



# NCGA 2020 Legislative Session Budget and Fiscal Policy Highlights

## Executive Summary

In the 2019 Regular Session, the General Assembly enacted a series of bills that established a Base Budget plus various supplemental appropriations for the 2019-2021 fiscal biennium. When the General Assembly adjourned the Regular Session in January 2020, there was projected to be a \$2.3 billion Unappropriated Balance in the General Fund at the end of the 2019-20 fiscal year (FY). And, without additional enacted revenue or appropriations changes, a \$3.6 billion Unappropriated Balance was estimated at the end of FY 2020-21.

However, the quickly emerging COVID-19 pandemic has imperiled the original forecast of the State's revenue position. In May 2020, the Fiscal Research Division and Office of State Management and Budget (OSBM) released an initial consensus revenue forecast (May Consensus Forecast) that estimated a \$4.2 billion cumulative reduction to FY 2019-2021 budgeted revenues. The May Consensus Forecast further estimated that budgeted State revenues would be insufficient by nearly \$600 million to support the FY 2019-2021 enacted net General Fund appropriations. Given the unprecedented rate of decline in economic activity and budget uncertainty caused by the pandemic and the deferral of some State tax collections from federal and State legislation to shift tax filing deadlines from April to July, the May Consensus Forecast was considered an initial but uncertain estimate due to delayed receipt of final tax collections data. A revised Consensus Forecast is expected in mid-to-late August 2020 when the benefit of actual tax collection data and updated national macroeconomic forecasts are available to Fiscal Research Division and OSBM economists.

To ensure the FY 2020-21 State budget is balanced and that pressing funding priorities are addressed, the General Assembly reconvened on April 28, 2020 and enacted a series of bills appropriating federal and State funds in May and June. Thus far in 2020, 32 session laws have directly impacted State appropriations and/or revenues. A revised Availability Statement for FY 2020-21 reflecting the May Consensus Forecast and the appropriations bills affecting the General Fund can be found in Appendix A.

The General Assembly adjourned the Session on July 11, 2020 to reconvene on September 2, 2020 to consider a limited number of matters including appropriating additional federal COVID-19 funds provided they become available.

The following is a summary of the funding and revenue impacts made in each bill during the 2020 Short Session thus far. A list of the session laws with a link to the full bill text can be found in Appendix B. A summary of the session laws using the federal Coronavirus Relief Fund (federal CRF) created under the CARES Act, P.L. 116-136 can be found in Appendix C.

[S.L. 2020-4](#) (House Bill 1043), *2020 COVID-19 Recovery Act*, appropriates \$1.4 billion in nonrecurring funds to OSBM to be allocated to various State agencies and non-State entities for necessary expenditures incurred due to the public health emergency with respect to COVID-19. The source of funds for these expenditures is the federal CRF. Of the funds appropriated, OSBM is directed to retain the \$300 million allocated to the Department of Transportation (DOT) and \$20 million allocated to State agencies that have been negatively impacted by the loss of receipts until the federal law or guidance is amended to allow for revenue replacement. The session law also reserves \$150 million for local governments experiencing a revenue shortfall and expresses the General Assembly's intent to appropriate these funds for that purpose if the federal law or guidance is amended to allow for revenue replacement. Appendix D lists each of the allocations by purpose and amount.

The session law appropriates an additional \$1.2 billion in federal COVID-19 Recovery Legislation funds<sup>1</sup> to various State agencies to be used in accordance with the federal guidelines and laws. Appendix E lists each of the appropriations by purpose and amount.

The session law also creates a Coronavirus Relief Reserve to deposit the federal CRF funds and a State Coronavirus Relief Fund (CRF) from which federal CRF funds will be appropriated for COVID-19 related expenses and allocated to State agencies and non-State entities.

In addition to creating a mechanism for budgeting federal COVID-19 response funding and appropriating much of those funds, the session law also provides guidance on use of funds, sets out reporting and audit requirements, and directs OSBM to work with State agencies to ensure funds awarded in the session law comply with federal laws and regulations. It directs agencies to maximize the use of federal funds prior to using other State funds and also requires OSBM to create a time-limited Pandemic Recovery Office to oversee and coordinate COVID-19 federal funds.

[S.L. 2020-14](#) (House Bill 1063), *Fund VIPER Tower Hardware Upgrades*, appropriates \$19.8 million in nonrecurring funds to (OSBM) for FY 2020-21 to be allocated to the Department of Public Safety (DPS) to be used for tower hardware upgrades to the Voice Interoperability Plan for Emergency Responders (VIPER) network. The source of funds for this item is the CRF.

[S.L. 2020-15](#) (House Bill 1187), *Raise the Age Funding*, appropriates \$10.4 million in nonrecurring funds to DPS for FY 2020-21 to be used for the following Raise the Age renovations and construction projects:

- \$2.8 million for the Perquimans Youth Detention Center renovations;
- \$5.7 million for the C.A. Dillon Youth Development Center campus renovations in Granville County; and,
- \$2.0 million to support inmate construction projects for completing construction of the Youth Development Center in Rockingham County.

The source of funds for these items is the Statewide Misdemeanant Confinement Fund.

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<sup>1</sup> As used in S.L. 2020-4, COVID-19 Recovery Legislation includes the following legislation enacted by Congress: Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136, Families First Coronavirus Response Act, P.L. 116-127, Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020, P.L. 116-123, and Paycheck Protection Program and Health Care Enhancement Act, P.L. 116-139.

[S.L. 2020-17](#) (House Bill 1169), *Bipartisan Elections Act of 2020*, appropriates \$4.5 million in nonrecurring funds to the State Board of Elections for FY 2020-21 to be used for the following purposes:

- \$2.1 million for the required match for the Election Security Grants provided in the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136 to prevent, prepare for, and respond to the coronavirus pandemic during the 2020 federal election cycle; and
- \$2.3 million for the required match for the federal Help America Vote Act (HAVA) grant funds.

The source of funds for these items is the Job Development Investment Grant (JDIG) Special Revenue Fund.

[S.L. 2020-24](#) (Senate Bill 801), *Military Presence Stabilization Fund/Funding*, appropriates \$2.0 million in nonrecurring funds to the Department of Military and Veterans Affairs for FY 2020-21 to be used to sustain and maintain the State's military programs and activities by providing grants for local communities or military installations, updates to strategic planning, federal advocacy, and identification of measures to increase the military value of installations. The source of funds for this item is the Film and Entertainment Grant Fund.

[S.L. 2020-26](#) (House Bill 472), *NCSU/NC A&T Matching Funds/Umstead Act*, appropriates a total of \$5.0 million in nonrecurring funds to the Board of Governors of The University of North Carolina (UNC BOG) for FY 2020-21 to be allocated as follows:

- \$2.0 million to North Carolina State University (NCSU) to be used as matching funds for a federal grant from the National Institute of Standards and Technology. NCSU's Biomanufacturing Training and Education Center participates in a collaborative effort to accelerate the development of innovative manufacturing processes for biopharmaceutical products.
- \$3.0 million to NC A&T State University to be used to support its agricultural research and cooperative extension activities by matching federal funds awarded to the University as a land-grant university pursuant to the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended, 7 U.S.C. § 3221, et seq.

The source of funds for these items is the School Bus Replacement Fund.

[S.L. 2020-27](#) (House Bill 1071), *Funds to DPI for ADM Growth*, appropriates \$100.9 million in nonrecurring funds to the Department of Public Instruction (DPI) for FY 2020-21 to be used to fund an increase in Average Daily Membership (ADM) for the 2020-2021 fiscal year, as reflected in the revised allotted 2020-2021 fiscal year ADM. The sources of funds for this item are \$75.0 million from the Civil Penalty and Forfeiture Fund (CPFF), \$3.9 million from the cash balance in the School Bus Replacement Fund, and \$22.0 million from the CRF.

[S.L. 2020-28](#) (House Bill 1208), *Funding for Workforce Housing Loan Program*, appropriates \$20.0 million in nonrecurring funds from the General Fund to the Housing Finance Agency for FY 2020-21 to be used for the Workforce Housing Loan Program in accordance with G.S. 122A-5.15. Funds are required to be fully allocated during the 2020 housing credit award cycle.

A total of \$20.0 million will be deposited in the General Fund in FY 2020-21 from the following sources:

- \$10.0 million from the cash balance in the Federal Insurance Contributions Act (FICA) Fund, and

- \$10.0 million of the proceeds of insurance regulatory charge levied during the 2020-2021 fiscal year.

**S.L. 2020-31** (House Bill 1136), *Funds for NCSSM-Morganton Campus*, appropriates \$3.3 million in recurring funds from the General Fund to the UNC BOG for FY 2020-21 to be allocated to the North Carolina School of Science and Mathematics (NCSSM) for operating funds, purchase of equipment and supplies, and to establish 46 new positions at the Morganton campus of NCSSM established pursuant to G.S. 116-235.5.

To generate offsetting funds for this item, the State's employer contribution rates budgeted for retirement and related benefits were decreased across all applicable agencies, departments, and institutions in a like amount.

**S.L. 2020-32** (Senate Bill 836), *State Operations/Increase Federal Funds Use*, amends S.L. 2020-4, *2020 COVID-19 Recovery Act*, by appropriating an additional \$300.0 million in nonrecurring funds from the CRF to OSBM to be used for necessary expenditures across State government incurred due to the public health emergency with respect to COVID-19.

**S.L. 2020-33** (Senate Bill 806), *Capital Appropriation - Western Carolina Univ.*, appropriates \$16.5 million in nonrecurring funds to Western Carolina University (WCU) for FY 2020-21 for the steam plant project at WCU.

The sources of funds for this item are \$11.6 million from the cash balance in the Repairs and Renovations Reserve established pursuant to G.S. 143C-4-3 and \$4.9 million from the cash balance in the FICA Fund.

**S.L. 2020-41** (House Bill 1218), *Salary-Related Contribs/Debt Service Funds*, appropriates \$50.9 million in recurring General Fund funds as follows:

- \$45.9 million to increase the State retirement rate across all applicable agencies, departments, and institutions, and
- \$5.0 million to meet the State's General Fund debt service obligations.

To generate offsetting funds for these items, the State's employer contribution rates budgeted for the State Health Plan and related benefits were decreased across all applicable agencies, departments, and institutions in a like amount.

**S.L. 2020-42** (Senate Bill 811), *Connect NC Park Facilities Operating Reserves*, appropriates \$1.8 million in recurring funds and \$750,000 in nonrecurring funds to the Department of Natural and Cultural Resources (DNCR) for FY 2020-21 to be used to fund up to 19 full-time equivalent positions and recurring and nonrecurring operational needs of the following parks expanded or improved through Connect NC bonds: Chimney Rock, Jordan Lake, New River, Raven Rock, Goose Creek, Gorges, Lake James, Pilot Mountain, and Lumber River.

The sources of funds for the park reserves are \$1.8 million from the Pay Plan Reserve and \$750,000 from the Parks and Recreation Trust Fund.

**S.L. 2020-43** (Senate Bill 814), *NC Promise Tuition Plan Funds*, appropriates a total of \$15.0 million in nonrecurring funds to the UNC BOG for FY 2020-21 to be used for the NC Promise Tuition Plan established under G.S. 116-143.11, which sets tuition at \$500 per semester for North Carolina residents and \$2,500 per semester for nonresidents at Elizabeth City State University, the University of North Carolina at Pembroke, and WCU.

The sources of funds for this item are \$10.0 million from the cash balance in the Education Lottery Reserve Fund and \$5.0 million from the cash balance in the School Bus Replacement Fund.

[S.L. 2020-44](#) (Senate Bill 812), *Agricultural Sciences Center Funds*, appropriates \$115,220 in recurring funds and \$10.0 million in nonrecurring funds to the Department of Agriculture and Consumer Service (DACCS) for FY 2020-21 to be used for equipment, moving costs, and other nonrecurring expenses associated with the opening of the Department's Agricultural Sciences Center as well as to hire a full-time manager for the Center.

The sources of funds for this item are as follows:

- \$115,220 from the Pay Plan Reserve,
- \$3.8 million from the Shallow Draft Navigation Channel Dredging and Aquatic Weed Fund (Shallow Draft Fund),
- \$1.2 million from the Agricultural Development and Farmland Preservation Trust Fund, and
- \$5.0 million from the Expanded Gas Products Service to Agriculture Fund.

[S.L. 2020-45](#) (Senate Bill 818), *Compensation of Certain School Employees*, appropriates \$47.2 million in recurring funds and \$8.9 million in nonrecurring funds (\$56.2 million total in FY 2020-21) to DPI due to an increase in the average salary of public school positions funded in guaranteed position allotments. The recurring funding source supporting this increase is a reduction to the budgeted increase of employer contributions to the State Health Plan. The nonrecurring funding source is a transfer of available cash balance from the IT Reserve Fund.

The session law also makes several adjustments to the compensation of public school employees that does not require net appropriation adjustments. These changes include:

- Enacting the FY 2020-21 teacher salary schedule that mirrors the FY 2019-20 salary schedule. This action will allow employees paid according to the salary schedule (e.g. teachers, instructional support, assistant principals) to receive experience-based step increases.
- Repurposing funds appropriated for teacher performance-based bonuses into an across-the-board \$350 nonrecurring bonus for teachers and instructional support personnel due to lack of available growth data.
- Recommending the Governor provide a \$600 nonrecurring bonus to teachers, instructional support, and noninstructional support personnel from the Governor's Emergency Education Relief Fund provided by Congress.
- Enacting the FY 2020-21 principal salary schedule that contains the same salary amounts as the FY 2019-20 schedule, but freezing school years in which school growth is measured at the FY 2019-20 ranges due to lack of growth data available from FY 2019-20. The impact of the change is that principals will not have a change in State-funded pay based on updated growth in January 2021.
- Repurposing funds appropriated for principal performance-bonuses by providing principals who received a performance-based bonus in FY 2019-20 the same bonus in FY 2020-21 due to lack of available growth data.

[S.L. 2020-53](#) (House Bill 1229), *Unemployment Insurance Program Integrity*, appropriates \$2.0 million in nonrecurring funds from the CRF to the Department of Commerce for FY 2019-20 to be used to contract with the Government Data Analytics Center (GDAC) to strengthen unemployment insurance program integrity. GDAC is

directed to enhance existing unemployment insurance (UI) fraud detection and compliance and provide both COVID-19 related program fraud detection analytics and pandemic UI assistance documentation analysis.

[S.L. 2020-56](#) (House Bill 1096), *UNC Omnibus Changes/UNC Lab School Funds*, directs the UNC BOG to transfer \$200,000 in nonrecurring funds from those funds provided for the Future Teachers of North Carolina program for FY 2020-21 to be used for administrative and technical assistance related to the UNC Teacher and Principal Preparation Laboratory School Program.

[S.L. 2020-57](#) (Senate Bill 750), *Capital Projects-Elizabeth City State Univ.*, appropriates \$6.0 million in nonrecurring funds from the State Capital and Infrastructure Fund (SCIF) to OSBM for FY 2020-21 to be allocated for the following capital improvement projects at Elizabeth City State University: \$2.0 million for a chiller, and \$4.0 million for an HVAC system. The source of funds for these items is the General Fund.

[S.L. 2020-58](#) (House Bill 1080), *Revenue Laws Recommendations*, directs the State Controller to transfer \$36.0 million in nonrecurring funds from the Medicaid Transformation Reserve to the General Fund for the FY 2020-21 to fully offset the anticipated revenue loss in the General Fund resulting from updating North Carolina's reference to the federal Internal Revenue Code (IRC) from January 1, 2019 to May 1, 2020 and conforming to a lower threshold amount for the medical expense deduction of 7.5% of income instead of 10% for the 2019 and 2020 tax years.

[S.L. 2020-64](#) (Senate Bill 816), *CC Funds/CIHS Funds/CR Funds and Offsets*, appropriates \$686.9 million in nonrecurring funds from the CRF to OSBM to allocate as follows:

- \$41.5 million to the Community Colleges System Office for enrollment growth at North Carolina's community colleges in FY 2020-21, and
- \$645.4 million to be used to offset General Fund appropriations across State government for allowable expenditures of funds from the CRF. The session law also creates a Statewide Reserve for Appropriations that has a negative beginning appropriation balance of \$645.4 million that OSBM is directed to reduce to zero dollars by transferring net General Fund appropriation from the relevant State agency to the Reserve as allowable expenditures of CRF funds are identified.

Lastly, this session law also appropriates \$1.9 million in nonrecurring funds from the General Fund to DPI for allocation to select local school administrative units to be used in FY 2020-21 as supplemental funding for the eight cooperative innovative high schools listed in the session law. To generate funding for this item, an offsetting General Fund reduction in a like amount was taken in the State Public School Fund that was in turn replaced with an increased appropriation from the CPFF.

[S.L. 2020-66](#) (Senate Bill 733), *UNC Capital Projects*, authorizes the acquisition or construction of the following university capital improvement projects from non-General Fund sources including the use of special obligation bonds:

- \$22.0 million for University of North Carolina at Chapel Hill (UNC-CH) Morehead Chemistry Laboratory HVAC Upgrades
- \$1.7 million for UNC-CH's Campus-Wide Life Safety Upgrades – Phase 1
- \$20.0 million for WCU's Lower Campus Residence Halls – Phase 2

[S.L. 2020-67](#) (Senate Bill 817), *Funds for UNC Enrollment Growth/FY 2020-2021*, appropriates \$29.4 million in nonrecurring funds to the UNC BOG for FY 2020-21 to be used to fund enrollment growth at The University of North Carolina. The sources of funds for this item are \$12.7 million from the JDIG Special Revenue Fund and \$16.7 million from the General Fund.

[S.L. 2020-76](#) (Senate Bill 813), *UNC Building Reserve/Certain Project/FY 20-21*, appropriates \$12.6 million in nonrecurring funds to the UNC BOG for FY 2020-21 to be used for the operation and maintenance of the following building projects:

- \$585,615 for NCSU's Utility Infrastructure (Fitts-Woolard and Plant Sciences)
- \$4,802,945 for NCSU's Fitts-Woolard Hall
- \$162,859 for UNC at Asheville's (UNC-A) Carmichael Hall Renovation
- \$232,134 for UNC-A's Owen Hall Renovation
- \$1,715,960 for UNC at Greensboro's (UNC-G) Nursing & Instructional Building
- \$228,158 for UNC-G's South Chiller Plant
- \$325,544 for UNC at Pembroke's West Hall Renovation
- \$2,756,109 for UNC at Wilmington's Allied Health (Veteran's Hall)
- \$420,541 UNC School of the Arts' Old Library Renovation
- \$1,261,713 for Winston-Salem State University's (WSSU) Science and General Office Building
- \$118,289 for WSSU's 1602 Lowery Street Renovation

The sources of funds for these items are \$8.5 million from the E-Commerce Reserve Fund, \$4.0 million from the Revenue: Project Collect Tax special fund, and the \$118,289 from the General Fund.

[S.L. 2020-79](#) (House Bill 1087), *Water/Wastewater Public Enterprise Reform*, appropriates a total of \$77.3 million nonrecurring funds for FY 2020-21 as follows:

- \$9.0 million from the One North Carolina Fund to the Department of Environmental Quality (DEQ) for the Viable Utility Reserve to be used for the purposes set forth in G.S. 159G-32.
- \$4.8 million from the CRF to the UNC BOG to be allocated to the Southern Regional Area Health Education Center (SR AHEC) to be used for residencies in the SR AHEC service areas and for COVID-19 related response activities.
- \$2.0 million from the PFAS Recovery Fund to DEQ for various water quality projects,
- \$30.7 million from the Volkswagen Litigation Environmental Mitigation Fund to fund Phase 1 of the August 28, 2018, Beneficiary Mitigation Plan prepared as set forth in the Trust agreement and submitted by DEQ to the General Assembly pursuant to the Settlement Directives.
- \$30.8 million for water resources development projects in accordance with the schedule set out in this law. The sources of funds for these projects are \$15.8 million from the Shallow Draft Fund and \$15.0 million from the General Fund.

[S.L. 2020-80](#) (House Bill 1023), *Coronavirus Relief Fund/Additions & Revisions*, amends S.L. 2020-4, *2020 COVID-19 Recovery Act*, by appropriating an additional \$370 million in nonrecurring funds from the CRF to OSBM to be allocated to various State agencies and non-state entities for COVID-19 related expenses. Appendix F lists each of the allocations by purpose and amount.

The session law also appropriates \$21.9 million in nonrecurring funds for FY 2020-21 to DPI as follows:

- \$3.9 million to provide school lunches at no cost to students qualifying for reduced-priced meals in schools participating in the National School Lunch Program. The source of funds for this item is the School Bus Replacement Fund.
- \$18.0 million in nonrecurring funds for the School Business System Modernization Plan. The source of the funds for this item is the General Fund as \$18.0 million in CFFF funds is redirected from the School Technology Fund to the State Public School Fund for one year and an offsetting General Fund reduction is taken in a like amount.

DPI is also authorized to withhold up to \$12.0 million from the transportation allotment for transportation expenses related to emergency school nutrition services provided in the summer of 2020.

The session law also directs DHHS to waive the 15% match requirement for nonprofits under the competitive grants process for the 2020-2021 fiscal year.

Lastly, the session law directs OSBM to deposit any remaining funds in the State's Coronavirus Relief Reserve in the General Fund as nontax revenue if federal law or guidance is amended to allow the federal CRF for revenue replacement. It also authorizes OSBM to use the CRF funds appropriated in SB 805 for revenue replacement if federal law or guidance so allows.

[S.L. 2020-81](#) (Senate Bill 212), *Capital Appropriations/R&R/DIT/Cybersecurity*, appropriates a total of \$135.5 million in nonrecurring General Fund funding to the SCIF for FY 2020-21 as follows:

- \$85.3 million for repairs and renovations (R&R) pursuant to G.S. 143C-8-13. Of these R&R funds, \$2.5 million are to be allocated to Fayetteville State University for dormitory demolition and removal; 40% are to be allocated for projects at the constituent institutions of The University of North Carolina (UNC), as determined by the UNC BOG; and 60% are to be allocated for State agency projects, excluding UNC, as determined by OSBM.
- \$17.3 million for various capital projects in the UNC system as follows: (1) \$7.0 million for the University of North Carolina at Chapel Hill's (UNC-CH) Business School, (2) \$2.5 million for UNC-CH's Nursing School Renovation, (3) \$7.0 million for NCSU's Stem Building, and (4) \$750,000 for UNC-A's Woods Residence Hall Occupancy Requirements.
- \$1.5 million as a grant to North Carolina Freedom Park, a nonprofit corporation, to build a public sculpture park to commemorate historic and ongoing struggles for freedom in North Carolina, especially the enduring roles of African-Americans in this struggle for freedom.
- \$31.5 million to supplement the R&R funds and three of the UNC capital projects. Funds are conditional upon the expanding the allowable uses of the federal CRF to include replacing lost revenue due to the COVID-19 emergency.

The session law also amends the following statutes which have an impact on the General Fund:



- G.S. 116-30.3. Reversions: Increases the amount of General Fund appropriation carryforward for each of the UNC constituent institutions from 2.5% to 5.0%.
- G.S. 143C-8-13. Repairs and Renovations: Allows the chancellor of a UNC constituent institution to use operating funds to pay for R&R projects.
- G.S. 143C-8-7. When a State agency may begin a capital improvement project: Allows DACS to use net General Fund appropriations and receipts to build equipment structures that meet the description contained in G.S. 143-138(b4)(1)c. on an as-needed basis, provided that the total project cost does not exceed \$125,000.

Lastly, the session law redirects \$12.3 million in General Fund funding appropriated for transfer to the IT Reserve Fund to the Enterprise Security and Risk Management Office on a nonrecurring basis in FY 2020-21 to be used for the following purposes:

- \$2.5 million for the cybersecurity pilot program described in Section 5 of the law.
- \$3.3 million for Gaston College to use to establish a Carolina Cyber Network.
- \$5.5 million to enhance Statewide cybersecurity.
- \$1.0 million to the Satellite-Based Broadband Grant Fund, established in Section 7 of the law.

**S.L. 2020-83** (House Bill 593), *JCPC/Detention/CAA and Other Fees*, appropriates an estimated \$1.4 million in recurring funds generated from an increase in various court fees as follows:

- \$383,000 to the Criminal Justice Education and Training Standards Commission in FY 2020-21, and
- \$1.0 million to Indigent Defense Services in FY 2020-21.

The fee increases are effective December 1, 2020 and the amount of the fees collected is projected to double when annualized.

**S.L. 2020-86** (House Bill 425), *Implement Conner's Law*, appropriates \$1.2 million in nonrecurring funds in FY 2020-21 to pay benefits on behalf of public safety employees killed in the line of duty as provided under Conner's Law, S.L. 2019-228. The source of funds for this item is the Statewide Misdemeanant Confinement Fund.

**S.L. 2020-88** (Senate Bill 808), *Medicaid Funding Act*, appropriates a total of \$751.4 million in nonrecurring funds in FY 2020-21 to the Department of Health and Human Services for the following purposes:

- \$463.0 million for the Medicaid and NC Health Choice programs rebase.
- \$26.4 million for the operations and maintenance expenses for the North Carolina Families Accessing Services Through Technology (NC FAST) system and investment in infrastructure modernization, document management, and other critical NC FAST projects.
- \$6.2 million for updates and changes to the child welfare case management component of NC FAST, including child welfare program changes in accordance with the federal Family First Prevention Services Act, updates for the Comprehensive Child Welfare Information, funding for the Independent Verification and Validation contract, and risk assessment tool changes under Rylan's Law, S.L. 2017-41.

- \$1.4 million for the implementation of an electronic visit verification (EVV) system that will be used for personal care services and home health services under the Medicaid program.
- \$69.4 million to provide the State share of costs for Medicaid transformation projects needed to meet the bill's July 1, 2021 deadline for implementation of Medicaid managed care, as required by S.L. 2015-245, as amended. S.L. 2020-88 also revises the State's hospital assessment structure to align with federal managed care rules and subjects the capitation rates paid to Medicaid prepaid health plans to the State's existing tax on insurance premiums.
- \$50.0 million for local management entities/managed care organizations (LME/MCOs) to fund behavioral health and crisis services in response to the COVID-19 pandemic.
- \$100.0 million to expand public and private initiatives for COVID-19 testing, contact tracing, and trends tracking.
- \$20.0 million for various early childhood initiatives to assist in mitigating the financial impact due to the COVID-19 pandemic.
- \$15.0 million for the Dorothea Dix campus relocation project.

The sources of funds for these items include:

- \$265.6 million from the General Fund, including \$30 million in carryforward,
- \$179.8 million from the Medicaid Transformation Reserve,
- \$136.0 million from the Medicaid Contingency Reserve, and
- \$170.0 million from the CRF.

[S.L. 2020-90](#) (House Bill 902), *P&C Changes/Glob. Tranp./Prison Pilot*, appropriates \$1.8 million in nonrecurring funds to DPS for FY 2020-21 to be used to develop and administer a Prison Software Management Pilot Program to be implemented at Bertie Correctional Institution (BCI) and Pasquotank Correctional Institution (PCI). The source of funds for this item is the Statewide Misdemeanant Confinement Fund.

[S.L. 2020-91](#) (House Bill 77), *DOT 2020-2021 FY Budget/Governance*, reduces the DOT's FY 2020-21 certified budget for road construction, maintenance, and Department operations from \$4.1 billion to \$3.6 billion due to an anticipated reduction in receipts of \$513.3 million.

The table below summarizes the budget changes to the Highway Fund (HF) and the Highway Trust Fund (HTF) by major program area in FY 2020-21.

<b>Program</b>	<b>2020-21 Certified Budget</b>	<b>Net Adjustments</b>	<b>2020-21 Revised Budget</b>
HF - General Maintenance Reserve	433,216,482	84,165,752	517,382,234
HF - Contract Resurfacing	535,682,480	22,992,419	558,674,899
HF - Mobility Modernization	41,443,078	(41,443,078)	-
HF - Powell Bill	154,875,000	(17,795,301)	137,079,699
HF - State Secondary System	12,000,000	(8,500,000)	3,500,000
HF - Aviation	146,346,918	(8,682,390)	137,664,528
HF - Rail	48,347,269	(12,200,000)	36,147,269
HF - Public Transportation	94,393,444	(76,192,980)	18,200,464
HF - Division of Motor Vehicles	143,396,106	(794,048)	142,602,058
HF - Capital Repairs	7,707,500	(7,707,500)	-
HF - Vacant Positions		(3,542,874)	
<b>Highway Fund Total</b>	<b>\$ 2,403,100,000</b>	<b>\$ (69,700,000)</b>	<b>\$ 2,333,400,000</b>
HTF - Strategic Transportation Initiative	1,465,308,940	(425,900,000)	1,039,408,940
<b>Highway Trust Fund Total</b>	<b>\$ 1,656,800,000</b>	<b>\$(425,900,000)</b>	<b>\$ 1,230,900,000</b>
<b>Total DOT Budget</b>	<b>\$ 4,059,900,000</b>	<b>\$(495,600,000)</b>	<b>\$ 3,564,300,000</b>

The session law also makes the following significant changes which affect DOT's budget:

- Institutes a floor for the motor fuels tax (MFT) rate to ensure the MFT rate does not drop below the current 36.1 cents per gallon, thereby generating an additional \$20 million in revenue in FY 2020-21.
- Modifies the split of the Motor Fuels Tax from 79% HF/21% HTF to 80% HF/20% HTF to increase funding to the maintenance program and decrease funding to the construction program.
- Increases the bond authorization for Build NC from \$300 million to \$700 million.

The session law also creates a Transportation Oversight Manager Position within OSBM to monitor and assist DOT with cash management and provides the Department of State Treasurer an additional position dedicated to reviewing and monitoring the DOT's bond program and assisting DOT in fulfilling its compliance duties.

Lastly, DOT is required to develop and establish a uniform financial management personnel structure for Highway Division offices for the purpose of improved financial management.

[S168](#), *DHHS & Other Revisions*, was vetoed by Governor Cooper on July 6, 2020, and was not brought to the floor for a veto override. The bill appropriated a total of \$26.6 million in additional federal DHHS block grant funding available in FY 2020-21. These funds remain available for appropriation.

## General Fund Availability Statement

	<b>FY 2020-21</b>
1 Unappropriated Balance	2,356,664,283
2 Projected Reversions	400,000,000
3 Projected Under Collections	(633,100,000)
4 Tax Filing Deadline Shift (April 2020 to July 2020)	(1,010,000,000)
5 S.L. 2019-251, DOT Cash and Accountability	(100,000,000)
6 S.L. 2019-243, Admin. of Justice Changes	724,418
7 <b>Beginning Unreserved Fund Balance</b>	<b>1,014,288,701</b>
8	
9 <b>Net Revenue</b>	
10 Tax Revenues	21,617,600,000
11 Tax Filing Deadline Shift (April 2020 to July 2020)	1,010,000,000
12 Non-tax Revenues	838,700,000
13 <b>Total, Net Revenue</b>	<b>23,466,300,000</b>
14	
15 <b>Reservations and Adjustments</b>	
16 S.L. 2019-230, Growing GREAT	(15,000,000)
17 <b>Total, Reservations and Adjustments</b>	<b>(15,000,000)</b>
18	
19 <b>Other Adjustments to Availability: 2020 Session</b>	
20 Funding for Workforce Housing Loan Program (S.L. 2020-28)	20,000,000
21 <b>Subtotal, Other Adjustments to Availability</b>	<b>20,000,000</b>
22	
23 <b>Revised Total General Fund Availability</b>	<b>24,485,588,701</b>
24	
25 <b>Less Net General Fund Appropriations- Enacted</b>	
26 Enacted 2020-21 General Fund Budget	(24,733,201,295)
27 Funding for Workforce Housing Loan Program (S.L. 2020-28)	(20,000,000)
28 Capital Projects-Elizabeth City State Univ (S.L. 2020-57)	(6,000,000)
29 Coronavirus Relief Funds/Create Offsets (S.L. 2020-64)	645,400,000
30 Funds for UNC Enrollment Growth/FY 2020-2021 (S.L. 2020-67)	(16,673,653)
31 UNC Building Reserve/Certain Project/FY 20-21 (S.L. 2020-76)	(118,289)
32 Water/Wastewater Public Enterprise Reform (S.L. 2020-79)	(15,000,000)
33 Capital Appropriations/R&R/DIT/Cybersecurity (S.L. 2020-81)	(104,000,000)
34 Medicaid Funding Act (S.L. 2020-88)	(235,554,480)
35 <b>Subtotal Net General Fund Appropriations- Enacted</b>	<b>(24,485,147,717)</b>
36	
37 <b>Unappropriated Balance</b>	<b>440,984</b>

## Appendix B

### 2020 Session Laws/Ratified Bills Impacting Appropriations/Revenues

#	Bill #	Bill Title	Session Law #
1	<a href="#">H1043</a>	2020 COVID-19 Recovery Act	S.L. 2020-4
2	<a href="#">H1063</a>	Fund VIPER Tower Hardware Upgrades	S.L. 2020-14
3	<a href="#">H1187</a>	Raise the Age Funding	S.L. 2020-15
4	<a href="#">H1169</a>	Bipartisan Elections Act of 2020	S.L. 2020-17
5	<a href="#">S801</a>	Military Presence Stabilization Fund/Funding	S.L. 2020-24
6	<a href="#">H472</a>	NCSU/NC A&T Matching Funds/Umstead Act	S.L. 2020-26
7	<a href="#">H1071</a>	Funds to DPI for ADM Growth	S.L. 2020-27
8	<a href="#">H1208</a>	Funding for Workforce Housing Loan Program	S.L. 2020-28
9	<a href="#">H1136</a>	Funds for NCSSM-Morganton Campus	S.L. 2020-31
10	<a href="#">S836</a>	State Operations/Increase Federal Funds Use	S.L. 2020-32
11	<a href="#">S806</a>	Capital Appropriation - Western Carolina Univ	S.L. 2020-33
12	<a href="#">H1218</a>	Salary-Related Contribs/Debt Service Funds	S.L. 2020-41
13	<a href="#">S811</a>	Connect NC Park Facilities Operating Reserves	S.L. 2020-42
14	<a href="#">S814</a>	NC Promise Tuition Plan Funds	S.L. 2020-43
15	<a href="#">S812</a>	Agricultural Sciences Center Funds	S.L. 2020-44
16	<a href="#">S818</a>	Compensation of Certain School Employees	S.L. 2020-45
17	<a href="#">H1229</a>	Unemployment Insurance Program Integrity	S.L. 2020-53
18	<a href="#">H1096</a>	UNC Omnibus Changes/UNC Lab School Funds	S.L. 2020-56
19	<a href="#">S750</a>	Capital Projects-Elizabeth City State Univ.	S.L. 2020-57
20	<a href="#">H1080</a>	Revenue Laws Recommendations	S.L. 2020-58
21	<a href="#">S816</a>	CC Funds/CIHS Funds/CR Funds and Offsets	S.L. 2020-64
22	<a href="#">S733</a>	UNC Capital Projects	S.L. 2020-66
23	<a href="#">S817</a>	Funds for UNC Enrollment Growth/FY 2020-2021	S.L. 2020-67
24	<a href="#">S813</a>	UNC Building Reserve/Certain Project/FY 20-21	S.L. 2020-76
25	<a href="#">H1087</a>	Water/Wastewater Public Enterprise Reform	S.L. 2020-79
26	<a href="#">H1023</a>	Coronavirus Relief Fund/Additions & Revisions	S.L. 2020-80



27	<a href="#">S212</a>	Capital Appropriations/R&R/DIT/Cybersecurity	S.L. 2020-81
28	<a href="#">H593</a>	JCPC/Detention/CAA and Other Fees	S.L. 2020-83
29	<a href="#">H425</a>	Implement Conner's Law	S.L. 2020-86
30	<a href="#">S808</a>	Medicaid Funding Act	S.L. 2020-88
31	<a href="#">H902</a>	P&C Changes/Glob. Tranp./Prison Pilot	S.L. 2020-90
32	<a href="#">H77</a>	DOT 2020-2021 FY Budget/Governance	S.L. 2020-91
33	<a href="#">S168</a>	DHHS & Other Revisions	VETOED

## Appendix C

### Coronavirus Relief Fund (CRF)

	<b>Total Allocation</b>	<b>\$4,066,866,178</b>
<b>Direct Local Government</b>		\$481,475,001
<b>State Allocation</b>		<b>\$3,585,391,176</b>
<b>S.L. 2020-4 (HB 1043)--State Appropriations/Reserves</b>		
Total for State & Local Entities		\$1,105,988,029
DOT for General Maintenance <sup>1</sup>		\$300,000,000
Buffer Revenue Losses for Fee-Supported State Operations <sup>1</sup>		<u>\$20,000,000</u>
<b>Total State Appropriations/Reserves</b>		<b>\$1,425,988,029</b>
<b>HB 1023 Ratified (Amends S.L. 2020-4)</b>		
Local Government Reserve <sup>2</sup>		\$150,000,000
Additional Items		\$100,000,000
FEMA Match		<u>\$120,000,000</u>
<b>HB 1023 Total</b>		<b>\$370,000,000</b>
<b>Additional Appropriations</b>		
Fund VIPER Tower Hardware Upgrades (S.L. 2020-14)		\$19,800,530
Funds to DPI for ADM Growth (S.L. 2020-27)		\$22,000,000
State Operations/Increase Federal Funds Use (S.L. 2020-32)		\$300,000,000
CC Funds/CIHS Funds/CR Funds and Offsets (S.L. 2020-64)		\$686,900,000
Unemployment Insurance Program Integrity (S.L. 2020-53)		\$2,000,000
Medicaid Funding Act (S.L. 2020-88)		\$170,000,000
Water/Wastewater Public Enterprise Reform (S.L. 2020-79)		\$4,800,000
Capital Appropriations/R&R/DIT/Cybersecurity (S.L. 2020-81) <sup>1</sup>		<u>\$31,500,000</u>
<b>Total Additional Appropriations</b>		<b>\$1,237,000,530</b>
<b>Total CRF Appropriations</b>		<b>\$3,032,988,559</b>
<b>CRF Funds Remaining<sup>3</sup></b>		<b>\$552,402,617</b>

<sup>1</sup> Funding of \$351.5 million cannot be spent unless the Federal Government amends the CARES Act to allow revenue replacement as a permissible use of funds.

<sup>2</sup> The Local Government Reserve was included in S.L. 2020-4, but not appropriated. HB 1023 appropriates the fund and expands the purpose to include municipalities.

<sup>3</sup> S.L. 2020-80, Section 3.2, requires any remaining funds to be deposited into the General Fund as nontax revenue in FY 2020-21 if federal law or guidance is amended to allow the funds to be used for revenue replacement.

## Appendix D

### Appropriations and Reservations of Coronavirus Relief Funds in S.L. 2020-4, 2020 COVID-19 Recovery Act

#	Section	Purpose	
1	3.3.(1)	Enhanced Personal Safety Equipment & Sanitation Supplies	50,000,000
2	3.3.(2)	Local Government Assistance	150,000,000
3	3.3.(3)	State Government Operations	70,000,000
4	3.3.(4)	Transportation Operations	300,000,000
5	3.3.(4a)	Buffer Revenue Losses for Fee-Supported State Operations	20,000,000
6	3.3.(5)	Reimburse NCGA Testing Funds (LSO)	100,000
7	3.3.(6)	School Nutrition	75,000,000
8	3.3.(7)	Bus Connectivity	1,000,000
9	3.3.(8)	Connectivity	11,000,000
10	3.3.(9)	Devices-Students	30,000,000
11	3.3.(10)	Devices-School Personnel	5,000,000
12	3.3.(11)	Cybersecurity Infrastructure	4,500,000
13	3.3.(12)	Student Health	10,000,000
14	3.3.(13)	Summer Learning Programs	70,000,000
15	3.3.(14)	Learning Management Platform Expansion	1,488,000
16	3.3.(15)	Non-Digital Instructional Resources	3,000,000
17	3.3.(16)	Exceptional Children	15,000,000
18	3.3.(17)	Residential Schools	660,029
19	3.3.(18)	Extended Learning and Integrated Student Support Grants	5,000,000
20	3.3.(19)	NCCCS Flexible Funds	25,000,000
21	3.3.(20)	UNC Flexible Funds	44,400,000
22	3.3.(21)	Funds for Private, Postsecondary Institutions	20,000,000
23	3.3.(22)	Duke University Human Vaccine Institute	15,000,000
24	3.3.(23)	NC Collaboratory	29,000,000
25	3.3.(24)	Brody School of Medicine ECU	15,000,000
26	3.3.(25)	Campbell University School of Osteopathic Medicine	6,000,000
27	3.3.(26)	Wake Forest University Health Services	20,000,000
28	3.3.(27)	Enhanced Public Health Capacity	20,000,000





29	3.3.(28)	Food Banks	6,000,000
30	3.3.(29)	LINKS program funds	290,000
31	3.3.(30)	Financial Assistance for Special Assistance Facilities	25,000,000
32	3.3.(31)	Rural & Underserved Communities	50,000,000
33	3.3.(32)	Free & Charitable Clinics	5,000,000
34	3.3.(33)	NC MedAssist	1,500,000
35	3.3.(34)	Association of Community Health Centers	5,000,000
36	3.3.(35)	Testing Tracing and Trends	25,000,000
37	3.3.(36)	Enhanced Behavioral Health	20,000,000
38	3.3.(37)	Food, Safety, Shelter, and Child Care	19,000,000
39	3.3.(38)	Old North State Medical Society	1,800,000
40	3.3.(39)	Rural Hospitals	65,000,000
41	3.3.(40)	Teaching Hospitals Relief Fund	15,000,000
42	3.3.(41)	General Hospital Relief Fund	15,000,000
43	3.3.(42)	Supplemental Payments to Foster Care	2,250,000
44	3.3.(43)	Animal depopulation & disposal	15,000,000
45	3.3.(44)	Visit NC marketing	5,000,000
46	3.3.(45)	Small Business Assistance through Golden LEAF	125,000,000
47	3.3.(46)	The GREAT program	9,000,000
48		<b>Total Appropriations</b>	<b>\$ 1,425,988,029</b>
49	2.3	Local Government Reserve	\$ 150,000,000
50		<b>Total Appropriations and Reservations</b>	<b>\$ 1,575,988,029</b>



**Appendix E**  
**Federal COVID-19 Recovery Legislation Appropriations in**  
**S.L. 2020-4, 2020 COVID-19 Recovery Act**

#	Purpose	
1	Governor’s Emergency Education Relief Fund	95,600,000
2	Elementary and Secondary School Emergency Relief Fund	396,300,000
3	Higher Education Emergency Relief Fund	179,700,000
4	Child Care and Development Block Grant	118,100,000
5	Community Services Block Grant	25,900,000
6	Low Income Home Energy Assistance Program	49,900,000
7	Child Welfare Services	1,600,000
8	Supportive Services	6,200,000
9	Congregate and Home-Delivered Meals	7,400,000
10	Congregate and Home-Delivered Meals	14,800,000
11	Family Caregivers	3,100,000
12	Protection of Vulnerable Older Americans	600,000
13	Centers for Independent Living	2,200,000
14	Ryan White HIV/AIDS	1,100,000
15	CDC Grant	13,800,000
16	Minimum CDC Grant	15,400,000
17	Homeless Assistance/ ESG - State	18,400,000
18	Housing Opportunities for Persons with AIDS	1,200,000
19	Supplemental Nutrition Prog. for Women, Infants, & Children	13,900,000
20	Community Health Center	78,000
21	Small Rural Hospital Improvement Program	2,500,000
22	Hospital Preparedness Program	770,000
23	Emergency Grant to Address SA	2,000,000
24	Unemployment Insurance Base – Administration	22,500,000
25	Unemployment Insurance Supplemental - Administration	22,500,000
26	Dislocated Worker Grants	6,000,000
27	Emergency Food Assistance Program (TEFAP) Commodities	19,700,000
28	TEFAP Administration	8,200,000
29	Manufacturing Extension	1,500,000



30	CDBG - State	28,500,000
31	National Endowment for the Arts	507,000
32	Institute for Museum and Library Sciences	948,000
33	Justice Assistance Grants - State	15,400,000
34	Emergency Performance Management Grant	2,600,000
35	Family Violence Prevention	777,000
36	Urbanized Area Formula Program	38,473,000
37	Formula Grants for Rural Area Program	94,941,000
38	Airport Grants	2,765,000
39	<b>Total Estimated Funding</b>	<b>\$ 1,235,859,000</b>

**Appendix F**  
**Additional Coronavirus Relief Fund Appropriations in**  
**S.L. 2020-80, *Coronavirus Relief Fund/Additions & Revisions***

#	Section <sup>1</sup>	Purpose	S.L. 2020-80
1	3.3 (2)	Additional Funds for Local Government Assistance	150,000,000
2	3.3 (32)	Additional Funds for Free and Charitable Clinics	2,425,000
3	3.3 (34)	Additional Funds for Association of Community Health Centers	2,425,000
4	3.3 (42)	Additional Funds for Supplemental Payments to Foster Care	1,300,000
5	3.3 (44)	Additional Funds for Visit NC Marketing	10,000,000
6	3.3(47)	Small Meat Processors	10,000,000
7	3.3(48)	NCGA Allowable COVID-19 Costs	2,000,000
8	3.3(49)	GDAC COVID-19 Economic Analytics	750,000
9	3.3(50)	MAHEC	4,800,000
10	3.3(51)	Job Retention Grants	15,000,000
11	3.3(52)	FEMA Match	120,000,000
12	3.3(53)	NC HealthConnex	2,600,000
13	3.3(54)	AOC Grant for Caitlyn's Courage, Inc.	3,500,000
14	3.3(55)	N.C. Schools Go Outside grant program	2,000,000
15	3.3.(56)	State Library's N.C. Kids Digital Library	400,000
16	3.3.(57)	NC Museum of History for virtual history programs	400,000
17	3.3(58)	NC Zoo health and safety enhancements	1,000,000
18	3.3.(59)	High Point International Home Furnishings Market Authority Corp.	725,000
19	3.3.(60)	Commerce: Grants for areas most dependent on travel & tourism	1,500,000
20	3.3.(61)	NC Biotechnology Center: Grants & educational job placement services	500,000
21	3.3.(62)	Plasma Games Pilot Program	2,500,000
22	3.3.(63)	DPI: PPE for public schools	7,000,000
23	3.3.(64)	DPI: Grants to public schools for exceptional children	5,000,000
24	3.3.(65)	UNC Pembroke advanced analytics project	3,000,000
25	3.3.(66)	UNC Pembroke, Department of Nursing	2,000,000
26	3.3.(67)	DHHS: Group Home funding	5,000,000
27	3.3.(68)	Grants to 7 hospitals for patient care costs due to COVID-19	7,000,000



28	3.3.(69)	Grant to a county for eligible hospital with COVID-19 expenses	2,500,000
29	3.3.(70)	Children's Advocacy Centers of NC Inc.	4,300,000
30	3.3.(71)	Crossnore School and Children's Home	375,000
31		<b>Session Law Total</b>	<b>\$ 370,000,000</b>

<sup>1</sup> Amends S.L. 2020-4, 2020 *COVID-19 Recovery Act*