

## Special Provision Summaries

The Governor's American Rescue Plan budget includes the provisions summarized below. In addition to these recommendations, all standard boilerplate and general programmatic provisions necessary to implement these recommendations should be included.

### Statewide

#### Extend NCPRO

Extends NCPRO, which S.L. 2021-1, Section 3.5 authorizes through December 31, 2021. This provision authorizes the office for six months past the final federal reporting requirement.

#### NCPRO Reallocation Authority

Grants NCPRO authority to reallocate ARP funds unexpended and unencumbered as of October 1, 2024, which will maximize the state's ability to utilize ARP funding effectively and efficiently. NCPRO will report to the Joint Legislative Commission on Governmental Operations on all reallocations, with a report due within seven days of any subsequent allocation. *See page 94 for similar recommendations for NCPRO reallocation authority related to CRF funds.*

#### Testing for Lead in Public Schools

Enacts regulatory change requiring that public schools test for lead in drinking water.

### General Government

#### GREAT 2.0

Revises G.S. 143B-1373 (existing GREAT statutes) to reform the program in support of the Governor's ARP proposal:

- Sets 100:20 minimum speeds with the ability to scale to 100 Mbps symmetrical.
- Introduces affordability bonus points.
- Eliminates references to county tiers or other restrictions on locations.
- Changes protest process away from by-project basis and authorizes the Department to build one map of eligible areas at beginning of process. Providers may protest the whole map, not shoot down individual projects.
- Allows city-owned communication networks to apply for grants.
- Increases the max grant award to \$4 million from \$2 million.

#### Competitive Bidding

Provides broad authorization for DIT to use \$40 million to develop PPPs deploying last-mile broadband infrastructure using existing procurement tools in support of projects that deliver a minimum 100:20 Mbps speed and have low-cost offerings.

#### Stop Gap Program

Establishes new special revenue fund to support a wide range of small-scale or short-term projects in support of broadband access:

- Eligibility includes internet providers, local government entities, and nonprofits.
- Like competitive bid (and in contrast to GREAT), authorization very broad for DIT to develop supporting policies and procedures rather than prescribed approaches.

- Allows use of 2% of funds to administer.

#### Broadband Service Assistance Program (Affordability)

Establishes a new special revenue fund at DIT to credit internet service providers (ISPs) that provide subsidized service to eligible households:

- Specifies that the program begins when FCC Emergency Broadband Benefit Program (EBBP) funds are exhausted.
- Ties eligibility to FCC EBBP or other criteria established by the Department.
- Allows use of 2% of funds to administer; authorizes contract support to develop and administer the program.

#### NC Hospitality Economic Loss Program (NC HELP)

Provides \$300 million for a grant program to qualifying restaurant, bar, and hotel owners. Grants would help business owners recoup revenues lost in 2020. Qualifying bars and restaurants must have a loss greater than 15% of revenues and hotels must have a loss of greater than 25% of revenues. This is one component of the Hospitality Industry Business Assistance & Recovery Grants program. The other \$50 million for this program is for grants through the Department of Commerce.

Major differences from S715:

- Sets maximum grant for restaurants at \$200K v. \$500K in S715 (proposal and bill have same maximum for hotels, \$500K).
- Requires 15% reduction in sales tax collections for restaurants and 25% reduction for hotels over the April – December 2020 period v. 15% reduction in at least one quarter of 2020 in S715.
- Calculates eligible grant amounts at the end of 30-day application period based on ratio of an applicant's losses over the total \$295 million, while S715 specifies maximum of either 10% of sales loss or \$500K.
- Sets aside \$5 million for DOR to administer program.

## Health & Human Services

#### Eligibility for Foster Care Services

Expands eligibility for foster care services from age 21 to age 23 to allow for more transition-age foster youth to receive wraparound services.

#### Eligibility for Caregiver Support Services

Allows DHHS to temporarily broaden eligibility requirements for caregiver support programs using ARP dollars provided they are consistent with federal requirements.

## Federal Funds to be Appropriated

Through the American Rescue Plan of 2021, the federal government will provide more than \$14 billion to North Carolina for COVID-19 response and recovery work. Like the actions in Section 4.1 of S.L. 2020-4, the Governor recommends fully appropriating all allocations of state funds based on the amounts in the award letters.

<b><u>Program</u></b>	<b><u>NC Allocation</u></b>
<i>Fiscal Recovery</i>	
State Fiscal Recovery Funds	\$5,439,309,692
Coronavirus Capital Projects Fund	\$277,060,856*
<i>Education</i>	
Emergency Assistance to Non-Public Schools (EANS)	\$82,951,720
Elementary and Secondary School Emergency Relief Fund (ESSER)	\$3,599,191,706
Elementary and Secondary School Emergency Relief Fund (ESSER) - Homeless Children & Youth	\$23,576,625
Higher Education Emergency Relief Fund (HEER)	\$701,279,807
Individuals with Disabilities Education Act (IDEA) - Part B Grants to States	\$81,359,406*
Individuals with Disabilities Education Act (IDEA) - Part B Preschool Grants	\$5,961,147*
Individuals with Disabilities Education Act (IDEA) - Part C Grants for Infants and Families	\$6,298,244*
<i>Nutrition</i>	
SNAP State Administration	\$35,443,496
Supplemental Nutrition for Women, Infants, and Children (WIC)	\$19,930,473
Commodity Supplemental Food Program	\$118,823
Older Americans Act - Congregate and Home Delivered Meals	\$23,109,470
<i>Health &amp; Human Services</i>	
CDC - Vaccines	\$191,350,000*
CDC - Testing, Tracing, and Prevention	\$1,285,000,000*
Genomic Sequencing and Surveillance	\$6,661,942
Public Health Workforce	\$279,412,000*
National Health Service Corps	TBD*
Community Health Centers	\$4,057,875
Maternal, Infant, and Early Childhood Home Visiting	TBD*
Family Planning	\$1,480,000*
Community-Based Prevention	\$7,400,000*
Child Abuse State Grant	\$3,394,185*
Child Care and Development Block Grant (CCDF)	\$502,777,789
Child Care Stabilization Grants	\$805,767,459
Child Care Entitlement to States	\$16,096,000*
Long Term Care Ombudsman	\$308,126
Home and Community-Based Supportive Services	\$14,173,808
Elder Justice/Adult Protective Services	TBD*

Family Caregiver	\$4,440,754
Health Promotion and Disease Prevention	\$1,355,756
Family Violence Prevention and Services	TBD*
Community Mental Health Services Block Grant	\$40,993,000*
Substance Abuse Prevention and Treatment Block Grant (SAPTBG)	\$36,268,000*
Pandemic Emergency Assistance	\$16,782,875
State Veterans Homes	TBD*
<i>Housing</i>	
Emergency Rental Assistance Program	\$432,495,915
Homeowner Assistance Fund	\$273,337,247
Homeless Assistance and Supportive Services Program (HOME)	\$65,590,727
Low-Income Home Energy Assistance (LIHEAP)	\$86,970,460
Low-Income Household Drinking Water and Wastewater Emergency Assistance Program	TBD*
<i>Small Business</i>	
State Small Business Credit Initiative	\$120,461,927
<i>Homeland Security</i>	
Emergency Performance Management Grant	\$2,659,780
<i>Independent Agencies</i>	
Institute of Museum and Library Services (IMLS)	\$4,309,436
National Endowment for the Arts	\$902,300
<b>Total</b>	<b>\$14,500,047,701</b>

\*Final federal award amounts are still pending

## Department of Health and Human Services, Other ARP Federal Awards

This budget recommends appropriating nearly \$3.4 billion in federal funds that have been awarded or are expected to be awarded to DHHS (see pg. 72-73). The following table and subsequent pages provide an overview of how the department currently plans to use these funds. These plans may need future alterations pending federal guidance, final awards, and pandemic developments. The recommendations are broken into six broad categories to help North Carolina respond to and recover from COVID-19 and be prepared for future public health crises.

Table 1: Overview of DHHS Plan for Other Federal ARP Awards

Funding Source	Contain the Virus & End the Pandemic	Improve Health Equity	Strengthen Response to the Mental Health Crisis	Support Hard Hit Families, Essential Workers, & Communities	Supporting Aging North Carolinians	Upgrade Public Health Capacity & Infrastructure	Total
Administration for Community Living Admin Allowance					4,338,791		4,338,791
CDC - Health Disparities (P.L. 116-260)	7,234,538	29,246,887	2,490,000	666,600			39,638,025
CDC - Testing and Tracing	999,706,480					285,293,520	1,285,000,000
CDC - Vaccines	147,286,820					44,063,180	191,350,000
Child Abuse Prevention and Treatment Act		800,000	600,000			1,994,185	3,394,185
Child Care and Development Block Grant				502,777,789			502,777,789
Child Care Entitlement to States				16,096,000			16,096,000
Child Care Stabilization Grants				805,767,459			805,767,459
Community Mental Health Services Block Grant			40,993,000				40,993,000
Community-Based Child Abuse Prevention		7,400,000					7,400,000
Congregate Meals					23,109,470		23,109,470
Family Caregiver					4,440,754		4,440,754
Family Planning						1,480,000	1,480,000
Health Promotion and Disease Prevention					1,355,756		1,355,756
Home and Community-Based Supportive Services			1,865,520		12,308,288		14,173,808
Individuals with Disabilities Education Act						6,298,244	6,298,244
Long Term Care Ombudsman					308,126		308,126
Low-Income Home Energy Assistance Program				86,970,460			86,970,460
Mobile Crisis Services			14,700,000				14,700,000
Public Health Workforce						279,412,000	279,412,000
Substance Abuse Prevention and Treatment Block Grant			36,268,000				36,268,000
TANF - Pandemic Emergency Fund		16,774,000					16,774,000
<b>Total</b>	<b>1,154,227,838</b>	<b>54,220,887</b>	<b>96,916,520</b>	<b>1,412,278,308</b>	<b>45,861,185</b>	<b>618,541,129</b>	<b>3,382,045,867</b>

Note: Amounts for some funding sources are estimates and plans are subject to change based on final awards.

## Contain the Virus and End the Pandemic

### Summary

Continue to ensure COVID-19 vaccines are easily and conveniently available to all North Carolinians who want to be vaccinated. DHHS will continue partnering with providers through contractual agreements, technical assistance, and other strategies to simplify the logistics and ensure administration of vaccines is easily located and immediately available across the state, and especially in communities with a historic lack of health access. In addition to vaccinations, the state must continue to slow the further spread of COVID-19 by maintaining easily accessible testing, strengthening surveillance and contact tracing, providing COVID-19 treatment and care, and keeping the public well-informed with transparent data and information.

### Funding Allocations

**Table 1: Federal Funding Sources**

CDC - Testing and Tracing	\$999,706,480
CDC - Vaccines	\$147,286,820
CDC - Health Disparities Grant	\$7,234,538
<b>Grand Total</b>	<b>\$1,154,227,838</b>

**Table 2: Allocation of Funds by Initiative**

A. Remove Barriers to Vaccine Access and Support Ongoing Vaccine Distribution	\$446,313,548
B. Strengthen Surveillance, Testing, and Contact Tracing	\$600,706,480
C. Public Transparency, Education, and Engagement	\$107,207,810
<b>Grand Total</b>	<b>\$1,154,227,838</b>

#### A. Remove Barriers to Vaccine Access and Support Ongoing Vaccine Distribution

Key initiatives to continue to vaccinate North Carolinians as rapidly and equitably as possible to minimize COVID-19-associated morbidity and mortality, with special attention to ensuring equitable access to vaccine among members of historically marginalized populations and special populations. Fund vaccine providers to deliver end-to-end COVID-19 vaccination administration and management services, including distribution/logistics, appropriate vaccine storage and handling, secure technology and other associated activities needed to coordinate smaller, mass, mobile, and homebound vaccine administration (\$255 million from Testing and Tracing over four years; \$18.9 million from Vaccines); implement strategies and tactics to improve vaccine uptake (\$45M from Testing and Tracing over four years); fund local health departments to support vaccination and outreach efforts, with an emphasis on reaching historically marginalized populations (\$50 million from Vaccines) and fund DHHS staff to continue to support vaccine administration and distribution, including data analysis to inform COVID-19 response (\$4.2 million from CDC Health Disparities Grant, \$1.6M from Vaccines).

Address barriers to vaccination sites by: funding transportation to and from vaccination sites (\$4M from Vaccines), using paid media to provide accurate information to North Carolinians (\$13.7 million from

Vaccines), engaging community health workers (\$2 million from Vaccines) and community based organizations (\$21 million from Vaccines), and leveraging organizations reaching rural and youth communities to conduct outreach, coordinate vaccine events, and help people get vaccinated (\$1.5 million from Vaccines). Increase the number of accessible vaccination sites, through school-based health centers (\$6 million from Vaccines). Looking ahead, conduct research on barriers and motivations for vaccinations for youth and parents, for new brands.

Continue ongoing vaccine distribution through technology and data improvements and staffing support for public health. ARP funds would be used to improve vaccine tracking systems and reporting to ensure efficient vaccine management and to allow people to access their own vaccine information (\$15 million from Vaccines).

## **B. Strengthen Surveillance, Testing, and Contact Tracing**

Key initiatives to strengthen state and local capacity for surveillance of communicable disease, testing, and contact tracing. Enhance local health departments' capacity to respond to communicable disease by bolstering staffing, capital investments in laboratory infrastructure, and direct-to-consumer testing capacity (\$165 million from Testing and Tracing). Increase testing capacity by maintaining a state inventory of at-home tests (\$73 million from Testing and Tracing) and contract with testing vendors to be able to deploy as needed (\$42 million from Testing and Tracing). Expand screening in K-12 schools to identify cases early, prevent transmission, and allow schools to stay open safely (\$315 million from Testing and Tracing).<sup>1</sup> Expand respiratory disease unit from a single influenza coordinator to larger team that has capacity to conduct surveillance for COVID-19, associated conditions (e.g., Multisystem Inflammatory Syndrome in Children), and new and emerging pathogens (\$3.1 million from Testing and Tracing).

## **C. Public Transparency, Education, and Engagement**

The COVID-19 pandemic has underscored the importance of proactive, timely communication to the general public. ARP funds will be used to continue to enhance messaging to the public and specific groups to promote vaccination and prevention efforts (\$99 million over three years from Testing and Tracing), as well as a focus on expanding capacity to reach American Indian, disability, and Spanish-speaking communities. Looking ahead to emergent opportunities and challenges, the Department will develop new content and collateral related to anticipated changing needs around vaccination, including eligibility for children, potential boosters, and possible adverse events.

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<sup>1</sup> DHHS is awaiting clarification to determine if ECC school testing would be a subset/offset of this particular allocation.

# Support Aging North Carolinians

## Summary

Protect the health and well-being of aging North Carolinians as the state continues to respond to and recover from the pandemic by enabling people to live at home, preventing food insecurity, and supporting people’s independence and dignity.

## Funding Allocations

**Table 1: Federal Funding Sources**

Family Caregiver	\$4,440,754
Congregate Meals	\$23,109,470
Health Promotion and Disease Prevention	\$1,355,756
Home and Community-Based Supportive Services	\$12,308,288
Administration for Community Living Admin Allowance	\$4,388,791
Long Term Care Ombudsman	\$308,126
<b>Grand Total</b>	<b>\$45,861,185</b>

**Table 2: Allocation of Funds by Initiative**

A. Help People Stay at Home	\$4,440,754
B. Prevent Food Insecurity	\$23,109,470
C. Protect Health and Wellbeing	\$13,132,619
D. Support Independence and Dignity	\$5,178,342
<b>Grand Total</b>	<b>\$45,861,185</b>

### A. Help People Stay at Home

The COVID-19 pandemic has increased the pressures on family caregivers for adult family members who have chronic illnesses or conditions, and strained families who provided care to loved ones suffering from COVID-19. ARP funds (\$4.4M from Family Caregiver funds) will provide relief and flexibility to caregivers through the following activities: pilots offering stipends for caregivers; respite vouchers and vouchers for support services such as transportation, technology and food; ongoing support for virtual caregiver training program (Trualta) for an additional year; training and evaluation tools to the Area Agencies on Aging (AAA) to improve diversity, equity and inclusion in staffing, policies, and practices; and mini-grants to Dementia Friendly Communities and hospitals.

### B. Prevent Food Insecurity

The pandemic put many North Carolinians out of work for extended periods of time creating food insecurity and hunger, including vulnerable older adults who may rely on employment income. ARP funds will be used to increase meal delivery capacity by hiring temporary staff who can coordinate to provide nutritious meals to an additional 1,000 older adults, particularly those from historically marginalized populations (\$17.2 million from Congregate Meals). Meals will be expanded to seven meals a week, compared to the traditional five meals a week.



Additionally, early lessons from the pandemic demonstrated the power of partnerships to ensure individuals have access to food. Building upon that success, ARP funds will be used to add new nutrition providers and allow AAAs to contract for meal preparation and food delivery with groups such as Community Action Agencies (which can help reach low-income, historically marginalized populations), food banks, farmers markets, and health care providers (\$5.9 million from Congregate Meals).

### C. Protect Health and Wellbeing

Older adults are at higher risk for COVID-19, which underscores the need to support health and well-being among this population. ARP funds will build upon an existing partnership between AAAs and the NC Center for Health and Wellness to: provide resources to achieve National Committee for Quality Assurance accreditation; hire 56 care coordinators to serve older adults over three years; and provide oversight and project and IT support (\$11.8 million from Home and Community-Based Supportive Services). Additionally, ARP funds will expand and target delivery of evidence-based preventive health services by first using public health data to identify needs, then focusing funds towards evidence-based programming for high-need communities. Evidence-based programming, such as fall prevention or chronic disease self-management, typically requires funding for licenses and instructors who are trained to deliver those programs (\$1.4 million from Health Promotion and Disease Prevention).

### D. Support Independence and Dignity

Older adults, particularly those in long-term care settings, often faced social isolation for extended periods of time due to the pandemic. Funds will be used to foster connections by purchasing digital devices (e.g., tablets, Google Home/Amazon Alexa smart tools) for 260 individuals across the 10 AAAs, as well as providing hands-on NC Assistive Technology Program training and consultation to about 60% of the older adults receiving digital devices (160 individuals) (\$531,425 from Home and Community-Based Supportive Services). Funds will also be used to establish regional multidisciplinary Long Term Care Ombudsman teams to resolve medically and legally complex cases; promote Family Council participation in long-term care facilities; and expand Community Advisory Committee volunteer capacity to help with resident rights issues (\$308,126 from Long Term Care Ombudsman).

Finally, North Carolina must build capacity so that older adults are afforded a system of care and support that enables them to live and age with independence and dignity. ARP funds will improve the Aging Resource Management System to include client tracking, case management, and provider reimbursement, so that gaps in service for older adults are identified and service delivery is improved (\$4.3 million from Administration for Community Living Administrative Allowance).

# Support Hard Hit Families, Essential Workers, and Communities

## Summary

Support and strengthen communities struggling in the wake of the pandemic by helping parents return to work with a robust child care system; protecting the essential workers who kept our economy going; reducing health and safety risks in people’s homes; supporting North Carolina’s small businesses that are the backbone of our communities; and preventing food insecurity so no North Carolinian goes hungry.

## Funding Allocations

**Table 1: Federal Funding Sources**

Child Care and Development Block Grant	\$502,777,789
Child Care Entitlement to States	\$16,096,000
Child Care Stabilization Grants	\$805,767,459
CDC - Health Disparities Grant	\$666,600
Low Income Home Energy Assistance Program (LIHEAP)	\$86,970,460
<b>Grand Total</b>	<b>\$1,412,278,308</b>

**Table 2: Allocation of Funds by Initiative**

A. Help Parents Return to Work	\$443,777,789
B. Prevent Food Insecurity	\$666,600
C. Reduce Health and Safety Risks	\$86,970,460
D. Support North Carolina’s Small Businesses	\$880,863,459
<b>Grand Total</b>	<b>\$1,412,278,308</b>

### A. Help Parents Return to Work

The pandemic has shined a spotlight on child care’s essential role in our nation’s security and economic infrastructure. High-quality, affordable child care is the bedrock of our economy, allowing parents to go to work, employers to hire and retain workers, and children to experience healthy development, which is essential for their well-being and our nation’s well-being. ARP funds will:

- Reduce the child care subsidy waiting list and increase access to high quality infant and toddler care with a dedicated funding stream (\$200M from Child Care and Development Block Grant).
- Strengthen child care businesses and increase parents’ access to high-quality care options by providing business tools and technical assistance for child care providers and increasing the supply of family child care homes—especially in child care deserts. This includes establishing networks of family child care homes that share business services and a community of practice and providing trauma-informed care and resiliency training to child care staff (\$32M from Child Care and Development Block Grant).
- Increase the number of qualified early educators by 10% by 2024 by increasing access to low- or no-cost higher education apprenticeships, fast-track and online certificate and degree programs,

on-the-job coaching and recruitment, and retention incentives for child care workers (\$211M from Child Care and Development Block Grant).

## B. Prevent Food Insecurity

In response to COVID-19, the NC Local Food Council (NC's state food council) and local food councils were key to coordinating efforts among state and local partners and connecting high-need populations with healthy local food. This activity will expand the capacity of the 36 food councils statewide and the statewide North Carolina Local Food Council by increasing members from historically marginalized communities and organizations. Through support from the expanded North Carolina Local Food Council, the 36 local food councils across North Carolina will receive training, technical assistance, and support to build capacity around equitable access to healthy food and COVID-19 prevention (\$666K from CDC Health Disparities Grant<sup>1</sup>).

## C. Reduce Health and Safety Risks

The pandemic put many individuals and families out of work for extended periods of time, straining their ability to pay utility bills and cover energy costs. ARP can strengthen the Low Income Home Energy Assistance Program (LIHEAP) to keep individuals and families safe and healthy by assisting with energy costs, ultimately reducing the risk of health and safety problems that arise from unsafe heating and cooling environments. Key activities include:

- Establish a standalone Summer Cooling Program available to low-income households (\$33M from LIHEAP)
- Establish new summer cooling benefits for current LIHEAP and Food and Nutrition Services recipients (\$14.8M from LIHEAP) and Winter Heating Program (LIEAP) benefits (\$17.4M from LIHEAP) for eligible high-priority populations distributed through automatic payments.
- Support the Weatherization Assistance Program to help low-income households save energy, reduce utility bills, and stay safely in their homes (\$13M from LIHEAP).
- Provide administrative funding to offset costs incurred by the state and counties, improve technology to support automated eligibility processing, and utilize energy assistance and other data to determine areas of high need for targeted interventions or outreach (\$8.7M from LIHEAP).

## D. Support North Carolina's Small Businesses

Child care programs have been the backbone of our economy by ensuring essential workers can continue to support their families during COVID-19. Many of North Carolina's child care programs are small businesses (including small child care centers and family child care homes) that need ongoing support to recover from the pandemic. ARP funds will provide stabilization grants to child care providers to cover fixed costs, tuition reduction for low-income families, and costs to stabilize and build qualified staffing, as well as technical assistance to child care programs and administrative costs to oversee grants (\$805M from Child Care Stabilization Grants). ARP funds will also improve the child care subsidy management system to simplify use for child care providers and improve payment efficiency, modernize the child care licensing and Pre-K legacy system, and create a workforce data system that currently does

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<sup>1</sup> CDC Health Disparities Grant funds were appropriated by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021, (P.L. 116-260) rather than ARP, but a federal plan for these funds was not released until March 17, 2021.

not exist (\$59M from Child Care and Development Block Grant). These technology improvements will allow the state to better track program, teacher, funding and child level outcomes. Other initiatives include increasing child care subsidy payment rates to support financial solvency of small child care businesses (\$16M from Child Care Entitlement to States).

## Improve Health Equity

### Summary

Improve health outcomes for all North Carolinians by addressing the disproportionate impact the pandemic has had on Black, Latinx, and American Indian communities, rural communities, and children and families. The state will use funds to build state and local infrastructure to support long-term health equity; address nonmedical drivers of health; reduce comorbidities; and protect children’s health and safety, and promote healthy development.

### Funding Allocations

**Table 1: Federal Funding Sources**

CDC - Health Disparities Grant	\$29,246,887
Temporary Assistance for Needy Families (TANF) - Pandemic Emergency Assistance Fund	\$16,774,000
Child Abuse Prevention and Treatment (CAPTA)	\$800,000
Community-Based Child Abuse Prevention (CBCAP)	\$7,400,000
<b>Grand Total</b>	<b>\$54,220,887</b>

**Table 2: Allocation of Funds by Initiative**

A. Build State and Local Infrastructure to Support Long-Term Health Equity	\$17,593,662
B. Address Nonmedical Drivers of Health	\$9,322,415
C. Reduce Comorbidities	\$3,405,810
D. Protect Children’s Health and Safety and Promote Healthy Development	\$23,899,000
<b>Grand Total</b>	<b>\$54,220,887</b>

#### A. Build State and Local Infrastructure to Support Long-Term Health Equity

The COVID-19 pandemic has demonstrated the need to invest in state and local infrastructure to support long-term health equity in North Carolina. Funds will support approximately 25 community-based and faith-based organizations across the state to develop and implement strategies to advance health equity in historically marginalized communities. Organizations will be funded to provide culturally and linguistically appropriate services, strategies, and approaches to build trust and capacity in communities (\$3.4 million from CDC Health Disparities Grant). Funding would support the creation of a local health equity infrastructure and enhance the community readiness of local partners representing priority populations to engage in health promotion/disease prevention and preparedness activities (\$8 million from CDC Health Disparities Grant). Additional funding will support strategic planning, gathering, analyzing, and sharing public health data to protect the health of all citizens with an emphasis on Historically Marginalized Populations (\$4.4 million from CDC Health Disparities Grant).

#### B. Address Nonmedical Drivers of Health

Funds will address non-medical drivers of health, such as access to food, housing, and transportation that can drive negative health outcomes and put people at higher risk for serious illness by maximizing

use of technology to connect people to needed services, providing technical assistance, and issuing grants to high-need communities. Initiatives include expanding use of the innovative NCCARE360 technology platform (NC's first statewide coordinated care network to connect individuals to food, housing, transportation, and other services) to new organizations (\$3.5 million from CDC Health Disparities Grant); providing technical assistance to rural providers on telehealth and vaccine case management (\$1.7 million from CDC Health Disparities Grant); working with housing programs and those serving the homeless to support people who have been incarcerated or have substance use disorder with transition services to housing; providing tailored two-year grants to high-need communities to improve food or housing security (\$1.4 million from CDC Health Disparities Grant); and Community-Based Child Abuse Prevention Emergency Relief Fund to cover diapers, food, rent, utilities, and beds to families with the goal of preventing out of home placement (\$1.4 million from CBCAP).

### C. Reduce Comorbidities

Smoking increases an individual's risk for serious illness from COVID-19 and developing many other chronic conditions. Moreover, smoking rates are higher among individuals with lower income, American Indians, and people with disabilities, and although African Americans usually smoke fewer cigarettes, they are more likely to die from smoking-related diseases than white people. To reduce smoking-related comorbidities among these priority populations, initiatives include promotion of evidence-based tobacco treatment and Quitline NC, which aims to increase the number of people connected to treatment and who successfully quit smoking (\$2.6 million from CDC Health Disparities Grant), and promotion of 100% tobacco-free policies for government buildings and public places (\$730,000 from CDC Health Disparities Grant) to help governments and businesses reopen safely following the pandemic.

### D. Protect Children's Health and Safety and Promote Healthy Development

Children often bear the brunt of adversity as they did throughout the pandemic. Because their earliest experiences are built into children's bodies and impact future health, key initiatives include: develop an innovative early childhood pilot to direct COVID-19 relief payments to low-income, low-wealth households with one or more very young children (e.g., age 0-3) in the most vulnerable census tracts or neighborhoods, and fund academic evaluation of short-term and medium-term impact on family economic situation and child outcomes (\$16.7 million from TANF); provide grants to community-based organizations to provide follow-up supports to families with children that screen positive for adverse childhood experiences (ACEs) and workforce training for ACEs screening (\$3 million from CBCAP); fund Prevent Child Abuse NC to support Connections Matter, community prevention plans, and other primary prevention activities (\$3 million from CBCAP); support planning for strengthening of our state's Child Protective Services intake and initial assessment system.

Children whose parents or caregivers are incarcerated are at higher risk of negative social, academic, and health outcomes. Funding will support a partnership with UNC Collaborative for Maternal and Infant Health and community partners from Wake, Gaston, and Brunswick counties to develop models of coordinated data collection and sharing, connection to services, and follow-up upon release of women incarcerated in local jails. Counties will convene county stakeholders' group to include representatives from local health departments, the Sheriff's Office, local hospitals, and other organizations that provide services to women and their families to provide local leadership (\$325,000 from CDC Health Disparities Grant).

## Strengthen Response to Mental Health Crisis

### Summary

Respond to the pandemic’s impact on mental health, including new barriers for those already suffering from mental illness and substance use disorders by expanding suicide and overdose prevention; expanding access to prevention, treatment, and crisis counseling services; supporting our youth; and improving care management.

### Funding Allocations

**Table 1: Federal Funding Sources**

Mental Health Block Grant (MHBG)	\$40,993,000
Substance Abuse Prevention and Treatment Block Grant (SAPTBG)	\$36,268,000
Mobile Crisis Services	\$14,700,000
Home and Community-Based Supportive Services	\$1,865,520
Child Abuse Prevention and Treatment Act (CAPTA)	\$600,000
CDC Health Disparities Grant	\$2,490,000
<b>Grand Total</b>	<b>\$96,916,520</b>

**Table 2: Allocation of Funds by Initiative**

A. Expand Access to Crisis Counseling and Services	\$22,433,000
B. Expand Access to Prevention, Treatment, and Crisis Counseling Services	\$36,699,972
C. Expand Suicide Prevention	\$530,000
D. Improve Care Management	\$20,625,000
E. Reduce Overdoses	\$14,859,798
F. Support Our Youth	\$1,768,750
<b>Grand Total</b>	<b>\$96,916,520</b>

#### A. Expand Access to Crisis Counseling and Services

North Carolina will strengthen its mobile crisis response infrastructure to better respond to individuals experiencing mental health or substance abuse crises. Funds will be used to expand the number of crisis service teams and staff to shorten response times (\$14.7M from Mobile Crisis Services); provide additional crisis services, including crisis peer respite, child facility-based services, 23-hour crisis observation units, and telehealth (\$5.5M from MHBG); and implement a crisis referral system tracker to provide real-time tracking of bed availability for residential and crisis beds for children and adults (\$2.2M from MHBG). Because people who are transitioning out of institutional settings are particularly vulnerable, funds will be used to pilot mobile crisis programs using Assertive Engagement for this population.

## B. Expand Access to Prevention and Treatment Services

Funds will support expansion of evidence-based mental health supports to address depression, suicide intervention, chronic pain self-management, and social isolation for older adults (\$1.8M from Older Americans Act – Home and Community-Based Supportive Services). Funds will also be used to build capacity for preventive peer services by piloting new peer reimbursement models, providing training and certification for specialty peers, and having peers in the emergency department who can support community connections after an individual is discharged (\$5.7M from MHBG).

Additional prevention initiatives include implementing early identification and intervention models for individuals at risk for alcohol or drug abuse (\$4.1M from SAPTBG) and diverting individuals from criminal justice involvement at the earliest possible stage by connecting people to treatment as quickly as possible (\$4.1M from MHBG).

Because parental substance use is the primary reason for foster home placement in North Carolina, funds will be used to keep parents and caregivers in substance use disorder treatment and keep children safe. Funds will support implementation of the START model in 10 counties with peer support specialists who provide case management across substance use treatment providers, family support services, the judicial system, and other services (\$7.6M from SAPTBG).

ARP funds will also be used for treatment services, including adult treatment services, with a focus on alcohol, cocaine, and other stimulant disorders (\$6.8M from SAPTBG); startup and ongoing costs for Assertive Community Treatment (ACT) and Community Support Team (CST) programs in rural communities (\$3M from MHBG). ACT teams include diverse health care teams (psychiatrists, nurses, social workers) who help adults with severe and persistent mental illness live in their homes instead of institutions; CST programs consist of community-based mental health and substance abuse rehabilitation services provided through a team approach.

## C. Expand Suicide Prevention

Calls originating in North Carolina to the National Suicide Prevention Lifeline increased by 11.5% from 2019 to 2020 and there were indications that callers' needs were more serious in 2020 than in the previous year. Funds will expand Comprehensive Suicide Prevention (CSP) activities (promotion of safe firearm storage, suicide prevention trainings) by hiring temporary staff and providing funding to local communities to implement CSP activities. There will be a focus on hiring staff that represent and have experience with historically marginalized communities (HMPs) to advance equity and improve health outcomes. Suicide prevention strategies will address social isolation, lack of community connectedness, and associated increased risk factors for suicide during COVID-19 (\$530K from CDC Health Disparities Grant<sup>1</sup>).

## D. Improve Care Management

Many behavioral health providers do not have electronic health records or care management data platforms needed to integrate and coordinate care across physical and behavioral health providers. Funds will be used to purchase and use EHRs and care management platforms (\$17.9M from MHBG).

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<sup>1</sup> CDC Health Disparities Grant funds were appropriated by the Coronavirus Response and Relief Supplemental Appropriations Act, 2021, (P.L. 116-260) rather than ARP, but a federal plan for these funds was not released until March 17, 2021.



ARP funds will also address gaps in substance use disorder (SUD) services across the state by providing startup supports to help SUD providers contract with LME-MCOs, such as payments to cover rent/lease stipends for the first three months, utility fees, licensure fees, furnishings for the facilities, and evidence-based programming trainings (\$2.7M from SAPTBG).

### E. Reduce Overdoses

North Carolina saw an unprecedented increase in overdoses during the pandemic. Key initiatives would increase capacity for harm reduction programs by establishing a standing fund and distribute fentanyl strips to ensure harm reduction programs have a consistent supply of items to address overdoses (\$8.7M from SAPTBG). This will allow harm reduction programs to serve more people, address polysubstance abuse, and integrate more health services into programs. Funds will aim to decrease risk of future overdoses by expanding EMS-based Medication Assisted Treatment (MAT) Bridge program from two counties to 10 additional counties, which allows EMS staff to provide buprenorphine to a person who has recovered from an overdose (\$2.8M from SAPTBG). Other initiatives include establishing a statewide hotline for health care providers who need additional support to properly treat and refer individuals with Substance Use Disorder (SUD) and contracting with the NC Harm Reduction Coalition, which has ability to reach at-risk groups, to hire regional navigators to provide harm reduction and overdose prevention, and testing for STDs (\$3.3M from MHBG).

### F. Support Our Youth

Establish pilot programs for vulnerable youth, such as evidence-based programming for juvenile justice committed youth with complex behavioral health needs and programs for justice-involved and homeless youth (\$1.2M from MHBG). Funds will support hiring of two SUD specialists at NC Department of Social Services who will develop community handbooks for providers and parents, train health care professionals in substance-affected infants and plan of safe care and serve as a consultant to state and local child welfare staff about SUD.

## Upgrade Public Health Capacity and Infrastructure

### Summary

Invest in local and state public health staffing and infrastructure to assure that we are prepared for future disease outbreaks and pandemics. North Carolina relies upon a system of local and state public health agencies to prevent, respond to, and recover from a wide spectrum of threats – from weather-related emergencies to public health crises stemming from infectious diseases like COVID-19. As the state moves from response to recovery and then to prevention and preparedness, it needs a robust public health system that has been strengthened by the lessons learned from the pandemic. Those lessons call for a system that equips the state to identify and address emerging crises; makes public health information easily accessible; modernizes data systems; provides access to care in underserved communities; and recruits, retains, and builds capacity of the public health workforce.

### Funding Allocations

**Table 1: Federal Funding Sources**

CDC - Vaccines	\$44,063,180
CDC - Testing and Tracing	\$285,293,520
Family Planning	\$1,480,000
Child Abuse Prevention and Treatment (CAPTA)	\$1,994,185
Public Health Workforce	\$279,412,000
Individuals with Disabilities Education Act	\$6,298,244
<b>Grand Total</b>	<b>\$618,541,129</b>

**Table 2: Allocation of Funds by Initiative**

A. Equip the State to Identify and Address Emergency Crises	\$152,138,199
B. Make Public Health Information Easily Accessible	\$37,203,580
C. Modernize Data Systems	\$89,228,105
D. Provide Access to Care in Underserved Communities	\$99,228,244
E. Recruit, Retain, and Build Capacity of Workforce	\$240,743,001
<b>Grand Total</b>	<b>\$618,541,129</b>

#### A. Equip the State to Identify and Address Emerging Crises

ARP funding will improve the capacity of the public health system to respond to current and emerging health threats, including communicable disease, weather events, and environmental hazards. Funds will be used: by the State Laboratory for Public Health to purchase equipment and supplies and hire staff to conduct genomic sequencing, increase laboratory capacity to deal with existing and newly emerging infectious diseases, improve turnaround time, implement quality improvement activities, improve IT system capabilities to enable electronic receipt of testing data, and purchase courier services to improve delivery times of specimens to lab (\$46.7M); to hire five additional public health epidemiologists to be

stationed in the state's largest hospitals to facilitate improved sentinel surveillance and disease identification and reporting (\$4.3M); to facilitate building enhancements to address vulnerabilities identified by the U.S. Department of Homeland Security and consolidate laboratory, epidemiology and environmental health staff into one location on District Drive to improve coordination, efficiency and response efforts (\$59.0M); to expand the local and state workforce responsible for communicable disease surveillance, monitoring emerging threats, outbreak response and surge capacity (\$39.4M); and to create a multi-disciplinary team to provide infection control guidance, outbreak management and technical assistance to state prisons, county jails and detention centers (\$2.7M).

## **B. Make Public Health Information Easily Accessible**

The pandemic has highlighted the importance of making public health data more accessible. ARP funds will expand the data feeds coming into state syndromic surveillance system and collection and analysis of data on health outcomes and exposures among essential workers and laborer populations (\$3.9M). Funds will be used for mapping and data visualization tools to better analyze disease incidence rates and health outcomes by race and ethnicity – particularly among populations disproportionately affected by public health emergencies and disease outbreaks (\$2.2M); to modernize the websites for the Division of Public Health and the Division of Health Services Regulation so that public can easily get information in a timely and accessible manner and produce public materials in a variety of languages and ensuring that they are ADA accessible (\$3.1M); and support robust IT integration projects and pay temporary IT developers, engineers, trainers, and testers (\$28.0M).

## **C. Modernize Data Systems**

The pandemic has highlighted the need to modernize or replace several data systems supporting local and state public health. ARP funds will modernize the communicable disease IT infrastructure and staffing to better support the COVID-19 pandemic response and any future disease outbreak or pandemic, allowing DHHS to implement new technologies, expand its ability to receive, ingest, and analyze electronic laboratory results, support NC's contract tracing app (SlowCOVIDNC), and provide text and email capabilities (\$14.6M). Funds will also support the platform and staff needed for electronic test reporting and improvements to the information system used by the State Laboratory for Public Health and to support local health department data system improvements (\$55.0M); modernize or replace the NC Immunization Registry (\$6.0M); and enhance the IT systems and data dissemination capabilities within the NC State Center for Health Statistics (\$1.4M) and NC Infant Toddler Program (\$2.5M). Funds will also allow the Department to replace outdated databases to allow for data interoperability across systems and better track testing, vaccination, and health outcomes across various DHHS programs (\$9.7M).

## **D. Provide Access to Care in Underserved Communities**

The pandemic has had a disproportionate impact on historically marginalized populations, rural and underserved communities, and children and families. ARP funds will expand use of community health workers (\$30.0M); build staffing to improve family and early childhood health (\$30.0M); develop and launch regional leadership hubs to foster whole person-whole community health improvements, particularly in underserved communities (\$22.9M); further engage community organizations as local public health partners (\$10.0M); improve the services provided to NC farmworkers, migrant and seasonal workers and their families (\$4.1M); and pilot the use of telehealth in service delivery and increase access to diagnostic services (\$2.2M).

## E. Recruit, Retain, and Build Capacity of Workforce

ARP funds will be used strengthen the capacity state and local public health systems to prepare for, respond to and recover from public health emergencies, and to prevent and protect against future emergencies. Funds will be allocated to local health departments to hire additional staff, such as epidemiologists, nurses, immunization personnel, and other related staff (75.0M); establish systems for collecting performance data and statewide monitoring across local health departments (\$60.0M); provide for new and improved training opportunities for local public health staff (\$36.0M); maintain a core contact tracing presence that can quickly respond to new emerging public health threats (\$23.3M); hire and out-station medical epidemiologists, pharmacists, industrial hygienists and emergency preparedness experts to support local health departments (\$13.4M); hire additional staff at DPH to support increased data, budget, HR and communications staffing needs (\$12.0M). Funds will also support a partnership with HMSIs to increase the 'pipeline' of future public health workers, create new internship opportunities for students in advance degree programs, establish a core scientific 'advance team,' pay for initiatives to better recruit and retain staff (\$19.0M) and support the development of a Child Welfare Workforce Development Roadmap to build a stable, sufficient, and effective child welfare workforce in North Carolina (\$2.0M).

## Department of Commerce: State Small Business Credit Initiative

The State Small Business Credit Initiative (SSBCI), which was originally passed by Congress in 2010 and reauthorized in the American Rescue Plan, aims to expand existing or create new state small business investment programs, including state capital access programs, collateral support programs, loan participation programs, loan guarantee programs, and venture capital programs.<sup>1</sup>

The North Carolina Department of Commerce (DOC) will administer the approximately \$120.5 million in SSBCI funds allocated to the state. The department may contract with a provider with previous experience administering SSBCI funds in North Carolina to execute this program. The partner entity will work with the department to design, launch, and manage the initiative with programs allowable under guidance from the US Treasury.

This recommendation is modeled on the successful 2010 SSBCI program, which directed \$46.3 million to North Carolina. The 2010 SSBCI program:

- Created or retained over 12,500 jobs by investing in small businesses.
- Leveraged over \$15 in private funding for every program dollar invested.
- Had a statewide impact with approximately 39% of transactions in rural counties.

The reauthorized program allocates North Carolina nearly three times the amount of the original program and will result in investments in small business statewide through partnership with Community Development Financial Institutions and other lenders.

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<sup>1</sup> Congressional Reserve Service. [“State Small Business Credit Initiative: Implementation and Funding Issues.”](#)

# Department of Public Instruction, ESSER III Set-Aside

## Summary

The American Rescue Plan provides North Carolina with \$3,599,191,706 through the Elementary and Secondary School Emergency Relief (ESSER) Fund. ESSER III funds follow two previous tranches of federal K-12 COVID-19 relief funding (ESSER I and ESSER II) and are available through September 30, 2024. A minimum of 90% of ESSER III funds (\$3.2 billion) must go to public school units (PSUs) to be used for a wide range of purposes. The Department of Public Instruction (DPI) may retain up to 10% of ESSER III funds (\$359.9 million) to address learning loss, support evidence-based summer enrichment and comprehensive afterschool programs, for administration, and for other flexible uses related to the pandemic. Table 1 details the Department’s proposed funding categories for these funds.

**Table 1: ESSER III Set-Aside Allocation of Funds by Initiative**

Low-Performing District Discretionary Program	\$19,000,000
Extended Learning Recovery After-School Enrichment Support	\$50,000,000
Mastery Based Programs and Assessments	\$19,000,000
Social Emotional Learning Programming and Resources Support	\$10,000,000
ESSER I/II/III & Summer School Lessons Learned Expansion Fund	\$20,000,000
Research Partnerships	\$2,500,000
High-Impact Tutoring Initiative	\$30,000,000
Diagnostic Assessments	\$12,000,000
K-5 Learning	\$22,000,000
CBE, Asset, and Efficiency Management	\$13,750,000
DPI Learning Recovery Initiatives	\$5,250,000
CTE Credentials and Certifications for Students	\$6,500,000
Statewide Student Survey	\$3,000,000
Social and Emotional Learning Pilot	\$250,000
Cybersecurity	\$10,000,000
Support for Drivers Education	\$75,000
Unreserved funds for SBE and NCDPI	\$25,000,000
<b>Grand Total</b>	<b>\$248,325,000</b>

## Low-Performing District Discretionary Program

Funds will be used to: (1) offer coaching support and professional development to Districts, Principals and School Improvement Leadership Teams; (2) design and implement a leadership institute for current principals in LPS; and (3) support opportunities for Low Performing Districts in creating creative and flexible improvement plans in conjunction with DPI's District and Regional Transformation Team, which will include teacher recruitment and retention initiatives. Twenty FTEs will support the state’s eight

education regions. \$6.3 million per year will be used to support contract work to expand the work the Department is doing through the utilization of ESSER I for the state's lowest performing schools.

### Extended Learning Recovery After-School Enrichment Support

Funds will be held in reserve by the Department, in consultation with the State Board of Education, and allocated to public school units to support COVID-19 related needs, including in-person instruction programs to address learning loss and provide enrichment activities during the traditional academic year afterschool. These funds shall be prioritized to public school units based on need, as demonstrated by the expenditure of existing federal funding received for COVID-19 related impacts

### Mastery Based Programs and Assessments

Funds will support: (1) deployment of a Competency-Based Education (CBE) platform; (2) development of Credit by Demonstrated Mastery (CDM) for grades 7-12 for credit recovery or acceleration; (3) development of micro-credentials for teacher competency and professional development; and (4) development of principal professional development. These efforts tie into licensure reform at the department.

### Social Emotional Learning Programming and Resources Support

Funds will support development and deployment of an online repository of online programs and resources for PSUs. Toolkits may include Social and Emotional Health and well-being for Teachers, Social and Emotional Learning (SEL) for Students, and SEL for Caregivers. Funding will also be used to support professional development for teachers and school leaders.

### ESSER I/II/III and Summer School Lessons Learned Expansion Fund

Funding will be used to leverage lessons learned and to scale interventions developed using ESSER I/II/III funding within a PSU or for other PSUs to implement and test the initiative. There will be four FTE's associated with this request which falls under the Office of Learning Recovery.

### Research Partnerships

Funding will provide support for external research partners to assess the impact of learning recovery interventions.

### High-Impact Tutoring Initiative

Funds will provide support for high-dosage and other evidence-based tutoring initiatives, including the development of online modules for tutor training in curriculum and pedagogy, focusing on literacy, in conjunction with Operation Polaris (Literacy), NC Education Corps, increase capacity of best practices from what districts are already doing, as well as developing a math-centered program.

### Diagnostic Assessments

Funding will support development and/or deployment of learning recovery diagnostics and assessments, such as the Cognitive Abilities Test (CogAT) for second and seventh graders state-wide, along with teacher professional development.

### K-5 Learning

Funds will provide support for (1) a common Learning Management System (LMS) to be utilized for in-person and remote instruction; (2) Science of Reading implementation and a Kindergarten Readiness

program (based in the science of reading); and (3) teacher and principal professional development for the LMS.

### Contracts for CBE, Asset, and Efficiency Management

With the large amount of federal ESSER dollars coming to North Carolina, there is a need to not only track but understand how the funds are being spent. DPI will utilize an education-technology effectiveness system to rapidly analyze digital contracts for subscriptions services and technological assets to determine frequency use by teacher or student users throughout the lifetime of ESSER III to help the department determine if contracts should be extended, expanded, or eliminated to ensure the most effective use of ESSER dollars. Funds will also be used to pilot a tool that identifies and tracks students who have not attended any instructional days during the 2020-21 COVID-19 school year. The department will continue the pilot during the 2021-22 school year to track students who fall under "chronic absenteeism." One new FTE is required to manage these new platforms.

### DPI Learning Recovery Initiatives

Funds will support identification of high-impact practices within PSUs throughout North Carolina and the development of a dashboard for use by PSUs and other stakeholders to link recovery and acceleration practices to PSU need. Funds will also support the Director of Academic Recovery and Enhancement, a position within the Office of Learning Recovery, co-reporting to the Executive Director of the Office of Learning Recovery and the Deputy Superintendent of Innovation.

### CTE Credentials and Certifications for Students

Funding will expand support for credentials and certifications for Career and Technical Education (CTE) students. The Department estimates \$18 million is needed annually to fully fund the cost of CTE exams leading to credentials or certifications. This investment will allow the Department to conduct a pilot to assess the impact of the state paying for the exams, which may further engage students in non-traditional classroom instruction leading to a credential.

### Statewide Student Survey

Funds will be used to support a pilot of the Panorama Student Survey to help North Carolina LEAs measure student perceptions of teaching and learning, culture and climate, and student experience in the classroom and school. Survey data is vital to the State's COVID-19 recovery plan and may provide additional data to help evaluate school performance beyond the existing A-F grade rubric.



### Social and Emotional Learning Pilot

Funding will be used to expand implementation of the North Carolina Preschool Pyramid Model (NC PPM) framework. The Pyramid Model is a conceptual framework of evidence-based practices for promoting young children’s healthy social and emotional development. Since 2009 the DPI Office of Early Learning has provided training, consultation, and on-going support for LEAs to implement the North Carolina Preschool Pyramid Model. While all children benefit from Pyramid practices, NC PPM is funded solely through the IDEA Section 619 Preschool IDEA grant to help improve child outcomes for Pre-K children with disabilities and to increase opportunities for instruction in the least restrictive environment. This initiative is intended for all collaborative partners who work with special education to implement inclusive preschool programs throughout North Carolina.

### Cybersecurity

North Carolina LEAs experienced several security breaches during the COVID-19 school year. These funds will augment funding previously provided through the ESSER II package to address the Department’s long-term cybersecurity goals. These funds may not be spent until the Department’s ongoing cybersecurity assessment is completed and submitted to the General Assembly.

### Support for Drivers Education

Funds will provide the immediate support needed for the Driver’s Education program resulting from COVID-19-related impacts during the 2020-21 school year.

### Unreserved funds for SBE and NCDPI

Flexible spending account to address the needs of the department, in consultation with the State Board of Education, and PSUs as needs arise that might not fit into buckets. This would also include Charter School and Residential School Title I funding increases.

## Reallocate Unspent Coronavirus Relief Funds (CRF)

All CRF funds must be expended by December 31, 2021. CRF availability is estimated to be \$70 million to \$122 million. There are two main sources of unexpended funds:

1. \$70 million in FEMA Match funds, which are no longer needed due to changes in federal FEMA match requirements, and
2. Up to \$52 million in Extra Credit Grant funds. The Extra Credit Grant program deadline has been extended to May 31, 2021 and may be further extended per SB172 to July 1, 2021. The maximum unspent from this program is estimated to be \$52 million but will not be finalized until the program ends.

Given the short time remaining to expend CRF funds, the uncertainty of the unexpended balance, and the desire to maximize the use of federal funds, the NC Pandemic Recovery Office (NCPRO) must be granted the authority to reallocate CRF funds unexpended and unencumbered as of October 1, 2021. Granting this authority will maximize the state's ability to effectively and efficiently utilize CRF funding and help the state recover from the pandemic. NCPRO will report to the Joint Legislative Commission on Governmental Operations beginning October 15, 2021 on all reallocations, with report due within seven days of any subsequent reallocation.

### Potential Uses

#### Fund Expenses Deemed Ineligible for FEMA Reimbursement (up to \$70 million)

Both the Department of Public Safety (DPS) and the Department of Health and Human Services (DHHS) have expenses that were initially expected to be eligible for FEMA reimbursement. However, DPS and DHHS now expect FEMA to deem that approximately \$70 million in incurred expenses ineligible for reimbursement, including \$40 million within DHHS and \$30 million within DPS.

#### Support Continued Hazard Pay for Nurses and Travel Nurses at DPS Hospitals (\$1 million)

DPS discontinued communicable disease emergency (CDE) pay, informally known as hazard pay, in early 2021 due to lack of funding. Since discontinuing CDE pay, the department has reached a critical and unsustainable vacancy level for the nursing positions at its prison hospitals at Central Prison and NC Correctional Institute for Women. Private sector employers are paying well-above state levels and providing large bonuses to attract nurses. DPS needs to reinstate CDE pay for both permanent and contractual nurses in order to be competitive in the current market.

#### Improve State Facility Health & Safety (\$5 million)

State agencies continue to have needs to make their facilities safer for employees and the public. These funds would be used to address health and safety improvements at state facilities, such as air handling devices at state attractions (aquariums, museums, etc.), touchless entry systems and fixtures, and other improvements that reduce the risk of transmission of disease and allow state facilities to open safely for employees and customers.

#### Cover State Health Plan Expense Incurred Prior to March 3, 2021

In calendar year 2020, the State Health Plan expended \$89 million on COVID-19 related costs and estimates expenses of \$43.6 million for January and February 2021. CRF funds are the only federal source of funds for expenses incurred prior to March 3, 2021.

### Offset Eligible General Fund Incurred Expenses

State agencies are incurring CRF-eligible expenses that could be off-set with CRF funds, such as Law Enforcement and Correctional Officer salaries. Offsetting these expenses, similar to the requirement in Section 8 of S.L. 2020-64, would free up General Fund availability.