GOVERNOR COOPER'S AMERICAN RESCUE PLAN BUDGET

A SHARED RECOVERY
for a stronger NC

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STATE OF NORTH CAROLINA
OFFICE OF THE GOVERNOR

ROY COOPER
GOVERNOR

May 19, 2021

The North Carolina Senate
The Honorable Phil Berger, President Pro Tempore

The North Carolina House of Representatives
The Honorable Tim Moore, Speaker

The People of North Carolina

Dear Mr. President, Mr. Speaker, Members of the North Carolina General Assembly, and Fellow North Carolinians:

I am filled with optimism as I present recommendations for how North Carolina can most effectively invest in our recovery through the federal American Rescue Plan (ARP). Our sustained progress in lowering COVID-19 metrics, vaccinating more than 4 million North Carolinians, and the lifting of many COVID-19 restrictions on May 14 are reasons to give all North Carolinians hope.

Still, the devastating impact of this pandemic on our public health and the economy will have long-lasting effects well beyond the end of this emergency unless we take action now to speed recovery to everyone. As I shared with you during my State of the State address, North Carolinians are Strong, Resilient and Ready to face the challenges of the future. The ARP presents a historic opportunity to tackle chronic problems and build a North Carolina that not only recovers but thrives.

These recommendations are rooted in the principle that these investments should be fast, equitable, and effective. They focus on assisting those families most impacted by the pandemic, upgrading our infrastructure, preparing our workforce, promoting business development and innovation, and positioning government to best serve our people. Together, we can ensure that every home with a school-aged child has high-speed internet. We can address our aging water and wastewater infrastructure by working with local governments to build systems for the future. And we can ensure that over 200,000 North Carolinians have access to higher education, living up to our shared commitment to have 2 million more credentialed North Carolinians by 2030.

I believe that many of these recommendations reflect values we all share. I look forward to our continued discussion on how we can best serve North Carolinians now and in the future. Thank you for your commitment to the people of North Carolina.

Sincerely,

Roy Cooper

CC: The Honorable Dan Blue
The Honorable Robert Reives

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North Carolina's Recovery in Sight, Needs Remain Great

North Carolinians faced unimaginable challenges this past year. While the COVID-19 pandemic continues to disrupt lives, we now have a powerful weapon on our side—a set of highly-effective vaccines. A majority of adults in North Carolina have had at least one dose of a vaccine, and nearly 80% of individuals 65 years old or older have had a least one shot. North Carolinians are now looking forward to a summer in which we can return to life like before the pandemic.

While we have many reasons for optimism, the pandemic has exposed and intensified inequities in our state. North Carolina faces burgeoning demand for services due to a disparate impact from the damaging effects of the pandemic. Chronic concerns that preceded the pandemic only grew worse as case numbers rose.

Yet, we have an unprecedented opportunity to make investments that create thriving communities across the state. The funding from the American Rescue Plan (ARP) allows us to invest in North Carolina to emerge stronger, more resilient, and ready to build a future where all North Carolinians have the opportunity to live lives of abundance.

Those with Less More Likely to Experience Longer Term Effects

Unemployment, which peaked at 13.5% in May 2020, has now fallen to 5.6%. However, a disproportionate number of the lost jobs, and the jobs slowest to return, were lower wage. The employment rate for low-wage NC workers remained down 13% in mid-March 2021 compared to the beginning of last year. Meanwhile, employment rate for high-wage workers was an estimated 6.9% above the January 2020 level.[1]

Jobs are returning unevenly across our state. While the Asheville, Hickory-Lenoir-Morganton, and Wilmington metro areas initially shed the most jobs, the Greenville, Jacksonville, and New Bern metros have seen significant progress in job recovery and are closest to pre-pandemic employment levels. Job creation in other regional job centers has not rebounded to the same degree. As of March 2021, the Asheville, Goldsboro, Fayetteville, and Triad regions are furthest from regaining jobs lost during the pandemic, and 17 counties struggled with estimated unemployment rates above 6% while 17 others had unemployment rates at or below 4%.

Complicating the picture is that labor force participation has also dropped. The labor force participation rate in North Carolina was 61.3% in February 2020 but dropped to 59.5% by March 2021 as workers remained home for multiple reasons including childcare needs and perceived health risks. This issue is especially acute for women, who have left the workforce at higher rates than men.

While consumer spending on goods has been stronger than expected, due in part to federal economic stimulus and enhanced unemployment payments, that does not mean all businesses are positioned to recover. Small business revenues in North Carolina as of mid-April 2021 averaged roughly 10% below where they were in January 2020.[2] High-frequency credit and debit card data from March 2021 show

[1] Opportunity Insights, https://www.tracktherecovery.org/
[2] Opportunity Insights, https://www.tracktherecovery.org/

year-over-year spending at arts, entertainment, recreation merchants, and transportation services averaged 30%-40% below pre-pandemic levels.

Many North Carolinians were struggling before the pandemic arrived and were in no position to weather the economic downturn. Pre-pandemic, North Carolina had the 12th lowest median household income in the country. Thirty-two percent of the population lives in households with incomes within 200% of the federal poverty line, including 14% with incomes below the poverty threshold.[3] Ten percent of our counties are persistent-poverty counties, where 20% or more of the population has lived in poverty for the last 30 years.[4]

Demand for Services Not Abating

For North Carolinians who have lost income or jobs, even temporarily, the road to recovery is long. Months of lost wages can mean months of unpaid bills. According to NC211Counts, calls to the 211 service for housing and shelter assistance have risen 35.6% since May 2020. Requests for help paying utilities has risen 16.5% over the same period. The service continues to see a higher volume of requests for help than last summer when unemployment was appreciably higher.

In the March editions of the Census Bureau Household Pulse Survey, one out of eight renters in North Carolina reported they haven't caught up on rent payments. In the same survey, 29% of North Carolinians reported they were having trouble covering the usual household expenses.[5]

This has led to struggles for many of our public utilities. In North Carolina, 34% of utilities reported delaying capital projects due to decreased revenues, and 19% reported difficulty in maintaining operations if widespread arrears persist.[6]

The Census Bureau's Household Pulse survey also found 8% of North Carolinians report food insecurity, with that number rising to 9% in households with children. As of April 27, 2021, NC Department of Health and Human Services, in partnership with the NC Department of Public Instruction, provided more than $1 billion of groceries to more than a million children through the Pandemic Electronic Benefit Transfer (P-EBT) program. The Food Bank of Central & Eastern North Carolina, which serves 34 counties, reported a 38% increase in people requesting help in 2020 compared to the prior year.

Affordable high-speed internet has become essential to work, education, and healthcare. The pandemic brought this issue to the fore, as parents sought to work remotely, children logged in to class from home, and grandparents were forced to have checkups online. An estimated 59% of North Carolinians lacked access to affordable high-speed internet plans at the outset of the pandemic, compared to 50%

[3] US Census Bureau. 2019 American Community Survey 1-Year Estimates.
[4] Congressional Research Service (February 2021) "The 10-20-30 Provision: Defining Persistent Poverty Counties." https://fas.org/sgp/crs/misc/R45100.pdf
[5] Centers on Budget and Policy Priorities (April 2021) "Tracking the COVID-19 Recession's Effects on Food, Housing and Employment Hardships." https://www.cbpp.org/research/poverty-and-inequality/tracking-the-covid-19-recessions-effects-on-food-housing-and
[6] UNC School of Government (August 26, 2020) "COVID-19 and North Carolina Utilities: Impact Assessment of the Coronavirus Pandemic on North Carolina Water and Wastewater Utilities, through July 2020."

nationwide.[7] The need for high-speed internet access will continue post-pandemic, and the problem won't be solved by new infrastructure alone.

This is not only about equity, but access to opportunity. One study by economists at Purdue University found total economic return over a 25-year period, accounting for improved tax revenue and decreased public services, could be as high as $4 for every $1 invested in providing affordable access to high-speed internet.[8]

Early childhood programs and subsidies for low-income children are chronically underfunded, with only 50% of eligible children able to attend NC Pre-K. This leaves almost 33,000 eligible children per year unserved.[9] The impact of this unmet need was felt by families and schools who faced unprecedented challenges and costs during COVID.

Education was one of the most visibly altered public services during the pandemic, with many households struggling with virtual schooling. One study found that on average, students may have lost the equivalent of three months of learning in mathematics and one-and-a-half months of learning in reading during remote learning last year, and that learning loss was higher in schools that serve predominately students of color.[10]

In North Carolina, 62% of K-12 funding comes from the state in NC compared to an average of 47% for the rest of the country.[11] The state bears a greater responsibility for supporting the effort it will take to make up learning losses and the cost of improved technology and health and safety needs of schools that will continue for the foreseeable future.

From Response to Recovery

North Carolina's response to the COVID-19 pandemic has been among the strongest of any state in the country, with below average deaths from COVID-19 per capita and below average unemployment per capita compared to other states. But North Carolina is still in the midst of responding to this crisis.

The recommendations presented here will build a bridge from response to recovery. The federal government's investment in recovery, combined with the state's strong fiscal position, allows the state to chart a path to recovery that everyone can share. North Carolina should invest in better health, education, and infrastructure and a more sustainable future of shared opportunity and prosperity. Effective use of ARP resources present the best chance to build an equitable and effective recovery.

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[7] BROADBANDNOW (April 12, 2021) "The State of Broadband in America." https://broadbandnow.com/research/q1-broadband-report-2020

[8] Purdue University (August 27, 2018) "Broadband Access Would Benefit Rural Areas, State." https://www.purdue.edu/newsroom/releases/2018/Q3/report-broadband-access-would-benefit-rural-areas,-state.html

[9] National Institute for Early Education Research, Rutgers (2018). "Barriers to Expansion of NC-PreK" https://nieer.org/wp-content/uploads/2019/01/NIEER_North_Carolina_2019.pdf .

[10] McKinsey & Company (December 8, 2020) "COVID-19 and learning loss." https://www.mckinsey.com/industries/public-and-social-sector/our-insights/covid-19-and-learning-loss-disparities-grow-and-students-need-help

[11] WestEd Learning Policy Institute, & Friday Institute for Educational Innovation at North Carolina State University (2019) "Sound Basic Education for All: An Action Plan for North Carolina."https://www.wested.org/wp-content/uploads/2020/03/Sound-Basic-Education-for-All-An-Action-Plan-for-North-Carolina.pdf.

American Rescue Plan (ARP) Recommendations

Federal Assistance	
State Fiscal Recovery Fund	5,439,309,692
Coronavirus Capital Projects Fund	277,060,856
Total Funding	**5,716,370,548**
Recommended Expenditures	
Assisting Individuals and Families Hardest Hit	
Extra Credit Grants 2.0	250,000,000
Affordable Housing	575,000,000
Help for Vulnerable Individuals and Families	65,000,000
Health and Wellness Promotion	125,000,000
Food Security for North Carolinians	64,000,000
Sound Basic Public Education/Early Childhood	300,000,000
Subtotal	**1,379,000,000**
Upgrading Infrastructure	
Closing the Digital Divide	1,200,000,000
Water and Wastewater Infrastructure Investments	800,000,000
Lead and Asbestos Remediation in Schools	160,000,000
Rural Downtown Transformation Grants	175,000,000
Subtotal	**2,335,000,000**
Preparing the Workforce	
21st Century Technology and Equipment for Higher Education	150,000,000
NC Guarantee Program (UNC and Community Colleges)	350,000,000
Recovery Scholarships (UNC and Community Colleges)	270,000,000
Recovery Scholarships (Independent Colleges)	95,000,000
Summer Accelerator Grants	60,000,000
Finish Line Grants	60,000,000
Reconnect the Workforce	25,000,000
Subtotal	**1,010,000,000**
Promoting Business Development and Innovation	
Hospitality Industry Business Assistance and Recovery Grants	350,000,000
Small Business and HUB Resiliency	50,000,000
Sites Development	50,000,000
Strategic Industry Development	50,000,000
Motorsports and Outdoor Event Opportunities	45,000,000
Recovery Grants for Arts, History, Libraries, Science, and Film	60,000,000
UNC System Health Research Innovation	75,000,000
Subtotal	**680,000,000**
Positioning Government to Best Serve North Carolinians	
State Health Plan COVID-19-related Costs	100,000,000
Continuity of State Government Operations	79,370,548
Repairs and Renovations for Health and Safety	50,000,000
Assistance for State-Recognized American Indian Tribes	18,000,000
Assistance for Local Governments	65,000,000
Subtotal	**312,370,548**
Total	**5,716,370,548**

Special Fund (2XXXX)

		FY 2020-21 Recommended		
		R Changes	NR Changes	Adjustments
Assisting Individuals and Families Hardest Hit				
1 Extra Credit Grants 2.0				
Provides $250 million in grants to low- and middle-income families with children to help alleviate widespread financial hardship across the state. The Department of Revenue (DOR) will distribute grants of $250 or $500 to eligible families, with lower-income families eligible for the higher amount.	Req	$ -	$ 250,000,000	$ 250,000,000
	Rec	$ -	$ 250,000,000	$ 250,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
2 Affordable Housing				
Provides $575 million to address North Carolina's housing needs exacerbated by the COVID-19 pandemic, with an emphasis on increasing housing affordability and availability. Funds will be distributed to the NC Housing Finance Agency (NC HFA) for new housing development and rehabilitation of existing units, for the Workforce Housing Loan Program, and for down payment assistance to first time homebuyers, including enhanced assistance for eligible public school teachers.	Req	$ -	$ 575,000,000	$ 575,000,000
	Rec	$ -	$ 575,000,000	$ 575,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
3 Help for Vulnerable Individuals and Families				
Provides $65 million for support services for socially vulnerable individuals and families impacted by COVID-19, including youth transitioning from the foster care system, older adults, individuals with disabilities and their caregivers, individuals and families at risk of homelessness, victims of domestic violence and sexual assault, and youth in the juvenile justice system. This funding fills service gaps or needs that are not met by directed funding in ARP and other legislation. Funds will be allocated to the Departments of Health and Human Services (DHHS), Administration (DOA), and Public Safety (DPS).	Req	$ -	$ 65,000,000	$ 65,000,000
	Rec	$ -	$ 65,000,000	$ 65,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
4 Health and Wellness Promotion				
Provides $125 million for Results First evidence-based initiatives that target some of the top risk factors associated with severe COVID-19 including diabetes, cancer, heart disease, obesity, and smoking. A portion of these funds will be used to expand the Regional Healthy Communities program and to provide competitive grants for youth programs that target health and wellness outcomes. Funds are also provided for the evaluation, implementation, and ongoing monitoring of programs.	Req	$ -	$ 125,000,000	$ 125,000,000
	Rec	$ -	$ 125,000,000	$ 125,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
5 Food Security for North Carolinians				
Invests $64 million to address food security and reduce food deserts across the state through a three-pronged approach to improve access, affordability, and infrastructure for healthy, fresh food. These funds will bolster small farms, food systems infrastructure, and emergency food operations, strengthen local food systems, expand nutrition education, and reduce hunger on community college and university campuses.	Req	$ -	$ 64,000,000	$ 64,000,000
	Rec	$ -	$ 64,000,000	$ 64,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
6 Sound Basic Public Education/Early Childhood				
Provides $300 million to increase access to a sound, basic education for North Carolina's children by building the educator pipeline, expanding NC Pre-K, supporting high-quality child care, and promoting early literacy development. Of these funds, $65.3 million will develop a skilled educator pipeline and build educator capacity, $75 million will support Science of Reading literacy coaches, and $159.7 million will build a strong foundation for North Carolina's children age birth to five by expanding NC Pre-K and investing in home-based early childhood literacy interventions.	Req	$ -	$ 300,000,000	$ 300,000,000
	Rec	$ -	$ 300,000,000	$ 300,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
Upgrading Infrastructure				
7 Closing the Digital Divide				
Invests $1.2 billion in broadband access and affordability to close the digital divide in North Carolina. To reach this goal, these funds will provide access to affordable, high-speed internet in every corner of the state and will ensure high-speed internet is equitably adopted and that residents are able to access education, healthcare, and business opportunities.	Req	$ -	$ 1,200,000,000	$ 1,200,000,000
	Rec	$ -	$ 1,200,000,000	$ 1,200,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
8 Water and Wastewater Investments				
Provides $800 million to the Department of Environmental Quality (DEQ) to support clean drinking water and less water pollution by fixing North Carolina's water and wastewater systems. Of these funds, $440 million is reserved for water, sewer, and stormwater projects for distressed and at-risk water and wastewater units and $360 million is available for all units statewide. No match is required for distressed units and regionalization projects. The match for at-risk units is 75/25 and the match for all other units is 50/50.	Req	$ -	$ 800,000,000	$ 800,000,000
	Rec	$ -	$ 800,000,000	$ 800,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000

		R Changes	NR Changes	Adjustments
9 Lead and Asbestos Remediation in Schools				
Provides $160 million for lead and asbestos testing and abatement in North Carolina public schools and child care facilities. Of this $160 million, $35 million will be provided for the testing and remediation of lead in the drinking water at public school and child care facilities and $125 million will be provided to public schools and child care facilities to assist with the cost of lead paint and asbestos abatement.	Req	$ -	$ 160,000,000	$ 160,000,000
	Rec	$ -	$ 160,000,000	$ 160,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
10 Rural Downtown Transformation Grants				
Provides $175 million to the Department of Commerce (DOC) Rural Economic Development Division (REDD) to enable local governments in rural and distressed communities to fully leverage resources toward enhancing their communities' prospects for economic growth. Of the funds, $60 million will support neighborhood revitalization grants; $15 million will be available for grants for local governments to acquire land and buildings and develop those assets into viable business sites; and $100 million will support projects associated with community-specific, comprehensive plans that deliver transformative economic change.	Req	$ -	$ 175,000,000	$ 175,000,000
	Rec	$ -	$ 175,000,000	$ 175,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
Preparing the Workforce				
11 21st Century Technology and Equipment for Higher Education				
Provides $150 million to ensure the development of a 21st century workforce through access to 21st century technology. Funds will be used for apprenticeship and retraining infrastructure, such as lab and technology for programs in Science, Technology, Engineering and Math (STEM), healthcare, construction, public safety, and other high-demand workforce areas. Funds may also be used to support education technology infrastructure, such as broadband access and service, software, and technology to support easier access to financial aid information. Would allocate $75 million to the North Carolina Community College System (NCCCS), $45 million to the UNC System, and $30 million to the North Carolina Independent Colleges and Universities (NCICU).	Req	$ -	$ 150,000,000	$ 150,000,000
	Rec	$ -	$ 150,000,000	$ 150,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
12 NC Guarantee Program (UNC and Community Colleges)				
Establishes the NC Guarantee program to provide a guaranteed scholarship of at least $6,000 to any North Carolina resident whose family income is less than $60,000. The amount of the guaranteed scholarship would phase out as family income increases up to $75,000. The guarantee would factor in Pell and other state sources of need-based aid and fill in any gaps. The scholarship could be used towards the cost of attendance at any North Carolina community college or university. Both full and part-time students would be eligible with part-time students receiving a pro-rated guaranteed amount.	Req	$ -	$ 350,000,000	$ 350,000,000
	Rec	$ -	$ 350,000,000	$ 350,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
13 Recovery Scholarships (UNC and Community Colleges)				
Ensures financial stability for low-income students attending public postsecondary institutions by providing an additional $500 per semester for students with an Expected Family Contribution (EFC) up to $1,000 (equates to a median family income of approximately $35,000). Examples of ways students could use these grants could include paying for childcare, maintaining a mode of transportation, avoiding food insecurity, or paying other costs of attendance. Both full- and part-time students would be eligible with part-time students receiving a pro-rated amount.	Req	$ -	$ 270,000,000	$ 270,000,000
	Rec	$ -	$ 270,000,000	$ 270,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
14 Recovery Scholarships (Independent Colleges)				
Ensures financial stability for low-income students attending NC Independent Colleges and Universities (NCICU) member institutions by providing an additional $875 per semester for all full-time students receiving Need-Based Scholarship funds. Part-time students or students enrolled in a lower cost program would receive $500 per semester. Students could use these grants to help stay in school such as paying for childcare, maintaining a mode of transport, avoiding food insecurity, or other costs of attendance.	Req	$ -	$ 95,000,000	$ 95,000,000
	Rec	$ -	$ 95,000,000	$ 95,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
15 Summer Accelerator Grants				
Provides $60 million to institutions for summer school assistance. Institutional allocations would provide funds for students attending summer courses to achieve an accelerated degree or credential, and/or students in need of remedial courses or other summer supports to get and stay on track in their programs to graduate on time. Would allocate $30 million to UNC, $15 million to NC Community College System, and $15 million to NCICU.	Req	$ -	$ 60,000,000	$ 60,000,000
	Rec	$ -	$ 60,000,000	$ 60,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
16 Finish Line Grants				
Provides $60 million to assist students in getting over the finish line with degree completion by providing up to $1,000 per semester for financial emergencies that threaten the student's ability to graduate. Eligible students must have completed or be enrolled in courses that constitute 50% completion towards a degree or credential program and have a minimum GPA of 2.0. Financial emergencies must arise through no fault of the student and may include inability to pay for course materials, housing, subsistence, medical needs, transportation, and dependent care. Would allocate $30 million to UNC, $15 million to NC Community College System, and $15 million to NCICU.	Req	$ -	$ 60,000,000	$ 60,000,000
	Rec	$ -	$ 60,000,000	$ 60,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000

		R Changes	NR Changes	Adjustments
17 Reconnect the Workforce				
Provides $25 million to the Division of Workforce Solutions (DWS) within the Department of Commerce (DOC) to support people who are disconnected from the workforce and increase their access to education, training, and support needed to obtain quality employment. DWS will use these funds for eight initiatives, including grants supporting work-based learning, rural youth mentorship, and programs to target underrepresented populations. Funds will also support a re-entry program partnership with the Department of Public Safety and a program aiding veterans and their families.	Req	$ -	$ 25,000,000	$ 25,000,000
	Rec	$ -	$ 25,000,000	$ 25,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
Promoting Business Development and Innovation				
18 Hospitality Industry Business Assistance and Recovery Grants				
Invests $350 million to promote economic recovery in the hardest-hit industries across the state through two programs that target food services, accommodation, recreation and leisure, and personal services businesses. These funds will help these vital small businesses survive the COVID-19 pandemic and accelerate economic recovery in communities across the state.	Req	$ -	$ 350,000,000	$ 350,000,000
	Rec	$ -	$ 350,000,000	$ 350,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
19 Small Business and HUB Resiliency				
Provides $50 million to sustain small businesses and Historically Underutilized Businesses (HUBs) that were adversely impacted by COVID-19. Of these funds, $40 million will be provided to the Department of Commerce (DOC) to administer a grant program in partnership with The Institute, the Carolina Small Business Development Fund (CSBDF), and the Economic Development Partnership of North Carolina (EDPNC) Small Business Advisors, to help businesses with fewer than 50 employees and less than $5 million in annual revenue; $4 million to EDPNC to develop an initiative that fosters businesses in their second stage of growth; and $6 million between the Small Business and Technology Development Center (SBTDC) and the Small Business Center Network (SBCN) for business recovery counseling.	Req	$ -	$ 50,000,000	$ 50,000,000
	Rec	$ -	$ 50,000,000	$ 50,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
20 Sites Development				
Provides $50 million to cultivate sites and related infrastructure to attract businesses to North Carolina. Of these funds, $20 million will support the development of megasites in communities disproportionately impacted by the COVID-19 pandemic, $10 million will be directed to certify and market sites in distressed communities, and $20 million will strengthen green infrastructure sites available statewide.	Req	$ -	$ 50,000,000	$ 50,000,000
	Rec	$ -	$ 50,000,000	$ 50,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
21 Strategic Industry Development				
Provides $50 million to develop and prepare North Carolinian communities for potential employers in industries that serve a public health need, suffered during the COVID-19 pandemic, or are green economy businesses. Grants will enable local governments to invest in public infrastructure, particularly green infrastructure, and workforce pipeline programs for specific economic development projects.	Req	$ -	$ 50,000,000	$ 50,000,000
	Rec	$ -	$ 50,000,000	$ 50,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
22 Motorsports and Outdoor Event Opportunities				
Provides $45 million to expand motorsports and outdoor event opportunities across the state. Of these funds, $30 million will be allocated for infrastructure and repairs needed for The Rock Speedway and Entertainment Complex, the North Wilkesboro Speedway, and the Charlotte Motor Speedway. The Department of Commerce (DOC) will receive $10 million for a grant program for other motorsport facilities. The Department of Natural and Cultural Resources (DNCR) will receive $5 million to develop, connect, and market new and existing natural and cultural tourism trails, including a Motorsports and Moonshine Heritage Trail.	Req	$ -	$ 45,000,000	$ 45,000,000
	Rec	$ -	$ 45,000,000	$ 45,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
23 Recovery Grants for Arts, History, Libraries, Science, and Film				
Provides $60 million to ensure the continuation of arts, history, and science organizations, support libraries, and invest in the state's burgeoning film industry. Of these funds, $50 million will be provided to the Department of Natural and Cultural Resources (DNCR) to support arts, cultural and scientific organizations and $10 million to the Department of Commerce to bolster the film industry through investment in the state's film infrastructure.	Req	$ -	$ 60,000,000	$ 60,000,000
	Rec	$ -	$ 60,000,000	$ 60,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
24 UNC System Health Research Innovation				
Provides a significant investment in advancing innovative research in health sciences across the UNC system. Includes $50 million for the Rapidly Emerging Antiviral Drug Development Initiative (READDI) at the University of North Carolina at Chapel Hill (UNC-CH) to advance development of therapeutics for COVID-19 and other viruses that pose a pandemic threat. Another $10 million is provided to Winston-Salem State University's Center for Excellence for Elimination of Health Disparities for research and infrastructure. Also includes $15 million for the NC Policy Collaboratory to establish a research grant program for Historically Minority-Serving Institutions (HMSIs).	Req	$ -	$ 75,000,000	$ 75,000,000
	Rec	$ -	$ 75,000,000	$ 75,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000

		R Changes	NR Changes	Adjustments
Positioning Government to Best Serve North Carolinians				
25 State Health Plan COVID-19 Costs				
Provides $100 million to meet additional costs incurred by the State Health Plan due to the COVID-19 pandemic, including costs arising from testing, treatment, and vaccinations.	Req	$ -	$ 100,000,000	$ 100,000,000
	Rec	$ -	$ 100,000,000	$ 100,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
26 Continuity of State Government Operations				
Provides $79.4 million for continuity of operations needs across state government, including activities such as preventing the disruption of government services, managing the deployment of federal funds, improving the state's information technology infrastructure to accommodate remote employment and enhance security, and assessing the impact of the pandemic on key North Carolina industries.	Req	$ -	$ 79,370,548	$ 79,370,548
	Rec	$ -	$ 79,370,548	$ 79,370,548
	CFB	$ -	$ -	$ -
	FTE			0.000
27 Repairs and Renovations for Health and Safety				
Provides $50 million to improve ventilation and address other health and environmental concerns in facilities at the Department of Public Safety (DPS) and the Department of Health and Human Services (DHHS). Of the $50 million, $30 million will provide for the upgrade or installation of HVAC systems at DPS, and $20 million will be used for repairs and renovations at DHHS hospitals and treatment centers around the state.	Req	$ -	$ 50,000,000	$ 50,000,000
	Rec	$ -	$ 50,000,000	$ 50,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
28 Assistance for State-Recognized American Indian Tribes				
Provides $18 million to support North Carolina's seven state-recognized American Indian tribes, none of whom have received federal COVID-19 recovery funding. Of these funds, $16 million will be disbursed to the tribes to meet operational and community needs arising from the pandemic, $250,000 will support the work of tribal organizations, and $1 million will go to the NC Commission of Indian Affairs to assist American Indian Businesses, including making grants to small and emerging businesses. Allocates $750,000 over three years for temporary staff to ensure the effective use of disbursements and grants.	Req	$ -	$ 18,000,000	$ 18,000,000
	Rec	$ -	$ 18,000,000	$ 18,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
29 Assistance for Local Governments				
Provides $65 million for capacity building services to help local governments across North Carolina spend their Local Recovery Fund allocations strategically and to hold harmless two towns relative to estimated American Rescue Plan (ARP) allotments. Of these funds, $41 million will go to the North Carolina League of Municipalities (NCLM), the North Carolina Association of County Commissioners (NCACC), and the North Carolina Association of Regional Councils of Governments (NCARCOG) to provide guidance to localities as they manage ARP allocations and $24 million will go to the towns of Apex and Huntersville to match original ARP Congressional allocation estimates.	Req	$ -	$ 65,000,000	$ 65,000,000
	Rec	$ -	$ 65,000,000	$ 65,000,000
	CFB	$ -	$ -	$ -
	FTE			0.000
Total Change to Requirements		**$ -**	**$5,716,370,548**	**$5,716,370,548**
Total Change to Receipts		**$ -**	**$5,716,370,548**	**$5,716,370,548**
Total Change to Fund Balance		**$ -**	**$ -**	**$ -**
Total Change to Full-Time Equivalent (FTE)				**0.000**

Recommended Fund Balance Changes (Recurring + Nonrecurring)	**$ -**
Recommended Total FTE Changes	**0.000**

Extra Credit Grants 2.0

Recommendation

Provides $250 million in grants to low- and middle-income families with children to help alleviate widespread financial hardship across the state. The Department of Revenue (DOR) will distribute grants of $250 or $500 to eligible families, with lower-income families eligible for the higher amount.

Statement of Need

Many North Carolina families, especially families with children, continue to struggle to afford basic household expenses such as food, shelter, and childcare as the economic fallout from the COVID-19 pandemic persists.

- As of March 2021, an estimated 230,000 (10%) of North Carolina adults living with children reported that their family did not have enough food to eat in the past week, higher than the share of adults facing food insecurity living in households without children (6%).[1]
- An estimated 23% of North Carolina adult renters living with children reported being behind on rent payments versus only 7% among renters not living with children.[2]
- Approximately 825,000 North Carolina adults living with children (30%) reported having trouble paying usual household expenses.[3]
- Many North Carolina families with children were struggling even before the pandemic. In 2019, an estimated 190,000 families with children (16%) lived below the poverty line. Poverty rates were even higher (21%) among North Carolina families with at least one child under age five.[4]

Recommendation Detail

- Provides $250 million in grants to low- and middle-income families with children through DOR. Families with eligible children would qualify for payments of $500 or $250 based on their 2019 Adjusted Gross Income (AGI). The AGI limits for each payment level, by filing status, are below.

Table 1: Maximum Adjusted Gross Income Levels for Payment Tiers, By Filing Status

Filing Status	Max AGI for $500 Payment	Max AGI for $250 Payment
Married-Jointly Filing (MFJ)	$30,000	$60,000
Head of Household (HoH)	$22,500	$45,000
Single/Married-Separately Filing	$15,000	$30,000

- As with the first Extra Credit Grant, families with incomes below the threshold for filing a state income tax return would be able to apply to receive an ECG 2.0 payment. Families that applied for the first ECG (approximately 24,500) would automatically receive an ECG 2.0 payment.
- The proposal includes $5 million for DOR to administer the ECG 2.0, including updating computer systems and processing and mailing checks.

[1] OSBM analysis of US Census Bureau Household Pulse Survey Public Use File for Weeks 26 and 27 (March 3-29).
[2] Ibid.
[3] Ibid.
[4] OSBM analysis of 2019 American Community Survey data.

Expected Impact

Providing cash grants to low- and middle-income North Carolina families with children will alleviate financial hardship and increase spending at North Carolina businesses. Expected impacts include:

- Help an estimated 660,000 low- and middle-income North Carolina families with children to better afford rising household expenses. OSBM estimates 320,000 families will receive a payment of $500 and 340,000 will receive a payment of $250.
- Reduce food and housing insecurity among eligible families as the economy continues its recovery through the spring and early summer.
- Boost consumer spending at North Carolina businesses, accelerating the state's economic recovery.

Affordable Housing

Recommendation

Provides $575 million to address North Carolina's housing needs exacerbated by the COVID-19 pandemic, with an emphasis on increasing housing affordability and availability. Funds will be distributed to the NC Housing Finance Agency (NC HFA) for new housing development and rehabilitation of existing units, for the Workforce Housing Loan Program, and for down payment assistance to first time homebuyers, including enhanced assistance for eligible public-school teachers.

Table 1: Allocation of Funds to Expand Affordable Housing

New Housing Development and Housing Rehabilitation	$ 460,000,000
Workforce Housing Loan Program	$ 40,000,000
Down Payment Assistance	$ 75,000,000
Grand Total	$ 575,000,000

Statement of Need

Invests funds to address the increasing need for affordable rental housing stock, to preserve owner-occupied housing units, and to create affordable home ownership opportunities.[1]

- A 2017 UNC analysis of extreme housing conditions in North Carolina found that over 377,000 households in the state live in overcrowded housing, lack critical facilities, or live in housing that imposes a severe cost burden on residents.[2]
- Forty-six percent of low-income renters in North Carolina are cost burdened, meaning that they are paying more than 30% of their incomes in rent.[3]
- There is also a shortage of affordable and available homes in all counties in North Carolina. NC HFA estimates that 545,000 affordable homes are needed for families of lower income.[4]
- Single-family home inventory for sale is at a historic low and equity levels are at an all-time high. This is good for existing homeowners, but, despite incredibly low mortgage interest rates, the low inventory creates barriers for entry for buyers, and first-time buyers in particular.
- Housing affordability challenges have been further exacerbated by the COVID-19 pandemic. Low-income renters are more likely to be working in industries most vulnerable to job reduction and loss in the pandemic.[5]

Recommendation Detail

New Housing Development and Housing Rehabilitation

- Provides $460 million to NC HFA for new housing development and the rehabilitation of existing units. NC HFA would administer these funds through the Housing Trust Fund and could use up to 5% for administrative purposes.
    - **New Housing Development**: Provides gap financing to produce affordable housing for low-to-moderate income homebuyers and renters. Funds may be used for new rental

[1] State of NC Consolidated Plan and 2021 Annual Action Plan
[2] Extreme Housing Conditions in North Carolina
[3] 2021 North Carolina Housing Profile
[4] NC Housing Finance Agency, Analysis of Community Housing Affordability Strategy data
[5] The Renters and Rental Market Crisis Working Group, Urban Institute

development, single-family construction, conversion of existing facilities to affordable housing units, and direct financial assistance to affordable housing projects adversely impacted by the increased costs of construction due to the COVID-19 pandemic for costs incurred after March 3, 2021.

- **Housing Rehabilitation:** Provides funding for urgent repair and comprehensive rehabilitation of vacant and/or substandard rental units or owner-occupied dwellings in the community to maintain the state's affordable housing stock and provide affordable housing for low-moderate income families.
- **Match Requirements:** Both the new housing development and housing rehabilitation funding would have a matching requirement. For Tier 1 and Tier 2 counties, the match will be 80/20; for Tier 3 counties, the required match is 60/40 for the participating partner (i.e. local government, nonprofit, etc.).

Workforce Housing Loan Program

- Provides $40 million to NC HFA for the Workforce Housing Loan Program, which finances loans to construct or substantially rehabilitate affordable rental housing in combination with federal low-income housing tax credits.

Down Payment Assistance

- Provides $75 million to NC HFA for down payment assistance for first-time homebuyers at or below 80% of area median income groups. Assistance will be provided at two levels:
  (1) Standard assistance: $8,000 for all eligible first-time homebuyers;
  (2) Enhanced assistance: $15,000 for eligible first-time homebuyers who are public school teachers.

Expected Impact

This proposal will increase the state's affordable housing stock and enhance access to housing for low-income residents. Expected impacts include:

- Providing additional affordable housing, developing over 3,000 rental housing units.
- Repairing approximately 150-200 existing affordable housing units in need of urgent repair and comprehensive rehabilitation.
- Supplementing the federal Low-Income Housing Tax Credit, providing financing for more than 3,500 housing units through the Workforce Housing Loan Program.
- Addressing the primary barrier to homeownership by providing down payment assistance to between 5,000 and 9,000 first-time homebuyers.

Help for Vulnerable Individuals and Families

Recommendation

Provides $65 million for support services for socially vulnerable individuals and families impacted by COVID-19, including youth transitioning from the foster care system, older adults, individuals with disabilities and their caregivers, individuals and families at risk of homelessness, victims of domestic violence and sexual assault, and youth in the juvenile justice system. This funding fills service gaps or needs that are not met by directed funding in ARP and other legislation. Funds will be allocated to the Departments of Health and Human Services (DHHS), Administration (DOA), and Public Safety (DPS).

Table 1: Allocation of Funds for Help for Vulnerable Individuals and Families

Supports for Family Caregivers (DHHS)	$ 10,000,000
Housing and Home Improvements (DHHS)	$ 11,000,000
Intergenerational Programming (DHHS)	$ 2,000,000
Supports for Transition-Age Foster Youth (DHHS)	$ 2,000,000
Rapid Rehousing for Individuals and Families at Risk of Homelessness (DHHS)	$ 15,000,000
Grants for Victims of Domestic Violence and Sexual Assault (DOA)	$ 20,000,000
Transitional Living Support for Youth Re-entering the Community (DPS)	$ 5,000,000
Grand Total	$ 65,000,000

Statement of Need

Socially vulnerable individuals and families have been disproportionately impacted by the pandemic, and their unique needs have not been fully met by other directed funding.

- In FY 2017-18, over 11,000 youth were in foster care in North Carolina and about 600 youth aged out of the foster care system, numbers which have likely risen since the beginning of the pandemic.[1] The pandemic has also caused many young people with experience in foster care to lose employment and housing, face food insecurity, and struggle to meet health care needs.[2]
- Older adults, who comprised about 40% of North Carolina's population in 2019, have struggled with access to nutrition services, medical care, and social isolation as they have sought to maintain physical distancing and avoid institutionalization during the pandemic.[3]
- Nearly one fifth of Americans ages 18 and older were caregivers of an older adult during the pandemic and struggled to balance their own needs with increased caregiving responsibilities.[4]
- Individuals with intellectual disabilities are three times as likely to contract COVID-19 and over five times as likely to die from the virus than the general population.[5]
- Individuals experiencing homelessness are at increased risk of COVID-19 due to their lack of safe housing and are also at higher risk of severe illness given the high prevalence of risk factors in

[1] NC DHHS. "NC Child Welfare 2020-2024 Diligent Recruitment and Retention Plan."
[2] FosterClub. "Checking in on Young People from Foster Care as COVID-19 Continues."
[3] NC DHHS. "Division of Aging and Adult Services."
[4] NORC at the University of Chicago. "Needs Assessment and Environmental Scan Report: Maintaining Physical and Mental Well-being of Older Adults and Their Caregivers During Public Health Emergencies."
[5] Thomas Jefferson University. "After old age, intellectual disability is greatest risk factor for death from COVID-19, study finds."

homeless populations.[6] Homeless services also are often provided in congregate settings, which could facilitate the spread of COVID-19.[7]

- Ninety-four percent of domestic violence service providers reported increased costs and 75% reported increased demands for services since the onset of the COVID-19 pandemic.[8]
- Justice-involved youth are more likely to come from families who have been impacted by the COVID-19 pandemic, have unmet medical, mental health, and social needs, and are more at risk of homelessness than their non-justice involved peers.[9, 10]

Recommendation Detail

Supports for Family Caregivers

- Provides $10 million to DHHS to support caregivers for older adults and persons with disabilities. Funds may be used to supplement existing caregiver support programs such as Project CARE and Family Caregiver Support and will provide services such as caregiver training, respite care, supplemental services, and connections to resources and counseling. A portion of funds may be used for competitive grants to local governments, businesses, and non-profits to enhance community supports for caregivers and those they serve through initiatives such as dementia-capable communities.

Housing and Home Improvements:

- Provides $11 million to DHHS to promote independence and support aging-in-place for North Carolina's seniors, families, persons with disabilities, and transition-age foster youth. Funds will be used for repairs and improvements to single and multi-unit housing and adjacent areas that address health and safety issues and enhance mobility, safety, and independence for adults 60 and older with an emphasis on low-income individuals. Funds will also support access to housing for young adults transitioning from foster care, including housing resources and counseling, down-payment assistance, and home improvements for health and safety. The allocation of funds among these initiatives will be determined by DHHS.

Intergenerational Programming:

- Provides $2 million to DHHS to establish the HAND in HAND pilot program to provide enrichment and support for children in 19 Head Start programs operated by Community Action Agencies by connecting them with low-income older adults experiencing social isolation. This intergenerational programming may include mentoring and tutoring activities and can foster improved social and emotional connections among participants. Funding may be used for positions to develop and implement programming and for stipends to participating older adults.

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[6] CMAJ. "COVID-19 and people experiencing homelessness: challenges and mitigation strategies."
[7] CDC. "People Experiencing Homelessness."
[8] NC Council for Women and Youth Involvement Advisory Board. "Exploiting Inequity."
[9] American Association of Pediatrics. "Responding to the Needs of Youth Involved with the Justice System During the COVID-19 Pandemic."
[10] Voices of Youth Count. "Missed Opportunities: Youth Homelessness in America."

Supports for Transition-Age Foster Youth

- Provides $2 million to DHHS to enhance supports for youth transitioning out of foster care such as behavioral health resources, access to technology to facilitate education and workforce engagement, and services that promote independent living once the moratorium on aging out of the foster system expires in September 2021. Establishes two licensed clinical specialist time-limited FTE and eight time-limited FTE to strengthen support and supervision to counties for Independent Living Services for Foster Children (NC LINK). Seven of these FTE will be regionally-based to improve service coordination and delivery in areas with small populations of eligible youth. This includes a recommendation to expand the age for eligibility to receive NC LINK services from age 21 to age 23.

Rapid Rehousing for Individuals and Families at Risk of Homelessness

- Provides $15 million to DHHS for rapid rehousing services to help families and individuals experiencing homelessness quickly obtain safe housing. These funds will supplement existing homelessness prevention activities to serve the acute needs for people experiencing homelessness due to the COVID-19 pandemic. Funds may be used for financial assistance, including security deposits, rental assistance for up to 12 months, utility deposits, utility assistance for up to 12 months, and hotels while waiting for housing, as well as for services including housing navigation and case management.

Grants for Victims of Domestic Violence and Sexual Assault

- Provides $20 million to the Department of Administration for grant funds to eligible domestic violence agencies, the NC Coalition Against Domestic Violence, eligible sexual assault agencies, and the NC Coalition Against Sexual Assault. Fund uses may include operating funds for agencies, services for individuals and families, and funds for shelters and shelter alternatives.

Transitional Living Support for Youth Re-entering the Community

- Provides $5 million to the Department of Public Safety, Juvenile Justice section to expand wraparound services for youth who are transitioning from Youth Development Centers into their communities. Funds will expand capacity to address the increase in youth following the passage of Raise the Age and ensure that their mental and social needs are met, increasing their chances of successful reentry.

Expected Outcomes

Addressing the unique needs of individuals and families for vulnerable populations disproportionately affected by the COVID-19 pandemic.

- Supporting 25 communities, hospitals, and health systems to increase the number of dementia-capable communities in North Carolina.
- Providing at least 3,800 older adults with needed home improvements and modifications to enhance mobility, safety, independence, and enable them to stay in their homes and out of institutions.
- Providing housing supports and additional wraparound services to over 1,000 young adults with Foster Care experience.
- Providing approximately 1,785 families and individuals experiencing homelessness with financial assistance such as security and utility deposits, rental and utility assistance for up to 12 months,

and hoteling while waiting for housing, and services including housing navigation and case management to quickly obtain safe housing.

- Providing up to 100 youth ages 17 and 18 leaving the Juvenile Justice system with access to age appropriate, supportive services to assist them with independent living skills, and transitional support.

Health and Wellness Promotion

Recommendation

Provides $125 million for Results First evidence-based initiatives that target some of the top risk factors associated with severe COVID-19 including diabetes, cancer, heart disease, obesity, and smoking. A portion of these funds will be used to expand the Regional Healthy Communities program and to provide competitive grants for youth programs that target health and wellness outcomes. Funds are also provided for the evaluation, implementation, and ongoing monitoring of programs.

Table 1: Allocation of Funds for Initiatives that Support Health and Wellness Outcomes

Diabetes	$ 15,000,000
Cancer Prevention and Control	$ 15,000,000
Heart Disease and Stroke	$ 15,000,000
Physical Activity and Nutrition	$ 15,000,000
Tobacco Prevention and Cessation	$ 15,000,000
Injury and Violence Prevention	$ 15,000,000
Youth Health	$ 15,000,000
Healthy Communities	$ 15,000,000
Evaluation, Implementation, & Ongoing Monitoring	$ 5,000,000
Grand Total	$ 125,000,000

Statement of Need

Supporting health promotion and disease prevention for conditions that have been proven to increase the risk of COVID-19 hospitalizations and death is critical to the health and wellness of North Carolinians.

- People who are over the age of 65 and adults of any age with underlying health conditions are at a higher risk for severe illness from COVID-19.[1]
- High-risk underlying conditions that have a significant association for risk of severe COVID-19 infections include cancer, cerebrovascular disease, chronic kidney disease, chronic lung diseases, diabetes, heart conditions, obesity, pregnancy, and smoking.[2]
- People who have more than one of these conditions are at an even higher risk for severe illness.[3]
- In North Carolina, it is estimated that 64.7% of adults have at least one of the underlying health conditions included in the Center for Disease Control's guidance.[4]

Recommendation Detail

Diabetes Initiatives

Provides $15 million for programs that prevent and control diabetes. Programs could include:

[1] CDC. "People with Certain Medical Conditions."
[2] CDC. "Underlying Medical Conditions Associated with High Risk for Severe COVID-19: Information for Healthcare Providers."
[3] CDC. "Underlying Medical Conditions Associated with High Risk for Severe COVID-19: Information for Healthcare Providers."
[4] NC DHHS. "Risk Factors for Severe Illness from COVID-19."

- Diabetes Prevention Program, which is a 12-month diabetes prevention program targeting adults at risk for developing type 2 diabetes.
- NC Minority Diabetes Prevention Program (NCMDPP), which aims to increase minority access to and participation in diabetes prevention programs.
- Eat Smart, Move More Prevent Diabetes (ESMMPD), which is a 12-month online diabetes prevention program.
- DiabetesSmart, which is a 10-hour, group-based program that aims to increase access to diabetes self-management and support.

Cancer Prevention and Control Initiatives

Provides $15 million for programs that help prevent and control cancer. Programs could include:

- Resource navigation services for uninsured and underinsured women participating in the state's Breast and Cervical Cancer Screening Program.
- Colorectal Cancer Screening Program for uninsured and underinsured individuals and connection to treatment for those diagnosed with cancer.
- Enhanced cancer data resources and analytical capabilities for cancer cluster surveillance.

Heart Disease and Stroke Initiatives

Provides $15 million for programs that prevent and control heart disease and stroke. Programs could include:

- Know It, Control It, which is a high blood pressure management program for adults led by trained blood pressure coaches.
- Healthy Heart Ambassador Program, a Blood Pressure Self-Monitoring program to empower adults with high blood pressure to take control of their blood pressure.
- Medication Therapy Management programs used by pharmacists to improve blood pressure control.

Physical Activity and Nutrition Initiatives

Provides $15 million for programs that target physical activity and nutrition. Programs could include:

- Eat Smart, Move More, Weigh Less, which is a 15-week weight management program delivered in an interactive, real-time format by a Registered Dietician Nutritionist.

Tobacco Prevention and Cessation Initiatives

Provides $15 million for programs to prevent and reduce tobacco use including vaping. Programs could include:

- QuitlineNC, which is a tobacco cessation program where trained tobacco quit coaches provide phone-based tobacco cessation counseling services and nicotine replacement therapy.
- Education campaigns to prevent tobacco use, including e-cigarettes, among youth and to promote QuitlineNC

Injury and Violence Prevention Initiatives

Provides $15 million to support evidence-based sexual violence prevention activities and support rape prevention and education programs to address increased perpetration during COVID-19 isolation.[5, 6]

[5] American Psychological Association. "How COVID-19 may increase domestic violence and child abuse."
[6] NC Health News. "Domestic Violence Dramatically Increased in North Carolina last year."

Also includes funds for programs that address other health consequences of substance abuse, such as impaired driving and suicide.

Youth Health Initiatives

Provides $15 million for competitive grants for youth programs with health and wellness outcomes. School-based services or other evidence-based programs would be eligible for funding. Programs could include:

- Motivating Adolescents with Technology to Choose Health (MATCH), which is a school-based interdisciplinary program taught to 7th graders that uses health and wellness themed lesson plans following NC curriculum standards to achieve obesity outcomes. MATCH Connect is a school-based program that uses social emotional learning (SEL) lesson plans based on CASEL Best Practices to develop age-appropriate developmental tasks and skills.

Regional Healthy Communities Program

Provides $15 million to support five regional policy teams to work with local health departments, county governmental agencies, and community partners to implement community-based interventions that address poor nutrition, physical inactivity, tobacco use, violence, and unintentional injury. Teams would work on initiatives such as:

- Increasing the number of community organizations that implement food service guidelines, healthy meeting guidelines, and/or policies that require healthy food and beverage options.
- Increasing the number of smoke-free or e-cigarette-free policies in multi-unit housing with a minimum coverage of all indoor spaces and balconies, patios, and porches.

Funding for Evaluations, Implementation and Ongoing Monitoring

Provides $5 million for evaluations, implementation, and ongoing monitoring of programs that receive funding. All the programs recommended for funding are evidence-based. At least one program from each area will be evaluated to study the effectiveness of these programs when implemented in North Carolina, expand the knowledge base, and provide more rigorous evaluations.

Expected Impact

Additional support for evidence-based health promotion and disease prevention initiatives is expected to have the following impacts:

- Decrease the risk of diabetes in populations with pre-diabetes and reduce the risk of developing type 2 diabetes. In 2020, nearly half of North Carolinians had diabetes (12.5% of the population) or were at high risk for developing diabetes (34.5% of adults have prediabetes).[7]
- Increase cancer screenings, improve cancer care, and increase access to care.[8] Routine cancer screenings were delayed due to COVID-19.
- Improve blood pressure control, manage high blood pressure, and adopt healthier eating habits since targeting high blood pressure is a highly-effective prevention and control strategy.[9] High

[7] NC Diabetes Advisory Council. "North Carolina's Guide to Diabetes Prevention and Management 2020."
[8] County Health Rankings and Roadmaps. "Patient Navigators."
[9] CDC Division for Heart Disease and Stroke Prevention. "YMCA of the USA: Blood Pressure Self-Monitoring Program."

blood pressure is a major risk factor for heart disease and stroke, which are two of the leading causes of death in the US. In North Carolina in 2018, high blood pressure was the primary cause of 1,014 deaths and a contributing cause to 24,326 heart disease and stroke deaths. That means high blood pressure causes or contributes to at least 27% of all deaths in North Carolina each year.[10]

- Reduce obesity in adults. In 2016, 31.8% of the North Carolina population was obese and more than two-thirds of North Carolina adults (67%) were overweight or obese.[11]
- Increase quit rates. Smoking cessation can reduce the risk of adverse health effects and improve health status.[12]
- Reduce the incidence of rape and sexual assault through prevention programs and education. 48% of North Carolinians will become a victim of sexual violence in their lifetime.[13]
- Improve health and wellness outcomes for youth. The COVID-19 pandemic has led to an increase in childhood obesity due to lack of access to nutritious food options and physical activity youth previously received in school.[14] MATCH, one suggested program that achieves obesity outcomes, would serve an estimated 20% of 7th graders. Research on MATCH shows that 65% of students have a lower BMI score at the end of the school year, 35% of students will categorically shift to a healthier weight status at the end of the school year, and there are immediate and sustained outcomes four years after MATCH program completion.[15]
- Enhance the national research clearinghouses, which provide information on the effectiveness of social policy programs, and provide North Carolina-specific data on the outcomes of these programs when implemented in North Carolina.

[10] NC DPH Community and Clinical Connections for Prevention and Health Branch. "High Blood Pressure in North Carolina."
[11] NC OSBM. "Child and Family Health."
[12] HHS Office of the Surgeon General. "Smoking Cessation: A report of the Surgeon General - Key Findings."
[13] NC Injury and Violence Prevention Branch. "Sexual Violence in North Carolina."
[14] Bracho-Sanchez, E, Rausch, J. "The Covid-19 pandemic worsened an already dire childhood obesity epidemic, (2021)."
[15] MATCH Wellness. https://www.matchwellness.com/new/index.html.

Food Security for North Carolinians

Recommendation

Invests $64 million to address food security and reduce food deserts across the state through a three-pronged approach to improve access, affordability, and infrastructure for healthy, fresh food. These funds will bolster small farms, food systems infrastructure, and emergency food operations, strengthen local food systems, expand nutrition education, and reduce hunger on community college and university campuses.

Table 1. Funding Allocations to Address Food Security

Bolster Small Farms, Infrastructure, and Emergency Food Operations	$ 28,000,000
Small and Minority Farm Program	$ 5,000,000
Healthy Food Infrastructure at Farmers Markets and Certified Roadside Stands	$ 3,000,000
Aid for Food Banks, Emergency Feeding Organizations	$ 20,000,000
Strengthen Local Food Systems and Expand Nutrition Education	$ 32,000,000
Extension Programs	$ 12,000,000
Grants for Community Organizations	$ 20,000,000
Reduce College Hunger	$ 4,000,000
Funding for Higher Education Institutions	$ 4,000,000
Grand Total	$ 64,000,000

Statement of Need

Investing funds to enhance food security and bolster farms across the state is critical to the health and well-being of North Carolinians. While the state received an additional $3.7 billion in federal funds to address food insecurity, these funds do not sufficiently address known needs for small and minority farmers, North Carolina higher education systems, low-income and rural communities, and American Indian tribes.

- Meat processing plant, school, and restaurant closures due to COVID-19 disrupted the local food supply chain. Farmers had to dump fresh foods and euthanize animals, jeopardizing their economic well-being.
- By November 2020, the number of individuals experiencing at least one day a week without sufficient food increased from one in 10 to one in five.[1]
- Nearly half of all college students struggle to afford balanced meals in the US.[2] A recent survey found that one in 10 NC State students were either low- or very-low food secure.[3]
- Demand for food assistance has increased 40% since the start of the pandemic.

Recommendation Detail

Bolstering Small Farms, Infrastructure, and Emergency Food Operations

- Provides $5 million to the Small and Minority Farm Program within the Department of Agriculture and Consumer Services (DACS) to provide marketing, capacity building, and technological support to connect farmers with customers and increase economic security.

[1] NC Central University "NCCU Study Finds High Level of Hunger in North Carolina as Holidays Approach"
[2] EDNC "Report: Almost Half of College Students Worry About Running out of Food."
[3] NC State University "Food and Housing Security Among NC State Students"

- Invests $3 million in a new grant program within DACS to assist vendors in implementing SNAP/EBT infrastructure and mobile market units at farmers markets and certified roadside stands. A portion of funds will also support marketing to increase awareness of the opportunity to use SNAP/EBT at these locations, expanding the availability of local, fresh food to low-income individuals.
- Provides $20 million to DACS for direct aid to food banks and emergency feeding organizations. Funds may be used to purchase food items, and purchase or repair infrastructure, such as refrigeration, that currently prevent emergency feeding organizations and food banks from meeting increased demand caused by the COVID-19 pandemic.

Strengthening Local Food Systems and Expanding Nutrition Education

- Provides $6 million each to the Cooperative Extensions at NC A&T and NC State to expand nutrition education, implement innovative emergency food projects, and enhance local food systems through training and demonstrations. Funds will also provide technical assistance and small grants to farmers for equipment, technology, and cold storage.
- Distributes $20 million through a competitive grant program administered by the NC Pandemic Recovery Office. Funds will be awarded to community-based organizations across the state to enhance food security and reduce the prevalence of food deserts. Projects may address student hunger, expand access to healthy, affordable food, and provide education and financial resources to farm workers and migrants.

Reducing College Hunger

- Invests $2 million in the North Carolina Community College System and $2 million to the University of North Carolina System to ensure that all students have access to fresh, affordable food. Funds may be used to start or expand on-campus food assistance programs such as food pantries and emergency food funds.

Expected Impact

- Provide direct technical assistance and up to $1 million in grants to assist small and minority farmers with business development, technology upgrades, marketing, and cold-storage purchases.
- Address the increased need for food assistance at 10 emergency feeding operations, including all six food banks, across the state.
- Provide vendors at up to 99 farmers markets and 156 certified roadside stands with technology to accept SNAP/EBT, funding over 880 SNAP/EBT points.
- Reduce student hunger at the 16 University of North Carolina campuses and 58 community colleges by providing funds for refrigeration, equipment, and temporary staff to start or expand on campus food pantries or establish emergency food funds.
- Support up to 90 local community-based organizations in building sustainable, and accessible local food systems through $20 million in competitive grant funding.

Sound Basic Public Education/Early Childhood

Recommendation

Provides $300 million to increase access to a sound, basic education for North Carolina's children by building the educator pipeline, expanding NC Pre-K, supporting high-quality child care, and promoting early literacy development. Of these funds, $65.3 million will develop a skilled educator pipeline and build educator capacity, $75 million will support Science of Reading literacy coaches, and $159.7 million will build a strong foundation for North Carolina's children age birth to five by expanding NC Pre-K and investing in home-based early childhood literacy interventions.

Table 1: Allocation of Funds to Support Sound, Basic Education

Educator Pipeline/Capacity Building	$ 65,300,000
T.E.A.C.H. Early Childhood Scholarships	$ 21,000,000
Teacher Assistant Tuition Reimbursement Program	$ 5,300,000
Teacher Licensure Support	$ 9,000,000
NC New Teacher Support Program	$ 30,000,000
Literacy Coaches	$ 75,000,000
Early Childhood Education	$ 101,800,000
NC Pre-K Supplemental Reimbursement Rate Bonus	$ 15,900,000
NC Pre-K Supplemental Slots	$ 40,000,000
Full-Year NC Pre-K Pilot	$ 1,400,000
Start-up, Capital, and Operational Grants to NC Pre-K and Child Care Centers	$ 44,500,000
Home-based Early Literacy Development	$ 57,900,000
Grand Total	$300,000,000

Statement of Need

- The ongoing imperative and Constitutional mandate to provide a sound basic education requires stable, recurring funding. Governor Cooper's 2021-23 Recommended Budget uses General Fund and lottery receipts to fully fund the first two years of the Leandro Comprehensive Remedial Plan. Nonrecurring federal American Rescue Plan (ARP) funds provide a unique opportunity to address additional needs caused by the COVID-19 pandemic beyond the recommendations included in Governor Cooper's biennial budget.
- The total number of teachers employed in North Carolina declined by 5% from 2009 to 2018, even as student enrollments increased during that time. The number of teacher credentials issued between 2011 and 2016 declined by 30% and annual teacher attrition is higher in North Carolina than the national average. As the size of the workforce has shrunk, teacher shortages have become more widespread, especially for teachers of exceptional children at all levels, elementary teachers, math teachers, and Career and Technical Education (CTE) teachers.[1]
- North Carolina–trained teachers have the highest levels of effectiveness and retention of any major pathway in the state. The state needs to increase the number of in-state trained and

[1] WestEd. "Sound Basic Education for All: An Action Plan for North Carolina."

credentialed teachers to 5,000 teachers annually to return the state to its former levels of teacher preparation.[2]

- Teachers who are better prepared and better mentored stay in teaching at much higher rates and are more successful, especially in high-need environments. The New Teacher Support Program—which has demonstrated success in improving both the effectiveness and retention of novice teachers—currently only serves about 1,100 of the approximately 15,000 North Carolina teachers who have fewer than three years of experience.[3]
- North Carolina early educators are over seven times more likely to live in poverty than their K-8 peers.[4] The national early childhood workforce also shrank 25% between the start of the pandemic and late February 2021. T.E.A.C.H. Early Childhood Scholarships have a proven track record of reaching educators across the state and helping to both keep them in the profession and increase their educational attainment.[5]
- Stagnant state reimbursement rates, startup and facility costs, and recruiting qualified teachers are key obstacles to NC Pre-K expansion.[6]
- Early literacy programs like Book Harvest's Book Babies program that couples access to books with family supports improve young children's early literacy skills, including phonological awareness.[7]

Recommendation Detail

Educator Pipeline/Capacity Building

- Provides $7 million each year to expand funding for T.E.A.C.H. Early Childhood Scholarships to provide college tuition and support for the early childhood workforce ($21M total).
- Provides $1.8 million each year to expand Teacher Assistant Tuition Reimbursement Program to all LEAs. Program is currently authorized in 38 of the 115 LEAs and provides reimbursement of up to $4,600 annually for up to five Teacher Assistants per district who are pursuing a college degree that will result in teacher licensure ($5.3M total).
- Provides $3 million each year to help teachers with Provisional or Residency Licenses qualify for Full Licensure through programs such as NC TEACH, Pathways to Practice, etc. ($9M total).
- Provides $10 million each year for comprehensive induction services through the NC New Teacher Support Program to expand the program to additional beginning teachers in low-performing, high-poverty schools ($30M total).

[2] Ibid.
[3] Ibid.
[4] Center for the Study of Child Care Employment, University of California, Berkely. Workforce Index, State Profiles.
[5] EdNC. "NC early educators are seven times more likely to live in poverty than K-8 teachers, report finds."
[6] National Institute for Early Education Research." Barriers to Expansion of NC Pre-K: Problems and Potential Solutions."
[7] Duke Center for Child and Family Policy. "Book Babies Short-Term Evaluation: Executive Summary."

Literacy Coaches

- Supports teachers and students in Science of Reading by providing funding for one literacy coach in every low-performing elementary school (approximately 300 schools) for each of the next three years ($25M/year).

Early Childhood Education

- Prepares children for grade-level learning and helps families return to work by expanding access to NC Pre-K through a 2.5% supplemental NC Pre-K reimbursement rate bonus ($15.9M total) and adding 1,000 additional NC Pre-K slots in each of the next three years ($40M total).
- Pilots and evaluates the expansion of NC Pre-K to full-year services at up to ten existing sites in low-performing and high-poverty districts and sites that feed into low-performing elementary schools ($1.4M total).
- Provides start-up, capital, and operational grants to NC Pre-K and child care centers across the state, particularly in child care deserts and low-performing and high-poverty districts ($44.5M total). Grants may fund quality improvements, transportation, teacher recruitment and retention bonuses, and facilities renovation including adding or upgrading outdoor play and learning environments.

Support for Early Literacy Development at Home

- Nurtures early literacy development at home through competitive grants to start or expand community-based programs that provide high-quality children's books and literacy support for families with children age birth to five. Grant recipients should target low- and middle-income families and handle both book distribution and family support components ($57.9 M total).

Expected Impact

Investments in early childhood education and educator workforce support are expected to have the following impacts:

- As many as 4,200 additional early childhood teachers will receive scholarship support each year to support their training and certification.
- Up to 1,800 provisional and residency licensed K-12 teachers will become fully licensed.
- An additional 6,250 beginning teachers will receive high-quality comprehensive mentoring and induction support through the NC New Teacher Support Program.
- 6,000 additional children will participate in high-quality Pre-Kindergarten, and almost 220,000 children and families will receive children's books and support for early literacy development.

Closing the Digital Divide

Recommendation

Invests $1.2 billion in broadband access and affordability to close the digital divide in North Carolina. To reach this goal, these funds will provide access to affordable, high-speed internet in every corner of the state and will ensure high-speed internet is equitably adopted and residents are able to access education, healthcare, and business opportunities.

Table 1: Allocation of Funds to Closing the Digital Divide

Infrastructure		$ 600,000,000
	GREAT 2.0 Grants	$ 350,000,000
	Competitive Bidding	$ 150,000,000
	Stop Gap Solutions	$ 100,000,000
Affordability		$ 420,000,000
Digital Literacy and Enablement		$ 165,000,000
	Device Support	$ 40,000,000
	Break-fix Services	$ 30,000,000
	Awareness and Digital Literacy	$ 95,000,000
Administration		$ 15,000,000
	Grand Total	$ 1,200,000,000

Statement of Need

While North Carolina's economy recovers from the COVID-19 pandemic, the gap between residents enjoying economic growth and those struggling to secure jobs, find housing, and pursue educational resources is widening. This gap is especially wide for American Indian, Black, Latinx, and rural-based communities. The pandemic underscored the critical need for high-speed internet connectivity to close this gap.

- At least 1.1 million of North Carolina's nearly 4 million households are on the wrong side of the digital divide. Nearly 30% of these households lack access to a high-speed internet connection.[1]
- Roughly half of the 1.1 million households are priced out of internet access, required to spend at least 2% of monthly income on a $60 per month subscription.[2]
- Many individuals also lack the digital skills to take advantage of telehealth opportunities, pursue an education using virtual tools, or use online job boards to find work.[3]

Recommendation Detail

Infrastructure

- Ensure availability of internet service at speeds of at least 100:100 Mbps for more than 98% of North Carolina households by investing $600 million in last user infrastructure deployment through three programs.

[1] US Census Bureau, 2019 American Community Survey (ASC) Microdata, for respondents who do not have an internet subscription or that only have cellular data or only have dial-up, satellite, or other.
[2] U.S. Census Bureau American Communities Survey (ACS) (2019).
[3] National Telecommunications and Information Administration, Digital Nation Report (2020).

    - **GREAT 2.0 Grants:** Upgrades and expands the state's existing last-mile grant program, investing $350 million in future-proof technologies and connectivity speeds of at least 100:100 Mbps. GREAT 2.0 provides competitive grants for high-speed fiber connections wherever feasible. This program will rely on comprehensive mapping and cost-modeling to use state resources more efficiently. It also provides incentives to providers to address affordability barriers facing more than 1 million households.
    - **Competitive Bidding:** Provides $150 million to fund a competitive bidding process for underserved geographies with comparatively high density and ease of build-out due to existing infrastructure. Competitive bidding allows county governments to leverage federal funds to deploy infrastructure in support of public-private partnerships and to sub-lease or sell to internet service providers.
    - **Stop Gap Solutions:** Provides $100 million in targeted grants to address local infrastructure needs and connect underserved households not likely to get fiber for three to four years. This stop-gap solution includes funding to address tower deployments, support upgrades to state property in support of private fixed wireless deployment, pole replacements in support of major broadband projects, and devices for underserved households.
- The following requirements align to current guidance provided by the US Treasury Department's Interim Final Rule and may be adjusted based on further instruction from the department.
    - In the case that 100:100 is infeasible due to geography, topography, or excessive costs, funded projects will be expected to be designed to deliver, upon completion, service that reliably meets or exceeds 100 Mbps download and between at least 20 Mbps and 100 Mbps upload speeds and be scalable to a minimum of 100 Mbps symmetrical.
    - Projects serving "unserved" households, defined in ARP guidance as those that are not currently receiving least 25 Mbps download speed and 3 Mbps of upload speed will be prioritized for funding.
- The state will use $277 million of the Coronavirus Capital Projects Fund towards this effort. In addition, this program is expected to leverage an estimated $920 million in private and federal cost share, including an estimated $760 million in potential private sector partner contributions based on the existing GREAT Grant program[4] and FCC RDOF awards based on awarded FCC Auction 904: Rural Digital Opportunity Fund results.[5]

Affordability

- Invests $420 million to lower cost barriers to internet access for North Carolinians, building off federal and private affordability supports. This investment is expected to leverage over $500 million in private and federal cost share, including potential private sector contributions of roughly $240 million from ISP low-income plans as well as federal contributions of about $260 million through federal broadband programs, such as Lifeline and COVID-19 relief funding.

Digital Literacy and Enablement

- Contributes $165 million to improve awareness and training that enable North Carolinians realize the benefits of high-speed internet through digital literacy and new skills aimed at accessing the digital economy (e.g., education, job seeking, telehealth). These funds are expected to leverage $60 million in private and federal funds and will be provided through:

[4] (40/60 ISP-state cost match, 59% of HH).
[5] (70/30 ISP-fed, 41% of HHs).

- **Device support:** Provides $40 million in grant funding for a computer for 96,000 households that lack devices.
- **Break-fix services:** Provides $30 million in grant funding to provide break-fix services, or as-needed services, and replacement for 275,000 devices for low-income North Carolinians.
- **Awareness and digital literacy:** Provides $95 million in grant funding for awareness campaign with targeted community-based efforts and digital literacy offerings.

Administration

- Supplements existing state administrative capacity with $15 million over four years to support high-speed internet efforts.

Expected Impact

- North Carolina will become a top-five state for high-speed internet adoption with rates above 80%, achieve 100% adoption for households with children, and fully close equity gaps by 2025 by meeting these three goals:
  - Raise the percentage of North Carolina households with high-speed internet subscriptions from 73% to 80%.
  - Increase adoption rates to 80% across racial subgroups.
  - Raise the percentage of North Carolina households with children with high-speed internet subscriptions from 81% to 100%.
- The affordability program will provide 380,000 individuals a $50/month subsidy for four years, leveraging $45 million in COVID-19 stimulus funds and other grant programs.

Water and Wastewater Infrastructure Investments

Recommendation

Provides $800 million to the Department of Environmental Quality (DEQ) to support clean drinking water and reduce water pollution by fixing North Carolina's water and wastewater systems. Of these funds, $440 million is reserved for water, sewer, and stormwater projects for distressed and at-risk water and wastewater units and $360 million is available for all units statewide. No match is required for distressed units and regionalization projects. The match for at-risk units is 75/25 and the match for all other units is 50/50.

Table 1: Water and Wastewater Infrastructure Investments

Projects for Distressed and At-Risk Units	$ 440,000,000
Projects for All Units	$ 360,000,000
Grand Total	$ 800,000,000

Statement of Need

North Carolina has a goal of establishing viable water utilities throughout the state[1]. At present, many of North Carolina's systems need significant improvements to remain viable and provide clean drinking water and wastewater treatment.

- Over the next 20 years, DEQ estimates capital costs for water system needs range from $10 billion to $15 billion, while costs for wastewater system needs range from $7 billion to $11 billion. North Carolina has nearly 550 water systems owned by units of local government operating in the state; of these, more than 200 are small, with 2,000 or fewer water connections.
- There are nearly 300 publicly owned sewer systems and treatment plants that collect, treat, and discharge more than 1.4 billion gallons of wastewater per day.
- North Carolina has 118 distressed water and wastewater units, as jointly designated by the Local Government Commission (LGC) and the State Water Infrastructure Authority (SWIA). Additional units meet the criteria for distressed units but have not yet been designated.
- There are approximately 120 units just above the threshold for distressed status; these are known as at-risk units.

Recommendation Detail

- Provides $440 million to DEQ for water, sewer, and stormwater projects for distressed and at-risk units with matches available for local governments. DEQ may use up to 1.5% of funds for administration. These funds will be used as follows:
    - $85 million for distressed and at-risk units for action planning, asset assessments, rate studies, and training. Existing funds may be repurposed for eligible projects. Grants are capped at $400,000 per unit for a period of three years.
    - $180 million for distressed units to complete water and wastewater infrastructure improvements. Eligible grant activities include infrastructure rehabilitation, regionalization or decentralization, and emergency grants for operating deficits. Existing

[1] North Carolina's Statewide Water and Wastewater Infrastructure Master Plan

funds may be repurposed for eligible projects. These projects require no match from the unit or local government.
    - $175 million for at-risk units to complete water and wastewater infrastructure improvements. Eligible grant activities include infrastructure rehabilitation, regionalization or decentralization, and emergency grants for operating deficits. Existing funds may be repurposed for eligible projects. These projects require a 75/25 match from the unit or local government.
    - Grant requirements mirror those of the Viable Utility Reserve process, with distressed systems committing to proceeding through the full process provided in G.S. 159G-45(b).
- Provides $360 million to DEQ for water, sewer, and stormwater projects for all water and wastewater units that apply for funding. DEQ may use up to 1.5% of funds for administration.
    - Eligible grant activities include planning, design, and construction of critical water and wastewater infrastructure. Existing funds may be repurposed for eligible projects.
    - Grants are capped $15 million per system for individual projects. The cap is $20 million per system for regional partnerships. Funding cap can be exceeded if funds are available.
    - These projects require a 50/50 match from the unit or local government.
- To encourage long-term solutions, systems that engage in regional collaboration with at least one distressed or at-risk unit to create long-term viable solutions for the system would be eligible for a 100% “super match.” The LGC and SWIA will develop program criteria and guidelines defining eligibility for this super match.
- DEQ may reallocate funds among eligible uses based on program demand.

Expected Impacts

Improved water and wastewater infrastructure, leading to cleaner drinking water and protection from pollutants for rivers, lakes, and streams and protecting public health across the state, by:

- Completing approximately 165 action plans, asset assessments, rate studies, and trainings for distressed and at-risk units to determine these units’ paths towards viability.
- Providing funding for 35-70 projects for distressed units, depending on size and complexity.
- Providing funding for 30-60 projects for at-risk units, depending on size and complexity.
- Providing funding for about 30 water, sewer, and stormwater projects for all other units.
- Increasing regional collaboration where community needs are met through flexible incentive funding.

Lead and Asbestos Remediation in Schools

Recommendation

Provides $160 million for lead and asbestos testing and abatement in North Carolina public schools and child care facilities. Of this $160 million, $35 million will be provided for the testing and remediation of lead in the drinking water at public schools and child care facilities and $125 million will be provided to public schools and child care facilities to assist with the cost of lead paint and asbestos abatement.

Statement of Need

Lead and asbestos pose health risks, especially for children.

- Lead is toxic to the brain and nervous system and exposure has a proven negative impact on cognitive development and behavior, with health damage occurring at even low levels of exposure.
- Young children (<6 years of age) more readily absorb lead and are in a critical life stage for brain development. There is no safe level of lead exposure for a child.
- Potential sources of lead exposure include old paint, drinking and cooking water, and imported toys and other manufactured products.
- Testing for lead in drinking and cooking taps at all licensed North Carolina child care centers is now required. NC Department of Health and Human Services (DHHS) began a program to test lead in water at child care centers in 2020.
- Most schools do not routinely test for lead in water. EPA funding is largely unavailable for school testing.
- Asbestos can be found in a wide variety building materials, including floor tiles, linoleum, pipe insulation, ceiling tiles, and wall plaster. The building materials used in older school facilities are more likely to include asbestos. Approximately 770 NC public schools have identified friable and damaged asbestos.
- Airborne asbestos fibers pose an increased risk for lung cancer, mesothelioma, and asbestosis.
- The Federal Asbestos Hazard Emergency Response Act (AHERA) of 1986 requires public and nonprofit private schools to protect school children and school employees from asbestos exposure by inspecting their schools for asbestos-containing building material and preparing management plans to take action to prevent or reduce asbestos hazards.
- Schools must perform surveillance of asbestos containing materials every six months with a three-year inspection by an accredited Asbestos Inspector or Management Planner.

Recommendation Detail

Test and Remediate Lead in Public School and Child Care Facility Drinking Water

- Provides $35 million for lead testing and remediation of drinking water at public school and child care facilities. This program will follow the same model to test schools the state uses for child care centers, with testing contracted out and oversight from a temporary epidemiologist position. In addition, funds will be used to:
    - Develop a database for public school testing results similar to the database for child care facilities, providing a central repository of statewide information that will allow for easier tracking of testing results and remediation actions taken.

- Replace service lines or fixtures as needed, or install filters at affected faucets for those schools and facilities where faucets test positive for lead.

Lead Paint and Asbestos Remediation

- Provides $125 million for lead and asbestos abatement at public school and child care facilities and to develop a statewide database of school-level AHERA inspection reports. The program will provide funding to public schools or child care facilities for lead paint and asbestos abatement if:
  - A school's Asbestos Inspector or Management Planner determines actions must be taken in response to an inspection report.
  - Asbestos and/or lead paint is found as part of a capital, renovation or repair (R&R) project and remediation is required. Projects could include: HVAC, window, or other ventilation projects related to COVID-19 mitigation, or other capital and R&R projects between 2021 and 2024.

Expected Impact

Investments in lead and asbestos testing, tracking, and abatement will result in:

- A publicly available database containing public schools lead in water testing results and mitigation status.
- A reduction of lead exposure and lead poisoning for children from birth to 12th grade, improving intellectual, health, and behavioral outcomes.
- A reduction of asbestos exposure for children from birth to 12th grade and child care and public school teachers and staff, decreasing risk for lung cancer, mesothelioma, and asbestosis.

Rural Downtown Transformation Grants

Recommendation

Provides $175 million to the Department of Commerce (DOC) Rural Economic Development Division (REDD) to enable local governments in rural and distressed communities to fully leverage resources toward enhancing their communities' prospects for economic growth. Of the funds, $60 million will support neighborhood revitalization grants; $15 million will be available for grants for local governments to acquire land and buildings and develop those assets into viable business sites; and $100 million will support projects associated with community-specific, comprehensive plans that deliver transformative economic change.

Table 1: Allocation of Funds to Rural Downtown Transformation Grants

Neighborhood Revitalization Grants	$ 60,000,000
Enhancements for Community Development	$ 15,000,000
Competitive Local Transformation Grants	$ 100,000,000
Grand Total	$ 175,000,000

Statement of Need

Rural local governments face significant systemic and economic challenges that limit their competitiveness and stifle their efforts to build strong, vibrant, and sustainable downtowns. These challenges were amplified by the COVID-19 pandemic, as rural communities are overrepresented by lower-wage and aging populations more sensitive to economic downturns.

- A vibrant downtown boosts the economic health and quality of life in a community. Specifically, it incubates small businesses, reduces sprawl, protects property values, and increases the community's options for goods and services.[1]
- Most people in North Carolina live close to an urban center, where the state's economic output is concentrated. In 2020, the average median family income in rural counties was $58,599 versus $80,783 in urban counties.[2]
- Without opportunities offered by robust downtowns, outmigration from rural parts of the state will remain a challenge. Of the 32 counties in North Carolina that experienced a projected population loss between 2010 and 2020, none were among the top 20 most populous counties, and only five ranked in the top half of counties.[3]
- Population losses in rural areas and an aging population[4] have left these communities with decreasing tax bases leading to deferred public facility maintenance.
- Successful growth and development strategies, including a broad range of projects that support public facilities, downtown development, neighborhood revitalization, industrial development, and efficient government have made measurable impacts on North Carolinian communities. Since 2009, the Main Street Solutions Fund provided $4.6 million in investment to leverage

[1] Smart Growth America, "Building Better Budgets."
[2] US Department of Housing & Urban Development, 2020.
[3] NC Office of State Budget and Management, "Projected Population Change in North Carolina Counties: 2010-2020."
[4] NC Office of State Budget & Management, Vintage 2020 Population Projections.

$32.1 million in additional local funds, which assisted 64 businesses that have created or retained 759 full- and part-time jobs.[5]

Recommendation Detail

- Provides $60 million to REDD to administer neighborhood revitalization programs. Funding will support public improvement projects that complement affordable housing investments and help pandemic-impacted neighborhoods retain downtown businesses.
    - Eligible projects include sidewalks and walkways, parks, playgrounds, signage, lighting, public art, benches, planter boxes, public restrooms, public venues, public parking, and infrastructure.
    - Funds may also be used for delivering training and technical assistance for local governments to effectively leverage state and federal assistance.
- Provides $15 million in grants to local governments in communities negatively impacted by the COVID-19 pandemic to support the acquisition of land and buildings, the preparation and development of neighborhood properties and business sites, and the removal of structural and physical barriers to enhance community growth and economic development opportunities.
    - Eligible grant applications must show a reasonable expectation that funding will yield private sector investment and job creation, community development projects, or neighborhood revitalization.
    - Funds may be used by DOC in partnership with the Department of Environmental Quality to assess environmental hazards on potentially contaminated sites and to conduct necessary activities to allow the property to be permitted for development.
- Funds $100 million in grants to local governments in communities negatively impacted by the COVID-19 pandemic to support the development, execution, and implementation of comprehensive community growth plans and related transformational projects.
    - Growth plans and all approved associated projects will be funded under one consolidated grant award, not exceeding $10 million.
    - Each project must outline a comprehensive growth plan that articulates the project's vision and implementation strategy.
    - Projects eligible for funding will include, but are not limited to, those that complement affordable housing units, support public facilities, rehabilitate or refurbish local government-owned buildings, and enhance arts, music, and other cultural attractions in downtown areas.
- Eligible grant recipients include rural local governments in communities negatively impacted by the pandemic at a disproportionate level when compared to the rest of the state.
- The department may use up to 3% of the funds to administer these programs.

Expected Impact

This proposal will help transform the state's most distressed communities by:

- Supporting more than 100 downtown districts to better attract and retain businesses.
- Engaging more than 400 local units with training and technical assistance to build local capacity.

[5] NC Department of Commerce and NC Main Street & Rural Planning Center, "The Economic Impact of Main Street in North Carolina: 2018 Annual Report: January-December 2018 Activity."

- Increasing available properties in 10-15 rural or distressed communities for employers to acquire to create new jobs and capital investment there and in neighboring towns.
- Improving the quality of life for individuals whose livelihoods are complicated by abandoned buildings and the barriers to progress they leave behind.
- Bolstering the local economies of at least 10 rural communities with competitive local transformation grants.

21st Century Technology and Equipment for Higher Education

Recommendation

Provides $150 million to ensure the development of a 21st century workforce through access to 21st century technology. Funds will be used for apprenticeship and retraining infrastructure, such as lab and technology for programs in Science, Technology, Engineering and Math (STEM), healthcare, construction, public safety, and other high-demand workforce areas. Funds may also be used to support education technology infrastructure, such as broadband access and service, software, and technology to support easier access to financial aid information. Would allocate $75 million to the North Carolina Community College System (NCCCS), $45 million to the UNC System, and $30 million to the North Carolina Independent Colleges and Universities (NCICU).

Statement of Need

21st century jobs require fluency in the digital world and familiarity with current technology. The coronavirus pandemic has further highlighted the need to invest in modern facilities and technology to support long-term learning and success in STEM and other high-demand fields and ensure employers can find the talent they need.

- The Bureau of Labor Statistics (BLS) estimates that an additional 800,000 STEM jobs will be added to the economy over the next 9 years.[1] Students must be educated to fill these roles.
- Aging infrastructure and obsolete equipment limit the ability of universities and community colleges to provide the hands-on experience necessary for students to graduate with adequate training on current technology and equipment required in high-demand fields.
- Many rural colleges, especially those serving our economically challenged regions, operate on outdated infrastructure or lack systems needed to fully extend broadband across their campuses and to their students.
- Instructors need professional development on how to effectively use the technology available, and students need education on how to be responsible digital learners.

Recommendation Detail

- Provides $150 million to help North Carolina postsecondary institutions modernize facilities and invest in equipment and technology necessary to ensure development of a 21st century workforce. Funds will be used for:
    - Apprenticeship and retraining infrastructure, including, but not limited to, simulation labs, technology needs, and other building and materials required for programs in STEM, healthcare, construction, public safety, and other high-demand fields.
    - Education technology infrastructure, including, but not limited to, broadband access and service, wiring, Wi-Fi access points and devices, educational software, professional development to improve blended learning, and development of statewide evidence-based plans to decrease the digital divide. Funds may also be used to streamline online access to student services and information, such as financial aid or counseling.

[1] Bureau of Labor Statistics. "Why computer occupations are behind strong STEM employment growth in the 2019-2029 decade."

Expected Impact

Investment in modernized infrastructure and equipment at postsecondary institutions is expected to have the following impacts:

- Increased capacity to train on updated simulation equipment for health care, public safety, and first responders; training equipment for high-demand, living wage occupations; and equipment and technology for STEM programs.
- Improved technology and equipment to support online learning and provide flexible learning options.
- Increased number of students graduating from degree and credential programs with skills and experience using current technology and equipment utilized by employers in high-demand fields.
- Modernized IT infrastructure and expanded broadband access at 20 rural community college campuses, including expansion of Wi-Fi access points to provide high speed internet access to students without reliable home internet.

NC Guarantee and Other Financial Aid

Recommendation

NC has long been committed to providing a quality and affordable postsecondary education to any resident. In fact, our state constitution requires it. The NC Guarantee builds on this constitutional requirement by promising that students from families making $60,000 a year or less will be guaranteed at least $6,000 per year to cover the cost of tuition, fees, and other expenses at any UNC institution or NC community college. In conjunction with supplemental aid targeted at the neediest students and flexible funding to support degree acceleration through summer school and meet emergency situations, this proposal makes significant strides in making college more affordable and accessible to North Carolinians.

Table 1: Allocation of Funds to by Aid Program

NC Guarantee Scholarship for UNC/NCCCS	$ 350,000,000
Recovery Scholarship for UNC/NCCCS	$ 270,000,000
Recovery Scholarship for Independent Colleges	$ 95,000,000
Summer Accelerator Grants	$60,000,000
Finish Line Grants	$ 60,000,000
Grand Total	$ 835,000,000

Statement of Need

The state of North Carolina has set an ambitious attainment goal that by 2030, 2 million North Carolinians will have a postsecondary degree or credential. However, the pandemic has threatened progress towards this goal and students from low-income families, students of color, and students in rural communities are disproportionately falling out of the education system:

- More than half of NC parents report that their K-12 students are spending less time on learning activities than pre-pandemic.[1] Most of these families have lost income due to the pandemic.
- While tuition and fees are among the most affordable in the country in North Carolina, growth in the overall cost of attendance still poses a barrier to low- and middle-income students.
- The complexity of North Carolina's existing aid programs leads many students and families to assume that higher education is too expensive to afford.
- FAFSA completions, a leading indicator of college enrollment, are down 6.2% compared to this time last year. FAFSA completions are disproportionately low in Title I eligible schools (10.6% vs. -3.5% in non-Title 1 schools) and rural schools (-9.0% vs. 6.1% and 4.9% in urban and suburban schools, respectively).[2]
- New student enrollment dropped 20% in NCCCS in Fall 2020 compared to Fall 2019 among curriculum students.[3] The UNC System saw a 3% decrease among new undergraduate students.[4]

[1] US Census Bureau. Household Pulse Survey, Week 25.

[2] National College Attainment. Network FAFSA tracker, 4/2/21.

[3] NCCCS dashboard.

[4] UNC enrollment dashboard.

- Among adults who planned on taking college classes this year, 30% canceled such plans, largely due to income changes due to the pandemic.[5] 71% of them earn less than $75,000 per year.

Recommendation Detail

College affordability and accessibility is critical for reversing trends and meeting the State's attainment goal. NC Guarantee provides a clear, simple message that communicates the availability of financial aid and other targeted aid will further help students and families that have been disproportionately impacted by the pandemic.

NC Guarantee Scholarship for Students at UNC/NCCCS ($350 million)

- Provides a guaranteed scholarship of at least $6,000 to any North Carolina resident whose family income is less than $60,000. The amount of the guaranteed scholarship would phase out as family income increases up to $75,000. Guarantee would factor in Pell and other state sources of need-based aid, filling any gaps with ARP funding. The scholarship could be used towards the cost of full or part-time attendance at any North Carolina community college or university (part-time students would receive a pro-rated guarantee amount).
- The program would be administered by the State Education Assistance Authority (SEAA) and would be complementary to existing aid structures. To be eligible, students must have completed the FAFSA. In addition to allowable administrative costs for SEAA, up to $1.5 million may be used for outreach and development of interactive web-based tools to aid students in understanding institutional costs and aid eligibility.

Recovery Scholarship for Students at UNC/NCCCS ($270 million)

- Ensures financial stability for low-income students attending public postsecondary institutions by providing an additional $500 per semester for students with an Expected Family Contribution (EFC) up to $1,000 (equates to a median AGI of approximately $35,000). Includes part-time students at a pro-rated amount. Examples of ways students could use these grants may include paying for childcare, maintaining a mode of transport, avoiding food insecurity, or other costs of attendance.
- The program would be administered by the SEAA and would be complementary to existing aid structures. To be eligible, students must have completed the FAFSA.

Recovery Scholarship for Students at Independent Colleges ($95 million)

- Ensures financial stability for low-income students attending private postsecondary institutions by providing an additional $875 per semester for all full-time students receiving Need-Based Scholarship funds. Part-time students or students enrolled in a lower cost program would receive $500 per semester. Examples of ways students could use these grants may include paying for childcare, maintaining a mode of transport, avoiding food insecurity, or other costs of attendance.
- The program would be administered by the SEAA and would be complementary to existing aid structures. To be eligible, students must have completed the FAFSA.

[5] US Census Bureau. Household Pulse Survey, Week 25.

Summer Accelerator Grants ($60 million)

- Provides additional funding to institutions for summer school assistance. With a focus on educational attainment, institutional allocations would provide funds for students attending summer courses to achieve an accelerated degree or credential, and/or students in need of remedial courses or other summer supports to get and stay on track in their programs to graduate on time.

Finish Line Grants ($60 million)

- Provides funding to institutions to assist students with degree completion by providing up to $1,000 per semester for financial emergencies that threaten the student's ability to graduate.
- Eligible students must have completed or be enrolled in courses that constitute 50% completion towards a degree or credential program and have a minimum GPA of 2.0. Financial emergencies must arise through no fault of the student and may include inability to pay for course materials, housing, subsistence, medical needs, transportation, and dependent care.

Expected Impact

This proposal is expected to have the following impacts:

- Financial aid will be more consumer friendly and more predictable based on family income levels. Improved transparency aims to allow families to make more informed choices about education.
- Across all programs, over 200,000 students will receive additional financial support.
- The NC Guarantee Scholarship would provide additional aid to over 72,000 students. When combined with Pell and other need-based aid, this additional aid will ensure approximately 167,000 students with family income under $60,000 receive the guaranteed aid minimum.
- Approximately 120,000 of the state's neediest students will receive additional aid through Recovery Scholarships.
- Finish Line Grants will support emergency aid to at least 20,000 students per year, reducing the possibility of an unexpected financial emergency derailing their ability to graduate.
- Additional support and transparency in aid availability is also expected to improve student retention rates and increase the number of North Carolinians pursuing degrees.

Reconnect the Workforce

Recommendation

Provides $25 million to the Division of Workforce Solutions (DWS) within the Department of Commerce (DOC) to support people who are disconnected from the workforce and increase their access to education, training, and support needed to obtain quality employment. DWS will use these funds for eight initiatives, including grants supporting work-based learning, rural youth mentorship, and programs to target underrepresented populations. Funds will also support a re-entry program partnership with the Department of Public Safety and a program aiding veterans and their families.

Table 1: Allocation of Funds to Reconnect the Workforce

Creating Work-Based Learning Opportunities	$10,000,000
Engaging Rural Youth in Work Experiences	$ 3,000,000
Increasing Opportunities for Underrepresented Workers	$ 3,000,000
Supporting Active-Duty Military and Veterans	$ 2,000,000
Expanding the Re-entry Program	$ 2,000,000
Overcoming Substance Abuse	$ 2,000,000
Leveraging Technology and Online Services	$ 2,000,000
Marketing NCWorks Statewide	$ 1,000,000
Grand Total	$ 25,000,000

Statement of Need

The pandemic has had a significant impact on North Carolina's workforce.

- While many people have returned to work, the March 2021 unemployment rate of 5.2% remains higher than before the pandemic (3.9% in March 2020).[1]
- Many people have left the labor force and are not being counted in the official unemployment numbers. Between February 2020 and March 2021, an estimated 89,000 North Carolinians left the workforce.[2]
- The pandemic has impacted certain portions of the population more than others, including women, people of color, and people working in the service industry. For example, around 80,000 more women than men lost or left employment since March 2020.[3]
- Individuals need the appropriate credentials to qualify and compete for desired positions, but too many fall short of completion. The high school graduation rates and percentage of Black and Latinx individuals with a bachelor's degree or above lag their white counterparts.[4]
- Even for those who pursue and attain postsecondary degrees, pipelines are not currently keeping up with all growing industries. For example, North Carolina ranks 26th in STEM graduate production as a percentage of graduates.[5]

[1] NC Department of Commerce. "North Carolina Labor Market Conditions March 2021."
[2] U.S. Bureau of Labor Statistics. "Civilian Labor Force in North Carolina."
[3] IPUMS, U.S. Census. Current Population Survey 2020.
[4] myFutureNC. "High School Graduation Rate;" BEST NC, "Facts & Figures Education in North Carolina 2018."
[5] EMSI; Integrated Postsecondary Education Data System (IPEDS), National Center for Education Statistics (NCES).

Recommendation Detail

- Provides $10 million to DWS to establish a three-year, work-based learning program targeting businesses with fewer than 25 employees with funding for On-The-Job Training, Work Experience, Incumbent Worker Training, and apprenticeships to aid in business retention and expansion. The program will focus on historically underutilized businesses, industries most impacted by the pandemic (including manufacturing, agribusiness, and hospitality), and priority industries with substantial occupational skills gaps (including life sciences and technology). Dislocated workers with transitional skills will also be targeted as priority job candidates.
- Provides $3 million to better engage rural youth in work experiences. Specifically, DWS will establish a $2 million grant program to fund youth work experiences and summer jobs. Local Workforce Development Boards will identify companies to participate in this program. In addition, $1 million will extend a grant for the Communities in Schools high school youth mentoring program.
- Provides $3 million to better engage women and Black, Latinx, and American Indian youth to prepare them for careers in high-demand sectors, such as life sciences and technology.
- Provides $2 million to the Military Spouse Economic Empowerment Fund within DWS to assist veterans and military spouses with training and employment opportunities by funding seven time-limited staff positions at military installations statewide. Funding also will assist veterans transitioning from active duty to find meaningful employment.
- Provides $2 million to DWS to enhance the Department of Public Safety's re-entry program, which supports individuals involved in the justice system by connecting them to employment opportunities prior to transitioning back into the community.
- Provides $2 million for a program that assists individuals battling substance abuse to enter and stay in the workforce. The program will be modeled after a successful Mountain Area Workforce Development Board program, UpSkill WNC.
- Allocates $2 million to procure technology and enhance online services available to help people learn about and connect to in-demand jobs. New technology identified during the pandemic has created more ways for NCWorks Career Centers to connect with people across the state. Procuring these new technologies will help more people find work through virtual career fairs and tailored online services.
- Provides $1 million to expand Local Workforce Development Boards' outreach to industry and community leaders. Those connections will inform the Boards as they prepare job seekers for and connect them to available positions in their region. Services include training for relevant positions, career information and guidance, and job search assistance.
- Uses 3% of these funds for administration of these programs.

Expected Impact

These investments will ensure people further disconnected from the economy by the pandemic have the opportunity to rejoin the workforce.

- The work-based learning program will provide an estimated 400 On-the-Job Training participants with an average of $25,000 in reimbursed salary.
- An additional 500 youth will participate in summer apprenticeship programs, increasing each individual's earnings by $4,800.
- The re-entry program will serve about 9,000 justice-involved individuals after their release.

Hospitality Industry Business Assistance and Recovery Grants

Recommendation

Invests $350 million to promote economic recovery in the hardest-hit industries across the state through two programs that target food services, accommodation, recreation and leisure, and personal services businesses. These funds will help these vital small businesses survive the COVID-19 pandemic and accelerate economic recovery in communities across the state.

Table 1: Allocation of Funds to Support Small Hospitality and Related Businesses

NC Hospitality Economic Loss Program (NC HELP)	$ 300,000,000
Small Business Recovery Grants	$ 50,000,000
Grand Total	$ 350,000,000

Statement of Need

Small businesses in the leisure, hospitality, and personal services industries were among the hardest hit by the COVID-19 pandemic. Many of these businesses shut down entirely during the early months of the pandemic and faced limits on capacity and constrained consumer demand into early 2021.

- Consumers cut taxable spending at North Carolina restaurants, bars, and hotels/motels by an estimated $5.05 billion between March 2020 and January 2021 compared to the same period one year prior.[1]
- Jobs at leisure and hospitality businesses fell by almost half between February and April 2020. Even in March 2021, there were more than 80,000 fewer leisure and hospitality jobs than in February 2020, accounting for more than half of net statewide job losses across all industries.
- Between 20% and 45% of North Carolina small businesses in food services, drinking places, accommodation, leisure, and entertainment were closed or operating at severely reduced capacity as of March 2021.[2]
- A nationwide Yelp report from September 2020 showed more than 38,500 closures among restaurants, bars, and nightlife businesses, more than half of which were permanent. There were an additional 22,500 closures among beauty salons, spas, and fitness centers, of which more than two in five were permanent. More than 3,500 YELP-listed businesses in North Carolina were closed as of August 31, 2020.[3]

Recommendation Detail

NC Hospitality Economic Loss Program (NC HELP)

- Provides $300 million in grants through the Department of Revenue (DOR) to help replace taxable sales revenue at eligible businesses, including restaurants, bars, and hotels. The application-based program would provide a grant equal to a specified percentage of the decline in taxable sales. The specified percentage would be equal to $295 million divided by the total reduction in taxable sales[4] among the pool of all eligible applicants. DOR will calculate the

[1] OSBM analysis of NC Department of Revenue data.
[2] Homebase and Opportunity Insights (Womply).
[3] Yelp: Local Economic Impact Report. September 2020. https://www.yelpeconomicaverage.com/business-closures-update-sep-2020
[4] With an adjustment to account for applicants who receive the maximum allowable grant amount.

specified percentage after receiving all grant applications. For example, if the total decline in qualifying taxable sales among the grant applicants is $2.95 billion, the specified percentage would equal 10%. This method ensures that all $295 million will be spent to help those in need.
    - To qualify, restaurants and bars must have experienced at least a 15% reduction in taxable sales from April to December 2020, and hotels must have experienced at least a 25% reduction in taxable sales in the same time period.
    - DOR may use up to $5 million to administer the program.

Small Business Recovery Grants

- Provides $50 million for grants of up to $50,000 through the Department of Commerce to help businesses that have fully or partially closed and to help new businesses start in business locations that permanently closed during the pandemic.
    - The first round of applications will target businesses seeking to open in existing or former business locations. Eligible businesses include restaurants, bars, and other eating and drinking establishments; traveler accommodations (hotels/motels); recreation establishments (such as arcades, fitness centers, and bowling centers); personal services businesses (such as salons, spas, and dry cleaners); and entertainment businesses and attractions not eligible for the federal Shuttered Venue Operators Grant.
    - The second round of applications, if funds remain after the close of the first round, will target new businesses seeking to open in eligible business locations that closed permanently during the COVID-19 pandemic.

Expected Impact

Accelerating economic recovery in eligible industries will provide employment opportunities for out-of-work North Carolinians, avert small-business failures, and prevent blight caused by vacant business locations. Expected impacts include:

- Distribute $295 million in financial support to more than 10,000 qualifying restaurants and bars and more than 1,500 hotels and motels across North Carolina.
- Provide support to between 1,000 and 2,000 small businesses across the state, helping to retain and create thousands of jobs.
- Prevent negative economic and social consequences associated with vacant storefronts, such as reduced property values, elevated crime rates, and adverse health outcomes.[5]
- Support job creation among hospitality, recreation, and personal services businesses.

[5] Jorge Gonzalez-Hermoso and Jein Park. "Local Policies Can Protect Commercial Corridors as the Pandemic Continues," *Urban Wire,* Urban Institute, November 19, 2020. https://www.urban.org/urban-wire/local-policies-can-protect-commercial-corridors-pandemic-continues

Small Business and HUB Resiliency

Recommendation

Provides $50 million to sustain small businesses and Historically Underutilized Businesses (HUBs) that were adversely impacted by COVID-19. Of these funds, $40 million will be provided to the Department of Commerce (DOC) to administer a grant program in partnership with The Institute, the Carolina Small Business Development Fund (CSBDF), and the Economic Development Partnership of North Carolina (EDPNC) Small Business Advisors, to help businesses with fewer than 50 employees and less than $5 million in annual revenue; $4 million to EDPNC to develop an initiative that fosters businesses in their second stage of growth; and $6 million between the Small Business and Technology Development Center (SBTDC) and the Small Business Center Network (SBCN) for business recovery counseling.

Table 1: Allocation of Funds to Ensure Small Business and HUB Resiliency

Small Business and HUB Resiliency Grants	$ 40,000,000
Small Business and HUB Resiliency Grants	$ 30,000,000
Resiliency Grants Management	$ 3,200,000
The Institute and CSBF Program Costs	$ 6,800,000
Second-Stage Growth Assistance	$ 4,000,000
EDPNC Small Business Advisors	$ 3,000,000
EDPNC Staff Capacity and Marketing	$1,000,000
Business Recovery Counseling	$ 6,000,000
Small Business and Technology Development Center	$ 3,000,000
Small Business Center Network	$ 3,000,000
Grand Total	$ 50,000,000

Statement of Need

Supporting small business and HUB growth is important to North Carolina's economic and social pandemic recovery.

- North Carolina's small business revenue decreased by 26.7% from January 2020 to March 2021.[1]
- While assistance was available, many small businesses did not receive it. Of small businesses surveyed in September 2020, 70% of those who applied for grant relief funds received no assistance.[2]
- National pandemic recovery efforts so far have provided less assistance to women-owned and minority-owned businesses across the country. From April 2020 to January 2021, women-owned businesses received lower average Paycheck Protection Program (PPP) loans than male-owned businesses.[3] During the initial loan period, minority-owned businesses received only 17% of loans, even though they made up 31% of total businesses.[4]

[1] Opportunity Insights. "Percent Change in Small Business Revenue."
[2] The Institute. "Impact of COVID-19 on NC Small Businesses, September 2020."
[3] The Institute. "Disparities in PPP Lending by Gender."
[4] The Institute. "Disparities in PPP Lending by Race."

Recommendation Detail

Small Business and HUB Resiliency Grants

- Provides $40 million for Small Business and HUB resiliency grants. DOC, in partnership with The Institute, CSBDF, and EDPNC Small Business Advisors, will build on the successful RETOOLNC program and provide approved applicants with resources, training, and grants to cover operating expenses incurred due to COVID-19. The program's efforts will be coordinated by DOC, and funds will be distributed by the department on a semi-annual basis, based on need.

The program's key components are as follows:

- DOC will fund grants and marketing to promote Small Business and HUB Resiliency Grants.
- EDPNC Small Business Advisors will proactively reach out to rural, hospitality, and HUBs to promote the grants and technical assistance services that CSBDF and The Institute will provide.
- CSBDF and The Institute will oversee grant administration and provide technical support services. Technical support services will include an assessment tool for participating businesses to identify needed training and support to help those businesses meet short- and long-term goals for success. CSBDF and The Institute will provide business training, match-make entrepreneurs and small businesses with business mentors, and offer incubation space, as well as provide other support services.

The $40 million funding will be allocated as follows:

- $30 million for grants of up to $50,000 to support working capital to address capacity building and sustainability. Allowable expenses may include collateral enhancements, specialized training or certification expenses, technology and equipment purchases, plant investments, and funds to establish business incubators at nonprofits, such as the National Institute for Economic Development.
- $3.2 million to cover the programmatic expenses to CSBDF and The Institute for operating the grant program.
- $6.8 million split evenly between The Institute and CSBDF to develop a holistic small business support program, which will include:
    - Gathering baseline assessments data to better understand small business preparedness and recovery and resilience needs, which may include the need for financial infusions;
    - Launching the Small Business Resilience University to provide a holistic suite of training, technical assistance, capital, networks to brands and consumers, and supply chain connectivity;
    - Creating a dashboard to track positive movement on key baseline assessment indicators that measure both recovery and resilience, such as jobs created or sustained, new contracts and financing secured, revenue generation, and investments in plant and equipment;
    - Connecting to regional planning efforts of councils of government, local development districts, HMSIs and community colleges, and corporate supplier diversity efforts; and
    - Recruiting HUBs and rural small businesses to participate in the program through EDPNC Small Business Advisors.

Second-Stage Growth Assistance

- Provides $4 million to EDPNC to focus on growing "second-stage growth firms" that have demonstrated proof of concept, revenues, and management ability but lack certain in-house expertise, which limits their growth trajectory. EDPNC's Small Business Advisors will identify second-stage firms and resources that will help them grow.
- Provides $1 million to EDPNC for staff capacity and marketing needs, including $200,000 for three Small Business Advisors to conduct proactive campaigns for Second-Stage Growth Assistance and $800,000 for a marketing campaign to promote small business resources.

Business Recovery Counseling

Funds $6 million for services critical to sustaining and growing a business, including business planning, strategy development and implementation, financing and financial understanding, marketing, and performance improvement.

- Provides $3 million to go to the Business Resiliency and Recovery Program at the SBTDC to advise small to mid-sized businesses, focusing on those with at least 10 or more employees. North Carolina State University would receive the grant funds on behalf of the SBTDC, with a limit of up to 3% facilities and administrative costs for the university.
- Provides $3 million in counseling support at SBCN for small businesses with less than 100 employees in both rural and urban communities. The SBCN also works with many underserved populations and is positioned to help businesses with fewer than 10 employees.

Expected Impact

This proposal will support small business growth. Expected impacts include:

- Grants to small businesses and HUBs will serve about 750 businesses in building capacity for sustainable operations.
- The small business support program will engage at least 1,000 small businesses with fewer than 50 employees.
- The RETOOLNC program, which is similar to the program recommended, highlighted the need for this support, disbursing $13 million in grant funds to more than 350 applicants across 48 counties.[5] More funds would provide assistance to new applicants and for the more than 1,300 applicants who did not get funded.
- Second-stage Growth Assistance is expected to support the growth of 200 small businesses.
- Small Business and HUB Resiliency Grants will help underserved business communities in all 100 counties.

[5] The Institute. "RETOOLNC." https://theinstitutenc.org/retoolnc/.

Sites Development

Recommendation

Provides $50 million to cultivate sites and related infrastructure to attract businesses to North Carolina. Of these funds, $20 million will support the development of megasites in communities disproportionately impacted by the COVID-19 pandemic, $10 million will be directed to certify and market sites in distressed communities, and $20 million will strengthen green infrastructure sites available statewide.

Table 1: Allocation of Funds to Site Development

Megasite Development Grants	$ 20,000,000
Certified Sites in Distressed Communities	$ 10,000,000
Competitive Grants for Local Government	$ 8,000,000
Marketing for Certified Sites	$ 2,000,000
Green Infrastructure Site Certification	$ 20,000,000
Competitive Grants for Local Government	$ 5,000,000
NC Ports – Green Infrastructure	$ 15,000,000
Grand Total	$ 50,000,000

Statement of Need

Communities across our state, particularly rural and distressed communities, must have competitive, high-potential properties with desired infrastructure to attract companies. Competitive properties create significant economic opportunities to help local, regional, and state economies thrive.

- Businesses seek out prepared sites for an expedited process to opening new facilities.[1]
- The COVID-19 crisis has exacerbated rural communities' existing challenges with significant impacts on local government revenues and businesses. For example, Tier 1 and 2 counties suffered a larger share of the state's job losses (60%) between February 2020 and March 2021 than their pre-pandemic share of jobs (56%).[2]
- Currently there are at least 10 megasites and 11 certified sites in Tier 1 or 2 counties. Sheetz cited the excellent location when selecting a certified site in Alamance County for its distribution and production center in 2012.[3]
- None of the currently certified sites are used to meet green economy needs. However, two tenants at Ferncliff in Henderson County, Sierra Nevada Brewing Company and GF Linamar, pursued LEED certification for their facilities.[4] Businesses interested in sustainability and environmental stewardship would be more likely to select locations that provide the necessary infrastructure and align with their vision for preserving the environment.
- North Carolina can build upon the strong green energy sector already in place. The state has the highest concentration of smart grid companies in the world and ranks third nationally for

[1] Area Development. "How Certified Sites Can Expedite the Site Selection Process for Expanding Companies."
[2] Department of Commerce. "Current Employment Statistics (CES)."
[3] Triad Business Journal. "Sheetz Chooses Burlington for Distribution Center, Creating 254 Jobs."
[4] Henderson County Partnership for Economic Development. "America's Most Beautiful Industrial Park: Ferncliff."

installed solar capacity. Almost 1,000 green energy companies currently generate over $6.4 billion in annual revenue within the state.[5]

Recommendation Detail

Megasite Development Grants: $20M

- Funds a $20 million competitive grant program for local governments to develop megasites, defined as sites that are 1,000 contiguous acres or larger, in communities disproportionately impacted by the COVID-19 pandemic. These sites must have the potential to attract major employers that can bolster local, regional, and state economies through new jobs and capital investment.
    - Examples of currently available sites eligible for the program include, but are not limited to, the Greensboro-Randolph Megasite, Person County Mega Park, Chatham-Siler City Advanced Manufacturing Site, International Logistics Park of North Carolina between Brunswick and Columbus counties, and Kingsboro Business Park in Edgecombe County.
    - Grant funds may also support improvements to public infrastructure for, and on-site preparation of, the megasite, including clearing, grading, or other related expenses.

Certified Sites in Distressed Communities: $10M

- Provides $7 million for competitive grants to local governments to identify, evaluate, and complete the certification process for competitive sites in distressed communities. Priority will be given to sites that have already completed an initial evaluation process with a utility or site selection consultant. The program will also assist local government units in funding improvements to public infrastructure, such as publicly-owned water, gas, and sewer systems, transportation infrastructure, electrical utility lines, or installation of green infrastructure that improves resilience to the effects of climate change.
- Utilizes $3 million to develop a statewide program to improve the competitiveness and marketability of all certified sites. These marketing funds may also be used to demonstrate an individual property's promise to prospective employers and to match local government funds to market certified sites.

Green Infrastructure Site Certification: $20M

- Provides $5 million for competitive grants to local governments to support green infrastructure in site development and to increase certified sites available for prospective green infrastructure investment.
- Supports the NC Ports with $15 million for green infrastructure development to help attract businesses considering locating at, or needing access to, the state's ports.
- Provides 3% of funds for each grant program for administration.

Expected Impact

Sites Development will lead to increased economic activity in distressed and struggling communities and help grow the green economy in North Carolina.

[5] NC Department of Environmental Quality. "North Carolina Clean Energy Plan: Transitioning to a 21st Century Electricity System."

- Megasite development grants will support improvements at least five current megasites and help create up to five more megasites to attract major employers to distressed communities.
- The grants for certified sites in distressed communities are expected to help 10 new sites become certified, making them more attractive to prospective businesses and/or fit local community economic development strategies.
- Marketing funds for megasites and certified sites will successfully attract more than 10 employers to these locations.
- At least five major employers will locate at the state's certified green infrastructure sites and ports.

Strategic Industry Development

Recommendation

Provides $50 million to develop and prepare North Carolinian communities for potential employers in industries that serve a public health need, suffered during the COVID-19 pandemic, or are green economy businesses. Grants will enable local governments to invest in public infrastructure, particularly green infrastructure, and workforce pipeline programs for specific economic development projects.

Statement of Need

- Businesses interested in locating in North Carolina seek both the physical resources to build and maintain a profitable facility and the talent pipelines to maintain long-term success. Locations lacking these crucial components garner less interest.
- Investments in public infrastructure have helped North Carolina attract and support businesses. Since 2006, the One North Carolina Small Business Program (OneNC), has helped 275 small businesses in 25 counties create and maintain more than 900 jobs and leverage more than $500 million in funding from other sources. The program has also enabled more than 120 collaborations between small businesses and universities.[1]
- Discretionary cash-grant programs like OneNC allow the state to respond quickly to the needs of competitive job-creation projects.
- North Carolina had 194,000 fewer jobs in January 2021 than in February 2020, and some industries have been disproportionately affected.[2] For example, the manufacturing sector lost 48,000 jobs between March and April 2020.[3]

Recommendation Detail

- Provides $50 million to assist local governments and their partners attract potential employers through grants for public infrastructure and targeted workforce development programming.
- A commitment of resources will enhance the recruitment of potential employers to relocate or expand their facilities in North Carolina, which include but are not limited to:
    - Structural repairs, improvements, or renovations of existing buildings;
    - Installation or purchase of equipment;
    - Construction of or improvements to water, sewer, gas or electric utility distribution lines, or associated equipment for new and existing buildings;
    - Funds may also support targeted programming with community colleges, local workforce development boards, and public and private universities that are central to providing the talent pipeline that targeted businesses need.
- The program will accept applications from local governments in discussions with businesses involved in industries that address a public health need, industries that have incurred negative impacts due to COVID-19, and clean economy businesses that address climate change.
- Uses 3% of funds for administration.

[1] NC Department of Commerce, "One North Carolina Small Business Program."
[2] US Bureau of Labor Statistics, NC Department of Commerce (Current Employment Statistics)
[3] NC Department of Commerce. "A Closer Look at NC's Pandemic Job Losses."

Expected Impact

These investments will build capacity and infrastructure for businesses in targeted industries to locate in North Carolina and to develop the talent pipeline necessary to retain them.

- Similar to OneNC, this program will support at least five local governments, improving both infrastructure and workforce readiness in North Carolina communities.
- Businesses in eligible industries will have more incentives to locate their facilities in the state.
- Health supplies, jobs, and capital investment that these employers provide will help the state recover from the COVID-19 pandemic.

Motorsports and Outdoor Event Opportunities

Recommendation

Provides $45 million to expand motorsports and outdoor event opportunities across the state. Of these funds, $30 million will be allocated for infrastructure and repairs needed for The Rock Speedway and Entertainment Complex, the North Wilkesboro Speedway, and the Charlotte Motor Speedway. The Department of Commerce (DOC) will receive $10 million for a grant program for other motorsport facilities. The Department of Natural and Cultural Resources (DNCR) will receive $5 million to develop, connect, and market new and existing natural and cultural tourism trails, including a Motorsports and Moonshine Heritage Trail.

Table 1: Allocation of Funds to Motorsports and Outdoor Event Opportunities

Improvements to the State's Motor Speedways	$ 30,000,000
The Rock Speedway and Entertainment Complex	$ 10,000,000
North Wilkesboro Speedway	$ 10,000,000
Charlotte Motor Speedway	$ 10,000,000
Motorsports and Outdoor Event Opportunities Grants	$ 10,000,000
Natural and Cultural Tourism Trails	$ 5,000,000
Grand Total	$ 45,000,000

Statement of Need

North Carolina has been a motorsport industry and tourism destination, but the COVID-19 pandemic has hampered motorsports and the communities that host them.

- North Carolina is the birthplace of motorsports and NASCAR, which hosted the first NASCAR Cup Series race at the Charlotte fairgrounds in 1949.[1] North Carolina is home to NASCAR's headquarters and Hall of Fame, and 90% of teams are based in North Carolina.
- Motorsports is a leading tourism generator in the state, representing a $5 billion industry.[2]
- The Charlotte Motor Speedway alone brought 1.1 million visitors to its events in 2019, and pre-pandemic, the Speedway generated more than $25 million in state and local tax revenue annually.[3] However, between March and September 2020, Cabarrus County, home of the Charlotte Motor Speedway, lost over $24 million in hotel revenue, equating to a loss of $540,000 in local taxes.[4]

[1] NASCAR. "NASCAR History."
[2] Belk College of Business Administration, University of North Carolina at Charlotte. "The Economic Impacts of the Motorsports Industry on the North Carolina Economy."
[3] Charlotte Motor Speedway proposal to NC Office of State Budget and Management.
[4] Cabarrus County Convention and Visitors Bureau. "County Spending by Domestic Visitors Increases to More than $478 Million."

- Hospitality executives nationwide expect leisure travel to occur closer to home because of the COVID-19 pandemic, which aligns with surveys of North Carolinians that indicate a desire to travel in-state and attend outdoor events.[5,6]
- North Carolina has nearly 40 active tracks, such as drag strips, kart tracks, oval tracks, and road courses, that could benefit from refurbishment and be used for tourism and events.

Recommendation Detail

Improvements to the State's Motor Speedways

- Invests $10 million in each of the home counties of The Rock Speedway and Entertainment Complex, the North Wilkesboro Speedway, and the Charlotte Motor Speedway: Richmond County, Wilkes County, and Cabarrus County, respectively. A non-state match of at least $1 for every $4 from the state is required to receive funding. County governments will partner with venues to fund needed infrastructure, including, but not limited to, the following:
    - Water and wastewater extensions
    - Pedestrian walkway enhancements
    - Speedway repaving
    - Upgrades to facilities and dragways (if applicable)
    - Bathroom fixtures and maintenance
    - Grandstand repair
    - Erosion control

Motorsports and Outdoor Event Opportunities Grants

- Provides $10 million to DOC to partner with the North Carolina Motorsports Association to administer a grant program that provides flexible grants of up to $500,000 for local governments to work with racing venues to enhance amenities and increase opportunities for events. Motorsport venues can provide ideal venues for outdoor events as they are often considered "complete sites," meaning venues with parking, fencing, power, and water. Venue renovation funding will benefit not only the racetrack and festival grounds but major area employers as well. DOC may use up to 3% of funds for program and grant administration.

Natural and Cultural Tourism Trails

- Funds $5 million to DNCR to develop, connect, and market new and existing natural and cultural tourism trails across the state, including a Motorsports and Moonshine Heritage Trail. This trail will highlight the founding and history of both motorsports racing and moonshine production in North Carolina. Past experience suggests that even a small state investment in these trails would have a substantial impact on tourism.

Expected Impact

These investments in motorsports and natural and cultural tourism trails are expected to have the following impacts:

- The Rock Speedway and Entertainment Complex, the North Wilkesboro Speedway, and the Charlotte Motor Speedway will host at least five new outdoor events in the next three years.

[5] Amadeus. "Hospitality Recovery by the Numbers."
[6] MMGY Global Travel Intelligence. "North Carolina Resident Sentiment: Impact of COVID-19."

- Local hotels and hospitality businesses surrounding the supported tracks are expected to directly benefit from event tourism.
- The program can provide a minimum of 20 grants to transform underutilized racing assets.
- Marketing the state's natural and cultural tourism trails is expected to drive in- and out-of-state tourism across North Carolina.

Recovery Grants for Arts, History, Libraries, Science, and Film

Recommendation

Provides $60 million to ensure the continuation of arts, history, and science organizations, support libraries, and invest in the state's burgeoning film industry. Of these funds, $50 million will be provided to the Department of Natural and Cultural Resources (DNCR) to support arts, cultural and scientific organizations and $10 million to the Department of Commerce to bolster the film industry through investment in the state's film infrastructure.

Table 1: Allocation of Funds to Support Arts, History, Libraries, Science, and Film

Supporting Arts, Culture, and Science	$ 50,000,000
Arts	$ 20,000,000
History	$ 8,500,000
Science	$ 8,500,000
Libraries	$ 8,500,000
NC Symphony Society	$ 2,250,000
Museum of Art	$ 2,250,000
Bolstering the Film Industry	$10,000,000
Grand Total	$ 60,000,000

Statement of Need

The creative economy is important to the economic and social recovery of North Carolina.

- The creative economy generates over $2.1 billion in economic activity, employs over 72,000 full-time equivalent jobs, and generates $201.5 million in local and state government revenue.[1]
- Due to the pandemic, North Carolina's creative industries lost over 81,000 jobs and approximately $3.4 billion in sales between April and July 2020.[2]
- Many, if not all, cultural organizations, including arts, science, and history organizations as well as libraries, have been shuttered or operated at a limited capacity since March 2020.
- The Arts, Entertainment, and Recreation nonprofit sector is expected to take nearly 2.5 years to recover from the pandemic.[3]
- The estimated number of US films that entered production in 2020 was a mere 447, a 45% decrease relative to 2019. Of these films, 101 had an estimated budget over $15 million, a 43% decline compared to 2019.[4] For scripted series, production completely shut down in March 2020 and did not resume for several months.[5] Despite the decline in production, the pipeline and

[1] Americans for the Arts. "Arts & Economic Prosperity 5"

[2] Brookings Institution. "Lost Arts: Measuring COVID-19's devastating impact on America's creative economy."

[3] Center for Civil Society Studies. "COVID-19 JOBS UPDATE, JANUARY 2021: Nonprofit Jobs Still Down by Nearly 960,000 as of January, Time to Full Recovery Increases to 2 Years"

[4] Motion Picture Association. "2020 THEME Report."

[5] Shaw, Lucas, Smith, Gerry, and Gilblom, Kelly. Bloomberg News. "Networks Are Prepping for the Craziest Fall Season in the History of Broadcast TV."

potential for the film industry in North Carolina is strong, with more direct in-state spending by productions though February 2021 than any annual spend since 2014.

Recommendation Detail

Supporting Arts, Culture, and Science Organizations

- Provides $45.5 million to DNCR for "Recovery Grants" grants to revive arts, science, history, and library resources adversely affected by the pandemic. The grants will help address financial hardships, jump start programing, ensure events and facilities are safe for the public, and guarantee access to the resources with public Wi-Fi and enhanced educational content.
    - DNCR estimates that there are over 696 arts organizations, 216 science organizations, 306 history organizations, and 84 public library systems adversely impacted by the pandemic that would be eligible for Restart grants.
    - While federal Shuttered Venue grant funds might be available to some of these organizations, many will not qualify for that assistance.
    - DNCR will administer the grants on a competitive basis while ensuring funds reach all parts of the state. Grants would not require a match. Up to 2% of these funds may be used for administration, including temporary positions.
- Provides $2.25 million for the North Carolina Symphony Society for its educational programs and a concert series in the western part of the state that builds on existing partnerships with Appalachian State and Western Carolina universities and the Eastern Band of the Cherokee Nation. The Symphony Society saw significant revenue decline due to the pandemic.
- Provides $2.25 million in the Museum of Art Foundation to support programming such as concerts and community art fairs featuring local artisans and to ensure financial sustainability of the Foundation, which experienced substantial revenue loss due to the pandemic.

Bolstering the Film Industry

- Invests $10 million to support the state's film industry, including investments in film infrastructure and Film Office operations. Investing in the state's film infrastructure includes both physical infrastructure (sound stages, studios) and workforce programs, leveraging programs at community colleges and universities across the state. The Film Office notes shortages of both available space and workforce as significant barriers to industry growth.

Expected Impact

This proposal will support the state's creative economy, which, in turn, supports thriving communities. Expected impacts include:

- Positively impacting over 1,000 organizations, supporting entities in all 100 counties.
- Ensuring all North Carolinians have access to the important resources and experiences that libraries and scientific, historical, and arts organizations provide and that this important sector of the state's economy survives the COVID-19 pandemic.
- Addressing infrastructure and workforce shortages in the film industry through programs with at least three community colleges and universities.

UNC System Health Research Innovation

Recommendation

Provides a significant investment in advancing innovative research in health sciences across the UNC system. Includes $50 million for the Rapidly Emerging Antiviral Drug Development Initiative (READDI) at the University of North Carolina at Chapel Hill (UNC-CH) to advance development of therapeutics for COVID-19 and other viruses that pose a pandemic threat. Another $10 million is provided to Winston-Salem State University's Center for Excellence for Elimination of Health Disparities for research and infrastructure. Also includes $15 million for the NC Policy Collaboratory to establish a research grant program for Historically Minority-Serving Institutions (HMSIs).

Statement of Need

The pandemic has highlighted limitations of the existing research system to adequately prepare and respond to emerging viral threats.

- Novel viruses are emerging more frequently and the response to COVID-19 has demonstrated multiple system weaknesses that hindered the country's ability to rapidly respond.
- University research is critical due to a lack of incentive for the pharmaceutical industry and others to invest in products with no obvious market. University-based research and development is uniquely able to assist with its project-based research and point solutions. Pandemic preparedness requires re-engineering antiviral therapeutic development and delivery by working across sectors.
- Multiple new viruses have emerged in the 21st century to cause widespread viral outbreaks, epidemics, and pandemics, posing a serious threat to human health, the economy, and our national security. No treatments or vaccines exist for the majority of these viruses, leaving the state and nation unprepared for when a virus emerges.[1]
- The COVID-19 pandemic has highlighted disparities in health equity as COVID-19 has unequally affected racial and ethnic groups, putting them more at risk of getting sick and becoming seriously ill or dying from COVID-19.[2]

Recommendation Detail

Rapidly Emerging Antiviral Drug Development Initiative (READDI)

- Provides $50 million for READDI, a nonprofit public-private partnership based at UNC-CH. READDI scientists are world leaders in COVID-19 research and have played critical roles in the development of existing therapeutics and vaccines, leading to UNC-CH's recognition as the highest ranked COVID-19 research university in the nation.
- Funds will enable READDI to accelerate new antiviral drug development, advance existing assets, and expedite availability of treatment for COVID-19, as well as other viruses that pose future pandemic threats.

[1] Nature Medicine. "Developing therapeutic approaches for twenty-first-century emerging infectious viral diseases."
[2] Centers for Disease Control (CDC). "COVID-19 Racial and Ethnic Disparities."

- The READDI Workforce Development Initiative will support the development of a diverse workforce trained in drug discovery and development in partnership with North Carolina community colleges and other UNC-system schools.
- As a highly visible start-up headquartered in North Carolina, READDI will stimulate economic development and provide global recognition for excellence in pandemic preparedness. A substantial state investment is critical to securing federal research investments that could be in the hundreds of millions of dollars.

Center of Excellence for Elimination of Health Disparities (CEEHD)

- Provides $10 million for the CEEHD at Winston-Salem State University. CEEHD's mission is to promote equity and social justice in health care delivery, treatment, and outcomes by leading collaborative efforts to generate and disseminate evidence-based solutions, and to educate future leaders who incorporate equity and social justice in their professional practice.
- Funds will enable CEEHD to provide additional services to underserved communities, including enhanced learning opportunities for health sciences students, and collaborative research opportunities aimed at improving minority health and reducing health disparities.
- Expanded services will include telehealth, behavioral health, and a new child wellness program. The primary goals of the child wellness program are to improve the quality of life for children in underserved minority communities and to expand experiential learning opportunities related to child health and wellness for nursing and allied health students.
- In addition to health equity research initiatives, a portion of funds may be used for renovation and infrastructure to establish a physical location for the Center.

Expand Research Capacity at Historically Minority Serving Institutions

- Provides $15 million to the North Carolina Policy Collaboratory to expand research capabilities in health-related areas through a research grant program for each of the following constituent institutions identified as Historically Minority-Serving Institutions (HMSIs): Elizabeth City State University, Fayetteville State University, North Carolina Agricultural and Technical State University, North Carolina Central University, the University of North Carolina at Pembroke, and Winston-Salem State University.
- Each institution will receive one or more research grants in an amount of at least one million dollars. Funds may be used to purchase needed equipment, upgrade classroom and laboratory space, and for items that will enhance their research and innovation efforts.

Expected Impact

These investments in innovative health sciences research are expected to have the following impacts:

- Ensure the United States is better prepared when the next virus emerges by developing effective antiviral therapies, designing clinical trials, and establishing manufacturing and distribution plans.
- Support READDI's goal to develop five new broad spectrum antiviral drugs effective against entire families of pandemic viruses in the next five years.
- Advance evidence-based solutions for eliminating health disparities through health equity research and community engagement and outreach.

- Provide additional access to health services for underserved populations and expand opportunity for experiential learning for health science students.
- Increase research activity based in North Carolina, encouraging the development of a diverse STEM-focused workforce and bringing high-paying research jobs.

State Health Plan COVID-19 Costs

Recommendation

Provides $100 million to meet additional costs incurred by the State Health Plan due to the COVID-19 pandemic, including costs arising from testing, treatment, and vaccinations.

Statement of Need

- The Families First Coronavirus Relief Act requires that health plans meet the costs of COVID-19 testing, with no deductible, from March 18, 2020 until the end of the COVID-19 emergency.
- While the costs of the vaccines have been met by the federal government, all other vaccination costs are met by health insurers.
- The average cost of a hospital COVID-19 test in North Carolina was reported as $140, while Fair Health reported the average US cost to health plans of inpatient treatment for COVID-19 was $38,221.[1,2]

Recommendation Detail

The State Health Plan has incurred significant unplanned costs as a result of the COVID-19 pandemic and expects to incur additional costs during the remainder of 2021 and beyond.

- In calendar year 2020, the State Health Plan expended $89 million on COVID-19 related costs.
- The State Health Plan projects costs for 2021 to be $60 million.

While the State Health Plan's current reserves are around $1 billion and the Plan is in a relatively healthy position, the potential additional medium- and long-term costs of the pandemic are unknown. Additional costs might arise if annual COVID-19 vaccinations and boosters are needed, if plan members have delayed treatment, or if demand for mental health services increases as a result of the pandemic.

Per US Treasury guidance, American Rescue Plan (ARP) funds may only be used for costs incurred after March 3, 2021. The proposed funding of $100 million will cover expected eligible COVID-19 costs for calendar year 2021 as well as a portion of ongoing costs through December 31, 2024.

Expected Impact

As a result of the proposed additional funding, the State Health Plan is expected to be more resilient to the challenges posed by the pandemic while meeting the traditional health insurance needs of state employees.

[1] https://www.beckershospitalreview.com/finance/the-average-cost-of-a-hospital-covid-19-test-in-each-state.html.
[2] https://www.fairhealth.org/article/costs-for-a-hospital-stay-for-covid-19.

Continuity of State Government Operations

Recommendation

Provides $79.4 million for continuity of operations needs across state government, including activities such as preventing the disruption of government services, managing the deployment of federal funds, improving the state's information technology infrastructure to accommodate remote employment and enhance security, and assessing the impact of the pandemic on key North Carolina industries.

Statement of Need

Due to the pandemic, agencies continue to shoulder unplanned costs that have strained resources.

- Receipt-supported divisions experienced significant COVID-19 related disruptions in revenue. The Department of Natural and Cultural Resources estimates a nearly $10 million decline in revenue for FY 2020-21 for its attractions, excluding impacts to support organizations. The Department of Agriculture estimates revenue losses of close to $10.5 million since the pandemic began, primarily due to a drop in facility rentals and events.
- Agencies across the state faced unanticipated costs and need for additional labor, cleaning supplies, and other critical items to prevent the spread of COVID-19.
- The state has received over $50 billion in federal funding from the CARES Act and American Rescue Plan, requiring ongoing support from the NC Pandemic Recovery Office and the State Auditor to ensure funds are spent as appropriated and comply with all federal requirements.
- The COVID-19 pandemic led to a 72% increase in general ransomware attacks, and a 50% rise in cybersecurity attacks, necessitating cybersecurity enhancements within state government.[1]
- North Carolina had 194,000 fewer jobs in January 2021 than in February 2020, and some industries have been disproportionately affected.[2]

Recommendation Detail

To address the continuity of operations needs across state government and ensure a sound recovery, fund uses may include but are not limited to:

- Replacing lost revenues.
- Covering pandemic-related costs at state-owned facilities, such as COVID-19 testing and PPE for agencies, including UNC, that are not covered by other funding sources.
- Funding ongoing operating costs for the NC Pandemic Recovery Office.
- Providing additional resources to the State Auditor for American Rescue Plan auditing purposes.
- Purchasing critical information technology equipment and cybersecurity software and improving communications and customer services as more state employees work from home.
- Overhauling outdated technologies and increasing cybersecurity within state government.
- Developing industry-informed analyses/response plans (e.g. workforce development, economic development plans) to support the findings of these efforts.

[1] PR Newswire "Top Cyber Security Experts Report: 4,000 Cyber Attacks a Day Since COVID-19 Pandemic."

[2] US Bureau of Labor Statistics, NC Department of Commerce (Current Employment Statistics)

Expected Impact

Funding for these continuities of operations efforts is expected to result in the following:

- Providing essential government services at pre-pandemic levels, Improving cybersecurity and online customer service.
- Fulfilling the state's fiduciary responsibility in distributing federal funds and taxpayer dollars.
- Ensuring state employees have the necessary tools to securely and efficiently work from home.
- Engaged stakeholders and industry-informed analyses and response plans will lead to more successful programs that boost industry after the pandemic.

Repairs and Renovations for Health and Safety

Recommendation

Provides $50 million to improve ventilation and address other health and environmental concerns in facilities at the Department of Public Safety (DPS) and the Department of Health and Human Services (DHHS). Of the $50 million, $30 million will provide for the upgrade or installation of HVAC systems at DPS, and $20 million will be used for repairs and renovations at treatment centers and other DHHS facilities around the state.

Statement of Need

There are significant repair and renovation needs in state-operated facilities that will make these facilities safer for both staff and residents.

- A number of facilities in DPS' Division of Adult Correction and Juvenile Justice and DHHS' Division of State Operated Facilities need HVAC installation or upgrades. DPS has identified at least 40 separate facilities that lack air conditioning.
- Improving ventilation improves air quality, which is important to reducing the risk of spread of airborne viruses in occupied buildings.
- Twelve congregant-living and long-term care facilities at DHHS have aging HVAC and other building systems. DHHS cites a total need of over $300 million for facility repairs and renovations.

Recommendation Detail

- Provides $30 million to improve air quality and living and working conditions for inmates and staff at DPS facilities. DPS may use up to 2% of these funds to hire additional staff to manage these projects. DPS estimates the need for three additional time-limited project managers to oversee work at the 40 facilities.
- Provides $20 million for health and safety related repairs and renovations at DHHS facilities. Repair and renovation projects would include upgrading HVAC as well as plumbing, electrical, sprinkler, fire, and other aging building systems.

Expected Impact

This funding would improve the air quality and overall conditions for the 15,532 inmates and 8,849 DPS staff at these DPS correctional facilities, and 2,812 patients and residents in long-term care at DHHS hospitals and development and treatment centers.

Assistance for State-Recognized American Indian Tribes

Recommendation

Provides $18 million to support North Carolina's seven state-recognized American Indian tribes, none of whom received federal COVID-19 recovery funding. Of these funds, $16 million will be disbursed to the tribes to meet operational and community needs arising from the pandemic, $250,000 will support the work of tribal organizations, and $1 million will go to the NC Commission of Indian Affairs to assist American Indian businesses, including making grants to small and emerging businesses. Allocates $750,000 over three years for temporary staff to ensure the effective use of disbursements and grants.

Table 1: Allocation of Funds to Support State-Recognized Tribes

Flexible funding for tribes	$16,000,000
Tribal Organizations	$250,000
NC Commission of Indian Affairs – Business Grants	$1,000,000
Temporary staff and administration over three years	$750,000
Grand Total	$18,000,000

Statement of Need

American Indians have been harder hit by the COVID-19 pandemic than many groups, and North Carolina's state recognized tribes have not received federal funding to address pandemic impacts.

- A study by the Centers for Disease Control and Prevention (CDC) demonstrated the significant adverse impact of COVID-19 on American Indians, with rates of infection 3.5 times those of non-Hispanic whites.
- Tribes are located in rural, low-wealth communities, with lower access than other communities to basic infrastructure, including broadband as well as water and sewer infrastructure, increasing the negative impacts on health and education.
- These seven state-recognized tribes—unlike federally-recognized tribes—are not eligible to receive funding through the Federal Bureau of Indian Affairs for Indian education, Indian health, cultural sustainability, and infrastructure, including water and sewage infrastructure.
- One-fifth of American Indians in North Carolina live below the poverty line, with one-quarter of households in receipt of food stamps / SNAP[1].

Recommendation Detail

- Provides $16 million in direct aid to the seven American Indian tribes recognized by North Carolina but not by the federal government – the Coharie, Lumbee[2], Haliwa-Saponi, Sappony, Meherrin, Occaneechi, and Waccamaw. Every state-recognized tribe would receive base funding of $1 million, utilizing $7 million of these funds, plus an additional $9 million to be disbursed on a per capita basis. The tribes can use these funds for items such as:
    - **Food security**: Directly provide fresh food, enhancing food security, and reducing the prevalence of food deserts. Funds may also be used to purchase or repair infrastructure, such as refrigeration, to support food distribution.

[1] https://schs.dph.ncdhhs.gov/schs/pdf/NCPopHealthDatabyRaceEthOct2019v2.pdf.

[2] The Lumbee are federally-recognized, but were excluded from all funding via the Bureau of Indian Affairs.

- **Indian Education**: Provide scholarships for students from low-income families, funds to be used to purchase equipment, books, uniforms, and other educational supplies.
- **COVID-19**: Purchasing PPE and rehabilitating tribal and other community facilities so the facilities can be used safely for meetings, e.g. installing new HVAC systems.
- **Tribal Transportation**: Purchase vehicles to provide transportation for the elderly and disabled to medical facilities, hospitals, clinics, etc., and to transport fresh food from farmers markets located in nearby towns and cities to tribal distribution centers.
- **Support for the elderly and people with disabilities:** Funding for housing rehabilitation and the installation of new HVAC systems, security lighting to reduce crime, energy assistance grants, and other forms of assistance.
- Providing employment, training, and staffing to **address Indian child welfare issues**.

- Provides $250,000 for tribal organizations that promote American Indian culture, support American Indian education, and advance economic development in the American Indian community. This funding would help bridge gaps between tribal programs and the needs of American Indians who do not live within tribal territories or communities.
- Allocates $1 million to the NC Commission of Indian Affairs to assist American Indian businesses and address cultural preservation. The Commission may use these funds for activities such as:
    - Supporting small and emerging American Indian businesses, including providing grants to upgrade existing business facilities, foster startup businesses, purchase equipment, and pay fees needed for business startups.
    - Preserving and promoting American Indian cultural sites. This could include developing travel and tourism projects associated with tribal cultural sites, establishing historic markers, and performing repairs and renovations at American Indian historic sites.

Expected Impact

Expected impacts include:

- Funding will reach an estimated 67,000 American Indians, helping address food security, and health and economic problems exacerbated by the COVID-19 pandemic.
- Business grants will help many of the 1,200 American Indian-owned businesses with paid employees in North Carolina as well as American Indian-owned startup businesses.[3]

[3] https://www.ncdemography.org/2016/09/02/nc-in-focus-new-data-on-entrepreneurship/.

Assistance for Local Governments

Recommendation

Provides $65 million for capacity building services to help local governments across North Carolina spend their Local Recovery Fund allocations strategically and to hold harmless two towns relative to estimated American Rescue Plan (ARP) allotments. Of these funds, $41 million will go to the North Carolina League of Municipalities (NCLM), the North Carolina Association of County Commissioners (NCACC), and the North Carolina Association of Regional Councils of Governments (NCARCOG) to provide guidance to localities as they manage ARP allocations, and $24 million will go to the towns of Apex and Huntersville to match original ARP Congressional allocation estimates.

Statement of Need

- Nationwide, ARP provides $130 billion to local governments, including counties, cities, and smaller local governments, to mitigate the fiscal effects of COVID-19.
- North Carolina is estimated to receive a total of $3.39 billion in Local Fiscal Recovery Funds, significantly more money than localities manage in their yearly budgets.
- 651 local government units in North Carolina will receive Local Fiscal Recovery Funds. This total includes all 100 counties, 24 entitled direct recipients (metros), and 527 listed non-entitled recipients (smaller non-metros).
- Smaller units of government in particular will need assistance in directing the funds and complying with ARP spending requirements and guidance.
- NCLM, NCACC, and NCARCOG have expressed the need for mediation, planning, research, technical support, and training for local governments, as well as internal administrative capacity as it relates to ARP funds.
- Original Congressional estimates classified the Town of Apex and the Town of Huntersville as non-entitlement units and included $17.35 million for Apex and $17 million for Huntersville, but subsequent Treasury calculations were $5.26 million and $4.81 million respectively.

Recommendation Detail

- Provides $12.5 million to NCLM to assist with ARP information dissemination, consulting, and one-on-one assistance for North Carolina's 551 municipalities.
- Provides $12.5 million to NCACC to assist with ARP information dissemination, consulting, and one-on-one assistance for North Carolina's 100 counties.
- Provides $16 million to NCARCOG to fund the 16 regional councils of governments across the state to assist with ARP information dissemination.
- Allocates $12 million each to the Town of Apex and the Town of Huntersville to ensure they receive funding that aligns with their original Congressional estimates.

Expected Impact

North Carolina local governments will be receiving an unprecedented amount of federal funds. Supporting local governments in the use of these funds is expected to have the following impacts:

- Address short and long-term needs with these one-time funds.
- Position local governments to better direct funding to critical investments including water, sewer, and broadband infrastructure.
- Prepare local government with the guidance and support needed to spend ARP funds and comply with federal spending and accountability requirements.

Special Provision Summaries

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

Statewide

Extend NCPRO

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

NCPRO Reallocation Authority

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

Testing for Lead in Public Schools

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

General Government

GREAT 2.0

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

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

Competitive Bidding

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

Stop Gap Program

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

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

- Allows use of 2% of funds to administer.

Broadband Service Assistance Program (Affordability)

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

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

NC Hospitality Economic Loss Program (NC HELP)

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

Major differences from S715:

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

Health & Human Services

Eligibility for Foster Care Services

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

Eligibility for Caregiver Support Services

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

Federal Funds to be Appropriated

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

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

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

*Final federal award amounts are still pending

Department of Health and Human Services, Other ARP Federal Awards

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

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

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

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

Contain the Virus and End the Pandemic

Summary

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

Funding Allocations

Table 1: Federal Funding Sources

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

Table 2: Allocation of Funds by Initiative

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

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

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

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

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

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

B. Strengthen Surveillance, Testing, and Contact Tracing

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

C. Public Transparency, Education, and Engagement

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

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

Support Aging North Carolinians

Summary

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

Funding Allocations

Table 1: Federal Funding Sources

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

Table 2: Allocation of Funds by Initiative

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

A. Help People Stay at Home

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

B. Prevent Food Insecurity

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

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

C. Protect Health and Wellbeing

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

D. Support Independence and Dignity

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

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

Support Hard Hit Families, Essential Workers, and Communities

Summary

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

Funding Allocations

Table 1: Federal Funding Sources

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

Table 2: Allocation of Funds by Initiative

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

A. Help Parents Return to Work

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

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

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

B. Prevent Food Insecurity

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

C. Reduce Health and Safety Risks

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

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

D. Support North Carolina's Small Businesses

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

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

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

Improve Health Equity

Summary

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

Funding Allocations

Table 1: Federal Funding Sources

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

Table 2: Allocation of Funds by Initiative

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

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

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

B. Address Nonmedical Drivers of Health

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

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

C. Reduce Comorbidities

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

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

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

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

Strengthen Response to Mental Health Crisis

Summary

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

Funding Allocations

Table 1: Federal Funding Sources

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

Table 2: Allocation of Funds by Initiative

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

A. Expand Access to Crisis Counseling and Services

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

B. Expand Access to Prevention and Treatment Services

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

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

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

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

C. Expand Suicide Prevention

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

D. Improve Care Management

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

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

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

E. Reduce Overdoses

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

F. Support Our Youth

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

Upgrade Public Health Capacity and Infrastructure

Summary

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

Funding Allocations

Table 1: Federal Funding Sources

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

Table 2: Allocation of Funds by Initiative

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

A. Equip the State to Identify and Address Emerging Crises

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

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

B. Make Public Health Information Easily Accessible

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

C. Modernize Data Systems

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

D. Provide Access to Care in Underserved Communities

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

E. Recruit, Retain, and Build Capacity of Workforce

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

Department of Commerce: State Small Business Credit Initiative

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

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

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

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

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

[1] Congressional Reserve Service. "State Small Business Credit Initiative: Implementation and Funding Issues."

Department of Public Instruction, ESSER III Set-Aside

Summary

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

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

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

Low-Performing District Discretionary Program

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

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

Extended Learning Recovery After-School Enrichment Support

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

Mastery Based Programs and Assessments

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

Social Emotional Learning Programming and Resources Support

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

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

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

Research Partnerships

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

High-Impact Tutoring Initiative

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

Diagnostic Assessments

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

K-5 Learning

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

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

Contracts for CBE, Asset, and Efficiency Management

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

DPI Learning Recovery Initiatives

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

CTE Credentials and Certifications for Students

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

Statewide Student Survey

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

Social and Emotional Learning Pilot

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

Cybersecurity

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

Support for Drivers Education

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

Unreserved funds for SBE and NCDPI

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

Reallocate Unspent Coronavirus Relief Funds (CRF)

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

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

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

Potential Uses

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

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

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

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

Improve State Facility Health & Safety ($5 million)

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

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

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

Offset Eligible General Fund Incurred Expenses

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