

RESOLUTION TO ACCEPT CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY (CARES) ACT FUNDS AND HELP AMERICA VOTE ACT (HAVA) FUNDS FROM THE NC STATE BOARD OF ELECTIONS FOR ELECTION ADMINISTRATION PREPAREDNESS FOR 2020 FEDERAL ELECTIONS

WHEREAS in March 2020, the CARES Act was signed into law and includes \$10,947,139 emergency funds made available to North Carolina to prevent, prepare for, and respond to the coronavirus as it relates to the 2020 federal election cycle;

WHEREAS in December 2019, the Consolidated Appropriations Act of 2020 was signed into law and includes \$11,677,441 of HAVA funds made available to North Carolina, in addition to \$2,335,488 in State matching funds appropriated in Session Law 2020-17, to improve the administration of elections for federal office, including enhancing technology and making election security improvements; and

WHEREAS North Carolina Session Law 2020-17 appropriated to Forsyth County on behalf of the Forsyth County Board of Elections \$401,873 of CARES Act funds and a minimum reimbursement amount of \$10,000 or up to a maximum reimbursement of \$250,000 of HAVA funds, and the County is seeking up to \$100,000 in HAVA funds;

NOW, THEREFORE BE IT RESOLVED, by the Forsyth County Board of Commissioners that the County Manager and Clerk to the Board are hereby authorized to accept \$401,873 of CARES Act funds and up to \$100,000 of HAVA funds from the NC State Board of Elections, subject to a pre-audit certificate thereon by the Chief Financial Officer, where applicable, and approval as to form and legality by the County Attorney.

Adopted this the 10th day of September 2020.



NORTH CAROLINA STATE BOARD OF ELECTIONS

Mailing Address:
P.O. Box 27255,
Raleigh, NC 27611
(919) 814-0700 or
(866) 522-4723
Fax: (919) 715-0135

July 15, 2020

To: County Directors of Elections

**From: Karen Brinson Bell, Executive Director
Amy Strange, Chief Operating Officer**

**Re: 2020 Coronavirus Aid, Relief, and Economic Security ("CARES") Act Funds &
2020 Help America Vote Act (HAVA) Funds – Election Administration
Preparedness for 2020 Federal Elections**

This packet contains information on federal 2020 CARES Act funding and federal 2020 HAVA funding allocated to your county by the North Carolina General Assembly in Session Law 2020-17, sections 11.1, 11.2 and 11.3.

CARES Act Funds

In March 2020, Congress passed, and the President signed into law, the CARES Act to deliver an economic relief package to assist the country in coping with the public health and economic impacts of COVID-19. The CARES Act includes \$400 million in emergency funds made available to states to prevent, prepare for, and respond to the coronavirus for the 2020 federal election cycle. North Carolina's share of the federal funds is \$10,947,139. In June 2020, the North Carolina General Assembly passed, and the Governor signed into law, House Bill 1169, which appropriated required State matching funds of \$2,120,497. Each county board of elections will receive a portion of the State's CARES Act funding, which must be used in compliance with the requirements in S.L. 2020-17 and the federal 2020 CARES Act in connection with the November 3, 2020 General Election.

Each county has the option to either receive the county's CARES Act subgrant in an up-front, lump sum amount, or request that the State Board of Elections manage the county's CARES Act subgrant while following the county's spending directives. *A Grant Request Disbursal Package will be forthcoming to all counties by Friday, July 17, 2020.*

2020 HAVA Funds

In December 2019, Congress passed, and the President signed into law, the Consolidated Appropriations Act of 2020. The Act includes \$425 million in new Help America Vote Act (HAVA) funds, made available to states to improve the administration of elections for Federal office, including to enhance technology and make election security improvements. North Carolina's share of the federal funds is \$11,677,441. In June 2020, the North Carolina General Assembly passed, and the Governor signed into law, House Bill 1169, which appropriated required State matching funds of \$2,335,488. Each county can receive reimbursements for eligible HAVA expenses, with a minimum reimbursement amount of \$10,000 per county. Counties can receive up to a maximum reimbursement of \$250,000, on a first-come, first-served basis until the total funds available are expended.

NOTICE OF SUBGRANT -2020 CARES Act Funds

NOTICE OF SUBGRANT -2020 CARES Act Funds		
Subgrantee:	<i>Forsyth County Board of Elections</i>	
Subgrantee Address:	<i>201 N. Chestnut Street Winston Salem, NC 27101</i>	
Agreement Number: 03-25-34	Budget Period: 7/1/2020 – 12/31/2020	
Funds Description		
This obligation of funds constitutes the Subgrantee's share, as authorized under Session Law 2020-17, of \$10,947,139 of federal and \$2,120,497 of state matching funds awarded under the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act, P.L. 116-136 for the 2020-2021 fiscal year to prevent, prepare for, and respond to the coronavirus pandemic during the 2020 federal election cycle.		
Funding Information		
Description	Permissible Uses	Amount
Base Funding [S.L. 2020-17 Sec. 11.1(b)(1/2/3)]	Expenditures incurred to prevent, prepare for, and respond to the coronavirus pandemic during the 2020 federal election cycle, including but not limited to: --Providing for increased postage costs for mail-in absentee ballots sent out by the county board of elections. --Ensuring an adequate number of poll workers by (i) use of advertising or public awareness campaigns or (ii) offering incentive compensation and other pay increases. --Recruiting members and promoting the use of multi-partisan assistance teams.	\$25,000
Second Primary Funding [S.L. 2020-17 Sec. 11.1(b)(4)]	Expenditures incurred to prevent, prepare for, and respond to the coronavirus pandemic during the June 23 Second Primary election for federal office.	\$0
One-Stop Voting Funding [S.L. 2020-17 Sec. 11.1(b)(5)]	Early one-stop voting-related expenses that are specifically to prevent, prepare for and respond to the coronavirus pandemic.	\$241,920
Remaining Funding [S.L. 2020-17 Sec. 11.1(c)]	Expenditures incurred to prevent, prepare for, and respond to the coronavirus pandemic during the 2020 federal election cycle.	\$134,953
Total CARES Act Funding		\$401,873

Grant Administration

Grant Administration Award recipients and sub-recipients must adhere to all applicable federal requirements including Office of Management and Budget (OMB) guidance: Title 2 C.F.R. Subtitle A, Chapter II, Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. § 200).

Reporting Requirements

Counties receiving lump sum payments must send monthly reports accounting for the county's use of funds to the State Board of Elections by the following deadlines:

- a. September 16, 2020
- b. October 16, 2020
- c. November 16, 2020
- d. December 16, 2020
- e. January 15, 2021
- f. February 16, 2021

No reports are due from counties whose funds are managed by the State Board of Elections.

NOTICE OF SUBGRANT -2020 HAVA Funds

Subgrantee:	<i>Forsyth County Board of Elections</i>
Subgrantee Address:	<i>201 N. Chestnut Street Winston Salem, NC 27101</i>
Agreement Number: NC20101001-34	Budget Period: 7/1/2020 – 6/30/2021

Funds Description

This obligation of funds constitutes the Subgrantee's share, as authorized under Session Law 2020-17, of \$11,677,441 of federal and \$2,335,488 of state matching funds awarded under Election Security Grants in the federal Consolidated Appropriations Act of 2020 to improve the administration of federal elections.

Funding Information

Description	Amount
Reimbursement Minimum [S.L. 2020-17 Sec. 11.2.(a)]	\$10,000.00
Reimbursement Maximum [S.L. 2020-17 Sec. 11.2.(a)]	\$250,000.00, depending on available funding

Permissible Uses

Reimbursement-eligible expenditures are those incurred to improve the administration of federal elections, as authorized under HAVA Title I, Section 101, including:

- Improving the administration of elections for Federal office, including to enhance election technology and make election security improvements
- Educating voters concerning voting procedures, voting rights, and voting technology.
- Training election officials, poll workers, and election volunteers.
- Improving, acquiring, leasing, modifying, or replacing voting systems and technology and methods for casting and counting votes.
- Improving the accessibility and quantity of polling places, including providing physical access for individuals with disabilities, providing non-visual access for individuals with visual impairments, and providing assistance to Native Americans, Alaska Native citizens, and to individuals with limited proficiency in the English language.
- Establishing toll-free telephone hotlines that voters may use to report possible voting fraud and voting rights violations, to obtain general election information, and to access detailed automated information on their own voter registration status, specific polling place locations, and other relevant information.
- Expenditures incurred to prevent, prepare for, and respond to the coronavirus pandemic during 2020 federal elections.

Grant Administration

Grant Administration Award recipients and sub-recipients must adhere to all applicable federal requirements including Office of Management and Budget (OMB) guidance: Title 2 C.F.R. Subtitle A, Chapter II, Part 200-Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. § 200).

Guidance on Use of HAVA Funds for Expenses Related to COVID-19

State and local election officials are concerned about the COVID-19 pandemic and its impact on upcoming primaries and the November general election. The EAC has received several requests for guidance on the allowability of using HAVA funds to cover costs they are incurring as a result of the pandemic. This guidance and the FAQs address the use of HAVA funds for such expenditures, including those necessary to protect the health and safety of poll workers, voters, and staff. In addition, the Office of Management and Budget issued guidance on administrative relief for grantees impacted by the pandemic. EAC has incorporated relevant elements of that guidance below.

This guidance applies to all HAVA funds granted to the state, including recent HAVA section 101 funds awarded with 2018 and 2020 appropriations. The guidance will be posted on the EAC website, and we will add FAQs as we receive additional questions. There are already extensive FAQs on the website related to the allowability of costs under HAVA grants which are also relevant to the current pandemic. The EAC wants to provide flexibility to the states to meet unexpected needs related to the pandemic and will work with you to determine if adjustments you want to make to your budgets and plans will require EAC prior approval.

HAVA neither expressly authorizes nor prohibits the use of section 101 or section 251 funds for expenditures necessary to protect against and respond to a pandemic. Both sections provide payments for the purposes of improving the administration of elections for federal office, which can include expenditures that would protect staff and poll workers, secure physical locations, and address unexpected expenses due to the COVID-19 pandemic during a federal election. The costs must still meet standards set in general federal grants regulations as described below.

Allowable, Allocable, and Reasonable Costs

Guidelines and requirements governing allowable costs under grants are found in 2 CFR 200.400, Subpart E, Cost Principles. To be allowable under a grant, costs must be necessary, reasonable and allocable to the grant. This is an assessment each state makes, but the EAC is of the opinion that expenditures related to the protection of the health and safety of poll workers, staff, and voters during federal elections as well as those resulting from unanticipated increased demand for vote by mail costs (e.g. printing ballots, postage, etc.), equipment, temporary staff, and similar costs due to COVID-19 would satisfy these elements.

Allowable Costs

An allowable cost is one that is necessary and reasonable for the proper and efficient performance and administration of the activities funded under the grant. Examples of allowable costs in this context could include cleaning supplies and protective masks for staff and poll workers, resources to meet an unanticipated increased demand for mail ballots due to self-isolation and quarantine in response to COVID-19, and temporary staff to process the increased absentee ballot demand. Allowable costs would not include those that are currently paid with state or local election jurisdiction funds, such as the regularly anticipated demand for mail ballots. *See* 2 CFR 200.403.

Allocable Costs

An allocable expense is one that is directly related to the objectives and activities planned under the grant and included in the approved budget for the grant. This can include providing increased physical security for federal elections. *See* 2 CFR 200.404. If a state thinks that its approved budget does not include a line item that covers such expenses, staff may request approval from EAC for a budget amendment. Grantees can re-allocate funds to other line items up to 10% of the budget without approval from EAC.

Costs that would not be allocable would be costs incurred for state or administrative staff that are not working on activities supported under the grant. In some cases, a cost might only be partially allocable to the grant, e.g. In addition and for example, if the approved grant budget currently only includes costs associated with post-election auditing, you cannot allocate costs related to printing additional ballots to the grant. However, you can request a budget amendment from EAC to include costs related to voting systems and, thus, printing ballots. The EAC will work to approve such budget amendments within 48 hours.

Reasonable Costs

Finally, the cost is considered reasonable if, by its nature and amount, it does not exceed what a prudent person would pay under the circumstances. It can be based on frequency of use, actual cost for the products, and other relevant factors. Any expenditures in response to COVID-19 would require the same analysis as other costs. *See* 2 CFR 200.405.

OMB Guidance

The guidance provided by OMB allowed federal agencies additional flexibility related to grant application deadlines, approval to allow non-competitive continuations, publication of grant application instructions and no-cost extensions on expiring grants that don't apply to EAC grantees at this time. This section describes the areas that EAC determined apply to all its grantees.

1. OMB Guidance: Allowability of salaries and other project activities. (2 CFR § 200.403, 2 CFR § 200.404, 2 CFR § 200.405)

Awarding agencies may allow recipients to continue to charge salaries and benefits to currently active federal awards consistent with the recipients' policy of paying salaries (under unexpected or extraordinary circumstances) from all funding sources, federal and non-federal.

Applicability to EAC Grants: EAC does not anticipate a situation in which the activities supported under current HAVA grants could not continue during the pandemic. Grant funds can be spent on activities that improve the physical as well as cyber security of elections which include activities related to the pandemic. However, states may continue to pay staff supported with HAVA funds if they must stop working on grant-funded activities to focus on other areas. You must notify EAC in these situations and maintain appropriate records and cost documentation to substantiate the charging of salaries related to interruption of grant operations or services.

2. Allowability of Costs not Normally Chargeable to Awards. (2 CFR § 200.403, 2 CFR § 200.404, 2 CFR § 200.405)

Awarding agencies may allow recipients who incur costs related to the cancellation of events, travel, or other activities necessary and reasonable for the performance of the award, or the pausing and restarting of grant funded activities due to the public health emergency, to charge these costs to their award without regard to 2 CFR § 200.403, *Factors affecting allowability of costs*, 2 CFR § 200.404, *Reasonable costs*, and 2 CFR § 200.405, *Allocable costs* an agency program official.

Applicability to EAC Grants Under normal circumstances, costs related to cancellation fees for meetings, training, or travel might not meet the reasonable or necessary standard under a grant. As authorized by OMB guidance for administrative relief at this time, EAC will allow states to claim such costs under the grant without prior approval as well as costs incurred for pausing and restarting activities. In addition, given the importance of ensuring elections go forward with as little disruption as possible, additional costs states incur to conduct virtual trainings and other activities vital to improving the administration of federal elections, can be claimed under the grant. The standard requirements to maintain appropriate records and cost documentation still apply. See 2 CFR § 200.302 - Financial management and 2 CFR § 200.333 - Retention requirement of records, to substantiate the charging of any cancellation or other fees related to interruption of operations or services.

3. Exemption of certain procurement requirements. (2 CFR § 200.319(b), 2 CFR § 200.321)

Awarding agencies may waive the procurement requirements contained in 2 CFR § 200.319(b) regarding geographical preferences and 2 CFR § 200.321 regarding contracting small and minority businesses, women's business enterprises, and labor surplus area firms.

Applicability to EAC Grants: OMB has eased procurement restrictions on geographic preference (2 CFR § 200.319(b) and procurement requirements regarding contracting with small and minority businesses, women's business enterprises, and labor surplus area firms (2 CFR § 200.321). States are required to follow their state procurement processes under the EAC grants and these sections of 2 CFR don't apply to states. However, your state may have similar requirements they are easing.

Frequently Asked Questions

Q: My state is about to adopt rules that will allow mail ballots in more circumstances than are currently allowed in both our upcoming primary and general elections. As a result, we will incur expenses for a second printing of primary ballots and a larger printing of general election ballots. Can we use HAVA funds to cover these costs?

A: Increased costs you incur related to all aspects of voting by mail are allowable to the extent that they represent expenditures you are incurring as a result of the pandemic and you are not supplanting funds already allocated under your state budget authority to cover the costs. For example, you may have funds for mail ballots in the general election in your current state budget, but not for a second printing of primary ballots. For the general election ballots, HAVA funds can be used to cover the costs of the increase in absentee ballots you need due to the pandemic that are not already covered by state funds. For the primary ballots, you could use HAVA funds to cover the total cost of the second printing. One caution, these costs may become an ongoing expense. Covering them with a one-time funding source such as HAVA funds solves an immediate problem, but the costs will inevitably be assumed by the state or local government upon the exhaustion of federal funds.

Q: We have not submitted our program narrative and budget yet for our 2020 Election Security grant. Can we spend those funds or must we use our remaining 251 or 101 funds awarded in 2018?

A: You may use any of the funds. However, you cannot use remaining 251 funds for this purpose unless you have already met all the requirements in Title III or the amount will be minimal as defined in Section 251(b)2 of HAVA. The EAC has already awarded your 2020 funds and the project period in the Notice of Grant Award you received began on December 21, 2019. Any expenditures you incur after that date can be claimed against the grant. When you submit your narrative and budget you can describe how you have used or plan to use the funds to secure federal elections during this pandemic.

Q: My state will incur new costs to communicate changes in mail ballot rules that will result from the pandemic. Can we use HAVA funds to cover those costs?

A: Yes, costs to communicate changes in voting processes due to the pandemic are allowable costs. Keep in mind that HAVA funds can be used to provide information on voting procedures, rights or technology. Items intended to "get out the vote" or merely encourage voting do not meet this requirement.

Q: We need to move polling places from assisted living facilities to other sites associated with senior citizens and may need to lease the new space. Can we use HAVA funds to cover those costs?

A: Yes, unanticipated costs to lease polling facilities are allowable costs.

Q: Some local election offices do not have laptops for all staff so they can work remotely during this pandemic office shutdown. Can we use HAVA funds to buy laptops for those employees?

A: Yes, those would be allowable costs. However, please be aware that you must also ensure you have appropriate security measures in place (tokens, VPN access only, etc.) if they will be accessing your shared system.

Q: We expect to receive a much higher percentage of absentee ballots and need to purchase more automated letter opening equipment and scanners. Can we use HAVA funds to purchase more equipment? Can we lease the equipment?

A: Yes, those would be allowable costs, with the caveat that you need to ensure the costs are allocated to the grant in appropriate proportions. If you decide to lease the equipment, you must also follow requirements in Section 200.465 of 2 CFR which outline circumstances you should consider in determining whether to lease or buy the equipment.

Q: We expect to receive a much higher percentage of absentee ballots and need to hire temporary staff to prepare ballots for mailing. Can we use HAVA funds for this purpose?

A: Yes, you may hire temporary staff under these circumstances and to provide additional temporary help to process returned ballots.

Q: We expect to experience an increase in personnel costs for the Absentee Election Managers due to the COVID-19 pandemic. Our run off was postponed from 03/31/20 to 07/14/20 which greatly extends the required work time for the AEMs. Would it be permissible to use a portion of the 2020 HAVA funds to help cover this increased personnel cost?

A: Yes, this is an allowable cost directly related to the pandemic.