DISCUSSION POINT 1

For FY 2009 and 2010 combined, the Governor’s FY 2010 budget incorporates an estimated $5.183 billion in federal stimulus funding provided by the American Recovery and Reinvestment Act (ARRA) of 2009. Of this amount, the State will use $3.074 billion ($854 million in FY 2009 and $2.220 billion in FY 2010) for budget relief to offset revenue shortfalls (Budget-in-Brief, Appendix II, page 12), and $2.109 billion to fund new or expanded programs or initiatives. The ARRA allocates funds to states both by formula and by competitive awards. The Governor’s FY 2010 Budget includes $107.9 million from ARRA for the Department of Treasury ($36 million in FY 2009 and $71.9 million in FY 2010, as displayed on page C-25 of the Governor’s FY 2010 budget). All of the funding, however, is for two programs operated by the Board of Public Utilities.

QUESTION 1

Please itemize the federal stimulus funding, other than portions of the $3.074 billion allocated for budget relief, included in Treasury’s budget, by fiscal year and federal program, setting forth program goals and eligible uses together with the amount for state administrative expenses and the amount for allocation to local public and private recipients, respectively. Please identify intended and actual recipients and the process by which the department determines recipients and funding awards. Are there ARRA funds that flow through the department for which the State has no discretion? Please also set forth the timetable for obtaining federal approval of funding, obligation and allocation of funding to recipients, and use by recipients. Could any of this funding be used to offset other State appropriations, and if so, what programs and in what amount? What additional positions, if any, have been and will be hired with these funds? If this money is being used for new or expanded activities, will the new or expanded activities be continued in FY 2011? If so, how will they be funded?

In addition to funding incorporated in the Governor’s FY 2010 budget, what specific competitive grant opportunities has the department identified that it is eligible to pursue, has applied for, and has been awarded, respectively?

ANSWER 1

Please refer to Table 1 for details about the stimulus funding which will flow to the Department of the Treasury, under the State Energy Program and the State Energy Efficiency Conservation Block Grant Program. Here are further details, by program:

State Energy Program (SEP)

New Jersey will receive $73.6 million under this program. The four goals for State use of SEP funds are:

- Increase energy efficiency to reduce energy costs and consumption for consumers, businesses, and government
- Reduce reliance on imported energy
• Improve the reliability of electricity and fuel supply, and the delivery of energy services
• Reduce the impacts of energy production and use on the environment

To receive funding, the Governor must assure the federal Department of Energy that:
• The New Jersey Board of Public Utilities will seek to implement a general policy aligning utility financial incentives with incentives to help customers use energy more efficiently
• The State or local authorities will implement more energy-efficient building codes
• New Jersey will prioritize grants toward expanding existing programs or through joint activities among states

A portion of these funds shall be available to the Department of Treasury’s Office of Energy Savings.

None of the funding can be used to offset other State appropriations, because it is one-time funding that supplements existing State efforts. These funds will not be used to add any additional positions.

New Jersey submitted its initial application in March. Its comprehensive application is due by May 12, 2009. All funds must be obligated by September 30, 2010.

Funds will be released on the following schedule:
• 10% of funds released at time of initial award
• 40% of funds at time of Department of Energy approval of New Jersey’s plan
• 20% at time that New Jersey demonstrates that it is complying with all reporting requirements, and has obligated at least half of the previously awarded funds
• 30% upon demonstration of continuing progress in meeting all requirements

State Energy Efficiency and Conservation Block Grant (SEECBG) Program

While $14.4 million will be allocated to New Jersey, at least 60% of these funds must be sub-granted to the smaller counties and municipalities, which are not receiving a direct award from the US Department of Energy. The remaining funds are available for use by the State. Note that an additional $61.1 million is allocated by the US Department of Energy directly to the largest New Jersey municipalities and counties, and is not reflected in the State’s Budget.

A list of eligible activities for the use of these funds is available on the U.S. Department of Energy’s website. It includes, among others:
• Residential and commercial building energy audits
• Financial incentive programs for energy efficiency improvements
• Grants to nonprofits and government entities for retrofitting facilities
• Up to 20% of funds may be used to establish revolving loan funds
• Up to 20% of funds may be used to provide sub-grants to assist non-government organizations
None of the funding can be used to offset other State appropriations, because it is one-time funding that supplements existing State efforts. These funds will not be used to add any additional positions.

New Jersey must provide the Department of Energy with a proposed energy efficiency and conservation strategy within 1 year of receiving funding.

The U.S. Department of Energy released more details about the program on March 26, 2009, in its Funding Opportunity Announcement.

Please note that New Jersey is eligible to apply for a portion of an additional $456 million in SEECBG grants, which will be distributed by competition among government entities. The Department of Energy has not yet released criteria for this portion of the funding, so no estimates can be made about the amount of funding New Jersey can qualify for, if any.

Additional information can be found at the following websites:

www.recovery.nj.gov
www.recovery.nj.gov/recovery

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<th>Table 1-- Federal Stimulus for the Department of Treasury, Updated Amounts as of 4/20 vs. Governor's Proposed Budget (GBM) in Millions</th>
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<td><strong>Funding</strong></td>
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