



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 25, 2020

MEMORANDUM

TO: Department Heads and Chief Fiscal Officers
All State Departments, Agencies, and Institutions

FROM: Charles Perusse *Charles Perusse*
State Budget Director

SUBJECT: Summary of General Provisions in the 2020 COVID-19 Recovery Act
House Bill 1043 (Session Law 2020-4)

The General Assembly enacted and the Governor signed House Bill 1043, the 2020 COVID-19 Recovery Act (Session Law 2020-4). This Act contains appropriations and special provisions that affect all State agencies. This legislation may be downloaded from the General Assembly's website at (<http://www.ncleg.net>). The purpose of this memorandum is to advise you of special provisions and monetary items that have statewide implications. It does not summarize agency-specific provisions or replace an agency's responsibility to review the legislation. The Office of State Budget and Management (OSBM) will issue specific guidance, where needed, in forthcoming memoranda.

Session Law 2020-4, House Bill 1043

An Act to provide aid to North Carolinians in response to the Coronavirus Disease 2019 (COVID-19) crisis.

PART I. GENERAL PROVISIONS

REQUIREMENT TO MAXIMIZE USE OF FEDERAL FUNDS

SECTION 1.4

This section stipulates that the appropriations made in the Act are for the maximum amounts necessary to provide the services and accomplish the purposes described. This section further states that federal funds appropriated in this act should be used prior to State funds when possible.

CONFLICT WITH FEDERAL LAW

SECTION 1.5

This section stipulates that any appropriations made in the Act found to be disallowed by federal law shall be repealed. It further directs OSBM to transfer the amount of any such disallowed appropriations to the State Coronavirus Relief Reserve established in section 2.1 of this Act.

GENERAL GUIDANCE ON USE OF FUNDS

SECTION 1.6

This section directs OSBM to work with State agencies to budget receipts awarded from COVID-19 recovery legislation, with the goal of ensuring adherence to applicable laws and regulations. Additionally, it prohibits State agencies from using these funds for recurring purposes (though part-time or temporary employees may be permissible).

REQUIRED REPORT ON USE OF FUNDS

SECTION 1.7

This section requires that in addition to any report required in this law, OSBM will provide a report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division (FRD) by March 1, 2021, detailing the use of funds allocated in this act. The report shall include the amount of funds allocated to each agency/organization, how the funds were used, and the amount of funds allocated that remained unspent as of December 30, 2020.

PART II. ESTABLISHMENT OF RESERVES AND FUNDS

ESTABLISHMENT OF CORONAVIRUS RELIEF RESERVE

SECTION 2.1

This section establishes the Coronavirus Relief Reserve in the General Fund to maintain federal funds received from the CARES Act Coronavirus Relief Fund. It further states that funds held in the Reserve do not constitute an “appropriation made by law” as that phrase is used in Sec. 7(1) of Article V of the North Carolina Constitution.

ESTABLISHMENT OF CORONAVIRUS RELIEF FUND SECTION

SECTION 2.2

This section establishes the Coronavirus Relief Fund, to be maintained as a special fund administered by OSBM, to carry out the provisions of S.L. 2020-4 and subsequent acts necessitated as a result of the COVID-19 outbreak. Additionally, it states that only expenditures incurred between March 1,

2020, and December 30, 2020 are eligible for funding from this Fund.

**ESTABLISHMENT OF LOCAL GOVERNMENT CORONAVIRUS RELIEF RESERVE
SECTION 2.3**

This section establishes the Local Government Coronavirus Relief Reserve in the General Fund to maintain federal funds transferred from the state’s Coronavirus Relief Reserve to mitigate the impact of COVID-19 on local government revenues. It further directs the State Controller to transfer the sum of \$300,000,000 from the Coronavirus Relief Reserve to this Reserve. The section states the General Assembly’s intent to appropriate \$150,000,000 for local governments experiencing revenue shortfalls due to COVID-19.

This appropriation is contingent upon an amendment to the CARES Act (P.L. 116-136) that would allow revenue replacement with these federal funds.. Funds held in the Reserve do not constitute an “appropriation made by law” as that phrase is used in Sec. 7(1) of Article V of the North Carolina Constitution.

PART III. TRANSFER, APPROPRIATIONS, AND ALLOCATIONS

**APPROPRIATION OF FUNDS FROM RELIEF FUND TO OSBM
SECTION 3.2**

This section appropriates \$1,425,988,029 from the Coronavirus Relief Fund to OSBM to be allocated in accordance with Section 3.3 of the Act. Additionally, it stipulates that these funds will not revert but instead remain available until December 30, 2020.

**ALLOCATION OF FUNDS APPROPRIATED TO OSBM
SECTION 3.3**

This section allocates the \$1,425,988,029 appropriated in Section 3.2 as follows:

Section	Agency	Program	Amount
3.3(1)	N/A	PPE & Sanitation	\$50,000,000
		- 50% to NC Healthcare Foundation	\$25,000,000
		- 7.5% to NC Senior Living Association	\$3,750,000
		- 7.5% to NC Health Care Facilities Association	\$3,750,000
		- 10% to NC Medical Society	\$5,000,000
		- 25% to DPS Emergency Management Division	\$12,500,000
3.3(2)	N/A	Counties ineligible for direct CARES Act funding	\$150,000,000
3.3(3)	Several	Continuity of State Operations	\$70,000,000
3.3(4)	DOT	General Maintenance Reserve, Highway Fund*	\$300,000,000
3.3(4)	Several	State Agency Receipt Shortfall*	\$20,000,000
3.3(5)	GA	General Assembly Reimbursement	\$100,000
3.3(6)	DPI	School Nutrition Services	\$75,000,000
3.3(7)	DPI	Extended Wi-Fi Devices for School Buses	\$1,000,000
3.3(8)	DPI	Mobile Internet Access Devices	\$11,000,000
3.3(9)	DPI	Student Computers/Electronic Devices	\$30,000,000
3.3(10)	DPI	Computers for School Personnel	\$5,000,000
3.3(11)	DPI	K-12 Cybersecurity Infrastructure	\$4,500,000
3.3(12)	DPI	Student Health/Support Services	\$10,000,000

Section	Agency	Program	Amount
3.3(13)	DPI	Supplemental Summer Learning Program	\$70,000,000
3.3(14)	DPI	Remote Instruction Support	\$1,488,000
3.3(15)	DPI	Non-Digital Remote Instruction Resources	\$3,000,000
3.3(16)	DPI	Grants for Extended School Year Services	\$15,000,000
3.3(17)	DPI	Schools for the Deaf and Blind	\$660,029
3.3(18)	DPI	Extended Learning and Integrated Student Supports Competitive Grant Program	\$5,000,000
3.3(19)	NCCCS	NC Community College System	\$25,000,000
3.3(20)	UNC	UNC System	\$44,400,000
3.3(21)	N/A	NC Private Colleges & Universities	\$20,000,000
3.3(22)	N/A	Duke University Human Vaccine Institute	\$15,000,000
3.3(23)	UNC	North Carolina Policy Collaboratory	\$29,000,000
3.3(24)	UNC	ECU Brody School of Medicine	\$15,000,000
3.3(25)	N/A	Campbell University School of Osteopathic Medicine	\$6,000,000
3.3(26)	N/A	Wake Forest University Health Services	\$20,000,000
3.3(27)	DHHS	Health Services Support	\$20,000,000
3.3(28)	DHHS	NC Food Banks	\$6,000,000
3.3(29)	DHHS	LINKS Program	\$290,000
		- LINKS Transitional Living Services	\$250,000
		- LINKS Transitional Housing	\$40,000
3.3(30)	DHHS	State-County Special Assistance Support	\$25,000,000
3.3(31)	DHHS	Rural & Underserved Community Assistance	\$50,000,000
3.3(32)	N/A	NC Association of Free and Charitable Clinics	\$5,000,000
3.3(33)	N/A	NC MedAssist	\$1,500,000
3.3(34)	N/A	NC Community Health Centers Association	\$5,000,000
3.3(35)	DHHS	COVID-19 Testing/Tracing/Analysis	\$25,000,000
3.3(36)	DHHS	Behavioral Health & Crisis Services	\$20,000,000
		- LME/MCO Intermediate Care Subsidy	\$12,600,000
		- Opioid Antagonist/Treatment	\$400,000
3.3(37)	DHHS	Community Safety/Support Programs	\$19,000,000
		- Reinvestment Partners	\$2,500,000
3.3(38)	N/A	Old North State Medical Society	\$1,800,000
3.3(39)	N/A	COVID-19 Rural Hospitals Relief Fund*	\$65,000,000
3.3(40)	N/A	COVID-19 Teaching Hospitals Relief Fund	\$15,000,000
		- Wake Forest Baptist Medical Center	\$3,000,000
		- Duke University Hospital	\$3,000,000
		- UNC-Chapel Hill Medical Center	\$3,000,000
		- Vidant Medical Center	\$3,000,000
		- Central Harnett Hospital	\$3,000,000
3.3(41)	N/A	COVID-19 General Hospitals Relief Fund	\$15,000,000
3.3(42)	DHHS	Supplemental Foster Care Assistance Payments	\$2,250,000
3.3(43)	DACS	Animal Depopulation / Disposal	\$15,000,000
3.3(44)	DOC	NC Tourism Marketing	\$5,000,000

Section	Agency	Program	Amount
3.3(45)	N/A	Golden LEAF	\$125,000,000
3.3(46)	DIT	Growing Rural Economies with Access to Technology (GREAT) Fund	\$9,000,000
Total:			\$1,425,988,029

SECTION 3.3.(2)

This subsection directs OSBM to distribute funds to counties ineligible for direct funding from the CARES Act (P.L. 116-136). These funds will be allocated using a base distribution of \$250,000 per county, with the remaining funds divided based on population using 2019 US Census Bureau totals.

SECTION 3.3.(3)

This subsection directs OSBM to distribute funds for continuity of operations needs across State government. Distribution of these funds will require further policy to be issued. Additional guidance will be forthcoming from OSBM.

SECTION 3.3.(4)

This subsection directs OSBM to hold funding in reserve for allocation to the General Maintenance Reserve in the Highway Fund. These funds are contingent upon an amendment to the CARES Act (P.L. 116-136) that would allow revenue replacement with these federal funds. If no amendment is passed by June 15, 2020, the State Controller shall transfer those funds to the Coronavirus Relief Reserve.

SECTION 3.3.(4a)

This subsection directs funds to OSBM for State agencies negatively impacted by the loss of receipt revenues. These funds are contingent upon an amendment to the CARES Act (P.L. 116-136) that would allow revenue replacement with these federal funds. If there is such an amendment, OSBM will issue additional guidance.

SECTION 3.3.(11)

This subsection directs the Department of Public Instruction (DPI) to create a statewide shared cybersecurity infrastructure. It further directs DPI to evaluate the sufficiency and sustainability of that infrastructure and provide a report on that evaluation to the relevant committees by October 1, 2020.

SECTION 3.3.(13)

This subsection provides funds to DPI for the creation of supplemental summer learning programs as well as math interventions and provides parameters for targeting at-risk populations. It also requires LEAs to submit plans for their supplemental summer programs to DPI no later than June 22, 2020. Additionally, this subsection requires the State Board of Education to report on its implementation no later than February 15, 2021, to the Joint Legislative Education Oversight Committee.

SECTION 3.3.(16)

This section provides DPI funding to hold in reserve for grant awards. These grants are to support extraordinary costs associated with providing Extended School Year Services to exceptional children due to the 2019 coronavirus. Public school units must apply to DPI for these grant funds.

SECTION 3.3.(18)

This subsection provides funding to DPI for the “Extended Learning and Integrated Student Supports Competitive Grant Program.” It further outlines requirements for eligibility, and directs that priority be given to applications focusing on low-performing schools.

Grant participants must adhere to reporting requirements laid out in this subsection and provide DPI with certification of matching funds, which may not include state funds but may include in-kind contributions for up to 50% of the required match. DPI is required to provide a report on the program to the Joint Legislative Oversight Committee by February 15, 2021.

SECTION 3.3.(21)

This subsection allocates funds to the State Education Assistance Authority for distribution to eligible private postsecondary institutions as defined in G.S. 116-280(3). The amount of these awards is determined by the relative share of the institutions’ student population eligible for need-based scholarships.

SECTION 3.3.(30)

This subsection directs DHHS to provide one-time payments to facilities licensed to accept State-County Special Assistance in the amount of \$1,325 for each resident of the facility that receives State-County Special Assistance.

SECTION 3.3.(37)

This subsection provides DHHS with funding for community health, safety, and support programs such as NCCARE360, domestic violence shelters, food banks, and homeless services. It also provides a directed grant to Reinvestment Partners for its Produce Prescription Program. Individuals receiving assistance pursuant to this subsection are limited to three months of food assistance.

SECTION 3.3.(39)

This subsection directs OSBM to allocate funds from the Rural Hospitals Relief Fund as grants to rural hospitals that are designated by the Centers for Medicare and Medicaid Services as critical access hospitals and located in a Tier 1 or Tier 2 county with a population less than 150,000. Grant recipients are required to submit detailed expenditure reports to the relevant legislative committees by December 1, 2020.

SECTION 3.3.(40)

This subsection directs OSBM to allocate funds from the COVID-19 Teaching Hospitals Relief Fund as grants to the five hospitals located within the State that are classified as teaching hospitals by the Centers for Medicare and Medicaid Services (Wake Forest Baptist Medical Center, Duke University Hospital, University of North Carolina at Chapel Hill Medical Center, Vidant Medical Center, and Central Harnett Hospital). Grant recipients are required to submit detailed expenditure reports to the relevant legislative committees by December 1, 2020.

SECTION 3.3.(41)

This subsection directs OSBM to allocate funds from the COVID-19 General Hospitals Relief Fund to in-state hospitals not eligible for grants under subsection (39) or (40), based on a pro rata share of 2018 hospital operating costs. Grant recipients are required to report on the use of funds received

under this subsection to the relevant legislative committees by December 1, 2020.

SECTION 3.3.(46)

This subsection provides supplementary project funding for qualifying Growing Rural Economies with Access to Technology (GREAT) Fund program applicants. Program applications must have been received prior to April 1, 2020 to be eligible for supplemental project funding.

PART IV. ADDITIONAL ALLOCATIONS, APPROPRIATIONS, AND OTHER REVISIONS

APPROPRIATION OF COVID-19 FEDERAL GRANT FUNDS AND RECIEPTS

SECTION 4.1.(a)

Program	Amount
Governor's Emergency Education Relief Fund	\$95,600,000
Elementary and Secondary School Emergency Relief Fund	\$396,300,000
Higher Education Emergency Relief Fund	\$179,700,000
Child Care and Development Block Grant	\$118,100,000
Community Services Block Grant	\$25,900,000
Low Income Home Energy Assistance Program	\$49,900,000
Child Welfare Services	\$1,600,000
Supportive Services	\$6,200,000
Congregate and Home-Delivered Meals	\$7,400,000
Congregate and Home-Delivered Meals	\$14,800,000
Family Caregivers	\$3,100,000
Protection of Vulnerable Older Americans	\$600,000
Centers for Independent Living	\$2,200,000
Ryan White HIV/AIDS	\$1,100,000
CDC Grant	\$13,800,000
Minimum CDC Grant	\$15,400,000
Homeless Assistance/ESG – State	\$18,400,000
Housing Opportunities for Persons with AIDS	\$1,200,000
Supplemental Nutrition Program for Women, Infants, and Children	\$13,900,000
Community Health Center	\$78,000
Small Rural Hospital Improvement Program	\$2,500,000
Hospital Preparedness Program	\$770,000
Emergency Grant to Address SA	\$2,000,000
Unemployment Insurance Base – Administration	\$22,500,000
Unemployment Insurance Supplemental – Administration	\$22,500,000
Dislocated Worker Grants	\$6,000,000
Emergency Food Assistance Program (TEFAP) Commodities	\$19,700,000
TEFAP Administration	\$8,200,000
Manufacturing Extension	\$1,500,000
CDBG – State	\$28,500,000
National Endowment for the Arts	\$507,000
Institute for Museum and Library Sciences	\$948,000
Justice Assistance Grants – State	\$15,400,000

Program	Amount
Emergency Performance Management Grant	\$2,600,000
Family Violence Prevention	\$777,000
Urbanized Area Formula Program	\$38,473,000
Formula Grants for Rural Area Program	\$94,941,000
Airports Grants	\$2,765,000
Total:	\$1,235,859,000

APPROPRIATION FOR SMALL BUSINESS LOAN ASSISTANCE

SECTION 4.2.(a)

This subsection directs Golden LEAF to provide grants to entities for the purpose of making emergency loans to assist small businesses during the periods of economic hardship due to the COVID-19 pandemic. This section expresses the intent of the General Assembly for an equitable portion of funds to be allocated to historically underutilized small businesses.

This subsection also sets forth requirements for Golden LEAF and for lenders and entities participating in the loan program. This section allows Golden LEAF to use up to \$2,000,000 for grants providing technical assistance businesses applying for loans under this program or other federal assistance programs. This section also stipulates the interest rate, term, and repayment process of loans provided under this program. Loans under this program are limited to no more than fifty thousand dollars per qualifying business.

New loan awards under this program shall cease six months after the State of Emergency ends.

SECTION 4.2.(d)

This subsection requires Golden LEAF to submit a report on the program to the Joint Legislative Economic Development and Global Engagement Oversight Committee and the Fiscal Research Division every six months.

ESTABLISHMENT OF TEMPORARY PANDEMIC RECOVERY OFFICE

SECTION 4.3.

This section establishes the North Carolina Pandemic Recovery Office (NCPRO) to oversee and coordinate funds made available under COVID-19 Recovery Legislation. The office shall provide technical assistance and ensure proper reporting and accounting of all funds. NCPRO is authorized for twelve months starting from the effective date of this act.

PROVIDE MEDICAID COVERAGE FOR COVID-19 TESTING TO UNINSURED INDIVIDUALS IN NORTH CAROLINA DURING THE NATIONWIDE PUBLIC HEALTH EMERGENCY

SECTION 4.5.

This section authorizes the Department of Health and Human Services (DHHS), Division of Health Benefits (DHB) to provide Medicaid coverage, which covers COVID-19 testing, for certain uninsured individuals during the period of a declared nationwide public health emergency as a result of the 2019 novel coronavirus.

MEDICAID PROVIDER RATE INCREASES

SECTION 4.6.

This section requires DHHS to increase the fee-for-service Medicaid rates paid directly by the DHB for all remaining provider types by 5%. This increase is in addition to the 5% rate increases already requested by DHHS in the 1135 Medicaid disaster State Plan amendment submitted to the Centers for Medicare and Medicaid Services.

USE OF FY 2019-2020 CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT INCREASED AVAILABILITY TO ADDRESS IMMEDIATE CHILD CARE NEEDS

SECTION 4.9.

This section rewrites Section 1.1(a) of S.L. 2019-192 regarding the DHHS Block Grants funding schedule. This section increases Child Care Services and Quality and Availability Initiatives under the Division of Child Development and Early Education in FY 2019-2020.

FUNDS FOR TESTING, CONTACT TRACING, AND TRENDS TRACKING AND ANALYSIS

SECTION 4.10.(a)

This section sets requirements that DHHS must meet before receiving funds for expanding public and private initiatives for COVID-19 testing, contact tracing, and trends tracking and analysis. DHHS shall report the results of all COVID-19 testing and post both positive and negative test results on the Department's website as part of its COVID-19 North Carolina Dashboard. DHHS must post information about vendors contracted to perform COVID-19 testing. DHHS shall also report on its website recovery rates, COVID-19-related hospital discharges along with underlying health conditions, and COVID-19 deaths, including the percentage of patients diagnosed with severe comorbidities prior to being diagnosed with COVID-19.

SECTION 4.10.(b)

Within six months of receiving funds, DHHS and any public or private entity that receives funds under subdivision (35) of Section 3.3, must report on the use of these funds to the House Appropriations Subcommittee on Health and Human Services, the Senate Appropriations Committee on Health and Human Services, and the Joint Legislative Oversight Committee on Health and Human Services.

FUNDS FOR OVERDOSE MEDICATIONS

SECTION 4.11.(a)

Directs the Department of Mental Health, Developmental Disabilities, and Substance Abuse Services to purchase units of opioid antagonist, as defined in G.S. 90-12.7 and distribute opioid antagonist units at no charge to opioid treatment programs operating in North Carolina. This section defines an eligible opioid treatment program as a program or practitioner with a current and valid registration that is engaged in dispensing opioid antagonist medication for the treatment of individuals with opioid use disorders.