

Block Grant Funds, Industrial Development Fund Utility Account, and other similar funds; (ii) what, if any, changes can be made to the current distribution methods to shorten the period of time it takes to make these funds available to local government units through loans or grants; (iii) whether these funds are being distributed efficiently to local government units in rural areas of the State; (iv) the criteria used by the State to determine whether an area is rural, and whether that criteria should be revised; (v) whether contracting with a private entity or organization would make the distribution process more efficient; and (vi) whether any federal acts or regulations would prohibit or limit the use of a private entity or organization to distribute these funds.

**SECTION 15.10C.(b)** The Legislative Research Commission shall report its findings, together with any recommended legislation, to the 2014 Regular Session of the 2013 General Assembly, upon its convening.

#### **LEAD/DEVELOP STANDARDIZED PERFORMANCE METRIC FOR NONPROFITS**

**SECTION 15.12.** The Department of Commerce, Labor and Economic Analysis Division (LEAD), shall develop a standardized performance metric to evaluate whether a nonprofit allocated State funds by the Department in the 2013-2015 biennium has achieved its own goals or performance standards. The metric shall include standards for determining whether jobs were actually created, grants were awarded, or loans were made. The information obtained as a result of the metric shall be used by the General Assembly in determining whether to fund the nonprofits in future fiscal years. In order to be eligible to receive State funds, each nonprofit surveyed shall provide to LEAD any information requested to help develop the metric provided for in this section.

#### **NER BLOCK GRANTS/2014 AND 2015 PROGRAM YEARS**

**SECTION 15.14.(a)** Appropriations from federal block grant funds are made for the fiscal years ending June 30, 2014, and June 30, 2015, according to the following schedule:

##### **COMMUNITY DEVELOPMENT BLOCK GRANT**

01. State Administration	\$ 1,375,000
02. Economic Development	10,737,500
03. Infrastructure	30,837,500

##### **TOTAL COMMUNITY DEVELOPMENT**

<b>BLOCK GRANT – 2014 Program Year</b>	<b>\$ 42,950,000</b>
<b>2015 Program Year</b>	<b>\$ 42,950,000</b>

**SECTION 15.14.(b)** Decreases in Federal Fund Availability. – If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

**SECTION 15.14.(c)** Increases in Federal Fund Availability for Community Development Block Grant. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

**SECTION 15.14.(d)** Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to one million three hundred seventy-five thousand dollars (\$1,375,000) may be used for State Administration; up to ten million seven hundred thirty-seven thousand five hundred dollars (\$10,737,500) may be used for Economic Development; and up to thirty million eight hundred thirty-seven thousand five hundred dollars (\$30,837,500) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

**SECTION 15.14.(e)** The Department of Commerce shall consult with the Joint Legislative Commission on Governmental Operations prior to reallocating Community

Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever the Director of the Budget finds that:

- (1) A reallocation is required because of an emergency that poses an imminent threat to public health or public safety, the Director of the Budget may authorize the reallocation without consulting the Commission. The Department of Commerce shall report to the Commission on the reallocation no later than 30 days after it was authorized and shall identify in the report the emergency, the type of action taken, and how it was related to the emergency.
- (2) The State will lose federal block grant funds or receive less federal block grant funds in the next fiscal year unless a reallocation is made; the Department of Commerce shall provide a written report to the Commission on the proposed reallocation and shall identify the reason that failure to take action will result in the loss of federal funds. If the Commission does not hear the issue within 30 days of receipt of the report, the Department may take the action without consulting the Commission.

**SECTION 15.14.(f)** By September 1, 2013, and September 1, 2014, the Division of Community Assistance, Department of Commerce, shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the use of Community Development Block Grant Funds appropriated in the prior fiscal year. The report shall include the following:

- (1) A discussion of each of the categories of funding and how the categories were selected, including information on how a determination was made that there was a statewide need in each of the categories.
- (2) Information on the number of applications that were received in each category and the total dollar amount requested in each category.
- (3) A list of grantees, including the grantee's name, county, category under which the grant was funded, the amount awarded, and a narrative description of the project.

**SECTION 15.14.(g)** For purposes of this section, eligible activities under the category of Infrastructure in subsection (a) of this section shall be defined as provided in the HUD State Administered Community Development Block Grant definition of the term "infrastructure." Notwithstanding the provisions of subsection (e) of this section, funds allocated to the Infrastructure category in subsection (a) of this section shall not be reallocated to any other category.

**NER BLOCK GRANTS/2013 PROGRAM YEAR**

**SECTION 15.15.(a)** Section 14.1 of S.L. 2011-145, as amended by Section 13.1 of S.L. 2012-142, reads as rewritten:

**"SECTION 14.1.(a)** Appropriations from federal block grant funds are made for the fiscal year ending June 30, 2013, according to the following schedule:

**COMMUNITY DEVELOPMENT BLOCK GRANT**

01. State Administration	\$1,000,000 <u>\$1,375,000</u>
<del>03. Scattered Site Housing</del>	<del>7,200,000</del>
04. Economic Development	7,000,000 <u>10,625,000</u>
<del>05. Small Business/Entrepreneurship</del>	<del>2,500,000</del>
<del>06. NC Catalyst</del>	<del>4,500,000</del>
07. Infrastructure	<del>20,300,000</del> <u>30,500,000</u>

TOTAL COMMUNITY DEVELOPMENT  
BLOCK GRANT – 2013 Program Year \$42,500,000

**"SECTION 14.1.(b)** Decreases in Federal Fund Availability. – If federal funds are reduced below the amounts specified above after the effective date of this act, then every program in each of these federal block grants shall be reduced by the same percentage as the reduction in federal funds.

**"SECTION 14.1.(c)** Increases in Federal Fund Availability for Community Development Block Grant. – Any block grant funds appropriated by the Congress of the United States in addition to the funds specified in this section shall be expended as follows: each program category under the Community Development Block Grant shall be increased by the same percentage as the increase in federal funds.

**"SECTION 14.1.(d)** Limitations on Community Development Block Grant Funds. – Of the funds appropriated in this section for the Community Development Block Grant, the following shall be allocated in each category for each program year: up to ~~one million dollars (\$1,000,000)~~ one million three hundred seventy-five thousand dollars (\$1,375,000) may be used for State Administration; ~~up to seven million two hundred thousand dollars (\$7,200,000)~~ may be used for Scattered Site Housing; up to ~~seven million dollars (\$7,000,000)~~ ten million six hundred twenty-five thousand dollars (\$10,625,000) may be used for Economic Development; ~~up to two million five hundred thousand dollars (\$2,500,000)~~ may be used for Small Business/Entrepreneurship; up to ~~four million five hundred thousand dollars (\$4,500,000)~~ shall be used for NC Catalyst; and up to ~~twenty million three hundred thousand dollars (\$20,300,000)~~ thirty million five hundred thousand dollars (\$30,500,000) may be used for Infrastructure. If federal block grant funds are reduced or increased by the Congress of the United States after the effective date of this act, then these reductions or increases shall be allocated in accordance with subsection (b) or (c) of this section, as applicable.

**"SECTION 14.1.(e)** The Department of Commerce shall consult with the Joint Legislative Commission on Governmental Operations prior to reallocating Community Development Block Grant Funds. Notwithstanding the provisions of this subsection, whenever the Director of the Budget finds that:

- (1) A reallocation is required because of an emergency that poses an imminent threat to public health or public safety, the Director of the Budget may authorize the reallocation without consulting the Commission. The Department of Commerce shall report to the Commission on the reallocation no later than 30 days after it was authorized and shall identify in the report the emergency, the type of action taken, and how it was related to the emergency.
- (2) The State will lose federal block grant funds or receive less federal block grant funds in the next fiscal year unless a reallocation is made, the Department of Commerce shall provide a written report to the Commission on the proposed reallocation and shall identify the reason that failure to take action will result in the loss of federal funds. If the Commission does not hear the issue within 30 days of receipt of the report, the Department may take the action without consulting the Commission.

**"SECTION 14.1.(f)** By ~~September 1, 2012,~~ September 1, 2013, the Division of Community Assistance, Department of Commerce, shall report to the Joint Legislative Commission on Governmental Operations and the Fiscal Research Division on the use of Community Development Block Grant Funds appropriated in the prior fiscal year. The report shall include the following:

- (1) A discussion of each of the categories of funding and how the categories were selected, including information on how a determination was made that there was a statewide need in each of the categories.
- (2) Information on the number of applications that were received in each category and the total dollar amount requested in each category.
- (3) A list of grantees, including the grantee's name, county, category under which the grant was funded, the amount awarded, and a narrative description of the project.

**"SECTION 14.1.(g)** For purposes of this section, eligible activities under the category of Infrastructure in subsection (a) of this section ~~are limited to the installation of public water or sewer lines and improvements to water or sewer treatment plants that have specific problems such as being under moratoriums or special orders of consent,~~ shall be defined as provided in the HUD State Administered Community Development Block Grant definition of the term