

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.

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.