

PRC 141 – State Fiscal Recovery Funds – Premium Pay Bonus (PRC 141) – NC SL 2021-180 Section 39.2

Section 39.2 of the Appropriations Act of 2021 (NC SL 2021-180 Section 39.2) authorized the payment of a one time, lump-sum bonus to all permanent State employees using funds from the State Fiscal Recovery Fund (SFRF). The amount of the bonus provided to any individual employee is dependent on the employee’s gross salary; all employees are to be provided a \$1,000 bonus, while employees whose gross salary is less than \$75,000 are to be provided an additional \$500 bonus (for a total bonus of \$1,500). **The State Fiscal Recovery Fund Premium Pay Bonus is for ALL permanent State employees regardless of funding source who were employed on December 1, 2021.**¹

These bonuses are funded through the State Fiscal Recovery Fund, which are Federal COVID relief funds appropriated through the American Rescue Plan Act. The Division of School Business will provide information in January related to monitoring and compliance. Please be reminded these funds will have additional audit requirements to ensure compliance.

Eligible PSUs – For the purposes of this FAQ “All PSUs” include LEAs, charter, ISD and regional schools. These PSUs shall receive the funding in PRC141.

Lab schools are not eligible for funding from PRC141 and will receive the bonuses through the University budget

Residential Schools will receive the bonuses through the DPI budget

General Information

ALL PSUs:

- Any employee who was **employed on December 1, 2021 is to receive a lump-sum one-thousand dollar (\$1,000) bonus; any employee who was employed on December 1, 2021 and whose salary is less than \$75,000 is to receive an additional five-hundred dollars (\$500) bonus.**
- Maximum allowable - No one shall receive a SFRF bonus exceeding \$1,500, regardless of the number of positions they are employed in.
- Any employee retiring with an effective date of January 1, 2022 is eligible
- Per the Office of State Human Resources, the \$500 additional bonus will be provided to any employee whose gross salary did not exceed \$75,000 as of December 1, 2021, **BEFORE** the legislative increase. NC SL 2021-180 Section 39.2.(d) covers this additional \$500 bonus payment and the criteria.
- SFRF bonuses are to be pro-rated for permanent part-time employees. (SL 2021-180 39.2.(h))
- Temporary employees, regardless of pay status, are not eligible to receive bonuses. By definition, this includes all personnel who work less than 20 hours per week. For purposes of this bonus this applies to charter school employees.

¹ NC SL 2021-180 Section 39.2 had originally provided the additional \$500 bonus only to employees who were employed as of January 1, 2022. The budget technical corrections bill (NC SL 2021-189) amended this to require both the \$1,000 general bonus and the \$500 additional bonus to both be provided to employees who were employed as of December 1, 2021.

- The bonus must be paid no later than January 31, 2022. A PSU may determine when bonus payments are paid, provided the payment occurs between December 1, 2021 and January 31, 2022.
- **All PSUs will utilize PRC 141 when paying SFRF bonuses**, including charter schools, innovative schools, and regional schools. No additional funds will be allotted through PRCs 036, 038, or 044 for the purposes of making SFRF bonus payments.

LEAs and ISD ONLY:

- LEAs will request State CASH through your normal SPSF request mechanism to cover these payments.
- This is a guaranteed allotment for LEAs and the ISD, so there **will not be an allotment** for the LEAs or the ISD for PRC 141 through the Allotment System. LEAs and the ISD will report bonus expenditures against PRC 141 but will not receive an allotment.

Charter Schools and Regional Schools ONLY:

- Request State CASH through your normal SPSF request mechanism to cover these payments in PRC 141.
- Division of School Business will provide an INITIAL Allotment for the \$1,000 bonus payment based on an estimated FTE based on the data submitted to the Division of School Business in their monthly financial reports . Funding for the additional \$500 bonus for those less than \$75K will be in January after required information is provided by the school.
 - Should funding in this initial allocation not be sufficient, charters are encouraged to use other available funds until DPI is able to provide the supplemental funding based on the required report below.
- Each charter school is required to report to NCDPI the staffing who qualify for each bonus category (\$1,000 and \$1,500 and the proration). This is due January 7, 2022. After the Division of School Business receives this report, your allocation in PRC 141 will be updated. Funds will not be provided if you fail to report this information.
 - The Division of School Business will make the template available for this reporting requirement by December 17, 2021.

Lab Schools ONLY:

- Lab schools will not receive their SFRF bonus funds from NC DPI, but will receive funding for the bonuses from the University of North Carolina System. Any questions about SFRF bonuses for lab schools should be directed to the University of North Carolina Board of Governors.

Frequently Asked Questions:

1. When does this bonus have to be paid?

Per NC SL 2021-180 Section 39.2.(c) and 39.2.(d), all PSUs must ensure that SFRF bonuses are paid no later than January 31, 2022. While the State Office of Human Resources is planning to pay the bonuses for state agency employees by December 21, 2021, PSUs **are not required** to make bonus payments by that date; PSUs may determine when bonus payments are made, provided that all bonus payments are completed by January 31, 2022.

School Business has made PRC 141 available for all PSUs, should PSUs want to pay any part of this bonus in December.

2. *Are charter schools, regional schools, and innovative schools required to provide the bonuses to qualifying employees?*

Yes. SL 2021-180 Section 39.2 makes clear that local education employees are to receive the bonuses. Local education employees are defined as employees of local school administrative units, innovative schools, regional schools, and public charter schools regardless of funding source.

3. *Do substitutes or temporary employees receive these bonuses?*

No, the bonus is only for **permanent** state employees. SL 2021-180 Section 39.2.(h) does allow PSUs to provide the bonuses to permanent part-time employees on a “prorated and equitable basis,” but temporary employees are not eligible to receive the bonuses.

4. *How should a PSU determine whether an employee is permanent or temporary for the purposes of these bonuses?*

A PSU (*including Charter Schools*) must use the definitions of permanent and temporary employees in Policy ID#1.1 within the [North Carolina Public Schools Benefits and Employment Policy Manual](#) when determining whether an employee is eligible to receive an SFRF bonus via PRC 141.

Under the policy, a **permanent employee** is an employee who is either:

- Employed to fill a position that is to be permanent if needs and funds continue; or
- Employed for at least six full consecutive months of employment to either replace one or more employees who are on an approved leave of absence without pay, or to fill a vacancy until a qualified replacement is employed.
- a full-time employee is a person employed to fill a vacancy whose regular work week is the number of hours established as full-time for the class of work assigned, but not less than 30 hours per week. Two or more part-time assignments with the same PSU may be combined to satisfy requirements to become a full-time employee.

Permanent employees may be classified as full-time or part-time, but **must** work a minimum of 20 hours per week. Permanent employees do not lose permanent status during any period of temporary or interim assignment to another position in the same school system when it is anticipated that the employee will be returned to the permanent position.

Under the policy, a **part-time employee** is an employee who regularly works at least 20 hours per week, but less than the number of hours set as full time for that class of work. A part-time employee may work more than 30 hours a week and still be considered part-time if the number of hours set as full time for that class of work is greater than 30 hours per week; these individuals would still need to have their SFRF bonuses pro-rated in accordance with SL 2021-180 Section 39.2.(h).

Conversely, a **temporary employee** means a person who is either:

- Employed to fill a vacancy working less than 20 hours per week; or
- Employed to fill a vacancy for less than six full consecutive months of employment.

Temporary employees may be classified as full-time or part-time. **Any employee who qualifies as a temporary employee is not eligible for the SFRF bonus.**

5. *How should a PSU prorate the bonuses for part-time staff?*

SL 2021-180 Section 39.2.(h) states that permanent part-time employees shall receive the bonuses “on a prorated and equitable basis.” DPI is not able to determine the extent to which or methodology by which any individual’s bonus should be prorated; a PSU must determine an equitable basis for prorating all part-time employee bonuses based on the number of hours set as full-time for the class of work assigned.

When calculating PRC 141 final allotments for charter schools, DPI intends to allot funds based on the percentage the number of hours established as full-time for the class of work assigned for each part-time employee, based on the numbers of hours established as full-time for the class of work for each position as reported by the charter school as part of the required PRC 141 report.

6. *Does pay status impact an employee’s eligibility for receiving SFRF bonuses?*

No. All permanent full-time and part-time employees are eligible to receive an SFRF bonus regardless of their pay status (e.g., on FMLA leave, on short-term disability, receiving workers’ compensation payments, etc.).

7. *Will the bonus impact staff on short-term disability?*

We have received this inquiry that some staff on disability could be concerned on the bonus(s) impact on their status. Based on our inquiries we’ve received the following guidance:

Per the Office of State Human Resources:

The bonuses by law (statue) are required so there’s no flexibility to not provide the bonus to an eligible employee (at least from the employer’s perspective).

*The ability of the employee to refuse pay without losing benefits would be determined under **the regulations of each specific disability program**. So, if someone is receiving disability retirement benefits from TSERS, they would need to contact the Retirement Systems. If the person is receiving federal SSDI or SSI disability benefits, they would need to contact the Social Security Administration.*

An LEA may want to run the question by its attorney.

We will try and get some additional information from the other entities mentioned, however, you will need to work with those employees individually and your Board attorney.

8. *Are the bonuses only for State-funded employees?*

No, all employees employed as of December 1, 2021 are eligible to receive the bonuses, regardless of the funding source used for their salary.

9. Are the bonuses only for teachers and instructional support personnel?

No. The SFRF bonuses are to be paid to all permanent employees who were employed as of December 1, 2021, regardless of position.

10. Are local Board of Education members or members of charter school governing bodies eligible to receive the SFRF bonuses?

No. Local Board of Education members and members of charter school governing bodies are not considered employees and are therefore not eligible to receive the SFRF bonus.

11. Are contractors eligible to receive the SFRF bonuses?

No. Only permanent employees of a local school administrative unit, charter school, regional school, or innovative school are eligible to receive the SFRF bonuses. This exclusion applies to employees of contracted charter management organizations (CMOs/EMOs).

12. If an employee begins employment with a PSU on December 10th do they get this bonus?

No, an employee must be employed by a PSU on December 1, 2021 to receive a bonus.

13. If an employee leaves the district December 10th do they get this bonus?

Yes, all permanent state employees if employed on December 1, 2021 are to receive this bonus. This is true whether an employee leaves after December 1st for reasons or termination, resignation, retirement, or any other reason. The PSU is responsible for ensuring that all employees who were employed by the PSU as of December 10th receive their bonus payment, even if an employee is no longer employed by the PSU.

14. If an employee begins with the district on December 10th, but was an employee of a different PSU prior to that date, who is responsible for making the payment for the bonus?

An employee should receive their bonus payment from the PSU with which they were employed as of December 1, 2021.

15. Is this bonus subject to Retirement?

No, this bonus is not subject to TSERS (State Retirement) see section 39.2 (g) (2)

16. What is included in the \$75,000 salary requirement?

Eligibility for the \$500 additional bonus should be determined based on all salary related compensation earned for the employees' permanent position(s). The determination should be made based on the employees' gross salary before any withholding. The gross salary should not include longevity pay or other benefits but should include any local supplements or pay that is part of the employees' annual compensation under TSERS.

17. Can the governing body for a PSU make adjustments to the eligibility criteria for the SFRF bonuses?

No. Unlike the ESSER III bonuses, the governing body for the PSU cannot determine any of the criteria for eligibility related to the SFRF bonuses. Whether an employee is considered a permanent, temporary, part-time, or full-time employee of the PSU is determined in accordance with the above.

18. Are the SFRF funds used for the bonuses considered Federal grant funds?

No. Similarly to the Coronavirus Relief Funds (CRF) provided by the CARES Act, the SFRF funds are considered “other Federal financial assistance” rather than grant funds. However, unlike the CRF funds, the U.S. Department of Treasury has made the Uniform Administrative Requirements, Cost Principles, and Audit Requirements (Uniform Guidance) applicable to the SFRF funds, which would make the SFRF bonus payments authorized by SL 2021-180 Section 39.2 subject to the Uniform Guidance. PSUs should make particular effort to ensure compliance with the following requirements:

- Requirements for the documentation of personnel expenditures at 2 C.F.R. 200.430(i);
- Single Audit requirements at 2 C.F.R. 200.500-521; and
- Requirements for internal controls at 2 C.F.R. 200.303.

The Uniform Guidance requirements for cash management (2 C.F.R. 200.305(b)) do not apply to the SFRF funds.

19. What audit requirements apply to the SFRF bonuses?

PRC 141 funds are subject to the Federal Audit Requirements in 2 C.F.R. 200.500-521. PSUs should ensure that the PRC 141 funds received are considered Federal funds for the purposes of the annual Single Audit. DPI will be developing and issuing compliance supplement materials related to PRC 141 for auditors to use when completing the FY 2022 Single Audits.

20. Will there be any monitoring or reporting related to the SFRF bonuses?

As the pass-through entity for the SFRF funds, NC DPI is required to monitor the SFRF funds under 2 C.F.R. 200.332 (Requirements for pass-through entities). Additional information related to monitoring and/or any required reporting will be made available as soon as possible.

At a minimum adequate documentation should be maintained to substantiate ALL bonus payments regardless of funding source. Documentation to substantiate bonuses should address and include:

- The amount of the bonus;
- The reason for the bonus;
- When the payment is to be made;
- Documentation showing approval for payment of the bonus (for example, a memo addressing the bonus information noted in this section signed by the Finance Officer, Director, Superintendent, and/or Board Chair);
- A list or report identifying employees on payroll who qualified for the bonus should be kept with the document which shows approval;

- Other documents to substantiate the payment of the bonus and the determination and calculation of proration, as needed.

Supporting documentation should be maintained in a procurement file. Maintaining this type of documentation represents good internal controls, in general. The documentation would also help ensure a PSU meets the requirements of the Uniform Administrative Requirements, Cost Principles, and Audit Requirements (2 C.F.R. 200), including Section 200.430, personnel expenditures, and the documentation requirements at 2 C.F.R. 200.430(i). SFRF bonuses are subject to Uniform Guidance.

21. Can a PSU use other funds, including ESSER funds, for similar bonuses for temporary employees, or to provide supplemental bonuses to part-time employees who only received a prorated amount?

Questions related to specific allowable uses of ESSER funds should be directed to the Federal Programs Monitoring and Support Division within NC DPI. At this time, School Business has not received any information as to whether the use of ESSER funds for similar bonuses for temporary employees or additional bonuses for part-time employees would or would not be allowable.

There are no State funding sources for which similar bonuses for temporary employees or additional bonuses for part-time employees would be allowable uses of funds.

22. My PSU was already planning to pay a similar bonus to employees prior to the enactment of the State Budget. May we use PRC 141 funds to pay for that bonus or are we required to provide a second bonus through PRC 141?

SL 2021-180 Section 39.2.(g) is clear that the SFRF bonuses to be paid using PRC 141 funds are to be **in addition** to any regular wage or other bonuses the employee has received or is scheduled to receive. As such, if your governing body had already approved a bonus to be paid from a different funding source prior to the passage of the State Budget (November 18, 2021), your district may not use PRC 141 funds for that bonus but must provide a subsequent bonus using the PRC 141 SFRF funds.