



K12 OFFICE HOURS FOLLOW UP (updated January 11, 2020¹)

NOTE: The federal Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act, enacted on December 27, 2020, extends the covered period for using Coronavirus Relief Fund (CRF) moneys. The new deadline is December 31, 2021. NCPRO is in the process of reviewing and updating CRF guidance to reflect changes. Please be aware that any references to the deadline in this document may be out of date unless otherwise noted. No changes have been made to the allowable uses of funds.

This document provides a summary of answers to common questions received during the series of K12 Office Hours sessions NCPRO hosted for PSUs on November 24, December 1, and December 2. The Questions and Answers will be updated on a regular basis to reflect new questions NCPRO receives.

You may also refer to resources on NCPRO's website (ncpro.nc.gov), including the following guidance:

- US Treasury guidance on CRF | [link](#) | updated 9/2/20
- NCPRO FAQs for governmental entities | [link](#) | updated 11/23/20
- Reallocation authorization letter from NCPRO to SBE/DPI | [link](#) | issued 11/20/20
- Resource document on PRC 125 | [link](#) | issued 11/5/20

Acronyms

CRF = Coronavirus Relief Funds
DPI = NC Department of Public Instruction
LEA = local education agency
NCPRO = NC Pandemic Recovery Office

PPE = personal protective equipment
PRC = program report code
PSU = public school unit
SBE = State Board of Education

Questions and Answers

- 1) **Which PRCs are eligible for transfers in/out under NCPRO's reallocation authority?**
Funds may be transferred between any of the following Coronavirus Relief Fund PRCs 121, 122, 123, 124, 125, 126, 127, 128, 129, 132, 134, 135, 137 and 138 for which the PSU is eligible.

¹ The original K12 Office Hours Follow Up document was issued on December 9, 2020. An updated version was published on December 11, 2020, to include new questions that NCPRO has received and responded to. The December 16, 2020, version includes new questions that NCPRO has received and responded to and adds information to Question 16. A note about the CRF deadline extension was added on January 11, 2021.

- 2) **If our PSU did not receive Low Wealth Supplement PRC 134 funds, can we use flexibility to transfer into PRC 134?**
No. If the PSU is not eligible for a PRC based on legislative language, it may not transfer funds into that PRC.
- 3) **The full covered period for CRF starts on March 1 but the reallocation authorization letter from NCPRO lists July 1. Why the difference?**
Since the State has closed out FY 2020 books, the flexibility only applies to the current fiscal year.
- 4) **How do transfers work?**
PSUs will follow the ABC transfer process and may reference [transfer guidance](#) from DPI Division of School Business. Please refer all other questions about the transfer process to [DPI Division of School Business](#).
- 5) **Can we request additional funds?**
The flexibility provided by NCPRO allows PSUs to transfer funds among certain PRCs. PSUs are not able to request additional overall funds.
- 6) **In PRC 121, are we still held to the percentage of funds that had to be spent before August 17 or can we move any of those excess funds to another PRC?**
The maximum percentage allowed for using PRC 121 during the 2020-21 school year remains calculated based on the original appropriations. Unused funds from PRC 121 may be transferred to another eligible PRC.
- 7) **Can we move expenses from PRC 163 or other sources to CRF?**
Yes, PSUs may recode any eligible expenditures incurred between July 1 and December 30 to an applicable PRC provided that the expenditure is allowable under CRF requirements.

Federal rules require that expenditures using CRF funds be (1) necessary due to COVID-19, (2) incurred during the covered period of March 1* - December 30, and (3) unaccounted for in the budget passed most recently prior to March 27, 2020. Please review the US Treasury guidance and NCPRO FAQ document for more details.

**only expenditures incurred since July 1 are eligible for transfer under the reallocation authorization provided by NCPRO to DPI/SBE on November 20, 2020.*

- 8) **What payroll costs are allowable uses of CRF?**
CRF money can be used for certain public employees' payroll expenses directly related to mitigating COVID-19.
- For substantially dedicated public employees (those who spend 50% or more of their time on "substantially different" work for COVID-19 mitigation), you can use CRF to cover 100% of their payroll expenses.
 - For public employees who spend less than 50% of their time on "substantially different" work directly responding to COVID-19, you may pro-rate their payroll expenses for the time dedicated to mitigating COVID-19.

Hazard and overtime pay are eligible uses of CRF, in alignment with Question 9.

CRF money may pay for leave required in the Families First Coronavirus Response Act (FFCRA) as outlined below. If the agency cannot ensure that the leave was taken for reasons outlined in FFCRA, then CRF money cannot be used. Pursuant to FFCRA, paid leave must be provided at the following rates based on various circumstances:

- Two weeks (up to 80 hours) of paid sick leave at the employee's regular rate of pay where the employee is unable to work because the employee is quarantined (pursuant to Federal, State, or local government order or advice of a health care provider), and/or experiencing COVID-19 symptoms and seeking a medical diagnosis; or
- Two weeks (up to 80 hours) of paid sick leave at two-thirds the employee's regular rate of pay because the employee is unable to work because of a bona fide need to care for an individual subject to quarantine (pursuant to Federal, State, or local government order or advice of a health care provider), or to care for a child (under 18 years of age) whose school or child care provider is closed or unavailable for reasons related to COVID-19, and/or the employee is experiencing a substantially similar condition as specified by the Secretary of Health and Human Services, in consultation with the Secretaries of the Treasury and Labor; and
- Up to an additional 10 weeks of paid expanded family and medical leave at two-thirds the employee's regular rate of pay where an employee, who has been employed for at least 30 calendar days, is unable to work due to a bona fide need for leave to care for a child whose school or child care provider is closed or unavailable for reasons related to COVID-19.

9) Can my PSU provide bonuses or additional pay (e.g., hazard pay) using CRF?

General workforce bonuses are strictly prohibited under US Treasury guidance. However, hazard and overtime pay are allowable. PSUs should establish a policy describing what activities or conditions qualify for such pay, employee eligibility, and rate of pay. The overtime hours and hazardous work must be reasonably related to COVID-19 and documented in payroll records or other hours logs.

10) I hired an additional school health employee in response to COVID-19. Am I allowed to pay them out of payroll using PRC 122?

Yes. Pursuant to NCPRO's authority S.L. 2020-97 § 1.9, NCPRO has determined payroll costs for eligible personnel are allowable uses of this allocation. The crucial purpose and activity of this allocation, as provided in S.L. 2020-4 § 3.3(12), is to fund "school health support personnel to provide additional physical and mental health support services for students in response to COVID-19."

Eligible school health support personnel ("eligible personnel"), defined as school counselors, school nurses, school psychologists, and school social workers, are considered public health workers, which U.S. Treasury guidance presumes to be "substantially dedicated" to COVID-19. Therefore, 100% of payroll costs for eligible personnel are allowable expenses.

The limitations on CRF allowability still apply, including that the expenditure be (1) necessary due to COVID-19, (2) incurred during the covered period of March 1* -

December 30, and (3) unaccounted for in the budget passed most recently prior to March 27, 2020.

**only expenditures incurred since July 1 are eligible for transfer under the reallocation authorization provided by NCPRO to DPI/SBE on November 20, 2020.*

This response supersedes any prior guidance provided on this matter.

11) Are devices purchased with PRC 124 and PRC 126 subject to federal inventory reporting requirements? The devices in question are inventoried, not capitalized.
No.

12) What are the procurement requirements for student computers?
Use your standard procurement process in line with any State or local requirements.

13) Can I move unused funds from allowable PRCs to PRC 137 to purchase additional PPE?
Yes. Unused funds from allowable PRCs may be moved to PRC 137 to purchase additional PPE.

14) Do you define PPE as gloves, masks, sanitizer?
Expenditures in PRC 137 should align with the equipment described in the PPE definition approved by the State Board of Education, which reads:

“Funds may be used to purchase personal protective equipment, in alignment with Centers for Disease Control and Prevention and other applicable federal guidelines, including gloves, face masks, protective eyewear, face shields, protective barriers, and protective clothing (e.g. reusable or disposable gown, jacket, lab coat).

“The funds may also be used to purchase hand sanitizer, cleaning wipes, soap, and additional materials used to clean and disinfect and to upgrade HVAC systems with specialized filters and/or technology, etc. to prevent airflow that would spread COVID-19. Funds may also be used for COVID testing.”

15) Can CRF funds be used to pay for multi-year subscriptions?
Entities should not make prepayments on contracts using CRF funds to the extent that doing so would not be consistent with its ordinary course policies and procedures. As software contracts are often pre-paid, necessary expenditures on software may therefore be pre-paid as long as doing so is usual or standard. That is, if a software license is for a period of one year for all purchasers and there is not an alternative, that is acceptable. Note that additional or ongoing support services for such purchases can only be paid for with CRF during the covered period.

16) (Updated 12/16) What happens if we ordered materials back in early Fall, but due to COVID impacts on manufacturing the materials do not arrive by December 30th?

Recipients may retain CRF funds necessary to make payments for any outstanding invoices for services and/or goods that were (1) contracted to be completed or delivered within the covered period and (2) are delayed due to circumstances beyond the Recipient's control that relate to COVID-19 (i.e., supply chain disruptions, increased demand for services/goods, etc.). The recipient needs to document on the final reports that this is an encumbrance due to allowable delayed delivery. They need to also document that the proper documentation has been sent from the vendor to NCPRO documenting this disruption (see below).

For the documentation from the Vendor:

- An email from an officer of the company, such as a CEO or CFO*, stating that the delivery of goods or services are (or will be) delayed with an explanation as to why they are delayed.
- The vendor needs to confirm in the email that they understand that they will be subject to audit if delivery of goods or services are delayed beyond December 30, 2020. The vendor should be prepared for a potential audit. Auditors may look into the past and current delivery schedules.

The underlying assumption is that during normal circumstances the vendor would have been able to deliver the goods or services by Dec. 30, 2020, but due to COVID-19, the vendor is no longer able to maintain their normal schedule because of circumstances outside of the recipient's control. NCPRO FAQs updated on 11/23/20 provides more detail on this and similar situations.

Update (12/16)

The December 8 email to all CRF subrecipients indicated that a letter from a vendor "may not" suffice to justify orders placed in December as allowable uses of CRF. The intent is not to determine that all orders placed in December are ineligible but rather to underscore that orders made at this point in the calendar will almost certainly receive extra scrutiny, as it is increasingly unlikely that timely delivery would be possible under normal (i.e., non-pandemic) circumstances.

*Many PSUs have raised concern that it is impractical to obtain a letter from the CEO or CFO of large vendors, such as large technology companies. Documentation is not *required* under federal guidelines but may be necessary in the event of an audit on funds used to pay for goods or services delayed beyond the December 30 deadline. PSUs are advised to obtain similar documentation from another official with the vendor who can speak to COVID-19-related disruptions causing delayed delivery.

Additional Questions and Answers

Below are questions asked and answers provided since the Office Hours that have been added to this document for transparency and public benefit.

- 17) **(Added 12/11)** We originally budgeted for two school nurses, but they are now working at the district level (not in the schools) in a different capacity. They are solely in charge of the contact tracking for the entire district. Would their first six months of regular payroll expense be able to be paid out of PRC 134 since they are not working in the capacity in which they were budgeted?

The two nurses are performing substantially different tasks than their usual work, and those tasks are directly related to mitigating COVID-19. Therefore, they are allowable uses of CRF. Further, because they are public health workers, 100% of their payroll costs are allowable for the duration of the covered period.

- 18) **(Added 12/11)** If we fully expect an order to arrive by the 30th, but it is delayed with no notice of the delay prior to the 30th, are we able to obtain all the necessary Vendor documentation in January in order to pay the invoice when it arrives? Or should we reach out to all the vendors, by mid-December, from which we have not received orders yet and ask them to provide the information just in case?

If you have reason to believe the order will be delayed, it would be advisable to obtain the necessary documentation as soon as feasible to ensure the expenditure will be allowable. The underlying assumption is that timely delivery would be possible if it were not for the pandemic, and that is what auditors will need to find documentation attesting to should deliveries be delayed past December 30th.

- 19) **(Added 12/11)** If we receive an item before December 30 (e.g. Dec 29), but we are invoiced in January (e.g. Jan 4), are we still allowed to pay them at that time (in Jan) from CRF funds? This would also apply for paying contract nurses who worked in December, yet the company doesn't invoice us until January.

That is allowable. As detailed in NCPRO FAQ Guidance for Governmental Entities (11/23):

“Yes, as long as payments are made in accordance with standard business procedures. For example, the final payroll period of 2020 may be paid in January 2021 in alignment with a recipient’s standard procedures. Regular costs (i.e. payroll, rent, etc.) incurred for December must be prorated as to not include expenses on December 31. Any payments made after January 8 must be included on the January report to NCPRO as an encumbrance or Accounts Payable and noted as such with an expected payment date. It is expected that payments will be made by March 15, 2021.”

- 20) **(Added 12/11)** I just received an additional allocation in PRC 128 - Mobile WiFi. The updated Chart of Accounts has included the code for Computer Software and supplies. The allotment policy still states these funds can only be used for the purchase of devices. Please advise how we can utilize the computer software code based on current policy.

The prohibition against subscriptions, including internet/data service plans, remains in place, per S.L. 2020-4 § 3.3(8). However, equipment and software purchases or supplies that are necessary for equipment functionality are allowable. Monthly or annual subscriptions for a service are not allowable.

- 21) **(Added 12/11)** I received an email from NCPRO about submitting a final report (Attachment F). What is that and what do I need to submit?

Lisa Outlaw (NCPRO Internal Audit Director) sent an email to all CRF recipients, including PSU finance officers, on December 10 describing procedures for submitting several attachments, including Attachment F, which is the final report due at the close

out of the CRF allowability period or upon full utilization of funds (whichever occurs first). Attachment F asks recipients to describe the impact and use of funds using narrative and performance metrics.

Follow the instructions in the email to find your unique download link and agreement number for completing Attachment F (and the other attachments).

Note: Those reports are in addition to the expenditures report (for the period of October 1 - December 30), which is also due on January 8th. For the LEA finance officers, NCASBO will again send you the instructions on how to download the data files from LINQ and Sunpac as they did when the LEA's reported their July - September data that was due October 30th. You will receive these instructions by January 4, 2021.

22) (Added 12/11) Am I allowed to charge 100% of teachers' payroll costs to PRC 134 if they are teaching solely in remote settings?

No. Instruction time itself is not an allowable use of CRF, despite being conducted remotely. U.S. Treasury guidance specifies that "although developing online instruction capabilities may be a substantially different use of funds, online instruction itself is not a substantially different use of public funds than classroom instruction." Therefore, only the costs associated with the transition to or preparing for online instruction are allowable. Such costs may include redesigning or developing curricula to adapt to online instruction, technology, professional development, or other activities are substantially different than ordinary instruction.

If more than half of a teacher's time is dedicated to such substantially different activities, they may be considered substantially dedicated and 100% of their payroll costs may be eligible. If your PSU hired additional teachers in response to COVID-19, their payroll costs may be eligible for CRF regardless of the method of instruction.

23) (Added 12/16) Do floor decals or signage allowable as PPE under PRC 137?

Floor decals and signage are not explicitly included in the PPE definition approved by the State Board of Education for this allotment. DPI has advised PSUs that health screening costs are allowable under PRC 137. Therefore, floor decals and signage may be allowable related to safe health screening. Similarly, if floor decals or signage are used in related to safely staging food/meal distribution, they may be allowable under PRC 125.

24) (Added 12/16) No one will be in the office between December 17 - January 3 to receive a delivery of goods. Are we allowed to accept a delivery when we return on January 4?

US Treasury guidance provides allowances for delayed delivery when the cause of the delay is outside of the recipient's control, such as in the case of increased demand on goods or supply chain disruption. However, Federal guidance does not speak to circumstances where the recipient is not available to receive a delivery on or before December 30. **PSUs should make every practicable effort to accept delivery on time to ensure allowability.**