

84.425

EDUCATION STABILIZATION FUND

State Project/Program: CARES ACT – K-12 EMERGENCY RELIEF FUND (PRC 163)
CARES Act – K-12 Emergency Relief Fund, State Reserve:
Public School Unit Supplemental Funding (PRC 164)
Digital Curricula (PRC 165)
Learning Management System (PRC 166)
Exceptional Children Grants (PRC 167)
ICARES (PRC 168)

CARES Act - GEER I – Specialized Instructional Support
Personnel for COVID-19 Response (PRC 169)

U. S. Department of Education

Federal Authorization: The Elementary and Secondary School (K-12) Emergency Relief Fund, authorized by the Coronavirus Aid, Relief and Economic Security Act of 2020 (CARES Act), is intended to assist eligible public-school units during the novel coronavirus pandemic.

State Authorization: General Assembly of North Carolina Session 2019 – Session Law 2020-4 House Bill 1043, 2020 COVID-19 Recovery Act

NC Department of Public Instruction

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N.C. DPI Confirmation Reports:

Confirmation of Funds Expended and/or Disbursed from the State Public School Fund and Federal Programs 2021-22 will be available at the [NC DPI School Business Division Annual Reports Application](#). The system provides an electronic view of Year to-Date (YTD) financial reports in response to requests for confirmation from independent auditors.

The auditor should not consider the Supplement to be “safe harbor” for identifying audit procedures to apply in a particular engagement, but the auditor should be prepared to justify departures from the suggested procedures. The auditor can consider the supplement a “safe harbor” for identification of compliance requirements to be tested if the auditor performs reasonable procedures to ensure that the requirements in the Supplement are current.

The grantor agency may elect to review audit working papers to determine that audit tests are adequate.

Auditors may request documentation of monitoring visits by the State Agencies.

This compliance supplement must be used in conjunction with the OMB 2022 Compliance Supplement which will be issued in the summer. This includes "Part 3 - Compliance Requirements," for the types that apply, "Part 6 - Internal Control," and "Part 4 - Agency Program" requirements if the Agency issued guidance for a specific program. The OMB Compliance Supplement is Section A of the State Compliance Supplement.

I. PROGRAM OBJECTIVES

The objective of the Elementary and Secondary School (K-12) Emergency Relief Fund PRC 163 (ESSER Fund), authorized by the CARES Act is intended to assist eligible local education agencies, charter, lab, regional and innovative schools (herein referred to as public school units or PSU) who are eligible to receive Title 1, during the novel coronavirus pandemic.

The objective of the GEER Fund is to provide local educational agencies (LEAs), institutions of higher education (IHEs), and other education-related entities with emergency assistance as a result of Novel Coronavirus Disease 2019 (COVID-19).

Under the GEER Fund, the US Department of Education (ED) allocates funds to governors based on the number of children counted under section 1124(c) (indicators of poverty) of the Elementary and Secondary Education Act of 1965 (ESEA). The governor uses these GEER funds to provide emergency support through grants to LEAs that the SEA deems to have been most significantly impacted by COVID-19 and provide support to any other LEA, or education-related entity within the state that the governor deems essential for carrying out emergency educational services.

II. PROGRAM PROCEDURES

CARES Act funds are provided to DPI based on the same proportion as the most recent Title I award. Allocations to eligible units are made in proportion to the amount of funds such units received under Title I, Part A in the most recent fiscal year. All local education agency, charter, lab, regional and innovative schools (PSUs), who are eligible to receive Title 1 funds, are also eligible to receive funds under the ESSER Fund. Units that seek funds must complete and submit to NCDPI a brief application form provided by NCDPI and the State Board of Education. The application describes the PSUs plan for the use of the ESSER Funds (PRC 163) as provided by the CARES Act. The plan should be data-based and reflective of needs that have emerged as a result of COVID-19. Allotments will be distributed to the PSUs once applications are approved.

ESSER, State Reserves allocation methods were different for each objective and were allocated as follows:

PRC 164 - For PSUs that did not receive Title I, Part A funds in 2019-20, an allocation of \$45 per 2019-20 funded ADM. For PSUs that received Title I, Part A in 2019-20, an allocation of \$45 per 2019-20 funded ADM, less the 2020 planning allotment in PRC163. Any PSUs with a PRC 163 planning allotment greater than \$45 per 2019-20 funded ADM shall not receive additional funding nor a reduction.

PRC 165 – Funds shall be allotted based on 2019-20 allotted ADM for LEAs and funded ADM for other eligible public school units.

PRC 166 – Funds shall be allotted based on the public school unit's number of licenses at the current existing contract price.

PRC 167 – Eligible public school units may apply for funds through the NC DPI Division of Exceptional Children. If the total approved grants exceed the funds appropriated, the following shall apply: a) Each public school unit shall be capped at a maximum award based on the 20 % of students identified with significant educational needs through the continuum of service delivery and adjusting for low wealth. b) All public school units shall be prorated equally based on the December 2020 Child count.

PRC 168 – Districts, Charters and Labs may apply for funds through the Federal Programs Division. Grant award amounts will range from \$200,000 to \$500,000 according to number of students identified to be served.

GEER funds also had different allocation methods:

PRC 169 – LEAs shall receive a base amount of funding equal to 50% of the average salary and benefits of a state funded instructional support position (\$38,664) plus a dollar per ADM. Charter schools, lab schools, regional schools, and the ISD shall receive the higher of 12.5% of the average salary and benefits of a state funded instructional support position (\$9,666) or a dollar per ADM.

PRC 170 - 50% of the funds appropriated shall be allotted based on 2019-20 allotted ADM for LEAs and funded ADM for other public school units. 50% of the funds appropriated shall be allotted based on the students in poverty per the 2017 census for LEAs. Other public school units shall receive an average dollars per student in poverty.

Funds are distributed according to the cash request procedures discussed in the DPI Cross-Cutting Requirements, DPI-0.

III. COMPLIANCE REQUIREMENTS

Noted below in the following matrix are the types of compliance requirements that are applicable to the federal program. These Types are determined by the federal agency, noted as "Y," on the "Matrix of Compliance Requirements" located in Part 2 of the OMB 2022 Compliance Supplement; however, the State Agency may have added the Type and this is noted by "Y." If the State determines that the federal requirement does not apply at the local level or if the State modifies the federal requirements, this is noted in the supplement under the type of compliance requirement. If the federal and/or State agencies have determined that the type is not applicable, it is noted by "N."

If the Matrix indicates "Y," the auditor must determine if a particular type of compliance requirement has a direct and material effect on the federal program for the auditee. For each such compliance requirement subject to the audit, the auditor must use the OMB 2022 Compliance Supplement, Part 3 (which includes generic details about each compliance requirement other than Special Tests and Provisions) and Part 4 (which includes any program-specific requirements) to perform the audit.

If there is no program listed on the “Matrix” in Part 2 or Part 4, the State has determined the Type that is applicable. If a Type is determined direct and material, the auditor should refer to the requirements found in Part 3 and listed in this supplement.

| CC | A | B | C | E | F | G | H | I | J | L | M | N |
|----------------------------|---------------------------------|----------------------------------|-----------------|-------------|-------------------------------------|---------------------------------------|-----------------------|--------------------------|----------------|-----------|-------------------------|------------------------------|
| Cross Cutting Requirements | Activities Allowed or Unallowed | Allowable Costs/ Cost Principles | Cash Management | Eligibility | Equipment/ Real Property Management | Matching, Level of Effort, Earmarking | Period of Performance | Procurement Suspension & | Program Income | Reporting | Subrecipient Monitoring | Special Tests and Provisions |
| N | Y | Y | Y | N | Y | N | Y | Y | N | Y | Y | Y |

A. Activities Allowed or Unallowed

Compliance Requirement - Funds may be used by an LEA only in accordance with State and Federal laws, regulations and policies, and only for those services or activities included in its project application for grant funds.

Audit Objective - To determine that activities are allowable.

Suggested Audit Procedures –

- Obtain a copy of the Budget Balance Reconciliation Report (305/705) from the finance officer and compare to local accounting records for conformity.
- Review the budget section of the applications. Compare this section with the actual budget to determine funds are used as indicated in approved grant application.
- Obtain a copy of the ESSER application and review the PSU plan as described in Parts A through D. Review a sample of expenditures to determine that expenditures are in accordance with the plan described in the grant application.
- Test expenditures and related records to determine if expenditures were made only for those services or activities allowed and in the ESSER Fund application.

B. Allowable Costs/Cost Principles

Compliance Requirement- For the most up to date information, see the COVID Allotment Manual at [COVID Funds | NC DPI](#). In summary:

Allowable costs related to the ESSER Funds PRC 163 include:

1. Any activity authorized by the Elementary and Secondary Act of 1965 (ESEA), the Individuals with Disabilities Education Act (IDEA), the Adult Education and Family Literacy Act, the Carl D. Perkins Career and Technical Education Act of 2006, or Title VII, Subtitle B of the McKinney-Vento Homeless Assistance Act.
2. Coordination of preparedness and response efforts of PSUs with State or local public health departments and other relevant agencies to improve coordinated responses in preventing, preparing for, and responding to coronavirus.
3. Providing principals and other school leaders with resources to address the needs of their individual schools.

4. Activities to address the unique needs of low-income children or students, children with disabilities, English learners, racial and ethnic minorities, students experiencing homelessness, and foster care youth, including how outreach and service delivery will meet the needs of those students.
5. Develop and implementing procedures and systems to improve preparedness and response efforts.
6. Training and professional development for staff pertaining to sanitation and minimizing the spread of infectious diseases.
7. Purchasing sanitation and cleaning supplies for PSU facilities.
8. Planning for and coordinating long term closures, including for how to provide meals to eligible students, provide technology for online learning to all students, provide guidance for carrying requirements under IDEA, and ensuring that other services can continue consistent with applicable Federal, State, and local requirements.
9. Purchasing educational technology (including hardware, software and connectivity) for students to aid in regular and substantive interaction between students and their classroom instructors (including low-income and disabled students), which may include assistive technology or adaptive equipment.
10. Providing mental health services and supports.
11. Planning and implementing summer learning and supplemental afterschool program activities, including providing classroom instruction or online learning during the summer months.
12. Other activities deemed necessary to maintain the operation and of and continuity of services in PSUs and continuing to employ existing staff of the PSU.

Allowable costs related to ESSER Reserves include:

- PRC 164 is a supplemental fund to public school units receiving Elementary and Secondary School (K-12) Emergency Relief Fund (PRC163) funds. These funds are intended to assist eligible public school units during the novel coronavirus pandemic and can be used for the same purposes as PRC 163.
- PRC 165 -Subscriptions to high quality, NC standards aligned digital curriculum package.
- PRC 166 - To provide funding to public school units for learning management system licenses. Funds shall only be used for the purchase of Canvas software licenses, and shall not be used for licenses that were funded under CRF PRC129.
- PRC 167 - Grant to support extraordinary costs associated with providing future services and instructional support due to the impacts of COVID-19 for exceptional children who qualify for these services. Funds shall be used only for the implementation of the grant, as stated in the approved application.
- PRC 168 - To provide funding to districts, charters and labs to allow possible partnerships with community organizations to provide supervised care for Pre-K-8 students without at-home supervision available on remote learning days based on a developed process in response to COVID-19 impacts. Funds shall be used only for the implementation of the grant, as stated in the application.

The Program is to fund high-quality, support service programs for at-risk students that will raise standards for student academic outcomes by focusing on the following: a) Use of an evidence-based model for academic support. b) Inclusion of rigorous, quantitative performance measures to confirm effectiveness of the program. c) Deployment of multiple tiered supports to address student barriers to achievement. d) Alignment with State performance measures, student academic goals, and the North Carolina Standard Course

of Study. g) Expansion of student access to high-quality learning activities and academic support on remote learning days that strengthen student engagement and leverage community-based resources, which may include organizations that provide mentoring services, tutoring and child-care services.

Allowable costs related to GEER include:

PRC 169 – Funds shall be used to employ or contract with fully and/or provisionally licensed specialized instructional support personnel to provide physical and mental health supports to students.

For this allotment, the term “specialized instructional support personnel” shall refer to school counselors, school nurses, school psychologists, school social workers, and “school nurse extenders,” such as a licensed practical nurse (LPN) or certified nurse assistant (CNA) working under the direction of a registered nurse (RN), as defined by the NC Department of Health and Human Services.

PRC 170 - Funds shall be used for providing supplemental instructional services to at-risk students, students in poverty, and students with disabilities. Services may include employing or contracting with instructional personnel, such as certified teachers or teacher assistants; paying stipends for NC Education Corps members; providing tutoring services or after school programming; or purchasing instructional resources, curriculum materials, or devices. No more than 10 percent of allotted funds may be used for purchasing instructional resources, curriculum materials, or devices.

Audit Objective – To determine costs are allowable.

Suggested Audit Procedures - Test expenditures and related records to ensure expenditures are in alignment with cost principles of Subpart E of the Uniform Guidance including determining if costs are:

- supported with adequate documentation;
- necessary and reasonable for the performance of the award;
- reasonable as defined in Uniform Guidance 200.404; and
- allocable to the grant.

C. Cash Management

Compliance Requirement - Addressed in the NC Department of Public Instruction Cross-Cutting Requirements.

E. Eligibility

Compliance Requirement – Not applicable

F. Equipment and Real Property Management

Compliance Requirement - Addressed in the NC Department of Public Instruction Cross-Cutting Requirements.

G. Matching, Level of Effort, Earmarking

Compliance Requirement – Not applicable at local level

H. Period of Performance

Compliance Requirement - Funds are available from March 13, 2020 until September 30, 2021 plus an additional 12 months through the Tydings Amendment. Expenditures may not be incurred before the grant begins or after the grant period ends. Any expenditures prior to the beginning date or after the end date are considered unallowable and must be refunded to DPI.

Audit Objective - Determine that no expenditures were incurred prior to the date the grant began or obligated after the grant period ends.

Suggested Audit Procedure - Review transactions to verify that no expenditures were incurred prior to or after the approved period of availability.

I. Procurement and Suspension and Debarment

Compliance Requirement - Addressed in the NC Department of Public Instruction Cross-Cutting Requirements.

J. Program Income

Compliance Requirement – Not applicable.

L. Reporting

Compliance Requirement – Not applicable at the local level.

M. Subrecipient Monitoring

Compliance Requirement – Not applicable at local level.

N. Special Tests and Provisions

Compliance Requirement – Not applicable at the local level.