



**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

May 1, 2021

MEMORANDUM

TO: Senator Phil Berger, President Pro-Tempore of the Senate
Representative Tim Moore, Speaker of the House of Representatives
Mark Trogdon, Director of Fiscal Research Division

FROM: Stephanie McGarrah, Director of the NC Pandemic Recovery Office

SUBJECT: North Carolina Pandemic Recovery Office

Per Session Law 2020-4, Section 4.3.(b), as amended, the North Carolina Pandemic Recovery Office is required to submit a monthly report to the Joint Legislative Commission on Governmental Operations on the staffing, expenditures, and activities of the Office.

The report is attached for your review. If you have questions, please email them to stephanie.mcgarrah@osbm.nc.gov.

Attachments

Report on NC Pandemic Recovery Office Operations and Activities

Overview of the Office

In May 2020, Governor Cooper established the NC Pandemic Recovery Office (NCPRO) to oversee and coordinate the fiscal response to the COVID-19 pandemic. NCPRO is responsible for overseeing the distribution of the \$3.6 billion in Coronavirus Relief Funds (CRF) from the U.S. Treasury to provide support to state agencies, local governments, nonprofits, hospitals, educational institutions, and research organizations. NCPRO established a robust and efficient system for distributing, tracking, auditing, and providing guidance to over 2,000 recipients of the funds provided from CRF.

In addition to CRF, NCPRO is responsible for oversight, administration, and federal reporting for two additional COVID-19 recovery programs: (1) the Governors Emergency Education Relief (GEER) program and (2) Emergency Rental Assistance (ERA). North Carolina received \$222.7 million in GEER funds from the CARES Act and CRSSA Act, which come to the State from the U.S. Department of Education. The Governor is responsible for awarding funds to education entities under GEER I and GEER II programs (totaling \$137.8 million); federal law allocates the remaining \$84.8 million to the Emergency Assistance for Non-public Schools program, which is administered by NCDPI with NCPRO providing oversight and federal reporting.

The Emergency Rental Assistance (ERA) program provides \$546.6 million in federal funds to the State of North Carolina through the Consolidated Appropriations Act of 2021 to assist households that are unable to pay rent and utilities due to the COVID-19 pandemic. US Treasury allocated an additional \$156.4 million directly to 18 local governments and \$24.4 million was provided to five tribal governments in North Carolina. NCPRO is responsible for oversight, administration, and federal reporting for the state's allocation of the ERA funds. Additionally, NCPRO is working with state, local and tribal governments to coordinate programs and is providing technical assistance where needed.

Staffing, Funding and Responsibilities of NC Pandemic Recovery Office

The North Carolina Pandemic Recovery Office is organizationally located in the Office of State Budget and Management. The office hired its first staff in May 2020 and added most staff within the first three months of operation to complete its primary duties:

- Develop the systems, processes, and procedures to efficiently disburse the federal recovery dollars as appropriated,
- Disburse CRF funds in a timely manner to assist recipients in responding to the pandemic,
- Monitor changing US Treasury guidance,
- Provide technical assistance to recipients and assist in program development design,
- Meet federal and state reporting requirements,
- Identify the impacts of the COVID-19 pandemic on North Carolina's people, communities, and businesses,
- Address gaps in recovery funding for underserved people, places, and businesses, and
- Audit the recipients of CRF dollars to ensure compliance with federal and state laws.

All the positions within the office are time-limited, temporary, or contract-based (employees who have been temporarily reassigned from state agencies). Because the office was begun in May 2020, it has

operated remotely from its inception, and it continues to operate remotely in accordance with guidance from DHHS and OSHR.

Additional positions have been added in the past three months as NCPRO has been tasked with administering GEER and ERA funds and auditing and federal reporting requirements have increased in frequency and volume.

Table 1: Summary of NCPRO Staffing and Expenditures, March 2020 – March 2021

| Month | Total Number of Staff | Total Personnel Cost | Total Non-Personnel Cost | Total Cost by Month |
|----------------|-----------------------|----------------------|--------------------------|---------------------|
| March 2020 | 0 | 0 | 0 | \$0 |
| April 2020 | 0 | 0 | 0 | 0 |
| May 2020 | 3 | 8,591.07 | 0 | 0 |
| June 2020 | 12 | 67,352.03 | 749.52 | 68,101.55 |
| July 2020 | 15 | 119,815.90 | 4,588.03 | 124,403.93 |
| August 2020 | 15 | 130,740.75 | 38,592.20 | 169,332.95 |
| September 2020 | 15 | 136,148.22 | 8,145.64 | 144,293.86 |
| October 2020 | 15 | 136,485.55 | 1,407.52 | 137,893.07 |
| November 2020 | 16 | 126,366.83 | 2,409.89 | 128,776.72 |
| December 2020 | 16 | 178,025.30 | 12,848.23 | 190,873.53 |
| January 2021 | 18 | 149,403.42 | 7,537.26 | 156,940.68 |
| February 2021 | 17 | 155,859.82 | 8,804.60 | 164,664.42 |
| March 2021 | 18 | 141,641.95 | 21,407.67 | 163,049.62 |

Table 2: Detailed NCPRO Staffing Report

| Month | Number of Staff Hired | Position Number | Permanent, Temporary, Time-limited, or Contract (Start and End Dates Noted for Temporary Positions) | Funding Source for Each Position | Total Funds Spent on Salary and Benefits for Personnel |
|------------|-----------------------|--|--|----------------------------------|--|
| March 2020 | 0 | | | | |
| April 2020 | 0 | | | | |
| May 2020 | 3 | 65031177 65031225 65031201 | Time-limited Time-limited Time-limited | CRF | \$8,591.07 |
| June 2020 | 9 | 65031279 65031327 65031328 65031332 65031375 65031400 65031500 1383460 1667049 | Time-limited Time-limited Time-limited Time-limited Time-limited Time-limited Time-limited Contract Contract | CRF | 67,352.03 |

| | | | | | |
|----------------|---|---------------------------------|--|-----|------------|
| July 2020 | 3 | 65031553 65031576 2275732 | Time-limited Time-limited Temporary (7/1/2020 – 6/1/2021) | CRF | 119,815.90 |
| August 2020 | 0 | | | | 130,740.75 |
| September 2020 | 0 | | | | 136,148.22 |
| October 2020 | 0 | | | | 136,485.55 |
| November 2020 | 1 | 1155703 | Temporary (11/4/2020 through 4/30/2021) | CRF | 126,366.83 |
| December 2020 | 0 | | | | 178,025.30 |
| January 2021 | 2 | 65032485 00627194 | Time-limited Temporary (1/26/2021 – 12/10/2021) | CRF | 149,403.42 |
| February 2021 | 0 | | | | 155,859.82 |
| March 2021 | 1 | 825243 | Temporary (3/22/2021 – 12/10/2021) | CRF | 141,641.95 |

Activities of NC Pandemic Recovery Office during the 2020 Calendar Year

During the 2020 calendar year, the NCPRO was focused on administration, oversight, disbursement, and reporting for the state’s \$3.6 billion in Coronavirus Relief Funds (CRF) as well as identifying the impacts of the pandemic on North Carolina’s people, communities, and businesses. The first round of the Governor’s Emergency Education Relief Fund (GEER) was included in the CARES Act, and NCPRO was involved in determining how to best allocate those funds and in developing oversight, administration, and reporting functions for the GEER program. Because the CRF dollars were set to expire on December 30, 2020, NCPRO also worked with CRF recipients to reallocate funds to make sure they were used before the deadline. When President Trump signed the Consolidated Appropriations Act into law on December 27, 2020 which extended the CRF expenditure deadline, NCPRO shifted its focus to making sure CRF recipients understood the new deadline and guidance from the US Treasury. In addition, the Consolidated Appropriations Act included funds for the Emergency Rental Assistance (ERA) program. NCPRO completed the following activities during the 2020 calendar year:

Table 3: NCPRO 2020 Calendar Year Activities

| Function | Activities |
|------------------------------------|--|
| Guidance, budgeting, and reporting | <ul style="list-style-type: none"> Monitored US Treasury requirements and communicated the stringent federal requirements for use of the funds, as well as the further restrictions and directions of the General Assembly in their appropriations. Wrote detailed FAQ documents for the different types of recipients (i.e., local governments, non-profits, state agencies and hospitals) that were made available on NCPRO website and which were continually modified as new guidance was issued by the U.S. Treasury. |

| Function | Activities |
|--|---|
| | <ul style="list-style-type: none"> • Held more than 35 technical guidance sessions with over 1,500 representatives of CRF and GEER recipients • Set up a dedicated email account and answered more than 2,000 emails from recipients as well as held multiple meetings and phone calls for each of the more than 35 recipients who required more intensive assistance to understand their use of CRF dollars. • Submitted quarterly federal reports to US Treasury which tracked more than 1,400 recipients and subrecipients that received more than \$50,000 in CRF. • Prepared and submitted monthly and annual reports to the US Department of Education for GEER program and SEFA report for GEER, ERA and CRF. • Worked with CRF recipients to outline eleven reallocations and submitted reports to Fiscal Research on reallocations and use of CRF as requested. |
| Business Operations, Contracting and Accounting | <ul style="list-style-type: none"> • Developed 198 contracts, 14 MOUs and monitored 97 county plans for the recipients of CRF designated by the NC General Assembly in SL 2020-4, 2020-14, 2020-27, 2020-53, 2020-64, 2020-79, 2020-80, 2020-88, and 2020-97 • Drew down federal funds in compliance with applicable federal and state regulations related to funding programs, including Uniform Guidance and the Cash Management Improvement Act, for CRF • Developed processes and maintained accurate and thorough accounting of all CRF and GEER funds • Processed initial funding and reimbursement requests for \$3,357,260,447 of the CRF dollars and communicated with OSBM and OSC to initiate payments to recipients. • Developed and built reporting systems to manage, track and disburse \$3.6 billion in CRF and \$222.7 million in GEER funds. |
| Auditing | <ul style="list-style-type: none"> • Developed the NCPRO Audit program and performed a risk assessment to develop the audit plan for CRF and GEER. • Completed ongoing compliance Monitoring of CRF and GEER recipients to ensure compliance. • Began multiple audits of CRF program. • Developed statewide compliance documents for CRF and GEER audits. • Liaised with state and federal auditors as they conducted initial audits of the GEER and CRF programs. |
| Communications | <ul style="list-style-type: none"> • Built NCPRO website and initiated social media accounts to communicate with CRF and GEER recipients • Communicated CRF outcomes with Governor’s Office, General Assembly, NC Congressional delegation, state agencies and other key stakeholders about the recovery efforts. • Continue to provide data and information to public, media and interested parties about North Carolina’s use of federal COVID-19 relief funds (CRF, ERA and GEER) |
| Strategy and Data Analytics | <ul style="list-style-type: none"> • Worked with DIT’s Government Data Analytics Center and SAS to create an online data dashboard to track relief funds received by NC businesses (e.g., |

| Function | Activities |
|----------|--|
| | <p>Paycheck Protection Program, Economic Injury Disaster Loans, other programs which used CRF) and the economic impact of the pandemic on the state's economy.</p> <ul style="list-style-type: none"> • Began analysis to track all federal relief funds (to date over \$41 billion) provided to North Carolina and to analyze the impact as well as identify any remaining gaps in recovery. • Held more than 40 listening sessions with over 1,200 people from faith communities, businesses, non-profits, underrepresented communities, education, and local governments from all 100 counties to identify impacts of the pandemic and address them where possible. • Engaged team of researchers from state agencies and nine economists from the public, private and non-profit sectors in North Carolina to identify and analyze quantitative data on the pandemic. |

Current NCPRO Office Activities for the 2021 Calendar Year

NCPRO will complete the following activities in the 2021 calendar year. Many of these activities will continue into future years as the deadline for the use of funds for CRF and ERA programs is presently December 31, 2021. Oversight responsibility of these funds will continue past their expiration until all federal reporting and auditing is completed late in calendar year 2022. Federal audits of these funds will take place through the end of 2024. GEER funds must be expended by December 31, 2023 (GEER 1 by December 2022 and GEER 2 by December 2023). Reporting and oversight activities are required through first quarter of 2024, and federal audits of GEER funds will continue through the end of 2025.

Table 4: NCPRO 2021 Activities

| Function | Activities |
|--|--|
| <p>Guidance, budgeting, and reporting</p> | <ul style="list-style-type: none"> • Monitor US Treasury requirements and provide guidance and technical assistance to CRF recipients through the close-out of funds. • Monitor US Treasury and US Education requirements and provide training sessions, guidance and technical assistance to GEER and ERA recipients • Complete ongoing federal and state reporting requirements for CRF, GEER, and ERA programs • Met with local leaders and advocacy groups such as the Association of County Commissioners and the League of Municipalities to discuss the American Rescue Plan and its funding impact for local governments. • Worked with analysts at OSBM to summarize the provisions of the American Rescue Plan and its State impact; worked with OSBM to begin implementing the provisions of HB 196/SL 2021-3. • Continued to provide technical assistance and guidance on allowable uses of funds for CRF. • Developed policy memos and ARPA updates to share with NC League of Municipalities (NCLM) and NC Association of County Commissioners (NCACC). |

| Function | Activities |
|--|---|
| Business Operations, Contracting and Accounting | <ul style="list-style-type: none"> • Develop contracts for GEER and ERA recipients • Maintain accurate and thorough accounting of all CRF, GEER and ERA funds • Process reimbursement requests based upon review of reporting documentation. Liaise with OSBM and OSC to initiate payments to recipients. • Optimize reporting systems to minimize burden on recipients and improve data collection. • Revised monitoring processes to improve functions by creating new forms and updating the current form structure. This will improve monitoring, compliance, and verification for the distribution and use of the American Rescue Plan funding. • Evaluated procuring of additional funds management software to address American Rescue Plan Funding. • Design and develop a database structure for the upcoming APR to ensure funds being tracked, along with ensuring changes in the negotiation process from NCGA are tracked in a database. • Create data entry forms for ARP to ensure data integrity, compliance, and governance. • Revise an enhanced process to ensure non-governmental entities are not on the Suspension of Funding or debarment list • Develop new contracting processes for current amended Coronavirus Relief Funds (CRF) and upcoming American Rescue Plan (ARP) • Outline strategies for contracts and memorandums of understanding to process program funds (ERA, GEER, CRF, ARP) at NCPRO |
| Auditing | <ul style="list-style-type: none"> • Compliance Monitoring of CRF, GEER, and Emergency Rental Assistance recipients to ensure compliance with applicable federal and state regulations related to funding programs, including Uniform Guidance and the Cash Management Improvement Act • Compile and analyze the data that has been collected by audits. • Continue with audits of CRF program and begin audits of GEER and ERA programs • Update statewide compliance supplements to cover CRF, GEER and ERA programs • Liaise with federal and state entities conducting audits of CRF, GEER and ERA programs • The Preliminary Financial Audit report and the Single Audit Compliance report conducted by the State Auditor had no findings • The Preliminary Financial Audit tracked the disbursement of funds to 490 recipients in accordance with federal and state law • The Single Audit Compliance tracks compliance with federal requirements and NCPRO had no noncompliant issues found by the State Auditor |
| Communications | <ul style="list-style-type: none"> • Communicate outcomes with Governor’s Office, General Assembly, NC Congressional delegation, state agencies and other key stakeholders about the recovery efforts. • Continue to provide data and information to public, media and interested parties about North Carolina’s use of federal COVID-19 relief funds (CRF, ERA and GEER) • Continue to highlight stories of North Carolina’s use of federal COVID-19 relief funds through external publications. |

| Function | Activities |
|------------------------------------|---|
| | <ul style="list-style-type: none"> • Built new website pages to address public inquiries about the American Rescue Plan funding. |
| Strategy and Data Analytics | <ul style="list-style-type: none"> • Work with GDAC and SAS to create an online data dashboard to track the NC Economy and its recovery efforts. • Continue to track all federal relief funds (to date over \$41 billion) provided to North Carolina and analyze the impact as well as identify any remaining gaps in recovery. • Work with stakeholders to understand needs of North Carolina’s people, communities, and businesses to recover from the COVID-19 pandemic. • Develop performance measures for GEER and ERA programs. • Develop a strategic recovery plan that will identify key policies, programs and funding needed for North Carolina to recover from the pandemic and emerge stronger than it was in January 2020. • Analyzed data to understand and track the effects of the pandemic. • Reviewed policy recommendations and best practices from North Carolina and across the US for responding to the pandemic. • Reviewed and analyzed the programs and funding in the American Rescue Plan Act of 2021. |