



State Capital and Infrastructure Fund (SCIF) Grant Process

Presentation to the Joint Legislative Oversight
Committee on Capital Improvements

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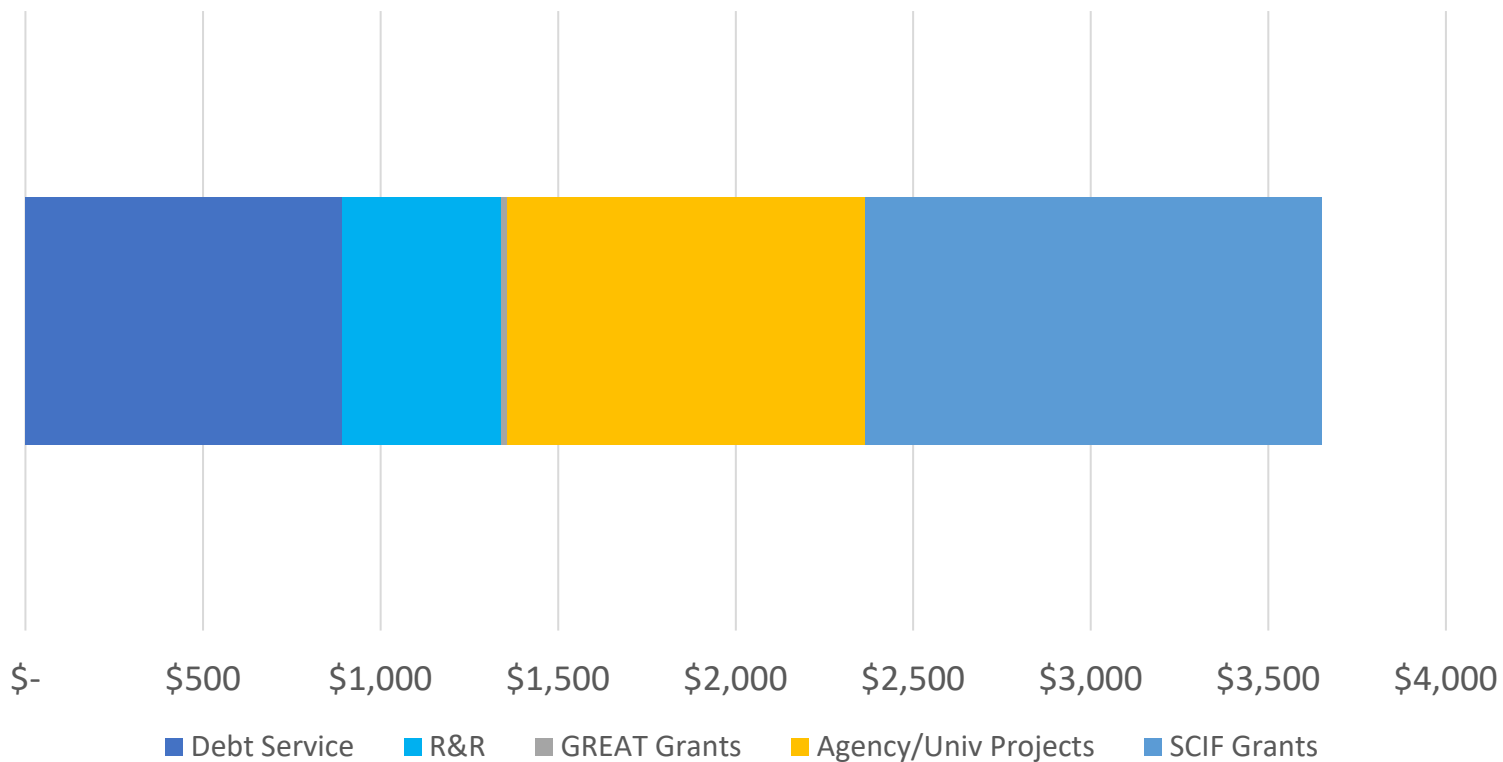
Overview

- Big Picture – 2021 Appropriations Act
- Process for a Non-state Entity to Receive State Funds
- OSBM's Work to Date
- Additional Resources
- Questions



State Capital and Infrastructure Fund

SCIF Funding Distribution FY 2021-22,
\$ in millions



Debt Service	\$891M
UNC & State R&R	\$450M
Agency/Univ Projects	\$1,000M
GREAT Grants	\$15M
SCIF Grants	\$1,287M
	<hr/>
	\$3,651M



2021 Appropriations Act – Directed Grants

900+ Directed Grants
\$2 billion+
13 administering agencies

of which
601 SCIF Grants
\$1.5 billion
3 administering agencies

OSBM is administering
581 SCIF Grants
\$1.4 billion



OSBM-administered SCIF Grants FY 2021-23

581 Grants
\$1.4 billion

Counties

131 grants
\$425.7M

Municipalities

224 grants
\$225.1M

Community Colleges/Schools

69 grants
\$376.9M

Nonprofits, Hospitals, Other

157 grants
\$361.3M



What is a SCIF Grant?

Per S.L. 2021-180, Section 40.8:

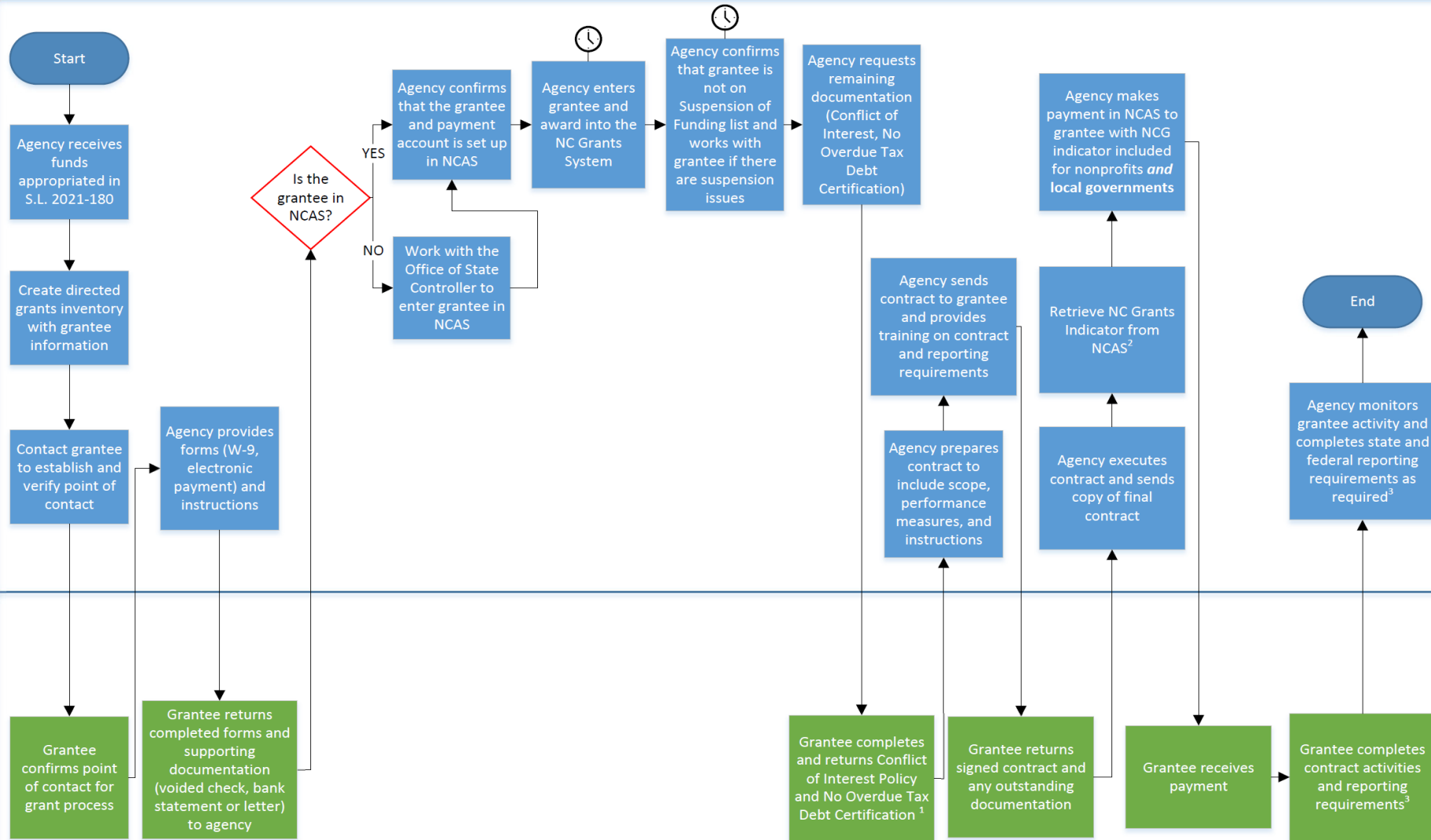
- “nonrecurring funds allocated from the State Capital and Infrastructure Fund to non-State entities”
 - **Non-state entity:** Any of the following that is not a State agency: an individual, a firm, a partnership, an association, a county, a corporation, or any other organization or group acting as a unit. The term includes a unit of local government and public authority (G.S. 143C1-1.(18))
- Subject to G.S. 143C-6-23(b) through (f) and (f2) through (k)
- For nonsectarian, nonreligious purposes only

Process for a Non-state Entity to Receive State Funds

Directed Grants Administration Process

Administering Agency

Grantee



¹ No Overdue Tax Debt Certification must be made under oath, which can be fulfilled through notarization or signature made before a judge.

² Grantee and award information must be entered into NC Grants System before a NCG indicator will populate in the NCAS report.

³ Reporting varies based on funding source and each funding source has different reporting dates and requirements.



Administering Agency Perspective – High Level Grant Process

1. Locate and Contact Recipient
2. Collect Required Documentation
 - a. W-9 or substitute W-9
 - b. Electronic Payment/Vendor Verification Form, including cancelled check or other banking documentation
 - c. Copy of Conflict of Interest Policy
 - d. Sworn Statement re: No Overdue Tax Debts
3. Set up Entity for Payment
 - a. Work with OSC to ensure recipient is in state accounting system
 - b. Enter recipient into NCGrants system
 - c. Check that recipient is not on Suspension of Funding List
4. Negotiate & Sign Grant Agreement (Contract)
 - a. Scope of Work (activities and accomplishments)
 - b. Budget
 - c. Performance Measures
5. Disburse Funds
6. Collect and Review Reports
7. Monitor Recipients



Receiving Entity Perspective – High Level Grant Process

1. Realize Received Grant
 - a. Followed Appropriations Act
 - b. Contacted by state representative or state agency
2. Submit Required Documentation
 - a. W-9 or substitute W-9
 - b. Electronic Payment/Vendor Verification Form, including cancelled check or other banking documentation
 - c. Copy of Conflict of Interest Policy
 - d. Sworn statement re: no overdue tax debts
3. Negotiate & Sign Grant Agreement (Contract)
 - a. Scope of Work (activities and accomplishments)
 - b. Budget
 - c. Performance Measures
4. Receive Funds
5. Conduct Work
6. Report, including any applicable audits



What goes in a Grant Agreement (Contract)?

- Must have the following grant terms (G.S. 143C-6-23.(d1)):
 - Limitation contained in G.S. 143C-6-8 concerning the availability of appropriated funds
 - Relevant provisions of any legislation authorizing or governing the administration of the grant
 - The terms of G.S. 143C-6-23
- Must comply with all requirements of 09 NCAC 03M (G.S. 143C-6-23.(d))
 - See next slide for complete list
 - Includes having reporting requirements in grant agreement (see slide 14)
- Scope of Work
- Budget



Required Contract (Grant Agreement) Provisions per Rules

Per 09 NCAC 03M .0703, the contract shall include:

- **Purpose of the award, services to be provided, objectives, and expected results**
- **Source of funds** (federal or state), including CFDA and percentages of each source where applicable
- Account coding information
- Agreement to **maintain pertinent records for five years** or until all audit exceptions have been resolved, whichever is longer.
- Names of all parties, including EID, address, contact information, and grantee's fiscal year end
- Contract duration, including effective and termination dates
- **Contract amount and payment(s) schedule**
- **Recipient duties**
- **Required reports and reporting deadlines**
- **Provisions for termination by mutual consent** with 60 days written notice to other party, or as otherwise provided by law
- Provision that the awarding of funds is subject to allocation and appropriation of funds to the agency for the purposes set forth in the contract
- Provision requiring **reversion of unexpended funds** to the agency upon termination of the contract
- Provision that requires compliance with the requirements of 09 NCAC 03M, including audit oversight by the Office of the State Auditor
- Clause addressing assignability and subcontracting, including the following:
 1. Grantee or subgrantee is not relieved of any of the duties and responsibilities of the original contract
 2. Subgrantee agrees to abide by the standards contained in 09 NCAC 03M and to provide information needed by the grantee to comply with these standards



SCIF Disbursement of Funds

Payments

- Per S.L. 2021-180, sec. 40.8: first payment shall be made when all applicable requirements are met and commence no later than 100 days after S.L. 2021-180 became law (February 26, 2022)
- Disbursement in full no later than nine months after the Act became law (August 18, 2022)

OSBM will make one payment to FY 2021-22 SCIF grant recipients once all applicable requirements are met.

Other Requirements

- Grantees can keep interest earned but must use for same purpose as grant (G.S. 143C-6-23.(j))
- Cost of audit can be charged to grant (09 NCAC 03M.0205)
- State funds for any one employee of a nonprofit are capped at \$120,000 (S.L. 2021-180, Sec. 5.3)

Reversion

- SCIF Grant funds “shall not revert until expended or the particular project has been completed.” (S.L. 2021-180, sec. 40.8.(3))



Recipient Reporting Requirements

- **Three state* reporting levels minimum reporting requirements (09 NCAC 03M .0205):**
 - Level I – \$25,000 or less
 - Certification that funds received, or held, was used for the purposes for which it was awarded.
 - Accounting of all funds received, held, used, or expended
 - Level II – greater than \$25,000 but less than \$500,000
 - All reporting requirements for Level I grantees
 - Report on **activities and accomplishments undertaken** by the recipient, including reporting on any **performance measures** established in the contract
 - Level III – greater than \$500,000
 - All reporting requirements for Level I and Level II grantees
 - A single or program-specific **audit** prepared in accordance with Generally Accepted Government Auditing Standards, also known as the Yellow Book
 - Audits must be provided no later than nine months after the grantee's fiscal year end

SCIF Grantees will report quarterly to OSBM

**Depending on the source of funds, there may be additional federal reporting requirements that must be complied with.*

OSBM Work to Date & Additional Resources



OSBM SCIF Work to Date

- Researched and identified all recipients
- Sending weekly emails to recipients
- Created a new, entirely electronic process/system
- Created two new websites aimed at recipients
- Hosting two webinars for recipients
- Hosted webinar for state agencies administering Directed Grants
 - Meeting separately with two other agencies administering SCIF grants
- Temporarily reassigned 13 analysts to get SCIF grants processed by 100-day deadline
 - Hiring for two positions – Accountant II and Grants Manager



SCIF Grant Timeline/Weekly Emails

Week of January 3	Initial contact email; grantee confirm receipt
Week of January 10	W-9 and electronic payment form
Week of January 17	Conflict of Interest Policy & No Overdue Tax Debts
Week of January 24	Scope of Work: activities, performance measures *Webinars this week
Week of January 31	Grant Agreements (for those who have submitted other required documents)
Month of February	Process payments as signed grant agreements are returned; payments within 10 days



How can you help?

- Make sure your recipients know they are getting funds and OSBM has been contacting them
- **Errors / Technical Corrections**
 - OSBM cannot change
 - who the grant recipient is
 - the purpose
 - the amount
 - OSBM is
 - directing recipients to their legislative members to request a technical correction if they think there is an error
 - Compiling a list of the errors we hear of or identify
 - Recipient can
 - subgrant funds to another entity, but they are still responsible for the use of the funds
 - refuse the funds

In the absence of a technical corrections bill passing and/or the recipient refusing the grant, we will process the grant as the law prescribes.



At a minimum, the report to FRD shall include the following:

1. The date issued initial contract,
2. The date the contract was sent to the grantee,
3. The date when the fully executed contract was returned,
4. The contract execution date, and
5. The date when grant was disbursed in full

OSBM submitted first
report December 30, 2021



Websites

- All Directed Grants with database of grants, contact information, FAQ
- SCIF Grants

Webinars

- Tuesday, January 25, 10:00 am – local governments
 - All Directed Grants, with session on SCIF
 - Hosted by NC League of Municipalities and NC Association of County Commissioners
- Thursday, January 27 – nonprofits, all others
 - Only for OSBM-administered grant recipients



- **State Statute**

- G.S. 143C-6-23 State Grant Funds
- S.L. 2021-180 2021 Current Operations Appropriations Act
 - Section 5.3 Cap State-funded Portion of Nonprofit Salaries
 - Section 40.8 SCIF Grants
- S.L. 2021-189 Budget Technical Corrections

- **Administrative Code**

- 09 NCAC 03M

- **Policy/State Budget Manual**

- Section 3.15 on Disbursement of Directed Grants – updated January 10, 2022

Questions

Website: [SCIF Grants | NC OSBM](#)

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