



SENATE BILL 816: CC Funds/CIHS Funds/CR Funds and Offsets.

2019-2020 General Assembly

Committee:		Date:	June 23, 2020
Introduced by:	Sens. Brown, Harrington, B. Jackson	Prepared by:	Kara McCraw* Staff Attorney
Analysis of:	Conference Committee Substitute (S816-CCSTC-13)		

OVERVIEW: *The Conference Committee Substitute for SB 816 would do the following:*

- *Allocate funds to the Community Colleges System Office for enrollment growth at North Carolina's community colleges.*
- *Appropriate funds for additional cooperative innovative high schools (CIHS) for the 2020-2021 school year.*
- *Direct the Department of Public Instruction to report on funding for CIHSs by development tier area.*
- *Place a moratorium on new CIHSs for the 2021-2022 school year and limit approvals for certain new CIHSs.*
- *Appropriate fund from the Coronavirus Relief Fund to offset general fund appropriations across state government for allowable expenses.*

BILL ANALYSIS: The CCS for SB 816 would do the following:

Section 1 conveys findings of the General Assembly related to enrollment of students and unemployed individuals at North Carolina community colleges as a result of the COVID-19 pandemic and the role of community colleges in the economic recovery of the State.

Section 2 directs the State Controller to transfer \$41,500,000 in nonrecurring funds for the 2020-2021 fiscal year from the Coronavirus Relief Reserve to the Coronavirus Relief Fund.

Section 3 appropriates \$41,500,000 in nonrecurring funds for the 2020-2021 fiscal year from the Coronavirus Relief Fund to the Office of State Budget and Management (OSBM) and directs OSBM to allocate those funds to the Community Colleges System Office for enrollment growth at North Carolina's community colleges.

Section 4 adds the same requirements of Part I of S.L. 2020-4, the 2020 COVID-19 Recovery Act, to the funds appropriated in Section 3 of the act, including a requirement to report on how the funds are spent.

Section 4A (i) appropriates \$1,880,000 in nonrecurring funds from the Civil Penalty and Forfeiture Fund to the State Public School Fund for the 2020-2021 fiscal year and reduces the appropriations to the State Public School Fund from the General Fund \$1,880,000 in nonrecurring funds for the 2020-2021 fiscal year, (ii) from the funds made available in the General Fund appropriates \$1,880,000 in nonrecurring funds to the Department of Public Instruction to allocate the funds to local school administrative units for certain cooperative innovative high schools (CIHSs) for supplemental funding for the 2020-2021 school year, (iii) authorizes operation of three new CIHSs for subsequent school years, and (iv) includes

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Legislative Analysis
Division
919-733-2578

Senate CCS 816

Page 2

boilerplate language regarding the State Budget Act and limitations and directions of other legislation that shall remain in effect.

Section 5 requires the Department of Public Instruction (DPI) to report to the Joint Legislative Education Oversight Committee on CIHSs approved to receive funds by the General Assembly, including the development tier used for funding in the 20-21 school year. DPI must also include projected adjustments to required funding based on the development tier designation for CIHSs effective for the 21-22 fiscal year and the projected total difference in required state funding for the 20-21 and 21-22 fiscal year for the CIHSs if all schools currently funded are funded for 21-22 in accordance with the updated development tier designations.

Section 6 prohibits the State Board of Education (SBE) from approving and new CIHSs that require General Assembly funding for the 21-22 school year.

Section 7 requires the SBE to only conditionally approve up to 3 CIHSs to open in a school year if those schools request General Assembly funding, and may prioritize CIHSs in local school administrative school units that do not currently have CIHSs. This section applies beginning with applications to open a CIHS for the 22-23 school year and beyond.

Section 8 (i) sets forth the findings made by the General Assembly as to why the use of funds set forth in the act is allowable under The Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136; (ii) directs the State Controller to transfer the sum of \$645,400,000 from the Coronavirus Relief Reserve to the Coronavirus Relief Fund, (iii) appropriates the sum of \$645,400,000 in nonrecurring funds for the 2020-2021 fiscal year from the Coronavirus Relief Fund to the Office of State Budget and Management (OSBM) to be used to offset General Fund appropriations across State government for expenditures allowable under The CARES Act, (iv) creates in the General Fund a Statewide Reserve for Appropriations (Reserve), which shall have a beginning negative balance of \$645,400,000 that must be \$0 by December 30, 2020, (v) provides that funds appropriated in the act shall not be used to increase total requirements for a State agency or department, and additionally, as allowable expenditures are identified, directs OSBM to reduce the net General Fund appropriation in the relevant State agency or department and transfer that amount to the Reserve, (vi) includes boilerplate providing that the funds appropriated in this act are subject to the requirements and limitations in Part I of S.L. 2020-4 and those same funds are to be included in the report from OSBM required under Section 1.7 of S.L. 2020-4.

EFFECTIVE DATE: SB 816 would become effective July 1, 2020.

**This summary was substantially contributed to by Leslie Karkanawi and Luke Gillenwater, Staff Attorneys.*