



HOUSE BILL 1043: 2020 COVID-19 Recovery Act.

2019-2020 General Assembly

Committee:	Senate Appropriations/Base Budget	Date:	May 2, 2020
Introduced by:	Reps. Bell, Jackson, Lewis	Prepared by:	Luke Gillenwater
Analysis of:	PCS to Third Edition H1043-CSMLa-13		Dan Ettefagh Committee Co-Counsel

OVERVIEW: *House Bill 1043 provides aid to North Carolinians in response to the Coronavirus Disease 2019 (COVID-19) crisis.*

CURRENT LAW: House Bill 1043 does the following:

- Section 1.1 – Establishes the title of the act as the "2020 COVID-19 Recovery Act."
- Section 1.2 – Establishes definitions used throughout the act, including defining "COVID-19 Recovery Legislation" as the following legislation enacted by Congress:
 - The Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136.
 - The Families First Coronavirus Response Act, P.L. 116-127.
 - The Coronavirus Preparedness and Response Supplemental Appropriations Act, 2020, P.L. 116-123.
 - Paycheck Protection Program and Health Care Enhancement Act, P.L. 116-139.
- Section 1.3 – States the purpose of the act.
- Section 1.4 – Provides that the appropriations and allocations in the act are for the maximum amounts necessary to implement the act, and directs State agencies to maximize the use of federal funds made available in the act prior to using other State funds.
- Section 1.5 – Provides that allocations made under this act that conflict with applicable federal law are repealed and the funds are to be transferred back to the Coronavirus Relief Reserve.
- Section 1.6 – Directs the Office of State Budget and Management (OSBM) to work with State agencies to ensure that receipts awarded pursuant to COVID-19 Recovery Legislation are used in accordance with applicable federal laws and regulations. Additionally, provides that funds may not be used for recurring expenditures, funds awarded under The CARES Act may not be used for revenue replacement, and, depending on the award, employ additional time-limited State personnel.
- Section 1.7 – Requires reports from OSBM and State agencies or departments that receive funds under the act detailing how the funds are used. The reports are to be provided to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division.
- Section 1.8 – Requires the State Auditor to conduct a preliminary financial audit and final performance audit of the Coronavirus Relief Fund no later than 3/1/21.
- Section 2.1 – Establishes the Coronavirus Relief Reserve (Reserve) to maintain federal funds received from the Coronavirus Relief fund created under The CARES Act, P.L. 116-136.
- Section 2.2 – Establishes the Coronavirus Relief Fund (Fund) to be used to provide necessary and appropriate relief and assistance from the effects of COVID-19. All funds in the Fund must be

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used for necessary expenditures incurred due to the public health emergency resulting from COVID-19, and the expenditures must have been incurred during the period that begins on March 1, 2020, and ends on December 30, 2020.

- Section 2.3 – Establishes the Local Government Coronavirus Relief Reserve (Local Reserve). Additionally, transfers the sum of \$300,000,000 from the Reserve to the Local Reserve. Lastly, specifies that it is the intent of the General Assembly to appropriate a sum of up to \$150,000,000 if local governments experience a revenue shortfall and The CARES Act, P.L. 116-136, is amended to allow the use of federal funds to address the shortfall(s).
- Section 3.1 – Transfers the sum of \$1,275,988,029 from the Reserve to the Fund and \$150,000,000 from the Local Reserve to the Fund.
- Section 3.2 – Appropriates the sum of \$1,425,988,029 in nonrecurring funds for the 2019-2020 fiscal year from the Fund to OSBM to be used in accordance with Section 3.3 of the act. Further, specifies that funds appropriated in this section that remain unspent at the end of the 2019-2020 fiscal year shall not revert and shall remain available to expend until December 30, 2020.
- Section 3.3 – Directs OSBM to allocate the sum of \$1,425,988,029 it received from the Fund as follows:
 - \$50M for supplies and equipment for life safety, health, and sanitation and purchase of PPE meeting federal and CDC standards, divided between NC Healthcare Foundation (50%), NC Senior Living Association and NC Health Care Facilities Association in equal amounts (15%), NC Medical Society (10%), and the Division of Emergency Management in DPS for entities it deems essential (25%).
 - \$150M for counties ineligible to receive direct funding from the CARES Act. Each county receives a base funding of \$250,000, with remainder distributed on a per capita basis. Funds can be allocated to municipalities if a necessary expenditure and consistent with federal guidance on COVID-19 relief.
 - \$70M for continuity of operations of State government for expenditures incurred between 3/1/20 and 12/30/20 for listed expenditures. Includes up to \$2M for the North Carolina Pandemic Recovery Office and up to \$500k for the audit to be performed by the State Auditor as required by this act.
 - \$300M for the General Maintenance Reserve in the Highway Fund if federal guidance is revised to allow the use of funds for revenue replacement. This allocation reverts if federal guidance is not updated before 6/15/20.
 - \$20M to OSBM for allocation to State agencies negatively impacted by loss of anticipated receipts, but only if federal guidance is revised to allow the use of funds for revenue replacement.
 - \$100k for the General Assembly to reimburse funds to Wake Forest University Health Services for COVID-19 research data for future legislative committees.
 - \$75M to DPI for school nutrition services provided in response to COVID-19 in the School Lunch or Breakfast Programs from 3/16/20 through the end of the school year.
 - \$1M to DPI for improving Internet connectivity through extended reach mobile wifi gateway router devices in school buses.
 - \$11M to DPI for improving Internet connectivity for students through mobile Internet access points.

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- \$30M to DPI for computers or other electronic devices for use by certain public school students in response to COVID-19.
- \$5M to DPI for certain public schools to provide computers or other electronic devices for use by school personnel.
- \$4.5M to DPI to establish a shared cybersecurity infrastructure and district cybersecurity monitoring and support.
- \$10M to DPI for allocation conforming for school health support personnel for physical and mental health support services for students in response to COVID-19, including remote services.
- \$70M to DPI for certain public schools to provide a supplemental summer learning program in response to negative effects of COVID-19. At least \$35M is to be used for students in grades 2 and 3 during the 19-20 school year, and up to 25% may be used for supplemental literacy support for students in grades 3 and 4 during the 20-21 school year not on track to meet 20-21 year-end expectations. Remaining funds are to be used for kindergarten and grades 1 and 4.
- \$1.488M to DPI for public school units to provide remote instruction.
- \$3M to DPI to provide nondigital remote instruction resources to students with limited connectivity.
- \$15M to DPI for grants to public school units for extraordinary costs of providing Extended School Year Services or future services for exceptional children.
- \$660,029 to DPI for the Governor Morehead School for the Blind, the Eastern NC School for the Deaf, and the NC School for the Deaf for school nutrition, cleaning, sanitizing, remote learning, compensatory services, and Extended School Year Services.
- \$5M to DPI for the Extended Learning and Integrated Student Supports Competitive Grant Program.
- \$25M to Community Colleges for campuses to enhance online learning, cover expenses for resources and supports for faculty and staff, provide Small Business Center counselors, cover expenses for expanded IT demands, and provide sanitation and other expenses required for ongoing campus operations.
- \$44.4M to BOG of UNC for increased costs for online coursework, implementation of digital learning accelerator, providing sanitation and other expenses for ongoing campus operations, covering necessary eligible expenses for students and employees.
- \$20M to BOG of UNC for the State Education Assistance Authority for private postsecondary institutions to transition to online education.
- \$15M for the Duke University Human Vaccine Institute to develop a COVID-19 vaccine.
- \$29M to UNC Chapel Hill to allocate to the NC Policy Collaboratory for the development of countermeasures for COVID-19, a vaccine for COVID-19, community testing initiatives, and other research to address health and economic impacts of COVID-19.
- \$15M to the Brody School of Medicine at ECU for the development of countermeasures for COVID-19, vaccine for COVID-19, community testing initiatives, and other research to address health and economic impacts of COVID-19.

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- \$6M for Campbell University School of Osteopathic Medicine for community testing initiatives, community-based health care treatment, monitoring rural populations, educating health professionals on best practices, and supporting rural community primary care.
- \$20M to Wake Forest University Health Services to expand COVID-19 study to include syndromic surveillance and representative sample antibody testing for near-real-time virus data.
- \$20M to DHHS for local health departments, rural health providers, State Laboratory, and behavioral health and crises services for increasing nurses, community health workers, telehealth services, infection control support in nursing and adult care homes and diverting behavioral health emergencies.
- \$6M to DHHS to allocate equally among each of the six food banks in the State and encourages food banks to use North Carolina-based farmers and vendors.
- \$290k to DHHS, Division of Social Services, to provide funds for the LINKS program, a foster care support program for youth ages 13-21 years.
- \$25M to DHHS for State-County Special Assistance-licensed facilities to offset increased costs of serving residents during the COVID-19 emergency in the amount of \$1325/resident as of 4/1/20.
- \$50M to DHHS for rural and underserved communities for health provider grants, Medicaid assistance for rural hardship grants, enhanced telehealth services, critical services transportation, health care security for uninsured, and related items.
- \$5M for NC Association of Free and Charitable Clinics for cost of eligible health services provided during the COVID-19 emergency.
- \$1.5M to DHHS to provide a grant to NC MedAssist to offset increased costs for prescription assistance for indigent or uninsured individuals for the COVID-19 emergency.
- \$5M to the NC Community Health Centers Association for cost of eligible health services provided during the COVID-19 emergency.
- \$25M to DHHS to expand public and private initiatives for COVID-19 testing, contact tracing, and trends tracking and analysis, provided the requirements in Section 4.10 of this act are met.
- \$20M to DHHS to provide funds to support behavior health and crisis services to respond to COVID-19.
- \$19M to DHHS to provide for food banks, support for residential settings incurring additional costs to mitigate COVID-19 positive cases, adjust and child protective services response, support for homeless and domestic violence shelters, child care response, NCCARE360, and technology changes to support emergency relief to beneficiaries.
- \$1.8M to Old North State Medical Society for rural and African American communities to address COVID-19 disparities.
- \$65M for a grant to NC Healthcare Foundation for grants to hospitals designated by the Center for Medicare and Medicaid Services as critical access hospitals or non-critical access rural hospitals to offset response care for COVID-19.

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- \$15M to establish the COVID-19 Teaching Hospitals Relief Fund for grants to hospitals classified as teaching hospitals by the Centers for Medicare and Medicaid Services.
 - \$15M to establish the COVID-19 General Hospitals Relief Fund to hospitals not eligible for grants from NCHF or the COVID-19 Teaching Hospitals Relief Fund.
 - \$2.25M to Division of Social Services (DHHS) for serving children in foster care during the COVID-19 emergency in the amount of \$100 per child per month for April through June 2020.
 - \$15M to DACS for animal depopulation and disposal.
 - \$5M to Commerce for stimulus investment in Visit NC to develop safe travel concepts and strategies and research tools and analysis needed for implementation.
 - \$125M for Golden LEAF for small business loan assistance.
 - \$9M to DIT for funding the remaining portion of all qualifying GREAT program applications.
- Section 4.1. – Subsection (a) appropriates funds received from federal grants authorized under the COVID-19 Recovery Legislation. Subsection (b) provides an estimate of North Carolina's allocations from the COVID-19 Recovery Legislation to be deposited in the State's Treasury and administered by State agencies. Subsection (c) specifies that no funds in this act or the State Board of Elections budget shall be used as a matching requirement for federal funds to meet election needs, but instead specifies that it is the intent of the General Assembly to address the State's additional elections needs resulting from the COVID-19 pandemic in separate legislation.
 - Section 4.2 – Provides guidelines for the \$125,000,000 to Golden LEAF for the purpose of making emergency loans to small businesses adversely affected by the COVID-19 outbreak in North Carolina.
 - Section 4.3 – Directs OSBM to establish a time-limited Pandemic Recovery Office to oversee and coordinate federal funds for COVID-19 recovery.
 - Section 4.4. – Requires OSBM to release certain grant funds authorized in the 2017 Budget.
 - Section 4.5 – Authorizes DHHS to provide Medicaid coverage for COVID-19 Testing for certain uninsured individuals during the declared nationwide public health emergency period where the federal medical assistance percentage is 100%.
 - Section 4.6 – Requires DHHS to provide a 5% increase in the Medicaid Fee-For-Service rates paid to all provider types by the Division of Health Benefits. The rate increase will be effective 3/1/20, and will expire on the earlier of: (i) the date the nationwide COVID-19 public health emergency expires, (ii) the date Executive order 116 expires or is rescinded, or (iii) 3/31/21.
 - Section 4.7 – Specifies that certain provisions of State law pertaining to provider enrollment shall not apply to the Medicaid and Health Choice Programs from 3/1/2020 through duration of the nationwide COVID-19 public health emergency, in order to implement to temporary provider enrollment authorized under the recently approved Medicaid 1135 waiver.
 - Section 4.8 – Eliminates requirement that an individual must have received a Supplement Security Income (SSI) payment to qualify for the Disabled Adult Child passalong in the Medicaid program, no later than 6/1/20.
 - Section 4.9 – Uses increased availability from federal Child Care and Development Fund Block Grant funds for the 2019-2020 fiscal year to address immediate child care needs resulting from the coronavirus emergency.

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- Section 4.10 – Disallows funding for testing contact tracing and trends tracking until DHHS satisfies certain requirements, including diagnostic service reporting, posting of COVID-19 vendors contracted with, and reporting on certain COVID-19 impact data.
- Section 4.11 – Provides additional information regarding use of funds for the purchase and distribution of units of opioid antagonists at no charge to opioid treatment programs.
- Section 5.1 – Boilerplate providing headings are for reference only.
- Section 5.2 – Boilerplate providing invalid portions of the bill are severable from other portions of the bill.

EFFECTIVE DATE: Except as otherwise provided, this act is effective when it becomes law. If Senate Bill 704, 2019 Regular Session, is vetoed, this act is repealed. If the veto of Senate Bill 704, 2019 Regular Session, is overridden, this act is reenacted.