

Coronavirus Relief Fund
Guidance for State, Territorial, Local, and Tribal Governments
Updated June 30, 2020¹

The purpose of this document is to provide guidance to recipients of the funding available under section 601(a) of the Social Security Act, as added by section 5001 of the Coronavirus Aid, Relief, and Economic Security Act (“CARES Act”). The CARES Act established the Coronavirus Relief Fund (the “Fund”) and appropriated \$150 billion to the Fund. Under the CARES Act, the Fund is to be used to make payments for specified uses to States and certain local governments; the District of Columbia and U.S. Territories (consisting of the Commonwealth of Puerto Rico, the United States Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands); and Tribal governments.

The CARES Act provides that payments from the Fund may only be used to cover costs that—

1. are necessary expenditures incurred due to the public health emergency with respect to the Coronavirus Disease 2019 (COVID-19);
2. were not accounted for in the budget most recently approved as of March 27, 2020 (the date of enactment of the CARES Act) for the State or government; and
3. were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.²

The guidance that follows sets forth the Department of the Treasury’s interpretation of these limitations on the permissible use of Fund payments.

Necessary expenditures incurred due to the public health emergency

The requirement that expenditures be incurred “due to” the public health emergency means that expenditures must be used for actions taken to respond to the public health emergency. These may include expenditures incurred to allow the State, territorial, local, or Tribal government to respond directly to the emergency, such as by addressing medical or public health needs, as well as expenditures incurred to respond to second-order effects of the emergency, such as by providing economic support to those suffering from employment or business interruptions due to COVID-19-related business closures.

Funds may not be used to fill shortfalls in government revenue to cover expenditures that would not otherwise qualify under the statute. Although a broad range of uses is allowed, revenue replacement is not a permissible use of Fund payments.

The statute also specifies that expenditures using Fund payments must be “necessary.” The Department of the Treasury understands this term broadly to mean that the expenditure is reasonably necessary for its intended use in the reasonable judgment of the government officials responsible for spending Fund payments.

Costs not accounted for in the budget most recently approved as of March 27, 2020

The CARES Act also requires that payments be used only to cover costs that were not accounted for in the budget most recently approved as of March 27, 2020. A cost meets this requirement if either (a) the

¹ This version updates the guidance provided under “Costs incurred during the period that begins on March 1, 2020, and ends on December 30, 2020”.

² See Section 601(d) of the Social Security Act, as added by section 5001 of the CARES Act.

cost cannot lawfully be funded using a line item, allotment, or allocation within that budget *or* (b) the cost is for a substantially different use from any expected use of funds in such a line item, allotment, or allocation.

The “most recently approved” budget refers to the enacted budget for the relevant fiscal period for the particular government, without taking into account subsequent supplemental appropriations enacted or other budgetary adjustments made by that government in response to the COVID-19 public health emergency. A cost is not considered to have been accounted for in a budget merely because it could be met using a budgetary stabilization fund, rainy day fund, or similar reserve account.

Costs incurred during the period that begins on March 1, 2020, and ends on December 30, 2020

Finally, the CARES Act provides that payments from the Fund may only be used to cover costs that were incurred during the period that begins on March 1, 2020, and ends on December 30, 2020 (the “covered period”). Putting this requirement together with the other provisions discussed above, section 601(d) may be summarized as providing that a State, local, or tribal government may use payments from the Fund only to cover previously unbudgeted costs of necessary expenditures incurred due to the COVID-19 public health emergency during the covered period.

Initial guidance released on April 22, 2020, provided that the cost of an expenditure is incurred when the recipient has expended funds to cover the cost. Upon further consideration and informed by an understanding of State, local, and tribal government practices, Treasury is clarifying that for a cost to be considered to have been incurred, performance or delivery must occur during the covered period but payment of funds need not be made during that time (though it is generally expected that this will take place within 90 days of a cost being incurred). For instance, in the case of a lease of equipment or other property, irrespective of when payment occurs, the cost of a lease payment shall be considered to have been incurred for the period of the lease that is within the covered period, but not otherwise. Furthermore, in all cases it must be necessary that performance or delivery take place during the covered period. Thus the cost of a good or service received during the covered period will not be considered eligible under section 601(d) if there is no need for receipt until after the covered period has expired.

Goods delivered in the covered period need not be used during the covered period in all cases. For example, the cost of a good that must be delivered in December in order to be available for use in January could be covered using payments from the Fund. Additionally, the cost of goods purchased in bulk and delivered during the covered period may be covered using payments from the Fund if a portion of the goods is ordered for use in the covered period, the bulk purchase is consistent with the recipient’s usual procurement policies and practices, and it is impractical to track and record when the items were used. A recipient may use payments from the Fund to purchase a durable good that is to be used during the current period and in subsequent periods if the acquisition in the covered period was necessary due to the public health emergency.

Given that it is not always possible to estimate with precision when a good or service will be needed, the touchstone in assessing the determination of need for a good or service during the covered period will be reasonableness at the time delivery or performance was sought, *e.g.*, the time of entry into a procurement contract specifying a time for delivery. Similarly, in recognition of the likelihood of supply chain disruptions and increased demand for certain goods and services during the COVID-19 public health emergency, if a recipient enters into a contract requiring the delivery of goods or performance of services by December 30, 2020, the failure of a vendor to complete delivery or services by December 30, 2020, will not affect the ability of the recipient to use payments from the Fund to cover the cost of such goods or services if the delay is due to circumstances beyond the recipient’s control.

This guidance applies in a like manner to costs of subrecipients. Thus, a grant or loan, for example, provided by a recipient using payments from the Fund must be used by the subrecipient only to purchase (or reimburse a purchase of) goods or services for which receipt both is needed within the covered period and occurs within the covered period. The direct recipient of payments from the Fund is ultimately responsible for compliance with this limitation on use of payments from the Fund.

Nonexclusive examples of eligible expenditures

Eligible expenditures include, but are not limited to, payment for:

1. Medical expenses such as:
 - COVID-19-related expenses of public hospitals, clinics, and similar facilities.
 - Expenses of establishing temporary public medical facilities and other measures to increase COVID-19 treatment capacity, including related construction costs.
 - Costs of providing COVID-19 testing, including serological testing.
 - Emergency medical response expenses, including emergency medical transportation, related to COVID-19.
 - Expenses for establishing and operating public telemedicine capabilities for COVID-19-related treatment.
2. Public health expenses such as:
 - Expenses for communication and enforcement by State, territorial, local, and Tribal governments of public health orders related to COVID-19.
 - Expenses for acquisition and distribution of medical and protective supplies, including sanitizing products and personal protective equipment, for medical personnel, police officers, social workers, child protection services, and child welfare officers, direct service providers for older adults and individuals with disabilities in community settings, and other public health or safety workers in connection with the COVID-19 public health emergency.
 - Expenses for disinfection of public areas and other facilities, *e.g.*, nursing homes, in response to the COVID-19 public health emergency.
 - Expenses for technical assistance to local authorities or other entities on mitigation of COVID-19-related threats to public health and safety.
 - Expenses for public safety measures undertaken in response to COVID-19.
 - Expenses for quarantining individuals.
3. Payroll expenses for public safety, public health, health care, human services, and similar employees whose services are substantially dedicated to mitigating or responding to the COVID-19 public health emergency.
4. Expenses of actions to facilitate compliance with COVID-19-related public health measures, such as:
 - Expenses for food delivery to residents, including, for example, senior citizens and other vulnerable populations, to enable compliance with COVID-19 public health precautions.
 - Expenses to facilitate distance learning, including technological improvements, in connection with school closings to enable compliance with COVID-19 precautions.
 - Expenses to improve telework capabilities for public employees to enable compliance with COVID-19 public health precautions.

- Expenses of providing paid sick and paid family and medical leave to public employees to enable compliance with COVID-19 public health precautions.
 - COVID-19-related expenses of maintaining state prisons and county jails, including as relates to sanitation and improvement of social distancing measures, to enable compliance with COVID-19 public health precautions.
 - Expenses for care for homeless populations provided to mitigate COVID-19 effects and enable compliance with COVID-19 public health precautions.
5. Expenses associated with the provision of economic support in connection with the COVID-19 public health emergency, such as:
 - Expenditures related to the provision of grants to small businesses to reimburse the costs of business interruption caused by required closures.
 - Expenditures related to a State, territorial, local, or Tribal government payroll support program.
 - Unemployment insurance costs related to the COVID-19 public health emergency if such costs will not be reimbursed by the federal government pursuant to the CARES Act or otherwise.
 6. Any other COVID-19-related expenses reasonably necessary to the function of government that satisfy the Fund's eligibility criteria.

Nonexclusive examples of ineligible expenditures³

The following is a list of examples of costs that would *not* be eligible expenditures of payments from the Fund.

1. Expenses for the State share of Medicaid.⁴
2. Damages covered by insurance.
3. Payroll or benefits expenses for employees whose work duties are not substantially dedicated to mitigating or responding to the COVID-19 public health emergency.
4. Expenses that have been or will be reimbursed under any federal program, such as the reimbursement by the federal government pursuant to the CARES Act of contributions by States to State unemployment funds.
5. Reimbursement to donors for donated items or services.
6. Workforce bonuses other than hazard pay or overtime.
7. Severance pay.
8. Legal settlements.

³ In addition, pursuant to section 5001(b) of the CARES Act, payments from the Fund may not be expended for an elective abortion or on research in which a human embryo is destroyed, discarded, or knowingly subjected to risk of injury or death. The prohibition on payment for abortions does not apply to an abortion if the pregnancy is the result of an act of rape or incest; or in the case where a woman suffers from a physical disorder, physical injury, or physical illness, including a life-endangering physical condition caused by or arising from the pregnancy itself, that would, as certified by a physician, place the woman in danger of death unless an abortion is performed. Furthermore, no government which receives payments from the Fund may discriminate against a health care entity on the basis that the entity does not provide, pay for, provide coverage of, or refer for abortions.

⁴ See 42 C.F.R. § 433.51 and 45 C.F.R. § 75.306.

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2019

SESSION LAW 2020-80
HOUSE BILL 1023

AN ACT TO PROVIDE ADDITIONAL AND REVISED USES FOR FEDERAL CORONAVIRUS RELIEF FUNDS; TO PROVIDE ADDITIONAL FUNDING FOR SCHOOL NUTRITIONAL NEEDS; TO EXTEND THE ABILITY OF CERTAIN GOVERNMENTAL RETIREES TO ENGAGE IN PART-TIME EMPLOYMENT WITHOUT AFFECTING RETIREMENT; TO PROVIDE FUNDING FOR THE IMPLEMENTATION OF THE SCHOOL BUSINESS SYSTEM MODERNIZATION PLAN; TO WAIVE MATCH REQUIREMENTS FOR A CERTAIN COMPETITIVE GRANT PROCESS FOR NONPROFITS; AND TO MAKE OTHER CHANGES.

The General Assembly of North Carolina enacts:

PART I. REVISIONS TO S.L. 2020-4

SECTION 1.1.(a) Section 2.3 of S.L. 2020-4 reads as rewritten:

"**SECTION 2.3.** The State Controller shall establish a Local Government Coronavirus Relief Reserve (Local Reserve) in the General Fund to maintain certain federal funds transferred from the Reserve established in Section 2.1 of this act that are eligible to mitigate the impact of the COVID-19 outbreak in North Carolina on the revenue of local governments. The State Controller shall transfer the sum of three hundred million dollars (\$300,000,000) from the Reserve to the Local Reserve. ~~It is the intent of the General Assembly to appropriate a sum of up to one hundred fifty million dollars (\$150,000,000) if local governments experience a revenue shortfall and the CARES Act, P.L. 116-136, is amended to allow the use of federal funds for that purpose.~~ Funds that are reserved in the Local Reserve do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution."

SECTION 1.1.(b) Section 3.1 of S.L. 2020-4, as amended by Section 1 of S.L. 2020-32, reads as rewritten:

"**SECTION 3.1.** Transfer of Funds from Reserves to Relief Fund. – The State Controller shall transfer the sum of ~~one billion five hundred seventy-five million nine hundred eighty-eight thousand twenty-nine dollars (\$1,575,988,029)~~ one billion seven hundred ninety-five million nine hundred eighty-eight thousand twenty-nine dollars (\$1,795,988,029) for the 2019-2020 fiscal year from the Reserve established in Section 2.1 of this act, and the sum of ~~one three hundred fifty million dollars (\$150,000,000)~~ (\$300,000,000) for the 2019-2020 fiscal year from the Local Government Coronavirus Relief Reserve established in Section 2.3 of this act, to the Fund established in Section 2.2 of this act."

SECTION 1.1.(c) Section 3.2 of S.L. 2020-4, as amended by Section 2 of S.L. 2020-32, reads as rewritten:

"**SECTION 3.2.** Appropriation of Funds from Relief Fund to OSBM. – There is appropriated from the Fund to OSBM the sum of ~~one billion seven hundred twenty-five million nine hundred eighty-eight thousand twenty-nine dollars (\$1,725,988,029)~~ two billion ninety-five million nine hundred eighty-eight thousand twenty-nine dollars (\$2,095,988,029) in nonrecurring funds for the 2019-2020 fiscal year to be allocated and used as provided in Section 3.3 of this act. The funds appropriated in this section shall not revert at the end of the 2019-2020 fiscal year but shall remain available to expend until December 30, 2020."



SECTION 1.1.(d) Section 3.3 of S.L. 2020-4 reads as rewritten:

"SECTION 3.3. Allocations of Funds. — OSBM shall allocate the funds appropriated in Section 3.2 of this act as follows:

...
(2) ~~\$150,000,000-\$300,000,000~~ to OSBM for allocation to counties ineligible to receive direct funding from the federal Coronavirus Relief Fund established by the Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136. OSBM shall allocate these funds by providing each county eligible to receive funding under this section a base allocation of two hundred fifty thousand dollars (\$250,000), with the remaining funds distributed to eligible counties on a per capita basis using the United States Census Bureau's Vintage 2019 county population totals. A county ~~may shall~~ allocate a portion at least twenty-five percent (25%) of these funds for use by municipalities within the county, but only if the transfer qualifies as a necessary expenditure incurred due to the public health emergency and meets the other criteria of section 601(d) of the Social Security Act. ~~Such~~ The county shall determine the total amount allocated to a municipality within the county. If a municipality that receives funds under this subdivision does not have a plan to spend the funds developed by September 1, 2020, the municipality shall return the funds to the county for use by the county or redistribution to other municipalities within the county. Additionally, the funds allocated in this subdivision are subject to recoupment by the United States Treasury Inspector General if they have not been used in a manner consistent with section 601(d) of the Social Security Act. Further, the funds may only be used to support expenditures by counties and municipalities that are consistent with the most recently published United States Treasury Department guidance for the federal Coronavirus Relief Fund. Counties and municipalities are liable to the State for any misuse or mishandling of these funds, and subject to clawback and other appropriate measures, including the reduction or elimination of other State funds. Any local government officer, official, or employee who violates this section shall be subject to a civil action by the State and held personally liable to reimburse the State. Beginning October 1, 2020, and then quarterly thereafter, each county and municipality receiving funds under this subdivision shall report to OSBM on the use of allocated funds until all funds are expended and accounted for.

...
(4) \$300,000,000 to OSBM to allocate to the General Maintenance Reserve in the Highway Fund for the Department of Transportation; provided that OSBM shall not transfer these allocated funds to the Department for use until the guidelines in "Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments," dated April 22, 2020, are revised by the United States Department of the Treasury to authorize the use of funds from the Coronavirus Relief Fund for the purpose of replacing lost revenue due to the COVID-19 emergency, or a subsequent act of Congress authorizes the use of funds from the Coronavirus Relief Fund for the purpose of replacing lost revenue due to the COVID-19 emergency. 30 days prior to the transfer of funds pursuant to this subsection, OSBM shall submit a report to the Joint Legislative Commission on Governmental Operations. On or before April 1, 2021, the Department shall submit a report on the status of utilizing these funds and a revenue update to the Joint Legislative Transportation Oversight Committee (JLTOC) and the Fiscal Research Division. The Governor may not

use the funds described in this subdivision to make budget adjustments under G.S. 143C-6-4 or to make reallocations under G.S. 166A-19.40(c). Notwithstanding Section 3.2 of this act, if, ~~by June 15, 2020,~~ by September 1, 2020, the guidelines in "Coronavirus Relief Fund Guidance for State, Territorial, Local, and Tribal Governments," dated April 22, 2020, are not revised by the United States Department of the Treasury to authorize the use of funds from the Coronavirus Relief Fund for the purpose of replacing lost revenue due to the COVID-19 emergency, or a subsequent act of Congress does not authorize the use of funds from the Coronavirus Relief Fund for the purpose of replacing lost revenue due to the COVID-19 emergency, the State Controller shall transfer the funds described in this subdivision to the Reserve and the funds shall remain unspent until appropriated by an act of the General Assembly.

...

- (6) \$75,000,000 to the Department of Public Instruction for emergency school nutrition services ~~services, including innovative school meals, provided to students~~ in response to COVID-19 by public school units participating in the National School Lunch Program ~~or Program, School Breakfast Program~~ Program, or Summer Food Service Program from March 16, 2020, through ~~the end of the 2019-2020 school year.~~ December 30, 2020. Funds for these services shall be allocated in the same manner as if the participating public school units were reimbursed by school meal receipts or federal funds.

...

- (32) ~~\$5,000,000~~ \$7,425,000 to OSBM to allocate to the North Carolina Association of Free and Charitable Clinics (NCAFCC), a nonprofit organization, to be used for distribution to its member clinics to cover the cost of eligible health services provided during the COVID-19 ~~emergency.~~ emergency and other costs allowed pursuant to federal guidance. By August 1, 2020, NCAFCC shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on a plan for allocating the funds received under this section, and by February 1, 2021, on the use of these funds by recipients.

...

- (34) ~~\$5,000,000~~ \$7,425,000 to OSBM to allocate to the North Carolina Community Health ~~Centers~~ Center Association ~~(NCHCA), (NCCHCA),~~ a nonprofit organization, to be used for distribution to its member health centers to cover the cost of eligible health services provided during the COVID-19 ~~emergency.~~ emergency and other costs allowed pursuant to federal guidance. By August 1, 2020, ~~NCHCA~~ NCCHCA shall report to the Joint Legislative Oversight Committee on Health and Human Services and the Fiscal Research Division on a plan for allocating the funds received under this section, and by February 1, 2021, on the use of these funds by recipients.

...

- (42) ~~\$2,250,000~~ \$3,550,000 to the Department of Health and Human Services, Division of Social Services, to assist in serving children in foster care during the COVID-19 emergency. These funds shall be used for monthly supplemental payments in the amount of one hundred dollars (\$100.00) for each child receiving foster care assistance payments ~~for the months of beginning with the month of April 2020, through June 2020.~~ 2020 and continuing until funds are exhausted.

...

- (44) ~~\$5,000,000-\$15,000,000~~ to the Department of Commerce for a North Carolina nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b) as a stimulus investment in Visit North Carolina's marketing budget to be used for the following purposes and in the following amounts:
- a. ~~\$4,500,000-\$14,500,000~~ for developing COVID-19-specific concepts, strategies, and materials tailored to educate people on ways to (i) travel in a safe and socially distant way and (ii) prevent community reintroduction of the pandemic.
 - b. \$500,000 for research tools and analysis necessary to implement the provisions of this subdivision.
- ...
- (47) \$10,000,000 to the Department of Agriculture and Consumer Services to be used in accordance with Section 4.2A of this act.
- (48) \$2,000,000 to the General Assembly to be used to cover allowable costs incurred as a result of the COVID-19 pandemic.
- (49) \$750,000 to the Department of Information Technology, Government Data Analytics Center (GDAC), to develop a COVID-19 economic analytics and reporting tool to provide insight into how State and federal assistance is impacting North Carolina businesses. The GDAC shall consult with the Office of State Budget and Management and the Golden LEAF Foundation on development of the tool and leverage its existing public-private partnerships to develop the platform.
- (50) \$4,800,000 to the University of North Carolina at Chapel Hill to be used for the UNC School of Medicine's Asheville Campus, a joint program between the UNC School of Medicine, other UNC System universities, and the Mountain Area Health Education Center for COVID-19 related response activities, including outreach and education.
- (51) \$15,000,000 to the Department of Commerce for grants awarded by the Economic Investment Committee pursuant to Section 4.2B of this act.
- (52) \$120,000,000 to the Department of Public Safety, Division of Emergency Management to be used as the State match for any Federal Emergency Management Agency public assistance funds provided in response to the COVID-19 pandemic.
- (53) \$2,600,000 to OSBM to provide additional funding for the statewide health information exchange network known as NC HealthConnex, in order to implement the following COVID-19 related operations and improvements for NC HealthConnex:
- a. Building bidirectional data exchanges and patient matching services between NC HealthConnex and the State's electronic disease surveillance systems, NC Electronic Disease Surveillance System and NC Disease Event Tracking and Epidemiologic Collection Tool (NC DETECT), to better monitor the ongoing impact of COVID-19 in North Carolina.
 - b. Developing public health dashboards to enable health care providers to identify emerging trends and at-risk populations to support operations and point of care decisions.
 - c. Providing COVID-19 test results delivery services to NC HealthConnex participants to support care coordination and help ensure the safety of frontline providers.

- d. Providing care management teams with detailed clinical histories and identification of emerging at-risk patients for improved patient care.
- e. Developing a pilot analytics project to (i) identify skilled nursing facilities, group homes, and other long-term care facilities at greatest risk for COVID-19 outbreaks and associated complications, (ii) assist state surveyors with quality assurance, and (iii) target specific public health interventions, funding opportunities, policies, and patient safety regulations that are most effective in preventing the spread of infectious disease in these facilities.

The purpose of this subdivision is to enable the use of near real-time data in monitoring and analyzing the number of patients who have been confirmed positive with, tested for, suspected of having, or received medical care for symptoms associated with COVID-19, for a more complete understanding of the true impact of the virus and to quickly identify emerging hotspots for public health intervention. The OSBM shall work with the North Carolina Health Information Exchange Authority (NC HIEA), consistent with NC HIEA's duties under G.S. 90-515.7(12), to leverage existing public-private partnerships for the development and implementation of the COVID-19 related operations and improvements described in this subdivision. The NC HIEA shall execute any required contractual and interagency agreements within 30 days after the effective date of this subdivision.

- (54) \$3,500,000 to the Administrative Office of the Courts to be used as a grant for Caitlyn's Courage, Inc., in accordance with Section 4.2C of this act.
- (55) \$2,000,000 to the Wildlife Resources Commission, to be allocated to the Outdoor Heritage Special Fund (Budget Code: 24351; Fund Code: 2291) for the Outdoor Heritage Advisory Council's NC Schools Go Outside grant program to provide local opportunities for young people to reengage with learning experiences in safe outdoor settings.
- (56) \$400,000 to the Department of Natural and Cultural Resources for the State Library's NC Kids Digital Library for enhancement of digital offerings to students lacking physical access to local libraries due to the COVID-19 emergency.
- (57) \$400,000 to the Department of Natural and Cultural Resources to allocate to the North Carolina Museum of History for (i) the development and implementation of and access to virtual history programs for statewide student educational purposes and (ii) online public access to the historical content of the North Carolina Museum of History during the closure of facilities due to the impact of "stay-at-home" orders.
- (58) \$1,000,000 to the Department of Natural and Cultural Resources to allocate to the North Carolina Zoological Park ("Zoo") to facilitate and assist with the costs of health and safety enhancements to protect the public and Zoo staff, ensuring the limited reopening of the Zoo does not result in community spread of COVID-19.
- (59) \$725,000 to the Department of Commerce to allocate to the High Point International Home Furnishings Market Authority Corporation, a nonprofit corporation, to expand and enhance public health and safety measures to enable the Market to open during its international shows which are critical to North Carolina's economy and jobs.
- (60) \$1,500,000 to the Department of Commerce for a North Carolina nonprofit corporation with which the Department contracts pursuant to G.S. 143B-431.01(b), for grants targeted for those areas of the State that are

most dependent on the travel and tourism economy to promote North Carolina tourism as the State begins to reopen. The nonprofit corporation shall consult with the North Carolina Travel Industry Association, Inc., a nonprofit corporation, to disburse the grants described in this subdivision.

- (61) \$500,000 to the Department of Commerce to allocate to the North Carolina Biotechnology Center to provide grants and educational job placement services to connect workers displaced or unemployed due to COVID-19 with essential job openings at life science companies that are currently working on treatment, therapy, vaccines, and equipment in response to COVID-19.
- (62) \$2,500,000 to the Department of Commerce to be used in accordance with Section 4.2D of this act.
- (63) \$7,000,000 to the Department of Public Instruction to provide personal protective equipment for public schools, in response to the COVID-19 pandemic, to facilitate in-person instruction for the 2020-2021 school year. Personal protective equipment provided pursuant to this subdivision shall meet applicable federal standards and guidelines from the Centers for Disease Control and Prevention.
- (64) \$5,000,000 to the Department of Public Instruction to hold in reserve and to award as grants, in the discretion of the Department, to public school units that apply for funds to provide access to services for exceptional children who have lost critical services as a result of school closures related to COVID-19.
- (65) \$3,000,000 to the University of North Carolina at Pembroke for an advanced analytics project focusing on providing a better understanding of the nature and impact of the COVID-19 pandemic, particularly in rural and at-risk communities.
- (66) \$2,000,000 to the University of North Carolina at Pembroke for the Department of Nursing in the College of Health Sciences for assistance with specialized medical and patient safety training to address the unique settings and procedures necessary when caring for COVID-19 patients in a variety of facility settings.
- (67) \$5,000,000 to the Department of Health and Human Services, Division of Mental Health, Developmental Disabilities, and Substance Abuse Services, to be allocated to group homes for individuals with intellectual or developmental disabilities, or both, to support the implementation of recommended Centers for Disease Control and Prevention guidance for preventive measures to address the introduction and spread of COVID-19 among residents and staff of these facilities. As used in this subdivision, "group home" means any facility that (i) is licensed under Chapter 122C of the General Statutes, (ii) meets one of the definitions of a supervised living facility under 10A NCAC 27G .5601(c)(1) through 10A NCAC 27G .5601(c)(3), and 10A NCAC 27G .5601(c)(6), and (iii) serves minors or adults whose primary diagnosis is mental illness or a developmental disability but may also have other diagnoses.
- (68) \$7,000,000 to OSBM to be allocated as grants in equal amounts to the following hospitals: (i) Good Hope Hospital, Inc., (ii) Lake Norman Regional Medical Center, (iii) Cape Fear Valley Health Hoke Hospital, (iv) Catawba Valley Medical Center, (v) Davis Regional Medical Center, (vi) Carolinas Healthcare System Blue Ridge, and (vii) AdventHealth Hendersonville. These funds shall be used to offset expenses incurred for providing patient care in North Carolina to respond to the COVID-19 pandemic. Grant recipients shall not use these funds for any purpose other than to offset the following costs

related to patient care provided in North Carolina as a result of the COVID-19 pandemic:

- a. Up to sixty percent (60%) of lost revenues from foregone elective procedures during the emergency period, net of federal funds received from the CARES Act.
- b. Supplies and equipment purchased in accordance with Centers for Disease Control and Prevention guidelines.
- c. Rapid ramp up of infection control and triage training for health care professionals.
- d. A retrofit of separate areas to screen and treat patients with suspected COVID-19 infections, including isolation areas in or around hospital emergency departments.
- e. An increase in the number of patient care beds to provide surge capacity.
- f. Transportation of patients with confirmed or suspected COVID-19 safely to or from rural facilities.
- g. Development of plans, provision of training, and the implementation of expanded telehealth capabilities.
- h. The procurement of staff or consultants to help mitigate the burden of extensive review of new and incoming federal and State regulatory guidelines.
- i. Salary support for furloughed employees.

As a condition of receiving the funds allocated in this subdivision, each grant recipient shall submit a detailed written report 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 by December 1, 2020, that contains a breakdown of all expenditures from the funds received under this subdivision and the total amount of funds received from the Provider Relief Fund provided for in P.L. 116-136 and any other COVID-19 recovery legislation or other legislation enacted by Congress during calendar year 2020 to support the national response to COVID-19.

- (69) \$2,500,000 to OSBM to allocate to any county designated as a development tier two area, as defined in G.S. 143B-437.08, with a population of less than 150,000, that has a hospital located within its borders meeting all of the following criteria: (i) provided care to patients in North Carolina related to the COVID-19 pandemic, (ii) is not affiliated with a university health system, and (iii) filed a petition in U.S. Bankruptcy Court seeking relief under Chapter 11 of the U.S. Bankruptcy Code within the five-month period preceding the effective date of this section. The county shall distribute these allocated funds to each eligible hospital for the purpose of offsetting expenses incurred for providing care to patients in North Carolina as a result of the COVID-19 pandemic. Any county, county officer, county official, or county employee who uses these allocated funds for any purpose other than the purpose specified in this subdivision shall be subject to a civil action by the State and held personally liable to reimburse the State. These funds shall be used to offset expenses incurred for providing patient care in North Carolina to respond to the COVID-19 pandemic. Grant recipients shall not use these funds for any purpose other than to offset the following costs related to patient care provided in North Carolina as a result of the COVID-19 pandemic:

- a. Up to sixty percent (60%) of lost revenues from foregone elective procedures during the emergency period, net of federal funds received from the CARES Act.
- b. Supplies and equipment purchased in accordance with Centers for Disease Control and Prevention guidelines.
- c. Rapid ramp up of infection control and triage training for health care professionals.
- d. A retrofit of separate areas to screen and treat patients with suspected COVID-19 infections, including isolation areas in or around hospital emergency departments.
- e. An increase in the number of patient care beds to provide surge capacity.
- f. Transportation of patients with confirmed or suspected COVID-19 safely to or from rural facilities.
- g. Development of plans, provision of training, and the implementation of expanded telehealth capabilities.
- h. The procurement of staff or consultants to help mitigate the burden of extensive review of new and incoming federal and State regulatory guidelines.
- i. Salary support for furloughed employees.

As a condition of receiving the funds allocated in this subdivision, each grant recipient shall submit a detailed written report 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 by December 1, 2020, that contains a breakdown of all expenditures from the funds received under this subdivision and the total amount of funds received from the Provider Relief Fund provided for in P.L. 116-136 and any other COVID-19 recovery legislation or other legislation enacted by Congress during calendar year 2020 to support the national response to COVID-19.

(70) \$4,300,000 to OSBM to be allocated to the Children's Advocacy Centers (CACNC) of North Carolina, Inc., a nonprofit corporation, to be distributed to child advocacy centers in this State that are in good standing with CACNC to cover the cost of increased child caseloads and the statewide provision of more effective and available virtual counseling due to the COVID-19 pandemic.

(71) \$375,000 to OSBM to be allocated to the Crossnore School and Children's Home, a nonprofit child welfare organization, supporting children and families in crisis in this State, for COVID-19 related preventative measures to protect staff and children in a close congregate living facility."

SECTION 1.1.(e) S.L. 2020-4 is amended by adding the following new sections to read:

"APPROPRIATION FOR SMALL MEAT PROCESSORS ASSISTANCE

"SECTION 4.2A.(a) Findings. – The General Assembly finds that the COVID-19 emergency has resulted in serious and substantial impacts on the food supply chain. In particular, small livestock producers in the State have found that bottlenecks and lack of capacity among the small and independent meat processors who serve small livestock producers due to COVID-19 related slowdowns and capacity reductions have had a substantial negative impact on their ability to have their animals slaughtered and processed. The General Assembly further finds that financial assistance to these processors for physical expansion and facility improvements, for workforce development, and for the creation of additional processing capacity is necessary

to reduce disruptions in the supply chain for fresh meat and to help small producers get their product to market.

"SECTION 4.2A.(b) Use. – The Department of Agriculture and Consumer Services shall determine whether the funds allocated in subdivision (47) of Section 3.3 of this act are sufficient to improve COVID-19 related slowdowns and mitigate capacity reductions. If the Department determines funding is not sufficient, the Department shall notify the State Controller, and the State Controller shall deposit the funds into the Coronavirus Relief Reserve. Amounts deposited into the Reserve under this subsection are receipts that do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution. If the Department determines funding is sufficient, the Department shall use the funds to provide grants as specified in subsection (c) of this section to reduce or prevent impacts on the supply chain for fresh meat in the State caused by COVID-19, or to improve the resiliency of the fresh meat supply chain to future pandemics.

"SECTION 4.2A.(c) Grant Types and Criteria. – The Department shall develop policies and procedures for the disbursement of the grants authorized by this section that include, at a minimum, the following:

- (1) The Department may provide three categories of grants:
 - a. Capacity enhancement grant. – This grant is available to an eligible meat processing facility that is experiencing slowdowns in production or has limited capacity to accommodate increased demand for meat processing due to the COVID-19 pandemic. A capacity enhancement grant may be used for expansion of an existing eligible facility and for fixtures or equipment at an existing eligible facility that will expand animal throughput, processing capacity, the amount or type of products produced, or processing speed.
 - b. Workforce development grant. – This grant is available to an eligible meat processing facility that is experiencing slowdowns in production or has limited capacity to accommodate increased demand for meat processing due to workforce limitations or reductions due to the COVID-19 pandemic. A workforce development grant may be used for educational and workforce training provided either by the facility or by an institution of higher education.
 - c. Planning grant. – This grant is available to a nonprofit entity or institution of higher education to complete feasibility or siting studies for a new eligible meat processing facility.
- (2) Eligible facility. – For purposes of this section, an eligible meat processing facility is a meat processing facility that either:
 - a. Meets both of the following requirements:
 1. The plant contracts with independent livestock producers to process animals owned by the producers.
 2. The United States Department of Agriculture (USDA) contracts with Department inspectors to conduct federal inspection activities authorized by the Talmadge-Aiken Act of 1962 (7 U.S.C. § 1633) at the plant, the plant is otherwise regulated by the USDA, or the plant is a State-inspected facility; or
 - b. Is a catfish aquaculture operation that raises and processes catfish.
- (3) The Department may prioritize projects that will create additional jobs.
- (4) Recipients shall provide matching funds for the grant in the amount of one dollar (\$1.00) from nongrant sources for every two dollars (\$2.00) provided by the grant.

"SECTION 4.2A.(d) Grant-Supported Property Transferred or Removed from Service. – As used in this section, the term "disposed of" means disposed of, taken out of service, or moved out of State. If fixtures or equipment purchased with grant funds provided by this act are disposed of during a period of time as the Department may specify following the date the fixtures or equipment funded by this act is placed in service, the grant recipient shall repay to the Department a proportionate share of the grant funding received as the Department may specify.

Funds received by the Department under this section shall be transferred to the Office of State Budget and Management (OSBM) and OSBM shall transfer the amount of the disallowed allocation to the Reserve established in Section 2.1 of this act. Amounts transferred into the Coronavirus Relief Reserve pursuant to this section are receipts that do not constitute an "appropriation made by law," as that phrase is used in Section 7(1) of Article V of the North Carolina Constitution.

"JOB RETENTION GRANTS

"SECTION 4.2B.(a) Purpose, Use. – The purpose of this section is to use funds from the Coronavirus Relief Fund to help businesses in North Carolina during the COVID-19 pandemic by providing economic support to businesses and nonprofits who experienced business interruption in connection with the COVID-19 pandemic and who did not participate in the federal Paycheck Protection Program, the federal Main Street Lending Program, or the North Carolina Rapid Recovery Loan Program. The Department of Commerce may use a percentage of the funds allocated in subdivision (51) of Section 3.3 of this act, not to exceed five percent (5%), as necessary for the administration of this program and shall use the remainder of the funds to provide grants awarded by the Economic Investment Committee for the program and purpose provided in this section.

"SECTION 4.2B.(b) Job Retention Program. – There is created the COVID-19 Job Retention Program to be administered by the Economic Investment Committee. The Committee may provide a one-time grant to a business or nonprofit that retained jobs during and after the COVID-19 pandemic and meets the conditions of this section.

"SECTION 4.2B.(c) Eligibility. – A business or nonprofit is eligible for a grant under this Program if it meets all of the following conditions:

- (1) It employs at least ninety percent (90%) of the number of full-time employees, or full-time equivalent employees, during the COVID-19 period in North Carolina as it employed in North Carolina for the pay period ending on or about February 28, 2020.
- (2) It demonstrates that it experienced an economic loss in connection with the COVID-19 pandemic as follows:
 - a. For a business, its sales for the COVID-19 period are at least ten percent (10%) below its sales for the same period in the preceding calendar year.
 - b. For a nonprofit, its gross receipts for the COVID-19 period are at least ten percent (10%) below its gross receipts for the same period in the preceding calendar year.
- (3) It did not participate in the Paycheck Protection Program, the Main Street Lending Program, or the Rapid Recovery Loan Program.

"SECTION 4.2B.(d) Maximum Grant Amount. – The grant amount may be up to two months of the eligible entity's average monthly payroll costs from the last year plus an additional twenty-five percent (25%) of that amount. The grant amount may not exceed two hundred fifty thousand dollars (\$250,000).

"SECTION 4.2B.(e) Grant Program Limit. – The total of all funds granted under this Program may not exceed fifteen million dollars (\$15,000,000). The Economic Investment Committee must calculate the total amount of grants requested from the applications timely filed

under subsection (f) of this section. If the total amount of grants requested exceeds the maximum amount of funds available under this subsection, the Committee must reduce each grant award on a proportionate basis. The Committee's grant determinations based on applications timely filed are final.

"SECTION 4.2B.(f) Application. – A business must apply to the Economic Investment Committee for a grant on a form prescribed by the Committee and must include any supporting documentation required by the Committee. The application must be filed with the Committee on or before September 1, 2020. The Committee may not accept late applications.

"SECTION 4.2B.(g) Definitions. – The following definitions apply in this section:

- (1) Business. – An entity subject to income tax under Article 4 of Chapter 105 of the General Statutes.
- (2) CARES Act. – The federal Coronavirus Aid, Relief, and Economic Security Act, P.L. 116-136.
- (3) COVID-19 period. – The period beginning on March 1, 2020, and ending on May 31, 2020.
- (4) Economic Investment Committee. – Defined in G.S. 143B-437.51.
- (5) Full-time employee. – Defined in G.S. 143B-437.51.
- (6) Main Street Lending Program. – Defined in section 4027 of the CARES Act.
- (7) Nonprofit. – An entity exempt from income tax under G.S. 105-130.11(a)(3) or G.S. 105-130.11(a)(6).
- (8) Paycheck Protection Program. – Defined in sections 1102 and 1106 of the CARES Act.
- (9) Payroll costs. – Same meaning as defined for purposes of the Paycheck Protection Program, including the one hundred thousand dollar (\$100,000) annualized cap amount for each employee.
- (10) Rapid Recovery Loan Program. – Loans provided under Section 4.2 of this act.
- (11) Sales. – Defined in G.S. 105-130.4.

"DOMESTIC VIOLENCE PREVENTION PILOT PROGRAM

"SECTION 4.2C.(a) The General Assembly finds that the COVID-19 pandemic has exacerbated isolation, uncertainty, and economic instability, which has led to an increase in domestic violence, and due to the stay-at-home orders in effect, victims are more at-risk and vulnerable than ever before. It further finds that in order to combat the rising rate of domestic violence due to the COVID-19 pandemic, victims need access to technology that provides instantaneous notification if the offender is within close proximity.

"SECTION 4.2C.(b) The funds allocated in subdivision (54) of Section 3.3 of this act to the Administrative Office of the Courts shall be used to provide a grant to Caitlyn's Courage, Inc., to conduct domestic violence prevention pilot programs (pilot programs) in at least nine judicial districts, three of which shall have small district court caseloads, three of which shall have medium district court caseloads, and three of which shall have large district court caseloads. Caitlyn's Courage, Inc., shall consult and collaborate with the Administrative Office of the Courts and with the Chief District Court Judges of each of the selected judicial districts when developing pilot program implementation plans for each judicial district.

"SECTION 4.2C.(c) The pilot programs created by this section shall do each of the following:

- (1) Provide judges in the participating judicial districts the option to use global positioning system (GPS) electronic monitoring devices as a condition of pretrial release for defendants of crimes related to stalking, sexual assault, domestic abuse, and violations of a domestic violence protective order.

- (2) Establish local implementation teams that shall, at a minimum, consider for inclusion (i) district court judges, (ii) superior court judges, (iii) assistant and elected district attorneys, (iv) assistant and appointed public defenders, (v) deputy, assistant, and elected clerks of superior court, (vi) law enforcement officers, (vii) domestic violence victims advocates, (viii) court support staff, and (ix) representatives of the Department of Adult Correction and Juvenile Justice.
- (3) Operate a 24-hour monitoring center that contacts victims if an offender violates a relevant condition of pretrial release or a domestic violence protective order.
- (4) Train all pilot program participants, including, but not limited to, victims and offenders, regarding the GPS tracking devices utilized by the pilot programs.

"SECTION 4.2C.(d) The electronic monitoring devices used by the pilot programs shall have each of the following specifications:

- (1) The ability to automatically switch cellular networks, ensuring that the device is not dependent upon one particular cellular network provider.
- (2) The ability to detect, record, and report the deliberate shielding from receipt of GPS signals.
- (3) A disposable strap.
- (4) A minimum single charge, 48-hour battery life via an inaccessible battery with the option of a fixed charger, mobile charger, or both.
- (5) The ability to detect and store the time and date of any physical impact to the device at a level high enough to cause malfunction.
- (6) The ability to record the offender's immediate location at all times.
- (7) The ability to automatically notify the victim if an offender is within a restricted proximity to the victim pursuant to a court order.

"SECTION 4.2C.(e) The funds described in this section shall only be used by Caitlyn's Courage, Inc., for project expenses and shall not be used to pay for lobbying the North Carolina General Assembly, salaries, travel, or other administrative costs.

"SECTION 4.2C.(f) In consultation with participating judicial districts and the East Carolina University Department of Criminal Justice, Caitlyn's Courage, Inc., shall report on the effectiveness of the pilot programs created by this section to the Joint Legislative Oversight Committee on Justice and Public Safety, the Joint Legislative Oversight Committee on Health and Human Services, and the Fiscal Research Division of the North Carolina General Assembly by April 1, 2021.

"SECTION 4.2C.(g) The report required by this section shall include, at a minimum, each of the following:

- (1) Any recommendations regarding the continuation, expansion, or elimination of the pilot programs.
- (2) Current and future estimated costs associated with implementing the pilot programs.
- (3) Any recommended legislation related to the pilot programs.

"PLASMA GAMES PILOT PROGRAM

"SECTION 4.2D.(a) Program Established. – The Department of Commerce, Office of Science, Technology, and Innovation (Office), shall administer a statewide pilot program (pilot) to promote access to innovative digital and personalized learning solutions for high school students that bridge the gap between chemistry and physical science classes and career and technical education (CTE) career pathways. The local school administrative units shall incorporate the science, technology, engineering, and mathematics (STEM) focused educational software program developed by Plasma Games, Inc., in select STEM classes and their CTE

programs to encourage student interest and workforce development for chemistry-dependent industries located in North Carolina, including careers in the pharmaceutical, agricultural technology, biotechnology, textile, material science, energy, minerals and mining, and chemical manufacturing fields. The pilot shall be conducted for the 2020-2021 school year.

"SECTION 4.2D.(b) Plans for Pilot Implementation. – A local school administrative unit participating in the pilot shall provide the Office with a plan for the placement of the STEM-focused educational technology developed by Plasma Games, Inc., in its schools. The plan shall include implementation of the educational game as a teaching tool for classroom teachers and a new learning platform for students to increase student engagement and discussion, enrich lessons with real-world applications and purpose in STEM fields, and create moments of connection for students with lasting impact on their career pathways. The plan shall also include provisions for professional development and training for teachers, administrators, and other school personnel to facilitate the implementation and success of the pilot.

"SECTION 4.2D.(c) Funds for the Pilot. – The Office shall use the funds allocated in subdivision (62) of Section 3.3 of this act to provide funds to local school administrative units participating in the pilot. These funds shall be used for licensing fees for the educational software, Plasma Games' operating costs, and for implementation of the pilot by the local school administrative units.

"SECTION 4.2D.(d) Reporting Requirements. – The local school administrative units participating in the pilot shall provide a report by May 1, 2021, to the Office on implementation of the pilot for that school year, including (i) the use of the funds described in subsection (c) of this section, (ii) the number of students impacted by the pilot and the number of students pursuing STEM-related CTE career pathways as a result of the pilot, measured by the number of students declaring interest in a career with a chemistry-dependent industry located in North Carolina and the number of students pursuing higher education in a chemistry-related major or technical certification at a school in North Carolina, (iii) demand and feedback by teachers on the use of the STEM-focused educational technology, and (iv) any other information requested by the Office.

The Office shall provide a report by June 1, 2021, to the Joint Legislative Education Oversight Committee, Joint Legislative Oversight Committee on Agriculture and Natural and Economic Resources, and the Fiscal Research Division on the implementation of the pilot and the information reported by participating local school administrative units pursuant to this section. The report shall include any data on student outcomes related to implementation of the pilot, the expenditure of funds described in subsection (c) of this section, and recommendations by the Office on modification of the pilot and the need for continued support."

SECTION 1.1.(f) Section 4.23(e) of S.L. 2020-3 reads as rewritten:

"SECTION 4.23.(e) This section is effective when it becomes law and expires August ~~4,~~ 31, 2020."

SECTION 1.2. The portion of Section 1.1(d) of this act amending Section 3.3(4) of S.L. 2020-4 becomes effective June 15, 2020.

PART II. TECHNICAL AND OTHER CHANGES

TECHNICAL CHANGES

SECTION 2.1.(a) Section 1.7 of S.L. 2020-4 reads as rewritten:

"SECTION 1.7. In addition to any report required under this act or any other law, OSBM shall provide a report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division by ~~March~~ April 1, 2021, detailing the use of funds allocated under Section 3.3 of this act. Additionally, each State agency or department that receives federal grant funds under Section 4.1 of this act shall provide a report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division no later than 90 days from the day