

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021**

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**SENATE BILL 172
PROPOSED COMMITTEE SUBSTITUTE S172-PCS35274-MLa-2**

Short Title: Additional COVID-19 Response & Relief. (Public)

Sponsors:

Referred to:

March 2, 2021

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH THE STATE FISCAL RECOVERY RESERVE AND FUND, CORONAVIRUS CAPITAL PROJECTS RESERVE AND FUND, AND LOCAL FISCAL RECOVERY RESERVE AND FUND TO MAINTAIN FUNDS PAID TO THE STATE FROM THE CORONAVIRUS STATE FISCAL RECOVERY FUND, CORONAVIRUS CAPITAL PROJECTS FUND, AND CORONAVIRUS LOCAL FISCAL RECOVERY FUND; TO APPROPRIATE FUNDS FROM THE LOCAL FISCAL RECOVERY FUND FOR DISTRIBUTION TO NONENTITLEMENT UNITS OF LOCAL GOVERNMENT; TO APPROPRIATE CERTAIN FEDERAL GRANT FUNDS PROVIDED TO THE STATE UNDER THE AMERICAN RESCUE PLAN ACT; AND TO MAKE TECHNICAL AND OTHER CHANGES.

The General Assembly of North Carolina enacts:

PART I. GENERAL PROVISIONS

DEFINITIONS

SECTION 1.1. Except as otherwise provided, the following definitions apply in this act:

- (1) American Rescue Plan Act. – The American Rescue Plan Act of 2021, P.L. 117-2.
- (2) Consolidated Appropriations Act. – The Consolidated Appropriations Act, 2021, P.L. 116-260.
- (3) Coronavirus or COVID-19. – The coronavirus disease 2019.
- (4) FTA. – Federal Transit Administration.
- (5) IDEA. – Individuals with Disabilities Education Act.
- (6) Nonentitlement unit of local government. – A city, as that term is defined in section 102(a)(5) of the Housing and Community Development Act of 1974 (42 U.S.C. § 5302(a)(5)), that is not a metropolitan city, as that term is defined in Section 603 of the Social Security Act.
- (7) OSBM. – The Office of State Budget and Management.
- (8) SNAP. – Supplemental Nutrition Assistance Program.
- (9) Social Security Act. – Title VI of the Social Security Act, 42 U.S.C. § 801, et seq., as amended by the American Rescue Plan Act.
- (10) WIC. – Special Supplemental Nutrition Program for Women, Infants, and Children.



REQUIRED REPORT ON USE OF FUNDS

SECTION 1.2. In addition to any report required under this act or any other law, each State agency or department that receives federal grant funds under Section 3.2 of this act shall submit a quarterly report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division beginning on July 15, 2021, detailing the use of funds. The report required from each State agency or department that receives federal grant funds under Section 3.2 of this act shall include the amount of funds granted, the source of the funds, how the funds were used during the quarter, and the amount of funds that remained unspent at the end of the quarterly reporting period. The quarterly report required under this section shall end upon submission of the final report from each State agency or department, which shall be no later than 90 days from the date the grant period ends for the relevant funds.

PART II. ESTABLISHMENT OF RESERVES AND FUNDS**ESTABLISHMENT OF STATE FISCAL RECOVERY RESERVE**

SECTION 2.1. The State Controller shall establish a State Fiscal Recovery Reserve (Reserve) in the General Fund to maintain federal funds received from the Coronavirus State Fiscal Recovery Fund, pursuant to the authorization set forth in the Social Security Act. The State Controller shall transfer funds to the State Fiscal Recovery Fund established in Section 2.2 of this act only as needed to meet the appropriations set out in subsequent legislation and only upon request of the Director of the Budget. Funds reserved in the Reserve do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

ESTABLISHMENT OF STATE FISCAL RECOVERY FUND

SECTION 2.2. The State Fiscal Recovery Fund (Fund) is established. The purpose of the Fund is to respond to the public health emergency with respect to the COVID-19 public health emergency and its negative economic impacts; to respond to workers performing essential work during the COVID-19 public health emergency; to provide for government services, including revenue reductions due to the COVID-19 public health emergency; and to make necessary investments in water, sewer, or broadband infrastructure. The Fund shall be maintained as a special fund and administered by OSBM to carry out the provisions of this act and subsequent acts necessitated as a result of the COVID-19 public health emergency. All funds allocated from the Fund shall be used in accordance with applicable federal law and guidance.

ESTABLISHMENT OF CORONAVIRUS CAPITAL PROJECTS RESERVE

SECTION 2.3. The State Controller shall establish a Coronavirus Capital Projects Reserve (Capital Reserve) in the General Fund to maintain federal funds received from the Coronavirus Capital Projects Fund, pursuant to the authorization set forth in the Social Security Act. The State Controller shall transfer funds to the Coronavirus Capital Projects Fund established in Section 2.4 of this act only as needed to meet the appropriations set out in subsequent legislation and only upon request of the Director of the Budget. Funds reserved in the Capital Reserve do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

ESTABLISHMENT OF CORONAVIRUS CAPITAL PROJECTS FUND

SECTION 2.4. The Coronavirus Capital Projects Fund (Capital Fund) is established. The purpose of the Capital Fund is to carry out critical capital projects directly enabling work, education, and health monitoring, including remote options, in response to the COVID-19 public health emergency. The Capital Fund shall be maintained as a special fund and administered by OSBM to carry out the provisions of this act and subsequent acts necessitated as a result of the

1 COVID-19 public health emergency. All funds allocated from the Capital Fund shall be used in
2 accordance with applicable federal law and guidance.

3 4 **ESTABLISHMENT OF LOCAL FISCAL RECOVERY RESERVE**

5 **SECTION 2.5.** The State Controller shall establish a Local Fiscal Recovery Reserve
6 (Local Reserve) in the General Fund to maintain federal funds received from the Coronavirus
7 Local Fiscal Recovery Fund, pursuant to the authorization set forth in the Social Security Act.
8 Funds that are reserved in the Local Reserve do not constitute an "appropriation made by law,"
9 as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

10 11 **ESTABLISHMENT OF LOCAL FISCAL RECOVERY FUND**

12 **SECTION 2.6.** The Local Fiscal Recovery Fund (Local Fund) is established. The
13 purpose of the Local Fund is to provide funds consistent with section 603 of the Social Security
14 Act to nonentitlement units of local government to use to mitigate the impact of the COVID-19
15 public health emergency. The Local Fund shall be maintained as a special fund and administered
16 by OSBM to carry out the provisions of this act and subsequent acts necessitated as a result of
17 the COVID-19 public health emergency. All funds allocated from the Local Fund shall be used
18 in accordance with applicable federal law and guidance.

19 20 **PART III. APPROPRIATION OF CERTAIN FEDERAL GRANT FUNDS AND LOCAL** 21 **FISCAL RECOVERY FUNDS**

22 23 **TRANSFER AND APPROPRIATION OF LOCAL FISCAL RECOVERY FUNDS**

24 **SECTION 3.1.(a)** As soon as practicable, the State Controller shall transfer the total
25 sum of funds in the Local Reserve established in Section 2.5 of this act to the Local Fund
26 established in Section 2.6 of this act.

27 **SECTION 3.1.(b)** There is appropriated from the Local Fund to OSBM the total sum
28 of funds in the Local Fund in nonrecurring funds to be distributed to and used by nonentitlement
29 units of local government in accordance with applicable federal law and guidance.

30 **SECTION 3.1.(c)** OSBM shall distribute the funds appropriated in subsection (b) of
31 this section by the later of (i) 30 days from the date the funds are allocated to the State from the
32 Coronavirus Local Fiscal Recovery Fund created under the Social Security Act or (ii) the date to
33 which an extension under section 603 of the Social Security Act has been granted. The total
34 amount distributed to a nonentitlement unit of government shall not exceed the capped amount,
35 as determined under section 603 of the Social Security Act. If OSBM is unable to meet the 30-day
36 deadline set forth in this subsection and the Social Security Act, OSBM shall submit to the chairs
37 of the Senate Appropriations/Base Budget Committee, the chairs of the House Appropriations
38 Committee, and the Fiscal Research Division a copy of each written extension submitted to the
39 United States Secretary of the Treasury in accordance with section 603 of the Social Security
40 Act. OSBM shall submit a copy of each written extension in accordance with this subsection no
41 later than three days from the date it submits the written extension to the United States Secretary
42 of the Treasury.

43 **SECTION 3.1.(d)** Any funds appropriated under subsection (b) of this section that
44 are in excess of the amount needed under subsection (c) of this section shall be returned to the
45 United States Secretary of the Treasury in accordance with section 603 of the Social Security
46 Act.

47 **SECTION 3.1.(e)** No later than 30 days from the date OSBM makes the last
48 distribution required under subsection (c) of this section, OSBM shall submit a report to the
49 chairs of the Senate Appropriations/Base Budget Committee, the chairs of the House
50 Appropriations Committee, and the Fiscal Research Division detailing the amount of funds
51 provided under subsection (c) of this section to each nonentitlement unit of government.

1
2 **APPROPRIATION OF CERTAIN FEDERAL GRANT FUNDS PROVIDED UNDER**
3 **THE AMERICAN RESCUE PLAN ACT**

4 **SECTION 3.2.** Except as otherwise provided in this section, federal funds received
5 by the State under the American Rescue Plan Act for the programs set forth in the schedule below
6 are appropriated in the amounts provided in the notification of award from the federal
7 government or any entity acting on behalf of the federal government to administer the federal
8 funds. Federal funds received by the State under the American Rescue Plan Act from the
9 Elementary and Secondary School Emergency Relief Fund are only appropriated up to the
10 estimated amount set forth in the schedule below for the program. State agencies may, with
11 approval of the Director of the Budget, spend these funds received from federal receipts and
12 federal grants. Any positions created with the funds shall terminate at the earlier of the funds
13 being fully expended or the deadline established by applicable federal law and guidance for use
14 of the funds. The grant amounts in the schedule set forth in this subsection are estimates of North
15 Carolina's allocations to be deposited in the State's Treasury and administered by State agencies.

<u>Program</u>	<u>Amount</u>
Higher Education Emergency Relief Fund	\$701,279,800
Emergency Assistance to Non-Public Schools	82,952,000
IDEA: Grants to States	81,359,400
IDEA: Preschool Grants	5,961,100
IDEA: Infants & Toddlers	6,298,200
Child Care Stabilization Grants	805,767,400
Child Care Entitlement to States	16,096,000
Community-Based Child Abuse Prevention	7,695,000
Child Abuse State Grants	3,067,000
Supportive Services	13,984,000
Congregate and Home Delivered Meals	23,045,000
Preventive Services	1,363,000
Family Caregiver	4,463,000
Title VII Long-Term Care Ombudsman	310,000
SNAP State Administrative Expense Grants	35,443,000
FTA Urbanized Area Formula	4,696,400
HOME Investment Partnerships Program	137,414,000
Emergency Management Performance Grants	2,660,000
National Endowment for the Arts: State Arts Agencies	912,000
Emergency Rental Assistance	556,611,000
Homeowner Assistance Fund	273,337,000
Elementary and Secondary School Emergency Relief Fund	3,239,272,535
Expand Genomic Sequencing	6,662,900
Epidemiology and Lab Capacity for School Testing	315,895,900
Community Health Centers Expanded Access to COVID-19 Vaccines, Build Vaccine Confidence	4,057,900
WIC Cash Value Vouchers Increase	19,930,600
Total Estimated Funding	\$6,350,534,135

46 **HOMEOWNER ASSISTANCE FUND/ADMINISTERING AGENCY**

47 **SECTION 3.3.** The agency responsible for administering the Homeowner
48 Assistance Fund funds appropriated under Section 3.2 of this act is the North Carolina Housing
49 Finance Agency.
50

1 **EMERGENCY RENTAL ASSISTANCE FUNDS/ADMINISTERING AGENCY AND**
2 **ALLOCATION**

3 **SECTION 3.4.(a)** For purposes of this section, the term "Emergency Rental
4 Assistance funds" means funds appropriated for Emergency Rental Assistance under (i) Section
5 5 of S.L. 2021-1, as amended by Section 1.4 of S.L. 2021-3, and (ii) Section 3.2 of this act.

6 **SECTION 3.4.(b)** Subsections (e) through (h) of Section 5 of S.L. 2021-1, as enacted
7 by Section 1.4 of S.L. 2021-3, are repealed.

8 **SECTION 3.4.(c)** The agency responsible for administering the Emergency Rental
9 Assistance funds is the Office of Recovery and Resiliency in the Department of Public Safety
10 (Office).

11 **SECTION 3.4.(d)** The Office shall reserve or allot a maximum amount of
12 Emergency Rental Assistance funds it receives to each of the counties set forth in this subsection
13 as follows:

- 14 (1) \$18,143,818 to Buncombe County.
- 15 (2) \$8,869,958 to Cabarrus County.
- 16 (3) \$31,175,381 to Cumberland County.
- 17 (4) \$16,283,963 to Durham County.
- 18 (5) \$28,686,999 to Forsyth County.
- 19 (6) \$15,060,507 to Gaston County.
- 20 (7) \$36,873,026 to Guilford County.
- 21 (8) \$11,502,293 to Johnston County.
- 22 (9) \$49,474,851 to Mecklenburg County.
- 23 (10) \$15,375,324 to New Hanover County.
- 24 (11) \$6,107,019 to Union County.
- 25 (12) \$30,083,215 to Wake County.

26 **SECTION 3.4.(e)** The counties set forth in subsection (d) of this section shall be
27 provided their maximum allotment set forth in subsection (d) of this section, minus any pro rata
28 adjustments authorized in this section, from the Office and shall manage those funds in
29 accordance with local priorities and federal requirements. Counties that received direct
30 allocations from the federal Emergency Rental Assistance program shall exhaust their direct
31 allocations before expending any of the State allotment provided in subsection (d) of this section.
32 The counties set forth in subsection (d) of this section are ineligible to receive any additional
33 funds under subsection (f) of this section.

34 **SECTION 3.4.(f)** The Office shall reserve or allot a maximum amount of Emergency
35 Rental Assistance funds it receives to eligible residents in each modified council of government
36 region as follows:

- 37 (1) \$29,472,777 to Region A (Cherokee, Clay, Graham, Haywood, Jackson,
38 Macon, and Swain Counties).
- 39 (2) \$20,252,053 to Region B (Henderson, Madison, and Transylvania Counties).
- 40 (3) \$34,297,905 to Region C (Cleveland, McDowell, Polk, and Rutherford
41 Counties).
- 42 (4) \$31,500,652 to Region D (Alleghany, Ashe, Avery, Mitchell, Watauga,
43 Wilkes, and Yancey Counties).
- 44 (5) \$49,564,633 to Region E (Alexander, Burke, Caldwell, and Catawba
45 Counties).
- 46 (6) \$56,766,859 to Region F (Anson, Iredell, Lincoln, Rowan, and Stanly
47 Counties).
- 48 (7) \$107,644,512 to Region G (Alamance, Caswell, Davidson, Montgomery,
49 Randolph, Rockingham, Davie, Stokes, Surry, and Yadkin Counties).
- 50 (8) \$39,711,535 to Region J (Chatham, Lee, Moore, and Orange Counties).

- 1 (9) \$32,087,967 to Region K (Franklin, Granville, Person, Vance, and Warren
2 Counties).
- 3 (10) \$46,735,614 to Region L (Edgecombe, Halifax, Nash, Northampton, and
4 Wilson Counties).
- 5 (11) \$26,201,509 to Region M (Harnett and Sampson Counties).
- 6 (12) \$51,374,676 to Region N (Bladen, Hoke, Richmond, Robeson, and Scotland
7 Counties).
- 8 (13) \$32,117,037 to Region O (Brunswick, Columbus, and Pender Counties).
- 9 (14) \$91,101,787 to Region P (Carteret, Craven, Duplin, Greene, Jones, Lenoir,
10 Onslow, Pamlico, and Wayne Counties).
- 11 (15) \$41,034,412 to Region Q (Beaufort, Bertie, Hertford, Martin, and Pitt
12 Counties).
- 13 (16) \$21,892,087 to Region R (Camden, Chowan, Currituck, Dare, Gates, Hyde,
14 Pasquotank, Perquimans, Tyrrell, and Washington Counties).

15 **SECTION 3.4.(g)** Allotments as listed in subsection (f) of this section for regions
16 with counties that did not receive a direct allocation from the federal Emergency Rental
17 Assistance program under the Consolidated Appropriations Act or the American Rescue Plan
18 Act are the maximum aggregate amount to be provided to recipients renting housing in the
19 respective region, and the Office shall reserve the maximum amount to the respective region
20 minus any pro rata adjustments authorized in this section. The Office shall provide awards to
21 recipients residing in the region described in this subsection based upon the actual amount of
22 monthly rent owed by the tenant pursuant to the rental agreement or the actual amount of utility
23 costs owed by the recipient and shall not be subject to any allowable average or other
24 formula-based calculation. The Office shall continue to provide awards for each region until the
25 maximum allotment amount in subsection (f) of this section has been exhausted.

26 **SECTION 3.4.(h)** In order to more effectively administer and execute the Housing
27 Opportunities and Prevention of Evictions program, the Office shall engage the services of the
28 applicable regional council of government created under Part 2 of Article 20 of Chapter 160A of
29 the General Statutes, or the applicable regional planning commission created under Article 19 of
30 Chapter 153A of the General Statutes, serving the counties set forth in subsection (f) of this
31 section. No later than 30 days from the effective date of this section, the Office shall submit a
32 written report to the chairs of the Senate Appropriations/Base Budget Committee, the chairs of
33 the House Appropriations Committee, and the Fiscal Research Division on how it intends to
34 utilize the councils of government or regional planning commissions for planning, dissemination
35 of information, and application assistance, and any other service provided by the councils of
36 government or regional planning commissions.

37 **SECTION 3.4.(i)** In accordance with applicable federal guidelines, the Office shall
38 establish a hotline to provide eligible households with case management and other services
39 related to the COVID-19 public health emergency. The Office may use up to ten percent (10%)
40 of Emergency Rental Assistance funds for the hotline, housing stability services, and
41 administrative costs; however, no more than five percent (5%) of Emergency Rental Assistance
42 funds may be used for administrative costs, which include the costs associated with establishing
43 a hotline. Expenses incurred under this subsection for housing stability services or administrative
44 costs shall be deducted pro rata from the maximum allotments listed in subsection (d) or (f) of
45 this section.

46 **SECTION 3.4.(j)** All funds reserved or allotted under this section shall be used in
47 accordance with applicable federal law or guidance.

48 **SECTION 3.4.(k)** The Office shall submit a report no later than July 1, 2021, to the
49 chairs of the House Appropriations Committee, the chairs of the Senate Appropriations/Base
50 Budget Committee, and the Fiscal Research Division containing at least all of the following:

- 1 (1) Amount of federal funds received from the Consolidated Appropriations Act
2 and the American Rescue Plan Act, actually expended, by county and region
3 for rent and by county and region for utilities, under the Emergency Rental
4 Assistance program.
- 5 (2) Amount of federal funds received from the Consolidated Appropriations Act
6 and the American Rescue Plan Act, contractually obligated, by county and
7 region for rent and by county and region for utilities, under the Emergency
8 Rental Assistance program.
- 9 (3) Recommendations on statewide reallocations, by county and region, needed in
10 advance of the federal deadline for reallocation of unused funds, including
11 rationale for the recommended reallocations and an estimate of the outstanding
12 needs by county and region. The recommendation should also include any
13 funds that are not anticipated to be needed for the ten percent (10%) set aside
14 for housing stability services and administrative costs.

15 **SECTION 3.4.(l)** In the event that the actual total amount of federal funds received
16 from the Emergency Rental Assistance program differs from the amount listed in subsection (d)
17 or (f) of this section, the Office shall distribute the increased or reduced amounts proportionally
18 in accordance with the applicable maximum allotments.

19 20 **ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND/USE OF** 21 **FUNDS**

22 **SECTION 3.5.** The Elementary and Secondary School Emergency Relief Fund
23 funds appropriated in Section 3.2 of this act shall only be used by the Department of Public
24 Instruction to allocate federal grant funds to public school units pursuant to subsection (d) of
25 section 2001 of the American Rescue Plan Act.

26 27 **CONSTRUCTION OF PART**

28 **SECTION 3.6.** Nothing in this Part shall be construed as appropriating funds paid
29 to the State from (i) the Coronavirus State Fiscal Recovery Fund pursuant to the authorization
30 set forth in section 602 of the Social Security Act or (ii) the Coronavirus Capital Projects Fund
31 pursuant to the authorization set forth in section 604 of the Social Security Act.

32 33 **PART IV. TECHNICAL AND OTHER CHANGES**

34 35 **EXTEND DATE FOR USE OF CERTAIN DISASTER RECOVERY FUNDS**

36 **SECTION 4.1.(a)** Funds allocated to OSBM to be used as directed grants under
37 sub-subdivisions f. and i. through l. of subdivision (2) of Section 2.1 of S.L. 2019-224 that have
38 not been expended by June 30, 2021, shall remain available to implement the purposes of the
39 directed grant until June 30, 2024. Funds that are not expended, made subject to an encumbrance,
40 or disbursed to another entity, as of June 30, 2024, shall revert to the Hurricane Florence Disaster
41 Recovery Fund in accordance with Section 3.1(c) of S.L. 2018-134.

42 **SECTION 4.1.(b)** Section 3.1(c) of S.L. 2019-224 reads as rewritten:

43 "**SECTION 3.1.(c)** Directed Grants; Sunset. – This section expires on June 30, ~~2021~~2024."

44 **SECTION 4.1.(c)** This section becomes effective June 30, 2021.

45 46 **YMCA/REVISE USE OF COVID-19 FUNDS**

47 **SECTION 4.2.** Section 3.3(103a) of S.L. 2020-4, as enacted by Section 1.2 of S.L.
48 2020-97 and amended by Section 3.2 of S.L. 2021-1, reads as rewritten:

49 "(103a) \$19,850,000 to YMCA of the Triangle Area, Inc., (YMCA) for the North
50 Carolina Alliance of YMCAs (Alliance) which shall develop and administer
51 a grant program to facilitate remote learning opportunities during the

1 COVID-19 pandemic. Of the funds allocated under this subdivision, the
2 Alliance and YMCA may use a total of five hundred thousand dollars
3 (\$500,000) for administrative costs. For purposes of the grant program, the
4 YMCA shall serve only as the fiscal agent for the Alliance. The following
5 shall apply to the grant program developed and administered by the Alliance
6 pursuant to this subdivision:

7 a. For the first round of grants awarded through the grant program
8 developed and administered pursuant to this subdivision, all of the
9 following shall apply:

10 a-1. All North Carolina YMCAs, YWCAs, Boys and Girls Clubs,
11 county and municipal parks and recreation departments, and
12 community-based organizations are eligible to receive grant
13 funds. For purposes of this subdivision, the term
14 "community-based organizations" means public or private
15 nonprofit organizations of demonstrated effectiveness that are
16 representative of a community or significant segments of a
17 community that provide educational or related services to
18 individuals in the community, such as parks and recreation
19 programs, YMCAs, YWCAs, and Boys and Girls Clubs.

20 b-2. All applicants shall submit a plan detailing how grant funds
21 will be spent and the estimated number of children that will be
22 served with grant funds.

23 e-3. Priority shall be given to applicants serving populations from
24 local education agencies that are operating under Plans B and
25 C of the Department of Health and Human Services guidelines
26 for school operations.

27 d-4. Individual grants shall not exceed one hundred thousand
28 dollars (\$100,000).

29 e-5. Applicants shall demonstrate the ability to use all grant funds
30 before the deadline established by applicable federal law and
31 guidance.

32 f. ~~Of the funds allocated in this subdivision, the Alliance and~~
33 ~~YMCA may use a total of one hundred thousand dollars~~
34 ~~(\$100,000) for administrative costs.~~

35 6. No later than May 30, 2021, grantees shall submit to the
36 YMCA all invoices detailing expenses for which they are
37 seeking reimbursement from the grant program.

38 b. The Alliance shall use funds that were appropriated by this subdivision
39 but not allocated in the first round of grants to award a second round
40 of grants to eligible organizations to address learning loss due to the
41 effects of the COVID-19 pandemic on students and teachers. For
42 purposes of the learning loss grant program, the YMCA shall serve
43 only as the fiscal agent for the Alliance. The following shall apply to
44 the awarding of learning loss grants:

45 1. All organizations that were eligible in the first round of grants
46 are eligible to apply for a learning loss grant.

47 2. All applicants shall submit a plan detailing how grant funds
48 will be spent and the estimated number of children that will be
49 served with grant funds.

50 3. Grants shall be awarded to address learning loss issues only.

- 4. Individual grants shall not exceed twenty-five thousand dollars (\$25,000).
- 5. Applicants shall demonstrate the ability to use all learning loss grant funds before the deadline established by applicable federal law and guidance."

REVISIONS TO THE STATUTORY CONTINUING RESOLUTION

SECTION 4.3.(a) G.S. 143C-5-4 reads as rewritten:

"§ 143C-5-4. Enactment deadline; procedures to be followed when the Current Operations Appropriations Act does not become law prior to the end of certain fiscal years.

...

(b) Procedure for Budget Continuation. – If a fiscal year begins for which no Current Operations Appropriations Act providing for current operations of State government during that fiscal year has become law, then the following procedures shall be followed and the following limitations shall apply:

- (1) Authority. – Unless otherwise provided by law, the Director of the Budget may continue to allocate funds from all funds for expenditure by State departments, institutions, and agencies at a level not to exceed the level of ~~recurring expenditures from those funds~~ in the recurring certified budget for the prior fiscal year. If the Director of the Budget finds that projected revenues for the fiscal year will not support expenditures at the level of recurring expenditures for the prior fiscal year, the Director of the Budget shall allot funds at a lower level. In making these allocations, the Director of the Budget shall ensure the prompt payment of the principal and interest on bonds and notes of the State according to their terms. Except as otherwise provided by this section, the limitations and directions on the expenditure of funds for the prior fiscal biennium shall remain in effect. Except for funds appropriated for (i) capital improvement projects or (ii) the implementation of information technology projects, the Director of the Budget shall not allocate funds for items funded with nonrecurring funds during the prior fiscal year.

...

- ~~(8) Statutory transfers to reserves. — Notwithstanding G.S. 143C-4-2 and G.S. 143C-4-3.1, funds shall not be reserved to the Savings Reserve Account or the State Capital and Infrastructure Fund and the State Controller shall not transfer funds from the unreserved fund balance to those accounts on June 30 of the prior fiscal year.~~

- (9) ~~Federal block grant funds and other grant~~ Grant funds. – Notwithstanding G.S. 143C-6-4, State agencies may, with approval of the Director of the Budget, spend funds received from grants awarded during the current fiscal year, ~~including federal block grants,~~ year that are for less than two million five hundred thousand dollars (\$2,500,000), do not require State matching funds, and will not be used for a capital project. State agencies shall report to the Joint Legislative Commission on Governmental Operations within 30 days of receipt of such funds. State agencies may spend up to the greater of one percent (1%) or ten million dollars (\$10,000,000) of the total amount of grants awarded during the current fiscal year to respond to an emergency with the approval of the Director of the Budget. State agencies shall report to the Joint Legislative Commission on Governmental Operations within 30 days of receipt of such funds, including specifying the total amount of grants awarded to respond to the emergency. State agencies may spend all other funds from grants awarded during the current fiscal year, ~~including federal block grants,~~

1 year only with approval of the Director of the Budget and after consultation
2 with the Joint Legislative Commission on Governmental ~~Operations~~, ~~except~~
3 ~~that consultation with the Joint Legislative Commission on Governmental~~
4 ~~Operations shall not be required prior to an expenditure to respond to an~~
5 ~~emergency, as that term is defined in G.S. 166A-19.3(6).~~ Operations. The
6 Office of State Budget and Management shall work with the recipient State
7 agencies to budget grant awards according to the annual program needs and
8 within the parameters of the respective granting entities. Depending on the
9 nature of the award, additional State personnel may be employed on a
10 time-limited basis. Funds received from such grants are hereby appropriated
11 up to the applicable allowable amount set forth in this subdivision and shall
12 be incorporated into the authorized budget of the recipient State agency.
13 Notwithstanding the provisions of this subdivision, no State agency may
14 accept a grant if acceptance of the grant would obligate the State to make
15 future expenditures relating to the program receiving the grant or would
16 otherwise result in a financial obligation as a consequence of accepting the
17 grant funds. Nothing in this subdivision shall be construed to prohibit or limit
18 expenditures that are authorized under subdivision (1) of this subsection. For
19 purposes of this subdivision, the term (i) "emergency" is as defined in
20 G.S. 166A-19.3 and (ii) "grant" means funds received from a grant that was
21 not included in the base budget for the fiscal year in which the grant was
22 awarded."

23 **SECTION 4.3.(b)** This section becomes effective June 30, 2021, and applies
24 beginning with the 2021-2022 fiscal year.

25 **CORONAVIRUS RELIEF FUND/REALLOCATION AND USE OF UNSPENT FUNDS**

26 **SECTION 4.4.(a)** Notwithstanding any provision of law to the contrary, as unspent
27 funds are returned to the Coronavirus Relief Fund established under S.L. 2020-4, the Office of
28 State Budget and Management, in consultation with the Director of the Budget, shall reallocate
29 up to the sum of ten million dollars (\$10,000,000) in nonrecurring funds to the Department of
30 Public Safety, Division of Emergency Management, to be used for unmet needs related to the
31 Federal Emergency Management Agency Public Assistance program in response to the
32 COVID-19 public health emergency.

33 **SECTION 4.4.(b)** To the extent the funds reallocated in subsection (a) of this section
34 are deemed unappropriated, the funds are hereby appropriated for the purpose set forth in
35 subsection (a) of this section.

36 **SECTION 4.4.(c)** Subdivision (52) of Section 3.3 of S.L. 2020-4, as enacted by
37 Section 1.1(d) of S.L. 2020-80 and amended by Section 3.1 of S.L. 2021-3, is repealed.

38 **EXTRA CREDIT GRANT PROGRAM EXTENSION**

39 **SECTION 4.5.** Section 4.12(d) of S.L. 2020-4, as enacted by Section 1.3 of S.L.
40 2020-97 and amended by Section 1 of S.L. 2021-1, reads as rewritten:

41 **"SECTION 4.12.(d)** Eligibility. – The Department of Revenue must award a grant to the
42 following individuals:

- 43 ...
- 44 (1a) Amended return. – An individual who filed a 2019 State income tax return as
45 required under subdivision (1) of this section but who did not receive an
46 automatic grant award because the taxpayer did not meet the eligibility
47 conditions of that subdivision and who files an amended return satisfying the
48 conditions of that subdivision on or before ~~May 31,~~ July 1, 2021.

1 (2) Application for grant award. – An individual who applied for a grant under
2 this program on a form prescribed by the Secretary of Revenue postmarked
3 on or before ~~May 31,~~ July 1, 2021, and meets all the following conditions:

4 ...

5 (3) Optional application for grant award. – An individual who filed a 2019 State
6 income tax return as required under subdivision (1) of this subsection but who
7 did not receive an automatic grant award because the taxpayer did not report
8 a qualifying child on line 10a of Form D-400 on or before October 15, 2020,
9 and who does not file an amended return correcting line 10a as provided under
10 subdivision (1a) of this section, may apply for a grant under this program on
11 a form prescribed by the Secretary of Revenue postmarked on or before ~~May~~
12 ~~31,~~ July 1, 2021. The Secretary may accept applications from paid preparers
13 or holders of a valid power of attorney on behalf of individuals applying for a
14 grant under this subdivision. Applications received under this subdivision do
15 not amend a taxpayer's tax return."

17 **PART V. MISCELLANEOUS**

18 **EFFECT OF HEADINGS**

19 **SECTION 5.1.** The headings to the parts, subparts, and sections of this act are a
20 convenience to the reader and are for reference only. The headings do not expand, limit, or define
21 the text of this act, except for effective dates referring to a part or subpart.
22

23 **SEVERABILITY**

24 **SECTION 5.2.** If any provision of this act or its application is held invalid, the
25 invalidity does not affect other provisions or applications of this act that can be given effect
26 without the invalid provisions or application, and to this end, the provisions of this act are
27 severable.
28

29 **EFFECTIVE DATE**

30 **SECTION 5.3.** Except as otherwise provided, this act is effective when it becomes
31 law.
32