STATE OF NORTH CAROLINA
OFFICE OF STATE BUDGET AND MANAGEMENT

OSBM
OFFICE OF STATE BUDGET AND MANAGEMENT

Employment First State for Individuals with Disabilities

ROY COOPER
GOVERNOR

CHARLES PERUSSE
STATE BUDGET DIRECTOR

November 19, 2021

MEMORANDUM

TO: All Department Heads and Chief Financial Officers

FROM: Charles Perusse Charles Perusse

SUBJECT: Budgeting American Rescue Plan Act State Fiscal Recovery Funds

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In response to the passage of the American Rescue Plan Act, Governor Cooper signed S.L. 2021-25 into law on May 24, 2021. The bill created the State Fiscal Recovery Reserve within the General Fund to be appropriated by the General Assembly in a subsequent bill. The funds are appropriated in the Current Operations Act of 2021 (SL 2021-180).

ESTABLISHMENT OF STATE FISCAL RECOVERY FUND

The General Assembly established the State Fiscal Recovery Fund to provide relief and assistance from the effects of COVID-19 from the State Fiscal Recovery Reserve. As directed by SL 2021-25, the Fund will be maintained as a special fund and administered by the Office of State Budget and Management (OSBM) to carry out the provisions established in the Current Operations Appropriations Act of 2021.

BUDGET PROCEDURES

If your agency receives direct funding allocations in the Current Operations Appropriations Act of 2021 from the State Fiscal Recovery Fund, a non-recurring certification entry shall be submitted to OSBM for the full authorized amount in legislation within the agencies General Fund budget code. Agencies will create one fund code entitled "State Fiscal Recovery Fund" within their General Fund (1XXXX) budget to certify the entire State Fiscal Recovery Fund amount that they have been appropriated. Since OSBM will be transferring funds from the State Fiscal Recovery Fund, your budget certification total requirements will be supported by a receipt transfer line. OSBM with input from the Office of the State Controller has established agency specific transfer and receipt accounts (Table A). Agencies will have up to two expenditure accounts within the newly created fund code – one for premium pay bonuses and another transfer line item to move State Fiscal Recovery Funds to the agency's 2XXXX budget code.

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Agencies receiving funds for items in addition to premium pay bonuses will be required to establish at least one fund code within their 2XXXX budget code with a General Fund designation. The title should match the overall purpose of the direct allocations as described in the Current Operations Appropriations Act of 2021 or otherwise referenced as the COVID-19 SFRF. Agencies receiving multiple programmatic allocations from the State Fiscal Recovery Fund should establish a fund for each broad program allocation. For example, the Department of Commerce receives five distinct program allocations from the State Fiscal Recovery Fund, other than premium pay bonus, and should have five distinct fund codes. Allocations to non-state entities for grant in aid programs may be grouped within one fund code. Only State Fiscal Recovery Fund monies will be allowed within each fund and there should be no comingling of funds. Agencies will utilize the same receipt and expenditure accounts found in Table A for transfers into their 2XXXX fund code(s). Please work with your development and execution analyst to determine if multiple fund codes are needed. The University of North Carolina System will need to establish these funds within its 1XXXX budget code.

OSBM will be providing a spreadsheet to assist in the creation of fund codes; please do not create fund codes in IBIS and instead utilize the fund code spreadsheet form that will be emailed to you. OSBM will compile all agency and component unit responses to process in one batch. The North Carolina Pandemic Recovery Office will then provide additional guidance regarding budget structure for ongoing reports.

The Office of the State Controller (OSC) has created new American Rescue Plan Act (ARPA) State Fiscal Recovery Fund accounts for state agencies. Each agency will need to establish the account listed in Table A (and family of accounts) within the appropriate budget code and fund. OSC has repurposed existing federal coronavirus fund accounts for component units to account for both Coronavirus Relief Funds and State Fiscal Recovery Funds. Component units will utilize the accounts in Table A for both programs and segregate funds at the fund code level. COVID-19 operating expenditures for current obligations will be recorded out of this fund by the following two methods:

- Recode expenditures to the newly established agency State Fiscal Recovery fund code(s) in the General Fund Budget Code; or
- If the agency decides to expend funds within their General Fund, the agency shall record a transfer from the agency Special Fund Budget Code to the General Fund. If the transfer to the General Fund option is used, agencies must be able to track General Fund expenditures for reporting requirements.

The UNC System Office and each campus will track all expenditures and receipts from the State Fiscal Recovery Fund within a General Fund special fund budget code for items not designated directly to a campus. The UNC System Office and OSBM have worked together to identify a systemwide NCAS/NC IBIS fund number, that will be used by each campus receiving State Fiscal Recovery Funds.

While the Current Operations Appropriations Act of 2021 appropriates funds in total, the State will receive funds from the State Fiscal Recovery Fund from the federal government in two installments. Budget authority will be established in total upon certification. Recipients of State Fiscal Recovery Funds will then provide a justification for when program funds are needed. Non-profit recipients may receive funds quarterly. The transfer of the second installment of payments from the State Fiscal Recovery Fund will most likely occur in FY 2022-23 in order to prevent issues for year-end financial close out. For FY 2021-22, all transfers to agencies from OSBM will be made to the agency's General Fund 1XXXX State Fiscal Recovery Fund to then be transferred to the agency's special fund code(s). Agencies will operate SFRF programs directly out of their special funds for FY 2022-23 and beyond.

If you have questions regarding the budgeting of State Fiscal Recovery Funds, please contact your OSBM budget execution or development analyst.

Attachment: Fund Code Batch Template

cc: Office of State Budget and Management Budget Execution and Development Teams
Troy Scroggins, Office of State Controller

SEE TABLE A ON NEXT PAGE

Table A		
OSBM Assigned Receipt Accounts for State Fiscal Recovery Fund Transfer		
Agencies	**OSBM: 538X Transfer-Out Expenditure**	**Transfer-In Receipt Accounts**
Administrative Office of the Courts	538P09	438P09
Department of Administration	538P23	438P23
Department of Agriculture	538P16	438P16
Department of Commerce	538P06	438P06
Department of Environmental Quality	538P30	438P30
Department of Health and Human Resources	538P15	438P15
Department of Information Technology	538P11	438P11
Department of Insurance	538P40	438P40
Department of Justice	538P59	438P59
Department of Labor	538P67	438P67
Department of Military Affairs	538P26	438P26
Department of Natural and Cultural Resources	538P31	438P31
Department of Public Instruction	538P01	438P01
Department of Public Safety	538P66	438P66
Department of Revenue	538P91	438P91
Department of State Treasurer	538P70	438P70
Department of Transportation	538P04	438P04
Division of Employment Security	538P42	438P42
General Assembly	538P21	438P21
Golden LEAF	536601	State aid-Coronavirus
Governor Office	538P50	438P50
NC Community College System	538P20	438P20
North Carolina Housing Finance	536628	432905
North Carolina Lottery Commission	538P34	438P34
Office of State Controller	538P90	438P90
Office of Administrative Hearings	538P07	438P07
Office of the Lieutenant Governor	538P19	438P19
Secretary of State	538P18	438P18
State Auditor Office	538P32	438P32
State Board of Elections	538P25	438P25
Wildlife Resource Commission	538P33	438P33
UNC System Office	536686	432905
UNC System Office- State Education Assistance	536694	432905
Authority (SEAA)	536694	432905
University of NC at Chapel Hill	536686	432905
North Carolina State University	536668	432905
UNC School of the Arts	536683	432905
North Carolina School of Science and Math	536667	432905