



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

ROY COOPER
GOVERNOR

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June 10, 2020

MEMORANDUM

TO: Mark Johnson, State Superintendent of Public Instruction
Eric C. Davis, Chairman of the North Carolina State Board of Education

FROM: Stephanie McGarrah
Executive Director NC Pandemic Recovery Office (NCPRO)

SUBJECT: CRF School Nutrition Guidance

This memo provides guidance on the \$75 million appropriated to the Department of Public Instruction (DPI) in SL 2020-4, Section 3.3(6) for School Nutrition. The underlying funding source for this appropriation is the Federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Relief Fund Title V, Coronavirus Relief Fund (CRF). The US Treasury Department issued [Guidance to Recipients of CARES Act Funding](#) on April 22, 2020 and updated [Frequently Asked Questions on Guidance to Recipients of CARES Act Funding](#) on May 28, 2020. The North Carolina Pandemic Office (NC PRO) released a [State Agency and Higher Education Coronavirus Relief Fund FAQ](#) on May 30, 2020.

DPI has requested further guidance regarding the allowable use of the \$75 million appropriated in SL 2020-4, Section 3.3(6) for School Nutrition:

1. May CRF funds be used to cover payroll expenses of School Nutrition and other personnel who worked to provide “emergency meals to food-insecure children in the community”?
2. May CRF funds be used to cover payroll expenses of staff who received State of Emergency leave (paid through School Nutrition enterprise account)?
3. May CRF funds be used to provide *additional pay* to School Nutrition and other personnel who worked to provide “emergency meals to food-insecure children in the community”?

The Treasury guidance on use of CRF funds includes these restrictions:

- Funds may not be used for payroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency.
- In accordance with the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, Coronavirus Relief Fund Title V, these funds may not be used to directly account for revenue shortfalls related to the COVID-19 outbreak.

- Funds may only be used for necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19), and for costs that are a substantially different use from any expected use of budgeted funds.
- Funds may not be used for expenses that have been or will be reimbursed under any federal program.
- Funds may not be used for workforce bonuses but may be used for hazard pay if it is determined to be a necessary expense. (Hazard pay means additional pay for performing hazardous duty or work involving physical hardship, in each case that is related to COVID-19.)

Substantially Different. Emergency meal service provided since the Governor’s Executive Order on March 14, 2020 to close public schools statewide is substantially different from regular school nutrition programs. DPI has received 21 federal waivers from the US Department of Agriculture (USDA) to operate meal service during the pandemic.

Meals are provided:

- (1) to an expanded population (food is distributed to hungry families and children without regard to program eligibility);
- (2) through a variety of mechanisms and settings, including “Grab-and-Go” containers, curbside pick-up, and delivery by Yellow School Bus;
- (3) by a variety of staff and organizations, such as NC National Guard, and Community Organizations such as food banks, YMCAs, faith-based communities, and Boys and Girls Clubs;
- (4) and for a variety of time-periods, including multiple meals picked up daily, weekly, or over the weekend.

Therefore, costs associated with emergency meal service for which an LEA does not receive reimbursement through federal nutrition programs, such as payroll and the cost of food, are eligible for CRF funding.

Payroll expenses for Employees “substantially dedicated to COVID-19 response and mitigation.”

Treasury guidance allows CRF money to be used for payroll expenses for all public health, public safety, health care, human service and similar employees substantially dedicated to COVID-19 response and mitigation. Substantially dedicated is defined as greater than 50% of an employee’s work time. Only the percentage of time the employee is dedicated to working on COVID-19 activities is an allowable expense. The \$75 million appropriated in SL 2020-4, Section 3.3(6) for School Nutrition may be used for the payroll expenses of school nutrition and transportation personnel who worked to provide “emergency meals to food-insecure children in the community.”

Payroll expenses for employees NOT “substantially dedicated to COVID-19 response and mitigation.”

In order for an agency to use CRF money to pay for leave, the leave must comply with the leave required in the Families First Coronavirus Response Act (FFCRA). If the agency cannot ensure that the leave was taken for reasons outlined in FFCRA, then CRF money cannot be used. The State Board of Education authorized State of Emergency COVID-19 Sick Leave (SoE leave) in response to the pandemic. This leave exceeds the requirements of FFCRA because it provides leave for those who cannot telework; this portion of the SoE leave is not an allowable CRF expense. NC OSHR has requested that agency HR Directors track agency's allocations of SoE leave into 4 categories: (1) COVID-19 Symptoms/Illness; (2) Childcare Issues; (3) Eldercare

Issues; and (4) Telework Issues. The first two are allowable CRF expenses - (1) COVID-19 symptoms/illness is 100% reimbursable; (2) Childcare issues can be reimbursed at 2/3rds of pay. Categories (3) and (4), i.e. eldercare and telework issues, are not an allowable use of CRF funds. **Agencies not subject to OSHR policy should track leave in the categories described above (or similar) so that leave can be properly accounted for and, if possible, funded with CRF.**

Hazard Pay. Hazard pay is an allowable expense for employees that are substantially dedicated to remediating or responding to COVID-19 pandemic. Therefore, a portion of the \$75 million appropriated in SL 2020-4, Section 3.3(6) for School Nutrition may be used to provide additional pay to School Nutrition and other personnel who worked to provide emergency meals to food-insecure children in the community. LEAs must determine the rate of hazard pay to be provided in accordance with the appropriate governing authority's policies. Hazard pay can be a one-time bonus, a percentage of base pay, or compensatory leave.

Accounting. CRF funds may be deposited in an enterprise account. LEAs must ensure these funds are accounted for separately.

Documentation and Other Requirements. LEAs are required to:

1. Maintain adequate documentation to demonstrate expenditures were used in accordance with the US Treasury Guidance and SL2020-4.
2. Conform with 2 C.F.R. § 200.303 regarding internal controls, §§ 200.330 through 200.332 regarding subrecipient monitoring and management, and subpart F regarding audit requirements.
3. Interest and other proceeds earn on the CRF funds must be use for the emergency meal service.

State COVID-19 Supplemental Funds (PRC154).

Given the restriction on using CRF funds for certain categories of employees taking State of Emergency leave, the Office of State Budget and Management (OSBM) encourages LEAs and other Public School Units (PSUs) to use the \$50 million in state **COVID-19 Supplemental Funds (PRC154)** that the Governor, using his authority under G.S. 166A-19.40, repurposed in March to provide emergency assistance to public schools in response to COVID-19 for these costs. Payout of ALL categories of State of Emergency leave pay for school nutrition employees is an authorized use of State PRC154 COVID-19 Supplemental Funds. Only Expenditures incurred from March 1 to June 30, 2020 are eligible for using PRC154. Funds shall revert at June 30, 2020. No funds prior to March 1 are reimbursable.