



Introduction to State Directed Grants – Guidance for Local Governments

NC Office of State Budget and Management
January 25, 2022

Integrity

Innovation

Teamwork

Excellence

Overview

- Introduction to OSBM
- Step-by-Step through the Process to Receive State Funds
- Resources
- Questions
- Special Session: State Capital and Infrastructure Fund (SCIF) Grants

Office of State Budget and Management

- OSBM is the primary fiscal advisor to the Governor of North Carolina
- We prepare and recommend the Governor's budget
- We administer the budget passed by the General Assembly

Our Mission

To professionally serve North Carolinians by providing objective information and analysis to ensure a balanced budget and effective stewardship of public resources

Office of State Budget and Management

Our staff includes:

- Budget analysts
- Financial control administrators
- Policy analysts
- Internal auditors
- Economists and demographers
- Performance management advisors

Receiving Entity Perspective – High Level State Grant Process

- 1. Realize You Received Grant/Determine Which Grants You Have**
2. Submit Required Documentation
3. Negotiate & Sign Grant Agreement (Contract)
4. Receive Funds
5. Conduct Work & Report

What is a Directed Grant?

Directed grant: Nonrecurring funds allocated by a State agency to a non-State entity as directed by an act of the General Assembly (S.L. 2021-180, Section 5.2)

Non-state entity: Any of the following that is not a State agency: an individual, a firm, a partnership, an association, a county, a corporation, or any other organization or group acting as a unit. **The term includes a unit of local government and public authority** (G.S. 143C-1-1.(18))

What is not a Directed Grant?

- **Recurring grant funding**

Example: Symphony Challenge Grant

- **Grant programs**

Example: Life Changing Experiences Pilot Program

- **Funding provided to state agencies**

Example: SCIF funding provided to a state agency

- **Directed projects**

Example: Directed project to Town of Angier

<p>287 NC Symphony Fund Code: 1340 Provides additional funds for the NC Symphony.</p>	<table border="0"> <tr> <td>FTE</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> <tr> <td>Requirements</td> <td style="text-align: right;">\$ 1,000,000R</td> <td style="text-align: right;">\$ 1,000,000R</td> </tr> <tr> <td>Less: Receipts</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>Net Appropriation</td> <td style="text-align: right;">\$ 1,000,000</td> <td style="text-align: right;">\$ 1,000,000</td> </tr> <tr> <td>FTE</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> </table>	FTE	-	-	Requirements	\$ 1,000,000R	\$ 1,000,000R	Less: Receipts	\$ -	\$ -	Net Appropriation	\$ 1,000,000	\$ 1,000,000	FTE	-	-
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<p>121 Life Changing Experiences Pilot Program Fund Code: 1901 Provides funds for DPI to contract with the Children and Parent Resource Group, Inc. for the Life Changing Experiences Program, a 3-dimensional and interactive multimedia education program that focuses on activities that negatively impact teenagers, including alcohol and drugs, dangerous driving, violence, and bullying.</p>	<table border="0"> <tr> <td>Requirements</td> <td style="text-align: right;">\$ 500,000NR</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>Less: Receipts</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>Net Appropriation</td> <td style="text-align: right;">\$ 500,000</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>FTE</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> </table>	Requirements	\$ 500,000NR	\$ -	Less: Receipts	\$ -	\$ -	Net Appropriation	\$ 500,000	\$ -	FTE	-	-			
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<p>170 Big Hungry Dam Provides funding to the NC Wildlife Resources Commission for the removal of the Big Hungry Dam.</p>	<table border="0"> <tr> <td>Requirements</td> <td style="text-align: right;">\$ 7,500,000NR</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>Less: Receipts</td> <td style="text-align: right;">\$ -</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>Net Change</td> <td style="text-align: right;">\$ 7,500,000</td> <td style="text-align: right;">\$ -</td> </tr> <tr> <td>FTE</td> <td style="text-align: right;">-</td> <td style="text-align: right;">-</td> </tr> </table>	Requirements	\$ 7,500,000NR	\$ -	Less: Receipts	\$ -	\$ -	Net Change	\$ 7,500,000	\$ -	FTE	-	-			
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SECTION 12.14.(b) Directed Projects. – Of the funds allocated by this section, the following sums shall be granted to the indicated local governments and public entities for stormwater projects:

(1) Four hundred thousand dollars (\$400,000) to the Town of Angier.

*Some items that are not considered “directed grants” per S.L. 2021-180, Section 5.2 may still fall under the definition of “grant” per G.S. 143C-6-23 and/or “state financial assistance” per 09 NCAC 03M. These grants would need to comply with requirements detailed in the statute and administrative code but would not be subject to additional requirements of S.L. 2021-180.

State Appropriations Act

- **State Appropriations Act has two pieces**
 - The Bill
 - The Committee Report
- Plus any other ratified bills that **modify the Act**
- General Assembly's Fiscal Research Division publishes **Annotated Committee Report** incorporating all laws affecting the budget

- **2021 Biennium**
 - S.L. 2021-180: 2021 Current Operations Appropriations Act
 - S.L. 2021-189: Budget Technical Corrections

Grants in the 2021 Appropriations Act

- 2021 State Appropriations Act + Budget Technical Corrections
 - 900+ Directed Grants
 - More than \$2 billion over two years
 - 13 Different Administering State Agencies
 - Many Fund Sources:
 - State General Fund and Special Funds
 - State Capital and Infrastructure Fund (SCIF)
 - American Rescue Plan Act State Fiscal Recovery Fund (ARPA SFRF)
- OSBM used these sources to create a **Directed Grants database**
 - Information deemed reliable but not guaranteed

OSBM Database of Directed Grants



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Stewardship Services

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[Cost Collections Report](#)

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<https://www.osbm.nc.gov/directed-grants-database>

OSBM Database of Directed Grants

Directed Grants Database

All information provided in this database should be deemed reliable but not guaranteed. For the most accurate information consult the North Carolina General Assembly and S.L. 2021-180, the [Appropriations Act](#) and the [Committee Report](#), and [SL 2021-189](#).

Use the search field at the top of the database to search by county or organization name. You can also sort by the fields at the top of the database by using the up and down arrows in the column headers.

Recipients should look closely at:

1. Which state agency is administering their award ([Guide to agency acronyms](#))
2. The source of funds for the award. Use the + sign next to the county name in each row to see this and more information about the grant.

Return to the [Directed Grants main page](#).

Source of Funds Legend:

BG=Block Grant, GF=General Fund, HF=Highway Fund, SCIF=State Capital & Infrastructure Fund, SERDRF=State Emergency & Disaster Response Reserve, SF=Special Fund, SFRF=State Fiscal Recovery Fund

Show 100 entries

Search:

County	Recipient Organization	Administering Agency	Source of Funds
+ Alamance	African-American Cultural Arts & History Center	DNCR	GF
+ Alamance	Alamance Community College	OSBM	SCIF
+ Alamance	Alamance County	OSBM	GF
+ Alamance	Alamance County	OSBM	SCIF
+ Alamance	Alamance County	OSBM	SCIF
+ Alamance	Alamance County Children's Museum	DNCR	GF

Directed Grant Database – Grant Details

Show entries

Search:

County ^	Recipient Organization ^	Administering Agency ^	Source of Funds ^
+ Alamance	African-American Cultural Arts & History Center	DNCR	GF
- Alamance	Alamance Community College	OSBM	SCIF
<p>Agency Contact scifgrantsnc@osbm.nc.gov</p> <p>S.L. 2021.180 Section</p> <hr/> <p>Committee Report Reference H16, Item 108</p> <hr/> <p>FY2021/22 \$3,651,550</p> <hr/> <p>FY2022/23</p>			

Receiving Entity Perspective – High Level State Grant Process

1. Realize You Received Grant/Determine Which Grants You Have
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Required Documentation

- **W-9 or Substitute W-9**
- **Electronic Payment/Vendor Verification Form**
 - Includes submitting cancelled check or other banking documentation
 - Need to be able to account for each state grant separate from all other funding sources
 - Some smaller entities open a separate bank account to ensure this
- **Copy of Conflict of Interest Policy**
- **Sworn Statement re: no overdue tax debts**

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What goes in a Grant Agreement (Contract)?

- Scope of Work
 - Activities, anticipated accomplishments, performance measures
 - Budget
- Must have certain **terms** per statute and administrative code
 - G.S. 143C-6-23.(d) and(d1)
 - Limitation concerning the availability of appropriated funds
 - Relevant provisions of any legislation authorizing or governing the administration of the grant
 - The terms of G.S. 143C-6-23
 - 09 NCAC 03M
 - See next slide for complete list

Required Contract (Grant Agreement) Provisions per Rules

Per 09 NCAC 03M .0703, the contract shall include:

- **Purpose of the award, services to be provided, objectives, and expected results**
- **Source of funds** (federal or state), including CFDA and percentages of each source where applicable
- Account coding information
- Agreement to **maintain pertinent records for five years** or until all audit exceptions have been resolved, whichever is longer.
- Names of all parties, including EID, address, contact information, and grantee's fiscal year end
- Contract duration, including effective and termination dates
- **Contract amount and payment(s) schedule**
- **Recipient duties**
- **Required reports and reporting deadlines**
- **Provisions for termination by mutual consent** with 60 days written notice to other party, or as otherwise provided by law
- Provision that the awarding of funds is subject to allocation and appropriation of funds to the agency for the purposes set forth in the contract
- Provision requiring **reversion of unexpended funds** to the agency upon termination of the contract
- Provision that requires compliance with the requirements of 09 NCAC 03M, including audit oversight by the Office of the State Auditor
- Clause addressing assignability and subcontracting, including the following:
 1. Grantee or subgrantee is not relieved of any of the duties and responsibilities of the original contract
 2. Subgrantee agrees to abide by the standards contained in 09 NCAC 03M and to provide information needed by the grantee to comply with these standards

Special Items to Remember

- Directed grants are for nonsectarian, nonreligious purposes only (S.L. 2021-180, Sec. 5.2.(b)(5))
- State funds for any one employee of a nonprofit are capped at \$120,000 (S.L. 2021-180, Sec. 5.3)
- Funds shall not revert until June 30, 2023 (S.L. 2021-180, Sec. 5.2)
 - *Different for SCIF Grants*

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Payment Terms

- **Directed grants of \$100,000 or less** made in a single payment
- **Directed grants of more than \$100,000** made in quarterly or monthly payments; discretion of administering agency based on risk assessment
 - *Different for SCIF Grants*
- First payment shall be made as soon as practicable, but no later than 100 days after S.L. 2021-180 became law (February 26, 2022)
- Directed grants **shall not revert until June 30, 2023** (for all grants subject to S.L. 2021-180, Sec. 5.2)
 - *Different for SCIF Grants*

Funding Notes

- Grantees can keep interest earned but must use for same purpose as grant (G.S. 143C-6-23.(j))
- Cost of allowable audits can be charged to grant (09 NCAC 03M.0205)
- State agency responsibility to check the **State's Suspension of Funding List** and, if necessary, have recipient address any outstanding requirements prior to disbursing funds

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Reporting Change for Local Governments

- ***2021 Appropriations Act changes reporting for Local Governments***
- ***ALL Directed Grants are subject to the reporting requirements found in Administrative Code***

Recipient Reporting Requirements

Three Levels of Reporting*

- Level I – \$25,000 or less
 - Certification that funds received, or held, was used for the purposes for which it was awarded
 - Accounting of all funds received, held, used, or expended
- Level II – greater than \$25,000 but less than \$500,000
 - All reporting requirements for Level I grantees
 - Report on **activities and accomplishments undertaken** by the recipient, including reporting on any **performance measures** established in the contract
- Level III – greater than \$500,000
 - All reporting requirements for Level I and Level II grantees
 - A single or program-specific **audit** prepared in accordance with Generally Accepted Government Auditing Standards, also known as the Yellow Book

**Depending on the source of funds, there may be additional federal reporting requirements that must be complied with.*

Recipient Reporting Frequency

- At a minimum – reports due annually
- More frequent reporting may be required by agency
- Audits must be provided no later than nine months after the grantee's fiscal year end

Reporting and Requirements for ARPA SFRF Grants

- If your grant was funded with American Rescue Plan Act State Fiscal Recovery Fund money, you will have to adhere to US Treasury rules and guidelines.
 - [Final Rule Overview](#)
 - [Final Rule](#)
 - [Guidelines for Reporting](#)
- Your administering state agency will inform you of these rules.
- Local Government Resources -
 - [The US Treasury provides technical assistance webinars](#)
 - [NC School of Government: webinars, blogposts, Forum](#)
 - [North Carolina Association of County Commissioners Assistance](#)
 - [North Carolina League of Municipalities](#)
 - [North Carolina Council of Government](#)

Unique Situations

Return of Grant Funds and Use of Those Funds (G.S. 143C-6-23.(f1) and (f2) and 09 NCAC 03M .0802)

Report on Grant Recipients that Failed to Comply (G.S. 143C-6-23.(h) and 09 NCAC 03M .0205)

- Suspension of Funding List

Grantees and Subgrantees that Cease Operation (G.S. 143C-6-23.(k))

- Recipient reports to Administering State Agency who then reports to OSBM and General Assembly Fiscal Research Division within 30 days

Agency Reporting on Grants

- Administering State Agencies report to the NCGA Fiscal Research Division and OSBM quarterly on disbursement of funds for Directed Grants
- Administering State Agencies report list of all grantees to State Auditor's Office annually

At a minimum, the report to FRD shall include the following:

1. Date of the initial contact,
2. Date the contract was sent to the entity receiving the funds,
3. Date the disbursing agency received the fully executed contract back from the entity,
4. Contract execution date, and
5. Payment date

Resources: Legal and Written Materials

- State Statute
 - G.S. 143C-6-23 State Grant Funds
 - S.L. 2021-180: 2021 Current Operations Appropriations Act
 - Section 5.2 Directed Grants
 - Section 5.3 Cap State-funded Portion of Nonprofit Salaries
 - Section 40.8 SCIF Grants
 - S.L. 2021-189 Budget Technical Corrections
 - Be sure to check for corrections to grants you received
 - Additional corrections could come in a new bill
- Administrative Code
 - 09 NCAC 03M
- Policy/State Budget Manual
 - Section 3.15 on Disbursement of Directed Grants – updated on January 10, 2022

Questions

Website:

<https://www.osbm.nc.gov/stewardship-services/directed-grants>

Email/Phone:

Contact your Administering State Agency, which can be found on the Directed Grants Website

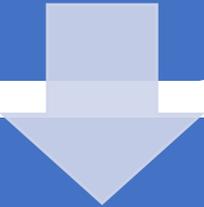


Kristin Walker
Chief Deputy Director
984-222-9216
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www.osbm.nc.gov

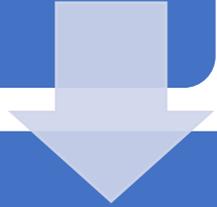
State Capital and Infrastructure Fund SCIF Grants

2021 Appropriations Act – Directed Grants

900+ Directed Grants
\$2 billion+
13 administering agencies



of which
602 SCIF Grants
\$1.5 billion
3 administering agencies



OSBM is administering
582 SCIF Grants
\$1.4 billion



What is a SCIF Grant?

- Per S.L. 2021-180, Section 40.8:
 - “nonrecurring funds allocated from the State Capital and Infrastructure Fund to non-State entities”
 - **Non-state entity:** Any of the following that is not a State agency: an individual, a firm, a partnership, an association, a county, a corporation, or any other organization or group acting as a unit. The term includes a unit of local government and public authority (G.S. 143C1-1.(18))
- Subject to G.S. 143C-6-23(b) through (f) and (f2) through (k)
- For nonsectarian, nonreligious purposes only

OSBM SCIF Grant Process

- Sending weekly emails with that week's instructions
 - If you keep up with the pace, we will be on track to issue your grant funds by the end of February
- Entirely electronic process
 - Weekly email updates from SCIFGrantsNC@osbm.nc.gov
 - Make sure not going to spam folder
 - Multiple employees at your organization can receive these emails
 - ShareFile secure website
 - Please save this link! You will use this link to upload all requested documents, including reporting in the future.
 - Grant Agreements via DocuSign
 - Provide one email address for the individual signing the Grant agreement. We understand this individual may be different than our Point of Contact (POC).

SCIF Grant Timeline/Weekly Emails

Week of January 3	Initial contact email; grantee confirm receipt
Week of January 10	W-9 and electronic payment form
Week of January 17	Conflict of Interest Policy & No Overdue Tax Debts
Week of January 24	Scope of Work: budget, activities, performance measures
Week of January 31	Grant Agreements (<i>for those who have submitted other required documents</i>)
Month of February	Process payments as signed grant agreements are returned; payments within 10 days

Payments

- Per S.L. 2021-180, sec. 40.8: first payment shall be made when all applicable requirements are met and commence no later than 100 days after S.L. 2021-180 became law (February 26, 2022)
- Disbursement in full no later than nine months after the Act became law (August 18, 2022)

OSBM will make one payment to FY 2021-22 SCIF grant recipients once all applicable requirements are met.

SCIF Disbursement of Funds

Other Requirements

- Grantees can keep interest earned but must use for same purpose as grant (G.S. 143C-6-23.(j))
- Cost of audit can be charged to grant (09 NCAC 03M.0205)
- State funds for any one employee of a nonprofit are capped at \$120,000 (S.L. 2021-180, Sec. 5.3)

Reversion

- SCIF Grant funds “shall not revert until expended or the particular project has been completed.” (S.L. 2021-180, sec. 40.8.(3))
- However, grants agreements will have a termination date that can be extended as needed

SCIF Scope of Work

- Objectives, Results, Performance Measures
- Subgrants
- Budget
- Time Period
- Expenditure Description/ Amount

SCIF Scope of Work

Examples Posted to SCIF Grant section of OSBM Website

Example 2:

354 Columbus County Sheriff's Office

Provides a grant to Columbus County for a new sheriff's office.

Requirements	\$	10,000,000	NR	\$	-
Less: Receipts	\$	-		\$	-
Net Change	\$	10,000,000		\$	-
FTE		-			-

Objective: Construct a new sheriff's office for Columbus County.

Expected Results: New sheriff's office is built and placed into use in Columbus County.

Performance Measure(s): Break up expected project results into appropriate milestones, with start and completion dates. Request photo of completed project.

Milestone	Date Started	Date Completed
Design Completed		
Under Contract		
Under Construction		
Construction Complete		
Placed Into Service		

Questions

Website: [SCIF Grants | NC OSBM](#)

Email: SCIFGrantsNC@osbm.nc.gov

