

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021**

**SENATE BILL 172
RATIFIED BILL**

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

ESTABLISHMENT OF LOCAL FISCAL RECOVERY RESERVE

SECTION 2.5. The State Controller shall establish a Local Fiscal Recovery Reserve (Local Reserve) in the General Fund to maintain federal funds received from the Coronavirus

Local Fiscal Recovery Fund, pursuant to the authorization set forth in the Social Security Act. Funds that are reserved in the Local 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 LOCAL FISCAL RECOVERY FUND

SECTION 2.6. The Local Fiscal Recovery Fund (Local Fund) is established. The purpose of the Local Fund is to provide funds consistent with section 603 of the Social Security Act to nonentitlement units of local government to use to mitigate the impact of the COVID-19 public health emergency. The Local 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 Local Fund shall be used in accordance with applicable federal law and guidance.

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

TRANSFER AND APPROPRIATION OF LOCAL FISCAL RECOVERY FUNDS

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

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

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

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

SECTION 3.1.(e) No later than 30 days from the date OSBM makes the last 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 Appropriations Committee, and the Fiscal Research Division detailing the amount of funds provided under subsection (c) of this section to each nonentitlement unit of government.

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

SECTION 3.2.(a) Except as otherwise provided in this section, federal funds received by the State under the American Rescue Plan Act for the programs set forth in the schedule below are appropriated in the amounts provided in the notification of award from the

federal government or any entity acting on behalf of the federal government to administer the federal funds. Federal funds received by the State under the American Rescue Plan Act from the Elementary and Secondary School Emergency Relief Fund are only appropriated up to the estimated amount set forth in the schedule below for the program. State agencies may, with approval of the Director of the Budget, spend these funds received from federal receipts and federal grants. Any positions created with the funds shall terminate at the earlier of the funds being fully expended or the deadline established by applicable federal law and guidance for use of the funds. The grant amounts in the schedule set forth in this subsection are estimates of North 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 |

SECTION 3.2.(b) The final amount of federal funds awarded for the following programs are not yet known but are hereby appropriated in the same manner as provided in subsection (a) of this section: (i) State Veterans Home Construction Grants, (ii) Family Violence Prevention and Services, (iii) Payments to State Veterans Homes, and (iv) Elder Justice – Adult Protective Services.

HOMEOWNER ASSISTANCE FUND/ADMINISTERING AGENCY

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

EMERGENCY RENTAL ASSISTANCE FUNDS/ADMINISTERING AGENCY AND ALLOCATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF FUND/USE OF FUNDS

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

- (1) \$20,000,000 shall be used by the Department to allocate funds to each public school unit in the State, except for schools operated by the State Board of Education, to ensure that each public school unit receives a total amount from the Elementary and Secondary School Emergency Relief III (ESSER III) Fund of at least four hundred dollars (\$400.00) per pupil in federal grant funds according to the following:
 - a. If a public school unit did not receive funds pursuant to subsection (d) of section 2001, the public school unit shall receive an amount equal to four hundred dollars (\$400.00) per pupil.
 - b. If a public school unit received funds pursuant to subsection (d) of section 2001, the per pupil amount allocated under this subdivision shall be reduced so that (i) the total amount in federal grant funds from the ESSER III Fund is equal to four hundred dollars (\$400.00) per pupil or (ii) the public school unit receives no additional funding because the total amount from the ESSER III Fund would exceed four hundred dollars (\$400.00) per pupil.
- (2) \$1,500,000 to be allocated in equal amounts to the Governor Morehead School for the Blind, Eastern North Carolina School for the Deaf, and North Carolina School for the Deaf for school facility repairs and improvements to enable operation of the schools to reduce risk of virus transmission and exposure to environmental health hazards and to support student health needs. The funds may be used for inspection, testing, maintenance, repair, replacement, and upgrade projects to improve the indoor air quality in school facilities, including mechanical and nonmechanical heating, ventilation, and air

conditioning systems, filtering, purification and other air cleaning, fans, control systems, and window and door repair and replacement.

CONSTRUCTION OF PART

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

PART IV. TECHNICAL AND OTHER CHANGES

EXTEND DATE FOR USE OF CERTAIN DISASTER RECOVERY FUNDS

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

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

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

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

YMCA/REVISE USE OF COVID-19 FUNDS

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

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

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

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

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

- ~~e.3.~~ Priority shall be given to applicants serving populations from local education agencies that are operating under Plans B and C of the Department of Health and Human Services guidelines for school operations.
- ~~d.4.~~ Individual grants shall not exceed one hundred thousand dollars (\$100,000).
- ~~e.5.~~ Applicants shall demonstrate the ability to use all grant funds before the deadline established by applicable federal law and guidance.
- ~~f.~~ ~~Of the funds allocated in this subdivision, the Alliance and YMCA may use a total of one hundred thousand dollars (\$100,000) for administrative costs.~~
- 6. No later than June 7, 2021, grantees with remaining funds shall submit to the YMCA final expenses incurred up to and including May 31, 2021, and the estimated cost of the single audit, if a single audit is required, for which they are seeking reimbursement from the grant program.
- b. The Alliance shall use funds that were appropriated by this subdivision but not allocated in the first round of remote learning grants to pay for required single audits and to award new grants to eligible organizations to address learning loss and enrichment due to the effects of the COVID-19 pandemic on students. For purposes of the learning loss and enrichment grant program, the YMCA shall serve only as the fiscal agent for the Alliance. The following shall apply to the awarding of learning loss and enrichment grants:
 - 1. Only organizations that were eligible in the first round of grants are eligible to apply for a learning loss and enrichment grant.
 - 2. Grants shall be awarded to organizations providing programs that address learning loss supported by social emotional learning, enrichment, and physical activity.
 - 3. Approval of applications shall be based upon an organization's (i) past performance of demonstrated knowledge of federal cost principles in remote learning site grants, (ii) having either an audited financial statement or producing current financial statements to demonstrate financial solvency, and (iii) submission of a plan detailing how grant funds will be spent and the estimated number of children that will be served with grant funds.
 - 4. Individual grants shall not exceed thirty-five thousand dollars (\$35,000).
 - 5. Applicants shall demonstrate the ability to use all learning loss and enrichment 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,~~ year only with approval of the Director of the Budget and after consultation with the Joint Legislative Commission on Governmental Operations, ~~except that consultation with the Joint Legislative Commission on Governmental Operations shall not be required prior to an expenditure to respond to an emergency, as that term is defined in G.S. 166A-19.3(6).~~ Operations. The Office of State Budget and Management shall work with the recipient State agencies to budget grant awards according to the annual program needs and within the parameters of the respective granting entities. Depending on the nature of the award, additional State personnel may be employed on a time-limited basis. Funds received from such grants are hereby appropriated up to the applicable allowable amount set forth in this subdivision and shall

be incorporated into the authorized budget of the recipient State agency. Notwithstanding the provisions of this subdivision, no State agency may accept a grant if acceptance of the grant would obligate the State to make future expenditures relating to the program receiving the grant or would otherwise result in a financial obligation as a consequence of accepting the grant funds. Nothing in this subdivision shall be construed to prohibit or limit expenditures that are authorized under subdivision (1) of this subsection. For purposes of this subdivision, the term (i) "emergency" is as defined in G.S. 166A-19.3 and (ii) "grant" means funds received from a grant that was not included in the base budget for the fiscal year in which the grant was awarded."

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

CORONAVIRUS RELIEF FUND/REALLOCATION AND USE OF UNSPENT FUNDS

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

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

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

EXTRA CREDIT GRANT PROGRAM EXTENSION

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

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

...

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

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

...

(3) Optional application for grant award. – An individual who filed a 2019 State income tax return as required under subdivision (1) of this subsection but who did not receive an automatic grant award because the taxpayer did not report a qualifying child on line 10a of Form D-400 on or before October 15, 2020, and who does not file an amended return correcting line 10a as provided under subdivision (1a) of this section, may apply for a grant under this program on a form prescribed by the Secretary of Revenue postmarked on or before ~~May 31,~~ July 1, 2021. The Secretary may accept applications from paid preparers

or holders of a valid power of attorney on behalf of individuals applying for a grant under this subdivision. Applications received under this subdivision do not amend a taxpayer's tax return."

PART V. MISCELLANEOUS

EFFECT OF HEADINGS

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

SEVERABILITY

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

EFFECTIVE DATE

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

In the General Assembly read three times and ratified this the 20th day of May, 2021.

s/ Bill Rabon
Presiding Officer of the Senate

s/ John R. Bell, IV
Presiding Officer of the House of Representatives

Roy Cooper
Governor

Approved _____m. this _____ day of _____, 2021