

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021**

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**SENATE BILL 172
Appropriations/Base Budget Committee Substitute Adopted 4/29/21
PROPOSED HOUSE COMMITTEE SUBSTITUTE S172-PCS35287-LRa-1**

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

Sponsors:

Referred to:

March 2, 2021

A BILL TO BE ENTITLED

1 AN ACT TO ESTABLISH THE STATE FISCAL RECOVERY RESERVE AND FUND,
2 CORONAVIRUS CAPITAL PROJECTS RESERVE AND FUND, AND LOCAL FISCAL
3 RECOVERY RESERVE AND FUND TO MAINTAIN FUNDS PAID TO THE STATE
4 FROM THE CORONAVIRUS STATE FISCAL RECOVERY FUND, CORONAVIRUS
5 CAPITAL PROJECTS FUND, AND CORONAVIRUS LOCAL FISCAL RECOVERY
6 FUND; TO APPROPRIATE FUNDS FROM THE LOCAL FISCAL RECOVERY FUND
7 FOR DISTRIBUTION TO NONENTITLEMENT UNITS OF LOCAL GOVERNMENT;
8 TO APPROPRIATE CERTAIN FEDERAL GRANT FUNDS PROVIDED TO THE STATE
9 UNDER THE AMERICAN RESCUE PLAN ACT; AND TO MAKE TECHNICAL AND
10 OTHER CHANGES.
11

12 The General Assembly of North Carolina enacts:

13
14 **PART I. GENERAL PROVISIONS**

15
16 **DEFINITIONS**

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

- 19 (1) American Rescue Plan Act. – The American Rescue Plan Act of 2021, P.L.
20 117-2.
- 21 (2) Consolidated Appropriations Act. – The Consolidated Appropriations Act,
22 2021, P.L. 116-260.
- 23 (3) Coronavirus or COVID-19. – The coronavirus disease 2019.
- 24 (4) FTA. – Federal Transit Administration.
- 25 (5) IDEA. – Individuals with Disabilities Education Act.
- 26 (6) Nonentitlement unit of local government. – A city, as that term is defined in
27 section 102(a)(5) of the Housing and Community Development Act of 1974
28 (42 U.S.C. § 5302(a)(5)), that is not a metropolitan city, as that term is defined
29 in Section 603 of the Social Security Act.
- 30 (7) OSBM. – The Office of State Budget and Management.
- 31 (8) SNAP. – Supplemental Nutrition Assistance Program.
- 32 (9) Social Security Act. – Title VI of the Social Security Act, 42 U.S.C. § 801, et
33 seq., as amended by the American Rescue Plan Act.
- 34 (10) WIC. – Special Supplemental Nutrition Program for Women, Infants, and
35 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

1 OSBM to carry out the provisions of this act and subsequent acts necessitated as a result of the
2 COVID-19 public health emergency. All funds allocated from the Capital Fund shall be used in
3 accordance with applicable federal law and guidance.
4

5 **ESTABLISHMENT OF LOCAL FISCAL RECOVERY RESERVE**

6 **SECTION 2.5.** The State Controller shall establish a Local Fiscal Recovery Reserve
7 (Local Reserve) in the General Fund to maintain federal funds received from the Coronavirus
8 Local Fiscal Recovery Fund, pursuant to the authorization set forth in the Social Security Act.
9 Funds that are reserved in the Local Reserve do not constitute an "appropriation made by law,"
10 as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.
11

12 **ESTABLISHMENT OF LOCAL FISCAL RECOVERY FUND**

13 **SECTION 2.6.** The Local Fiscal Recovery Fund (Local Fund) is established. The
14 purpose of the Local Fund is to provide funds consistent with section 603 of the Social Security
15 Act to nonentitlement units of local government to use to mitigate the impact of the COVID-19
16 public health emergency. The Local Fund shall be maintained as a special fund and administered
17 by OSBM to carry out the provisions of this act and subsequent acts necessitated as a result of
18 the COVID-19 public health emergency. All funds allocated from the Local Fund shall be used
19 in accordance with applicable federal law and guidance.
20

21 **PART III. APPROPRIATION OF CERTAIN FEDERAL GRANT FUNDS AND LOCAL** 22 **FISCAL RECOVERY FUNDS**

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

28 **SECTION 3.1.(b)** There is appropriated from the Local Fund to OSBM the total sum
29 of funds in the Local Fund in nonrecurring funds to be distributed to and used by nonentitlement
30 units of local government in accordance with applicable federal law and guidance.
31

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

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

49 **SECTION 3.1.(e)** No later than 30 days from the date OSBM makes the last
50 distribution required under subsection (c) of this section, OSBM shall submit a report to the
chairs of the Senate Appropriations/Base Budget Committee, the chairs of the House

1 Appropriations Committee, and the Fiscal Research Division detailing the amount of funds
2 provided under subsection (c) of this section to each nonentitlement unit of government.
3

4 **APPROPRIATION OF CERTAIN FEDERAL GRANT FUNDS PROVIDED UNDER**
5 **THE AMERICAN RESCUE PLAN ACT**

6 **SECTION 3.2.(a)** Except as otherwise provided in this section, federal funds
7 received by the State under the American Rescue Plan Act for the programs set forth in the
8 schedule below are appropriated in the amounts provided in the notification of award from the
9 federal government or any entity acting on behalf of the federal government to administer the
10 federal funds. Federal funds received by the State under the American Rescue Plan Act from the
11 Elementary and Secondary School Emergency Relief Fund are only appropriated up to the
12 estimated amount set forth in the schedule below for the program. State agencies may, with
13 approval of the Director of the Budget, spend these funds received from federal receipts and
14 federal grants. Any positions created with the funds shall terminate at the earlier of the funds
15 being fully expended or the deadline established by applicable federal law and guidance for use
16 of the funds. The grant amounts in the schedule set forth in this subsection are estimates of North
17 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	3,260,772,535
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
Institute for Museum and Library Services	4,309,000
Homeless Children and Youth	23,576,625
Maternal, Infant, and Early Childhood Home Visiting Program	625,310
Total Estimated Funding	\$6,400,545,070

50 **SECTION 3.2.(b)** The final amount of federal funds awarded for the following
51 programs are not yet known but are hereby appropriated in the same manner as provided in

1 subsection (a) of this section: (i) State Veterans Home Construction Grants, (ii) Family Violence
2 Prevention and Services, (iii) Payments to State Veterans Homes, and (iv) Elder Justice – Adult
3 Protective Services.

4
5 **HOMEOWNER ASSISTANCE FUND/ADMINISTERING AGENCY**

6 **SECTION 3.3.** The agency responsible for administering the Homeowner
7 Assistance Fund funds appropriated under Section 3.2 of this act is the North Carolina Housing
8 Finance Agency.

9
10 **EMERGENCY RENTAL ASSISTANCE FUNDS/ADMINISTERING AGENCY AND**
11 **ALLOCATION**

12 **SECTION 3.4.(a)** For purposes of this section, the term "Emergency Rental
13 Assistance funds" means funds appropriated for Emergency Rental Assistance under (i) Section
14 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.

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

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

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

- 23 (1) \$18,143,818 to Buncombe County.
- 24 (2) \$8,869,958 to Cabarrus County.
- 25 (3) \$31,175,381 to Cumberland County.
- 26 (4) \$16,283,963 to Durham County.
- 27 (5) \$28,686,999 to Forsyth County.
- 28 (6) \$15,060,507 to Gaston County.
- 29 (7) \$36,873,026 to Guilford County.
- 30 (8) \$11,502,293 to Johnston County.
- 31 (9) \$49,474,851 to Mecklenburg County.
- 32 (10) \$15,375,324 to New Hanover County.
- 33 (11) \$6,107,019 to Union County.
- 34 (12) \$30,083,215 to Wake County.

35 **SECTION 3.4.(e)** The counties set forth in subsection (d) of this section shall be
36 provided their maximum allotment set forth in subsection (d) of this section, minus any pro rata
37 adjustments authorized in this section, from the Office and shall manage those funds in
38 accordance with local priorities and federal requirements. Counties that received direct
39 allocations from the federal Emergency Rental Assistance program shall exhaust their direct
40 allocations before expending any of the State allotment provided in subsection (d) of this section.
41 The counties set forth in subsection (d) of this section are ineligible to receive any additional
42 funds under subsection (f) of this section.

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

- 46 (1) \$29,472,777 to Region A (Cherokee, Clay, Graham, Haywood, Jackson,
47 Macon, and Swain Counties).
- 48 (2) \$20,252,053 to Region B (Henderson, Madison, and Transylvania Counties).
- 49 (3) \$34,297,905 to Region C (Cleveland, McDowell, Polk, and Rutherford
50 Counties).

- 1 (4) \$31,500,652 to Region D (Alleghany, Ashe, Avery, Mitchell, Watauga,
2 Wilkes, and Yancey Counties).
- 3 (5) \$49,564,633 to Region E (Alexander, Burke, Caldwell, and Catawba
4 Counties).
- 5 (6) \$56,766,859 to Region F (Anson, Iredell, Lincoln, Rowan, and Stanly
6 Counties).
- 7 (7) \$107,644,512 to Region G (Alamance, Caswell, Davidson, Montgomery,
8 Randolph, Rockingham, Davie, Stokes, Surry, and Yadkin Counties).
- 9 (8) \$39,711,535 to Region J (Chatham, Lee, Moore, and Orange Counties).
- 10 (9) \$32,087,967 to Region K (Franklin, Granville, Person, Vance, and Warren
11 Counties).
- 12 (10) \$46,735,614 to Region L (Edgecombe, Halifax, Nash, Northampton, and
13 Wilson Counties).
- 14 (11) \$26,201,509 to Region M (Harnett and Sampson Counties).
- 15 (12) \$51,374,676 to Region N (Bladen, Hoke, Richmond, Robeson, and Scotland
16 Counties).
- 17 (13) \$32,117,037 to Region O (Brunswick, Columbus, and Pender Counties).
- 18 (14) \$91,101,787 to Region P (Carteret, Craven, Duplin, Greene, Jones, Lenoir,
19 Onslow, Pamlico, and Wayne Counties).
- 20 (15) \$41,034,412 to Region Q (Beaufort, Bertie, Hertford, Martin, and Pitt
21 Counties).
- 22 (16) \$21,892,087 to Region R (Camden, Chowan, Currituck, Dare, Gates, Hyde,
23 Pasquotank, Perquimans, Tyrrell, and Washington Counties).

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

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

46 **SECTION 3.4.(i)** In accordance with applicable federal guidelines, the Office shall
47 establish a hotline to provide eligible households with case management and other services
48 related to the COVID-19 public health emergency. The Office may use up to ten percent (10%)
49 of Emergency Rental Assistance funds for the hotline, housing stability services, and
50 administrative costs; however, no more than five percent (5%) of Emergency Rental Assistance
51 funds may be used for administrative costs, which include the costs associated with establishing

1 a hotline. Expenses incurred under this subsection for housing stability services or administrative
2 costs shall be deducted pro rata from the maximum allotments listed in subsection (d) or (f) of
3 this section.

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

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

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

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

27 28 **ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND/USE OF** 29 **FUNDS**

30 **SECTION 3.5.** The Elementary and Secondary School Emergency Relief Fund
31 funds appropriated in Section 3.2 of this act shall only be used by the Department of Public
32 Instruction to (i) allocate federal grant funds to public school units pursuant to subsection (d) of
33 section 2001 of the American Rescue Plan Act and (ii) reserve twenty-one million five hundred
34 thousand dollars (\$21,500,000) of the funds pursuant to subsection (f) of section 2001 of the
35 American Rescue Plan Act to be used according to the following:

- 36 (1) \$20,000,000 shall be used by the Department to allocate funds to each public
37 school unit in the State, except for schools operated by the State Board of
38 Education, to ensure that each public school unit receives a total amount from
39 the Elementary and Secondary School Emergency Relief III (ESSER III) Fund
40 of at least four hundred dollars (\$400.00) per pupil in federal grant funds
41 according to the following:
 - 42 a. If a public school unit did not receive funds pursuant to subsection (d)
43 of section 2001, the public school unit shall receive an amount equal
44 to four hundred dollars (\$400.00) per pupil.
 - 45 b. If a public school unit received funds pursuant to subsection (d) of
46 section 2001, the per pupil amount allocated under this subdivision
47 shall be reduced so that (i) the total amount in federal grant funds from
48 the ESSER III Fund is equal to four hundred dollars (\$400.00) per
49 pupil or (ii) the public school unit receives no additional funding
50 because the total amount from the ESSER III Fund would exceed four
51 hundred dollars (\$400.00) per pupil.

- 1 (2) \$1,500,000 to be allocated in equal amounts to the Governor Morehead School
2 for the Blind, Eastern North Carolina School for the Deaf, and North Carolina
3 School for the Deaf for school facility repairs and improvements to enable
4 operation of the schools to reduce risk of virus transmission and exposure to
5 environmental health hazards and to support student health needs. The funds
6 may be used for inspection, testing, maintenance, repair, replacement, and
7 upgrade projects to improve the indoor air quality in school facilities,
8 including mechanical and nonmechanical heating, ventilation, and air
9 conditioning systems, filtering, purification and other air cleaning, fans,
10 control systems, and window and door repair and replacement.
11

12 CONSTRUCTION OF PART

13 **SECTION 3.6.** Nothing in this Part shall be construed as appropriating funds paid
14 to the State from (i) the Coronavirus State Fiscal Recovery Fund pursuant to the authorization
15 set forth in section 602 of the Social Security Act or (ii) the Coronavirus Capital Projects Fund
16 pursuant to the authorization set forth in section 604 of the Social Security Act.
17

18 PART IV. TECHNICAL AND OTHER CHANGES

20 EXTEND DATE FOR USE OF CERTAIN DISASTER RECOVERY FUNDS

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

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

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

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

31 YMCA/REVISE USE OF COVID-19 FUNDS

32 **SECTION 4.2.** Section 3.3(103a) of S.L. 2020-4, as enacted by Section 1.2 of S.L.
33 2020-97 and amended by Section 3.2 of S.L. 2021-1, reads as rewritten:

34 "(103a) \$19,850,000 to YMCA of the Triangle Area, Inc., (YMCA) for the North
35 Carolina Alliance of YMCAs (Alliance) which shall develop and administer
36 a grant program to facilitate remote learning opportunities during the
37 COVID-19 pandemic. Of the funds allocated under this subdivision, the
38 Alliance and YMCA may use a total of five hundred thousand dollars
39 (\$500,000) for administrative costs. For purposes of the grant program, the
40 YMCA shall serve only as the fiscal agent for the Alliance. The following
41 shall apply to the grant program developed and administered by the Alliance
42 pursuant to this subdivision:

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

46 a.1. All North Carolina YMCAs, YWCAs, Boys and Girls Clubs,
47 county and municipal parks and recreation departments, and
48 community-based organizations are eligible to receive grant
49 funds. For purposes of this subdivision, the term
50 "community-based organizations" means public or private
51 nonprofit organizations of demonstrated effectiveness that are

- 1 representative of a community or significant segments of a
2 community that provide educational or related services to
3 individuals in the community, such as parks and recreation
4 programs, YMCAs, YWCAs, and Boys and Girls Clubs.
- 5 b.2. All applicants shall submit a plan detailing how grant funds
6 will be spent and the estimated number of children that will be
7 served with grant funds.
- 8 e.3. Priority shall be given to applicants serving populations from
9 local education agencies that are operating under Plans B and
10 C of the Department of Health and Human Services guidelines
11 for school operations.
- 12 d.4. Individual grants shall not exceed one hundred thousand
13 dollars (\$100,000).
- 14 e.5. Applicants shall demonstrate the ability to use all grant funds
15 before the deadline established by applicable federal law and
16 guidance.
- 17 f. ~~Of the funds allocated in this subdivision, the Alliance and~~
18 ~~YMCA may use a total of one hundred thousand dollars~~
19 ~~(\$100,000) for administrative costs.~~
- 20 6. No later than June 7, 2021, grantees with remaining funds shall
21 submit to the YMCA final expenses incurred up to and
22 including May 31, 2021, and the estimated cost of the single
23 audit, if a single audit is required, for which they are seeking
24 reimbursement from the grant program.
- 25 b. The Alliance shall use funds that were appropriated by this subdivision
26 but not allocated in the first round of remote learning grants to pay for
27 required single audits and to award new grants to eligible
28 organizations to address learning loss and enrichment due to the
29 effects of the COVID-19 pandemic on students. For purposes of the
30 learning loss and enrichment grant program, the YMCA shall serve
31 only as the fiscal agent for the Alliance. The following shall apply to
32 the awarding of learning loss and enrichment grants:
- 33 1. Only organizations that were eligible in the first round of
34 grants are eligible to apply for a learning loss and enrichment
35 grant.
- 36 2. Grants shall be awarded to organizations providing programs
37 that address learning loss supported by social emotional
38 learning, enrichment, and physical activity.
- 39 3. Approval of applications shall be based upon an organization's
40 (i) past performance of demonstrated knowledge of federal
41 cost principles in remote learning site grants, (ii) having either
42 an audited financial statement or producing current financial
43 statements to demonstrate financial solvency, and (iii)
44 submission of a plan detailing how grant funds will be spent
45 and the estimated number of children that will be served with
46 grant funds.
- 47 4. Individual grants shall not exceed thirty-five thousand dollars
48 (\$35,000).
- 49 5. Applicants shall demonstrate the ability to use all learning loss
50 and enrichment grant funds before the deadline established by
51 applicable federal law and guidance."

1
2 **REVISIONS TO THE STATUTORY CONTINUING RESOLUTION**3 **SECTION 4.3.(a)** G.S. 143C-5-4 reads as rewritten:4 **"§ 143C-5-4. Enactment deadline; procedures to be followed when the Current Operations**
5 **Appropriations Act does not become law prior to the end of certain fiscal years.**

6 ...

7 (b) Procedure for Budget Continuation. – If a fiscal year begins for which no Current
8 Operations Appropriations Act providing for current operations of State government during that
9 fiscal year has become law, then the following procedures shall be followed and the following
10 limitations shall apply:11 (1) Authority. – Unless otherwise provided by law, the Director of the Budget
12 may continue to allocate funds from all funds for expenditure by State
13 departments, institutions, and agencies at a level not to exceed the level of
14 ~~recurring expenditures from those funds~~ in the recurring certified budget
15 for the prior fiscal year. If the Director of the Budget finds that projected revenues
16 for the fiscal year will not support expenditures at the level of recurring
17 expenditures for the prior fiscal year, the Director of the Budget shall allot
18 funds at a lower level. In making these allocations, the Director of the Budget
19 shall ensure the prompt payment of the principal and interest on bonds and
20 notes of the State according to their terms. Except as otherwise provided by
21 this section, the limitations and directions on the expenditure of funds for the
22 prior fiscal biennium shall remain in effect. Except for funds appropriated for
23 (i) capital improvement projects or (ii) the implementation of information
24 technology projects, the Director of the Budget shall not allocate funds for
25 items funded with nonrecurring funds during the prior fiscal year.

26 ...

27 ~~(8) Statutory transfers to reserves. — Notwithstanding G.S. 143C 4-2 and~~
28 ~~G.S. 143C 4-3.1, funds shall not be reserved to the Savings Reserve Account~~
29 ~~or the State Capital and Infrastructure Fund and the State Controller shall not~~
30 ~~transfer funds from the unreserved fund balance to those accounts on June 30~~
31 ~~of the prior fiscal year.~~32 (9) ~~Federal block grant funds and other grant Grant funds. – Notwithstanding~~
33 ~~G.S. 143C-6-4, State agencies may, with approval of the Director of the~~
34 ~~Budget, spend funds received from grants awarded during the current fiscal~~
35 ~~year, including federal block grants, year that are for less than two million five~~
36 ~~hundred thousand dollars (\$2,500,000), do not require State matching funds,~~
37 ~~and will not be used for a capital project. State agencies shall report to the~~
38 ~~Joint Legislative Commission on Governmental Operations within 30 days of~~
39 ~~receipt of such funds. State agencies may spend up to the greater of one~~
40 ~~percent (1%) or ten million dollars (\$10,000,000) of the total amount of grants~~
41 ~~awarded during the current fiscal year to respond to an emergency with the~~
42 ~~approval of the Director of the Budget. State agencies shall report to the Joint~~
43 ~~Legislative Commission on Governmental Operations within 30 days of~~
44 ~~receipt of such funds, including specifying the total amount of grants awarded~~
45 ~~to respond to the emergency. State agencies may spend all other funds from~~
46 ~~grants awarded during the current fiscal year, including federal block grants,~~
47 ~~year only with approval of the Director of the Budget and after consultation~~
48 ~~with the Joint Legislative Commission on Governmental Operations, except~~
49 ~~that consultation with the Joint Legislative Commission on Governmental~~
50 ~~Operations shall not be required prior to an expenditure to respond to an~~
51 ~~emergency, as that term is defined in G.S. 166A 19.3(6). Operations. The~~

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

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

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

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

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

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

33 **EXTRA CREDIT GRANT PROGRAM EXTENSION**

34 **SECTION 4.5.** Section 4.12(d) of S.L. 2020-4, as enacted by Section 1.3 of S.L.
35 2020-97 and amended by Section 1 of S.L. 2021-1, reads as rewritten:

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

38 ...

39 (1a) Amended return. – An individual who filed a 2019 State income tax return as
40 required under subdivision (1) of this section but who did not receive an
41 automatic grant award because the taxpayer did not meet the eligibility
42 conditions of that subdivision and who files an amended return satisfying the
43 conditions of that subdivision on or before ~~May 31,~~ July 1, 2021.

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

47 ...

48 (3) Optional application for grant award. – An individual who filed a 2019 State
49 income tax return as required under subdivision (1) of this subsection but who
50
51

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

10 **PART V. MISCELLANEOUS**

11 **EFFECT OF HEADINGS**

12
13 **SECTION 5.1.** The headings to the parts, subparts, and sections of this act are a
14 convenience to the reader and are for reference only. The headings do not expand, limit, or define
15 the text of this act, except for effective dates referring to a part or subpart.
16

17 **SEVERABILITY**

18 **SECTION 5.2.** If any provision of this act or its application is held invalid, the
19 invalidity does not affect other provisions or applications of this act that can be given effect
20 without the invalid provisions or application, and to this end, the provisions of this act are
21 severable.
22

23 **EFFECTIVE DATE**

24 **SECTION 5.3.** Except as otherwise provided, this act is effective when it becomes
25 law.
26