STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

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GOVERNOR

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October 15, 2026

TO: Joint Legislative Commission on Governmental Operations

FROM: Kristin Walker

SUBJECT: OSBM NCORR Monthly Report for the period ending August 31, 2026

Purpose
Pursuant to SL 2024-57 and SL 2025-2, the Office of State Budget and Management (OSBM) is responsible for providing monthly reports for the financial monitoring of the North Carolina Office of Recovery and Resiliency (NCORR). OSBM's responsibility is to report on the ongoing monitoring for as long as NCORR expends state or federal funds related to storm recovery.

Scope
This financial monitoring function does not constitute an audit of information provided by NCORR or data obtained from systems supporting NCORR operations. Rather, financial monitoring is an ongoing process used to track financial and / or operational performance to ensure activities are proceeding as planned. OSBM financial monitoring includes reviewing financial information from the North Carolina Financial System, Salesforce reports, weekly HRP snapshots, and other information provided by NCORR.

OSBM's financial monitoring activities commenced in November 2024. Therefore, financial information prior to that date was not validated or verified. As NCORR financial staff are still making significant changes to the financial records (e.g., reclassifying incorrect transactions), future monthly reports may have differences in format and content.

On the following pages you will find financial information for each NCORR program or activity. Data provided is the budget amount (as derived from applicable federal grants and state appropriations), cumulative expenditures, and obligations through the end of each reporting month. "Funds Available" reflects the remaining unobligated balance within each program.

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Homeowner Recovery Program (HRP)
The HRP provides assistance to repair, rebuild, replace or elevate homes damaged by Hurricanes Florence and Matthew or to provide reimbursements for completed repairs.

The original HRP federal budget was $708,483,494 (per NCORR / Disaster Recovery Grants Reporting (DRGR). In October 2024, NCORR presented a request to the NC General Assembly for supplemental state funding as the entirety of the federal grants had been exhausted or obligated. In conjunction, NCORR obtained HUD approval to transfer approximately $44 million from other programs to be used to continue to build eligible homes. As of November 2024, the remaining federal budget for HRP was $45,896,867 which included the HUD approved transfer and residual Matthew and Florence funds. NCORR subsequently received HUD approvals to transfer approximately $3M to the HRP from the Strategic Buyout program and approximately $3M from the Community Development program, resulting in an updated federal budget of $51,885,517.

Since November 2024, the NC General Assembly has appropriated a total of $297 million in general fund dollars to complete the program. These funds were placed in the Disaster Relief Reserve, and as part of OSBM's financial oversight, OSBM approves HRP expenditures based on NCORR invoices. State general funds are used to pay general contractors, expenses associated with temporary relocation assistance, and administrative costs. Obligations consist of unpaid balances on awarded contracts, flood insurance, and other costs in support of the program.

Month to Month Comparison: As expected – expenditures increased, and obligations and fund balances decreased. OSBM worked with NCORR and DPS to identify expenses that will be paid post-sunset (e.g. general contractor invoices received after October 1) and executed an MOU dated September 28, 2026, to transfer the funds to cover these obligations. The MOU transfer was the last distribution of the state appropriations, and the Funds Available were reverted to the Savings Reserve per HB 47 / SL 2025-2.

Homeowner Recovery November 1, 2024 - August 31, 2026	
Federal Budget	$51,885,517
State Budget	$297,000,000
Total Budget	$348,885,517
Expenditures	($320,282,517)
Federal Fund Balance	$0
State Fund Balance	$28,603,000
Total Fund Balance	$28,603,000
Obligations	($11,223,975)
Funds Available	$17,379,025

Community Development
NCORR's Community Development program provides resources to assist communities in rebuilding smarter and stronger after major disasters. By creating affordable housing and strengthening infrastructure, storm impacted communities can become more resilient and prepare for future storms.

NCORR's Community Development program consists of several distinct activities such as Affordable Housing Development, Homeowner Assistance, Housing Counseling, Public Housing Restoration and Infrastructure Recovery. Most of the expenditures and obligations in Community Development are subrecipient contracts to smaller government units to assist in recovery efforts in their respective areas.

As amended, the total federal budget for Community Development is $178,881,646 (per NCORR / DRGR). No state general fund funding has been appropriated to supplement these programs.

OSBM has reviewed the mechanisms used by NCORR to track Community Development projects and spending. The records include each subrecipient award amounts, as well as disbursements and unspent funds.

Month to Month Comparison: As expected – expenditures increased, and federal fund balance decreased.

Community Development Inception to August 31, 2026	
Federal Budget	$178,881,646
Expenditures	($91,187,510)
Federal Fund Balance	$87,694,136
Obligations	($87,454,660)
Funds Available	$239,476

Back@Home
Back@Home focuses on reducing unsheltered and rural homelessness within the 79 county NC Balance of State Continuum of Care area. Services provided are housing stabilization, including case management and outreach, and financial assistance such as rent and utility assistance. The total federal budget for Back@Home was $51,905,824 (per NCORR / DRGR).

Back@Home transferred to the Department of Health and Human Services effective July 1, 2025.

Month to Month Comparison: N/A

Back @ Home	
Inception to June 30, 2025	
Federal Budget	$51,905,824
Expenditures	($24,080,243)
Federal Fund Balance	$27,825,581
Obligations	($27,825,581)
Funds Available	$0

Strategic Buyout
Funds within Strategic Buyout were used to purchase properties deemed to be at the greatest risk for future storm damage. The acquired properties are cleared and permanently maintained as green space by the respective local governments.

The updated federal budget for Strategic Buyout was $32,139,235 (per NCORR / DRGR). No state appropriations supplemented the program.

Strategic Buyout was sunset by NCORR to use available funding to support the HRP. Previously approved buyout projects may be revisited after HRP is complete or if Emergency Management (transfer agency) chooses to complete the purchases.

Month to Month Comparison: Due to minor reclassifications, there was a slight decrease in expenditures and commensurate increase in fund balance.

Strategic Buyout **Inception to August 31, 2026**	
Federal Budget	$32,139,235
Expenditures	($31,720,811)
Federal Fund Balance	$418,424
Obligations	($418,424)
Funds Available	$0

Other Housing / Flood Insurance
These are home recovery projects that were deemed ineligible for HRP under federal guidelines. The projects are administered through DPS and were funded by the Florence Disaster Recovery Fund.

Month to Month Comparison: As expected, expenditures increased, and fund balance decreased. Remaining funds are obligated at 100%.

Other Housing / Flood Insurance Spring 2023 to August 31, 2026	
State Budget	$10,587,650
Expenditures	($9,282,085)
State Fund Balance	$1,305,565
Obligations	($1,305,565)
Funds Available	$0

Resiliency
NCORR partners with local governments, state agencies, and community organizations to help NC better understand how our systems interact with nature and how we can better prepare for future storms.

Resiliency is funded with a combination of state general fund appropriations and a small corporate grant. Resiliency funding is primarily used for salaries and is funded via a $2 million nonrecurring appropriation from the Florence Disaster Recovery Fund. SL 2025-4 allowed for a transfer of the encumbered funds in the Florence Disaster Recovery Fund to DPS to fund these positions.

The program was transferred to the Department of Environmental Quality (DEQ) effective July 1. The Resiliency team administers three projects from the Mitigation Grant (MIT) funding using a subrecipient agreement with NCORR/DPS.

Month to Month Comparison: No change from previous month.

Resiliency	
Inception to August 31, 2026	
State Budget	$2,000,000
Other Budget	$250,000
Total Fund Balance	$2,250,000
Expenditures	($2,024,082)
State Fund Balance	$136,332
Other Fund Balance	$89,586
Total Fund Balance	$225,918
Obligations	($136,332)
Funds Available	$89,586

Administration and Planning
Administration and Planning funds provide support to all NCORR programs and operations. Administration includes typical overhead expenses such as salaries and IT expenses that are not specifically allocated to a program. Planning is the broad pre-work done to ensure the grant dollars will be spent effectively when solutions are implemented.

Administration and Planning dollars are allocated across all remaining grants (Florence, Mitigation, TS Fred). OSBM has not reviewed or audited the allocation plans other than monitoring whether the overall funding appears to be sufficient to maintain these functions through closeout.

Month to Month Comparison: As expected, expenditures increased, and fund balance decreased. Per NCORR, obligations are being trued up and will eliminate the deficit.

Administration and Planning Inception to August 31, 2026	
Federal Budget	$69,580,265
Expenditures	($61,487,555)
Federal Fund Balance	$8,092,710
Obligations	($8,449,781)
Funds Available	($357,071)

State Loans and Grants
NCORR made loans and grants to local governments to assist in disaster recovery. The loans and grants were funded from the Florence Disaster Recovery Fund per SL 2018-138, SL 2019-224 and SL 2019-250. The respective local governments did not request the full amounts of the approved loans, and all local agreements are now closed.

Month to Month Comparison: As expected - no changes.

State Loans and Grants Inception to August 31, 2026	
State Budget	$44,000,000
Expenditures	($41,218,194)
State Fund Balance	$2,781,806
Obligations	($0)
Funds Available	$2,781,806