



**STATE OF NORTH CAROLINA**  
**OFFICE OF STATE BUDGET AND MANAGEMENT**  
**Employment First State for Individuals with Disabilities**

ROY COOPER  
GOVERNOR

CHARLES PERUSSE  
STATE BUDGET DIRECTOR

November 20, 2020

Dear Chairman Davis and Superintendent Johnson:

Section 1.9(b) of Session Law 2020-97 grants the North Carolina Pandemic Recovery Office (NCPRO) the authority to reallocate unspent Coronavirus Relief Money (CRF) money among existing activities that the General Assembly has established in related session law starting on November 20. The underlying goal is to ensure North Carolinians “receive the maximum benefit possible from the appropriations” using CRF.

Pursuant to that provision, NCPRO is authorizing the State Board of Education (SBE) to allow public school units (PSUs) to transfer funds among eligible CRF programs effective today, November 20, 2020. NCPRO staff will work with SBE and the Department of Public Instruction (DPI) to adopt any necessary policy adjustments and implement the process outlined below.

The State is taking this action to allow PSUs to retain overall CRF allocation totals with additional flexibility to adjust spending as necessary to respond to local circumstances and maximize use of funds. Elementary and secondary education accounts for a sizeable portion of the State’s overall CRF programs, but the allocations are divided into more than a dozen, separate programs for PSUs. Our office understands that the fragmented nature of the aid has presented challenges for PSUs to use the funds.

This authorization extends only to certain program report codes (PRC) funded by CRF money and in alignment with the following provisions, which are developed in accordance with federal and state rules on these funds:

- PSUs may request transfers through DPI School Business using ABCs flexibility among eligible PRCs as applicable for each PSU, including PRCs 121, 122, 123, 124, 125, 126, 127, 128, 129, 132, 134, 135, 137 and 138.
- The transferred amounts may be used to reimburse any eligible expenses that were or will be incurred during the full covered period of July 1 – December 30, unless applicable governance policy (i.e., State Board of Education, local board of education, etc.) provides otherwise. Use of funds are limited to the purposes provided in state allocations and in accordance with SBE allotment policies.
- PSUs may only request to transfer funds in eligible PRCs that are reasonably expected to be unspent for their original purpose by December 30, 2020.
- Any funds that are unexpended or unencumbered, as permissible by U.S. Treasury guidance, after December 30, 2020, will be returned to the Office of State Budget and Management.
- DPI must provide NCPRO a weekly report summarizing the reallocated totals in eligible PRCs as long as transfers are being requested and processed pursuant to this authority.

As a reminder, these funds are subject to restrictions established by the U.S. Congress in the CARES Act and guidance issued by the U.S. Treasury Department. Expenditures using CRF money must meet those requirements in addition to pursuing the specific purposes for the various allocations provided by the General Assembly. At a foundational level, allowable expenditures are those that are necessary due to coronavirus and incurred between March 1 – December 30. You can find additional guidance and resources at <http://ncpro.nc.gov>.

All CRF funds must be expended **by December 30, 2020**. To maximize the use of these funds for North Carolinians, NCPRO will be closely monitoring expenditures for all recipients over the next six weeks. NCPRO retains the right to further reallocate funds across appropriations to ensure that all funds are utilized fully.

We hope this is a helpful mechanism to improve the utility of federal aid and support North Carolina's public schools during this challenging public health crisis. Know that NCPRO is committed to working with the State Board and DPI in concert with PSUs to ensure CRF money is used effectively in service to our students, educators, and schools.

Sincerely,

*Stephanie McGarrah*

Stephanie McGarrah  
Executive Director  
NC Pandemic Recovery Office

CC: PSU Superintendents and Charter School Leaders  
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