



**NCPRO**

**NC Pandemic Recovery Office**

# **NCPRO Interagency Meeting**

**April 30, 2026**

# Agenda

1. Welcome
2. Session Law 2025-97 (Continuation)- Tommy
3. SFRF category expenditure data – Tommy
4. SFRF Projects Closeout Assistance and Roadmap - Yongjun
5. Expenditure Deadline and Closeout Costs – Tommy
6. Cycle 3 Activities Preview - Tommy

# Session Law 2025-97

- Session Law 2025-97 is the latest “mini-budget” bill that was signed into law October 22<sup>nd</sup> and for the most part retroactive back to July 1, 2025.
- This bill is important for NCPRO because it gives SOME state-based flexibility to the SFRF Revenue Replacement projects.
- What we will try to do today is to show you all the parts of this “flexibility” language, express next steps, and answer any questions you may have.
- The NCPRO portion of the Session Law is Section 6.9 starting on page 12.  
<https://www.ncleg.gov/Sessions/2025/Bills/Senate/PDF/S449v5.pdf>

# Session Law 2025-97

## SECTION 6.9

- (a) Notwithstanding any other provision of law, State Fiscal Recovery Funds (SFRF) appropriated in S.L. 2021-180, as amended, that are categorized as revenue loss by the North Carolina Pandemic Recovery Office (NCPRO) may be used to support government services, subject to and consistent with 31 C.F.R. Part 35 and related United States Department of the Treasury guidance. For purposes of this section, "government services" has the meaning set forth in 31 C.F.R. § 35.6(d) and does not include any use prohibited by federal law or federal guidance.

# Session Law 2025-97

## SECTION 6.9 (Complete)

- (b) The Office of State Budget and Management (OSBM), in consultation with NCPRO, shall identify all SFRF-funded projects with remaining unexpended balances that were categorized as revenue loss and used for government services. The Director of the Budget may reclassify such unexpended SFRF balances to support other eligible government services (i) only to the extent permitted under federal law and federal guidance; (ii) only from funds that were properly obligated on or before December 31, 2024; and (iii) with expenditures made consistent with 31 C.F.R. Part 35 and related United States Department of the Treasury guidance. A reclassification under this subsection may occur during the 2025-2026 fiscal year and, to the extent necessary to comply with federal requirements, within the applicable federal period of performance, if all of the following conditions are satisfied:
  - (1) The governmental service to receive SFRF support was previously supported by SFRF appropriations.
  - (2) The governmental service receives a net General Fund appropriation in the 2025-2026 fiscal year.
  - (3) The governmental service is an eligible use of SFRF under 31 C.F.R. Part 35 and related United States Department of the Treasury guidance during the period of performance

# Session Law 2025-97

## SECTION 6.9 (Complete)

- (c) To implement subsection (b) of this section, the Director of the Budget shall make nonrecurring, budget-neutral adjustments as follows:
  - (1) Reduce, on a nonrecurring basis, the 2025-2026 fiscal year net General Fund appropriation for each agency receiving SFRF pursuant to this section by an amount equal to the SFRF reclassified to that agency.
  - (2) Increase, on a nonrecurring basis, the net General Fund appropriation for each agency from which SFRF were reclassified under this section by an amount equal to the SFRF removed from that agency.
  - (3) Notwithstanding G.S. 143C-1-2(b), the net General Fund appropriations made under subdivision (2) of this subsection shall be used only for the projects for which SFRF were reduced under this section and shall not revert but shall remain available until the earlier of project completion or June 30, 2027.
  - (4) In no event shall a project from which SFRF are reclassified receive net General Fund appropriations in excess of the project's unexpended SFRF balance as of the date of reclassification.

# Session Law 2025-97

## SECTION 6.9(c) **(Complete)**

- SFRF Replacement with General Fund
- 12 Projects
- Total Fund Replacement \$155.8 million

# Session Law 2025-97

## SECTION 6.9 **(Complete)**

(d) To reconcile project-level allocations with available SFRF balances, OSBM, through NCPRO, may adjust SFRF project allocations by up to ten dollars (\$10.00) per project. Adjustments under this subsection are technical and shall not change project scope or shift funds between projects. Nothing in this subsection limits or supersedes a reclassification authorized by subsection (b) of this section

# Session Law 2025-97

## SECTION 6.9 (Complete)

- (e) **No later than April 15, 2026, OSBM and NCPRO shall jointly report** to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on all actions taken under this section, including:
  - (1) **For each agency and project meeting the revenue-loss criteria in subsection (a) of this section, the project name and the amount of remaining unexpended SFRF as of December 31, 2025.** The report shall also identify which projects are complete and have excess SFRF funds and which SFRF projects need additional funds for completion.
  - (2) For each agency and project from which unexpended SFRF were reclassified, the project name and the amount of the corresponding nonrecurring net General Fund appropriation provided in lieu of SFRF.
  - (3) For each agency and project receiving SFRF pursuant to the reclassification, the project name and the amount of SFRF provided.
- The report shall also certify that all SFRF were obligated on or before December 31, 2024, and that expenditures are being made consistent with 31 C.F.R. Part 35 and related United States Department of the Treasury guidance.

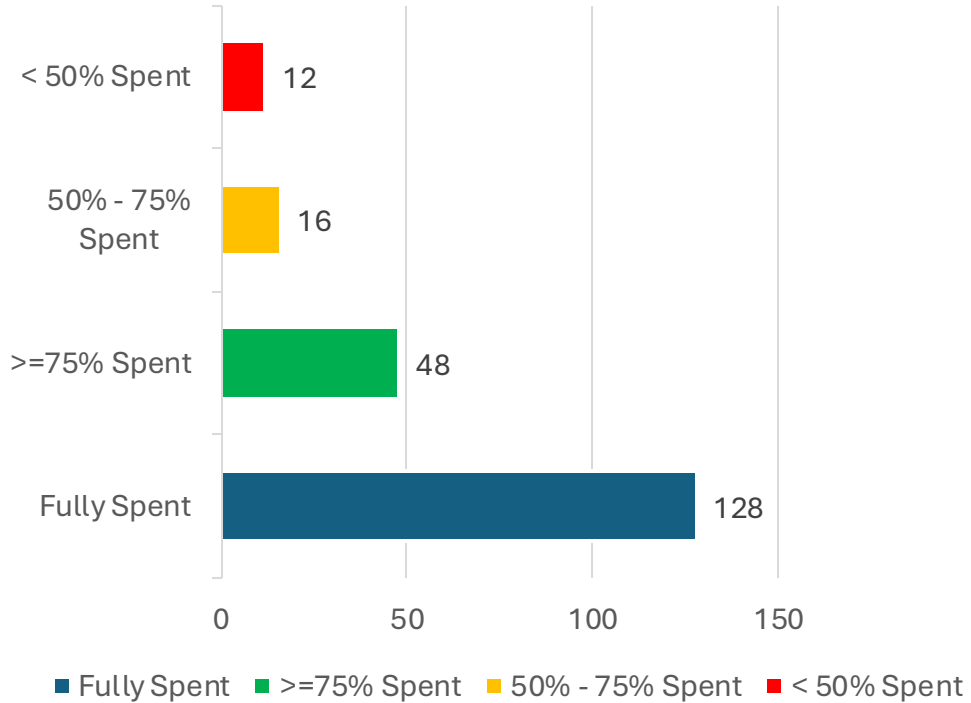
# Session Law 2025-97

## Next steps: *(Being Completed Now)*

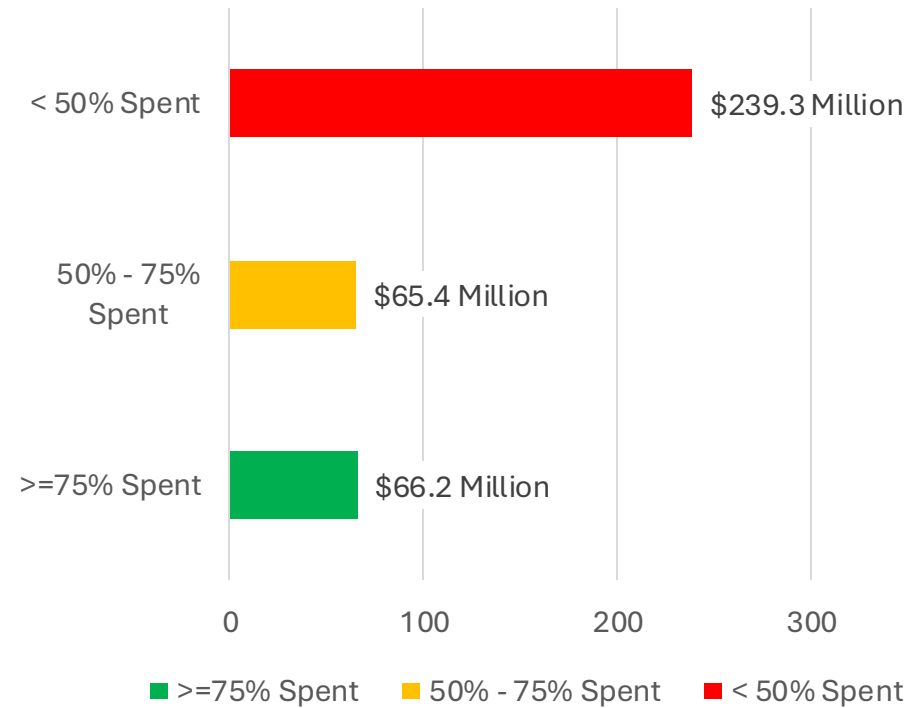
- OSBM and participating Receipts are submitting Type 11 budget revisions and signing revised MOU's. [Check](#)
- NCPRO is currently compiling and updating a report per section 6.9(e). [Check](#)
- NCPRO working with agencies to clean up PANGRAM and NCFS accounting enties and cash balances. *(Being Completed Now)*
- NCPRO will be performing one final analysis to prepare for a May swap if any projects fall into the category of being in danger of not completely spending out by November 2026. *(Being Completed Now)*
- NCPRO is submitting special budget provisions to extend SL 2025-97 and request flexibility for Infrastructure projects.

# SFRF Revenue Replacement Projects as of February 28, 2026

### Total Count of SFRF Revenue- Replacement Projects: 204

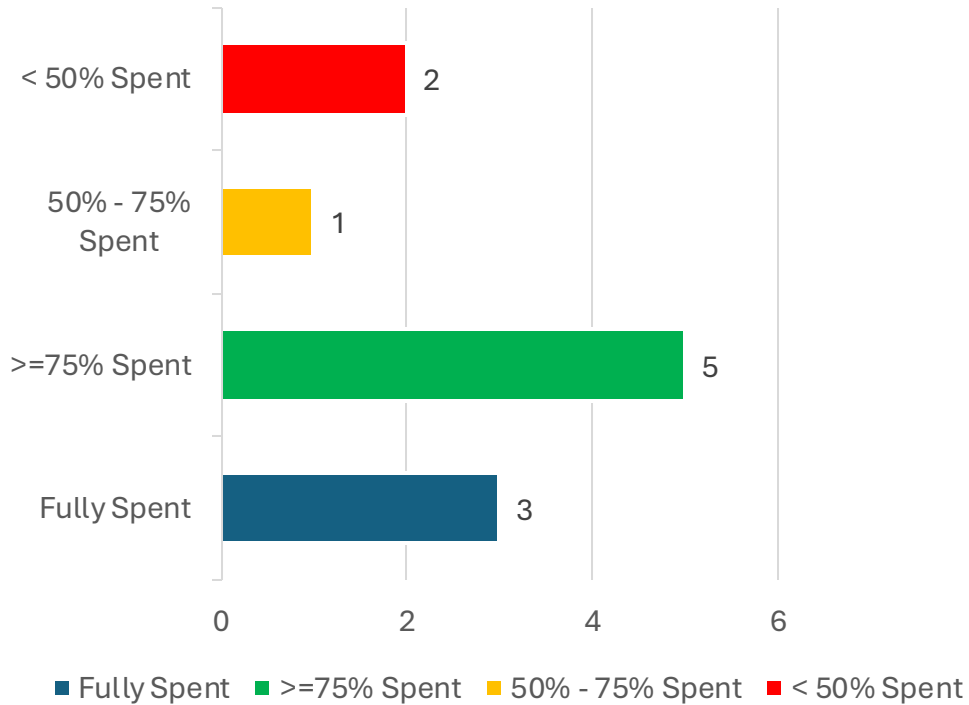


### SFRF Revenue-Replacement Projects Unexpended Balance: \$370.9 million

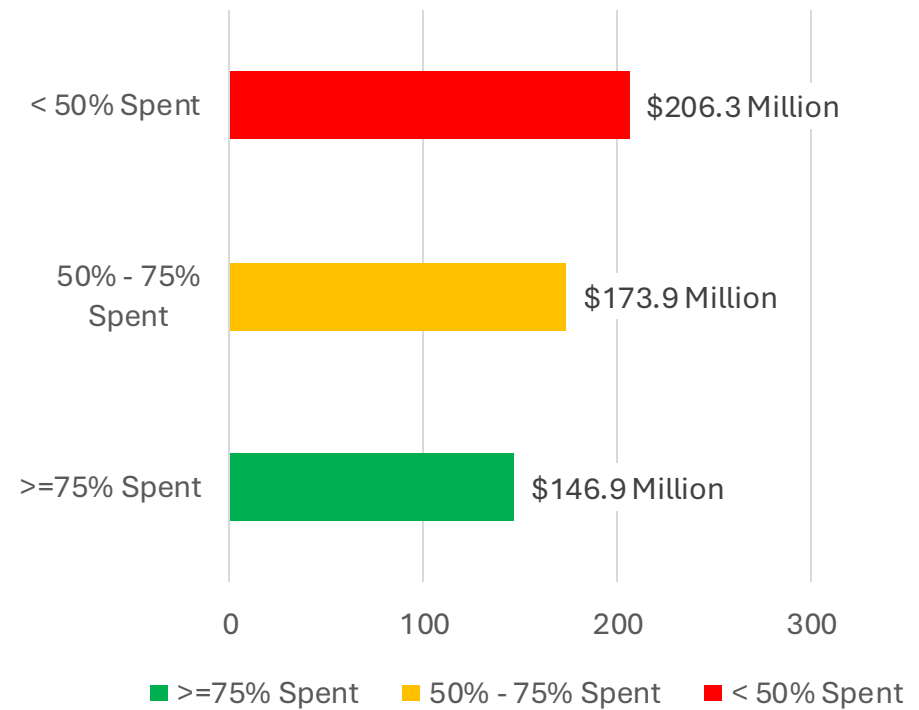


# SFRF Non-Revenue Replacement Projects as of February 28, 2026

### Total Count of SFRF Non-Revenue Replacement Projects: 11



### SFRF Non-Revenue Replacement Projects Unexpended Balance: \$527.1 million



# SFRF Projects Closeout Assistance and Roadmap

- Closeout Assistance
  - Deloitte Cycle 3 Closeout Assistance (content presented last month)
  - PANGRAM Office Hours 3:00 pm each Tuesday – Virtual walk-in  
[Teams link to join the meeting](#)
- Total SFRF Projects: 215; Projects closed: ~~98~~ 100
  - All funds expended and any unexpended funds returned to NCPRO
  - All reports and closeout documentation submitted to NCPRO
  - KPI data completed

# SFRF Deadlines

- Period of Performance ends December 31, 2026
  - Funds had to be obligated/incurred by December 31, 2024
  - Allowed two years to liquidate funds
  - All funds liquidated by December 31, 2026
    - Includes payments to subrecipients, contractors, and agency personnel for program costs
  - Subrecipients/contractors may not expend funds beyond period of performance
    - All services provided, goods received, and payments made
  - Unexpended funds must be returned to US Treasury
- Only allowable closeout costs can be expended from January 1, 2027 – April 30, 2027
  - No program costs allowed including payments to contractors and subrecipients
  - Only allowable closeout costs permitted for OSBM/NCPRO, state agencies, and NCPRO's direct subrecipients as authorized by State legislation

# SFRF Allowable Closeout Costs

## January 1, 2027 – April 30, 2027

- No programmatic costs allowed
- Only allowable closeout costs permitted for OSBM/NCPRO, state agencies, and NCPRO's direct subrecipients as authorized by State legislation
- Examples of allowable closeout costs:
  - Payroll costs for administrative activities such as personnel performing the following activities:
    - Financial reconciliations:
      - Supporting documents reconciled to both subledgers and subawards
        - Includes invoices, purchase orders, contracts
      - Subledgers and subawards reconciled to general ledger
    - Bank recons
    - Prepare and submit expense reports, subaward attachments, and supporting documentation in PANGRAM
    - Finalize and report key performance indicators (KPIs)
    - Audit costs
  - Closeout processes – gather/organize documentation to support compliance with policies, procedures, internal controls, federal and state requirements, proof of payment

# SFRF Final Report

- Final programmatic data and KPI data for all SFRF projects due by January 15, 2027
- Final expense report due no later than March 15, 2027 (should only include allowable closeout costs incurred through February 28, 2027)
  - Un-expended balances should be returned to NCPRO by February 28, 2027
  - Subrecipients of state agencies and subrecipients of NCPRO's subs should submit all reports/data to their pass-through entity no later than December 31, 2026. Invoices and support for payments should be submitted to the pass-through entity prior to December 31, 2026, to allow time for state agencies and NCPRO subs to make payments before December 31, 2026. Payments cannot be made to subs and contractors after December 31, 2026.
  - PANGRAM is accessible through April 30, 2027. After April 30, 2027, PANGRAM will enter post-closeout stage and become inactive to grantees. The data and documents in PANGRAM will only be accessible for future auditing and other special purposes.
- NCPRO submit final report to US Treasury April 30, 2027 (no costs allowed after April 30, 2027)

\*Note: Dates established by NCPRO are subject to change



# SFRF Key Takeaways

- Period of Performance ends December 31, 2026
  - All funds liquidated by December 31, 2026
  - Subrecipients/contractors may not expend funds beyond period of performance
- Only allowable closeout costs can be expended from January 1, 2027 – April 30, 2027
  - No program costs allowed including payments to contractors and subrecipients
  - Only allowable closeout costs permitted for OSBM/NCPRO, state agencies, and NCPRO's direct subrecipients as authorized by State legislation
- Final programmatic data and KPI data for all SFRF projects due by January 15, 2027
- State agencies and NCPRO's direct subrecipients must report to NCPRO by March 15, 2027
  - No costs allowed after February 28, 2027 - state agencies and NCPRO direct subrecipients
- NCPRO submits final report to US Treasury by April 30, 2027

\*Note: Dates established by NCPRO are subject to change

# CYCLE 3

## ❖ Cycle 3 Key Activities

- Final Phase Monitoring
  - 8 agencies being virtually monitored
    - 1st Letter going out tomorrow – Monitoring to start in June
    - Everyone else will be getting a LRQ – should have gone out this morning
- Final Phase Technical Assistance
  - First session on CLOSEOUT open to all satrts in 2 weeks, invitations going out soon
- NCPRO Closeout of our projects ongoing (100 of 215)

\*Note: Dates established by NCPRO are subject to change

# Questions