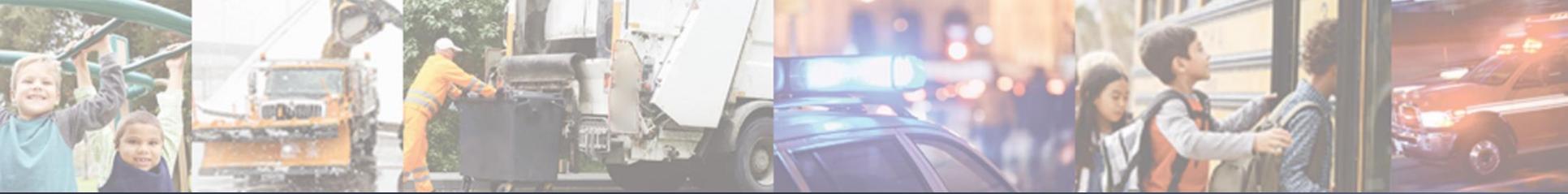
Distribution Process

- All municipalities and counties are receiving LFRF funds in **two tranches**
- Counties and municipalities classified as **metropolitan cities** (population equal to or greater than 50,000 or CDBG entitlement communities) receive distributions from US Treasury
- **Non-entitlement** units of local government (all other municipalities) receive distributions from the State Treasury
- **Non-entitlement** municipalities had to submit an application to the Division to confirm acceptance of funds
- Only two non-entitlement municipalities rejected funds



Distribution Process

- **\$289 million** in first tranche funding was distributed by NJ Treasury to **515** non-entitlement municipalities in **June-July 2021**
- The remaining \$289 million in 2nd tranche funding will likely be distributed sometime in **summer 2022**
- **\$595 billion** was distributed by US Treasury to 48 “metropolitan city” municipalities in **summer 2021**
- The remaining \$595 billion will be distributed in **summer 2022**

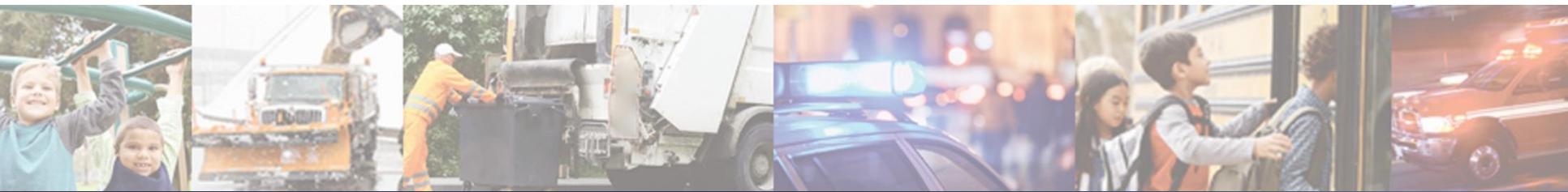


Timeline for Use of Funds

Funds may only be used for costs incurred within a specific time period, beginning **March 3, 2021**

All funds must be obligated by **December 31, 2024**

All funds must be spent by **December 31, 2026**



Acceptable Uses of Funds

- Replacing lost **public sector revenue**
- Investing in **water, sewer, and broadband** infrastructure
- Providing **premium pay** for essential workers
- Supporting **public health expenditures**
- Addressing COVID-19 related **negative economic impacts**
- Addressing the **disproportionate public health and economic impacts** of the crisis on the hardest-hit communities, populations, and households



Unacceptable Uses of Funds

- 1) Routine **pension contributions** for employees
- 2) Construction of:
 - a) **new correctional facilities** as a response to an increase in rate of crime
 - b) **new congregate facilities** to decrease spread of COVID-19 in the facility
 - c) **convention centers, stadiums, or other large capital projects** intended for general economic development or to aid impacted industries
- 3) **General infrastructure development**, including street or road construction
- 4) **Program, service, or capital expenditures** that **conflict with or contravene** the statutory purpose of the American Rescue Plan Act

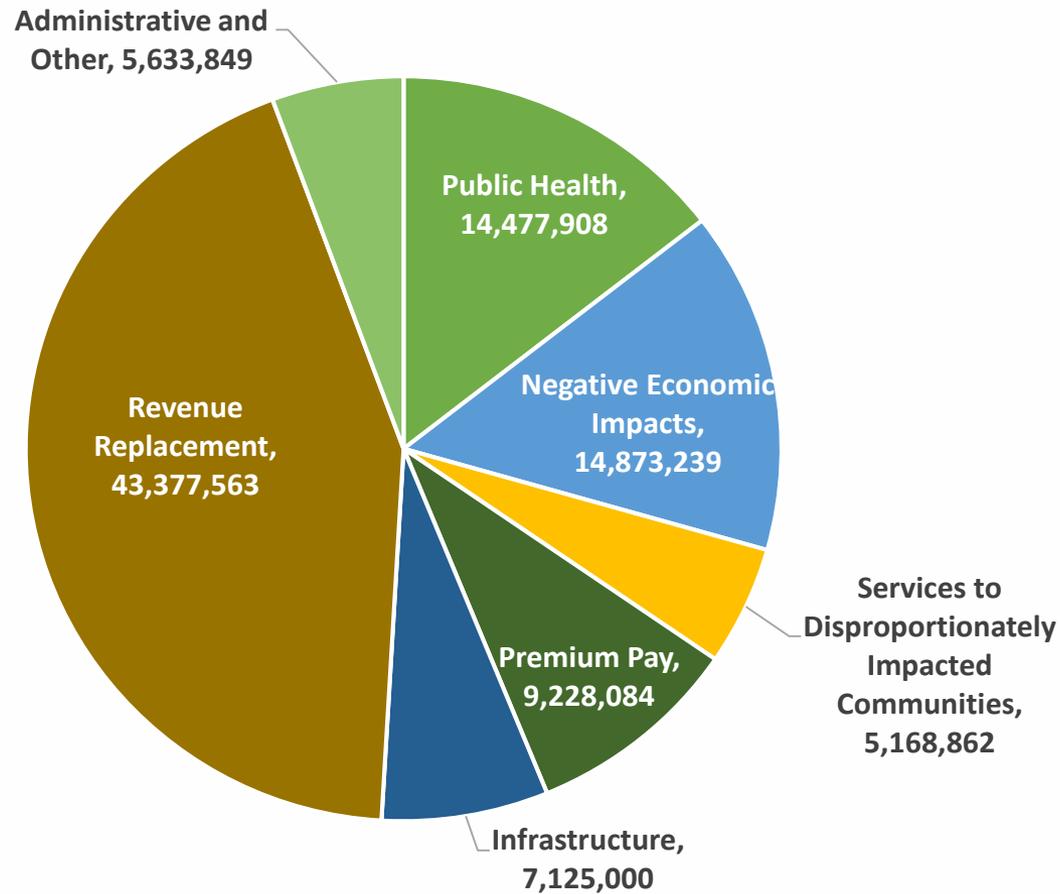


Examples of Poor and Questionable Uses of Funds

- Using 100% of funds for **employee premium pay**
- Using funds to establish **new programs** without long-term funding sources
- Using funds for a **large capital project** unrelated to the impact of COVID-19
- Using funds to **pay down debt**
- Using funds to **replenish fund balance**
- Using funds to pay **judgments** or **settlements**



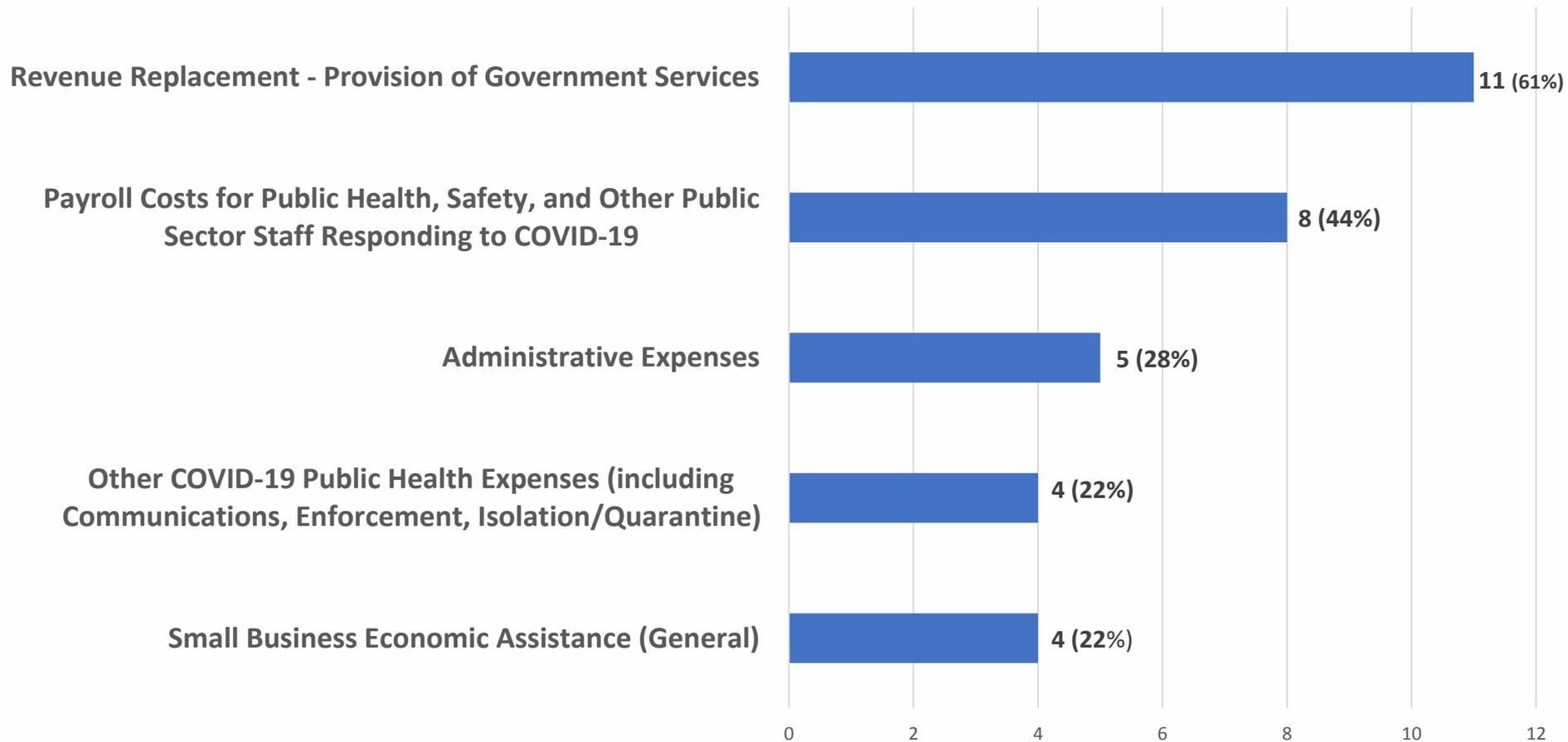
Uses of Funds – Large Municipalities (18 respondents)



Source: SLFRF Interim Reports issued by 46 or 48 large municipalities as of August 2021. 18 municipalities reported obligations or expenditures of funds.



Most Common Specific Uses of Funds (18 respondents)



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