

Impact of Partial Federal Shutdown – Summary of Agency Reports

Updated January 15, 2019

Administrative Office of the Courts

- AOC has stated that there are 90 total employees impacted with potential for furlough, and that eight programs will either cease to continue or create backlog, some impacting public safety.
- Indigent Defense program reports minimal impact.

Community College System

- The system does not anticipate any disruption in services due to the federal shutdown. Most of the federal grants received by the community colleges, such as Adult Education and Family Literacy Act and Career and Technical Education grants, are forward-funded, according to system representatives.

Department of Administration

- DOA has stated that it will seek to speed the transfer of revenue from court filing fees to help domestic violence service providers who face funding losses due to the federal shutdown. As discussed in the Department of Public Safety section, U.S. Department of Justice (U.S. DOJ) grant programs for domestic violence may be unable to disburse additional funds. DOA is a partner in the funding of domestic violence programs because it provides the state match for the domestic violence grants provided by U.S. DOJ.

Department of Agriculture and Consumer Services

- DACS has advised that North Carolina farmers are unable to get help from agriculture experts within the U.S. Department of Agriculture at a critical time.
- DACS has stated that it has had to furlough eight employees in the Plant Industry Division. The Department's federal grant award for the Witchweed Program ended on December 31, 2018, and the U.S. Department of Agriculture notified the state that it could not draw on a new grant award that was set to begin on January 1, 2019.
- DACS has further stated that it is limiting purchases and not filling vacant positions that are supported by federal funds unless they involve public safety or health.

Department of Commerce

- DOC has stated that there will be no fiscal impact on the agency, which will continue to receive all federal grant revenue streams.

Department of Environmental Quality

- DEQ has stated that three divisions (Air Quality, Waste Management, and Water Resources) are affected by the shutdown, but the department has arranged short-term alternative funding for these divisions, as described below.
 - Air Quality has a federal grant that supports approximately 22 FTEs, but the division has identified temporary receipts that would allow it to maintain the positions through March 31st.
 - Waste Management has a federal grant that supports approximately 21 FTEs, but the division has identified temporary receipts that would allow it to maintain the positions through March 31st.
 - Water Resources has a federal grant that supports approximately 32 FTEs, but the division has identified temporary receipts that would allow it to maintain the positions through January 31st.
 - Other divisions are reported by DEQ to have sufficient cash balances in their federal grants to continue operations for a number of months.

Department of Health and Human Services

- DHHS has reported that its primary impact from the shutdown is on the TANF and SNAP/WIC food programs. DHHS has continued to operate these programs with prior-year grant balances but projected that the balances would likely be exhausted in late January or early February 2019. The U.S. Department of Agriculture announced on January 8, 2019, that it would issue federal SNAP benefits early, based on a provision of the expired budget resolution that allows USDA to incur SNAP obligations for 30 days after the expiration date. USDA also announced that it has identified resources to cover projected state WIC expenditures for February.

Department of Information Technology

- DIT has projected no impact concerning its FirstNet Grant because the grant is winding down and the remaining balance can be drawn on for current operations
- DIT has stated that it has 60 days of cash on hand to deal with the loss of receipts from other state agencies that use federal funds to support IT, but that there is a potential long-term problem depending on the federal grants affected.
- DIT has projected no impact on its federal E-Rate funding, which reimburses agencies and schools for connectivity.
- DIT has reported that it has sufficient funds for the Health Care Information Project in the short-term to replace DHHS reimbursements through federal managed-care funds, but the department may have to reduce the scope of the project in the long-term.

Department of Justice

- DOJ has reported minimal impact from the shutdown.

Department of Labor

- DOL has stated that it does not anticipate any issues related to the shutdown because all DOL grant awards for federal FY 2019 have been fully funded.

Department of Natural and Cultural Resources

- DNCR has stated that the federal shutdown should have a minimal impact in the short-term, but that the department would have to revisit its contingency plan if the shutdown continues for the long-term.
- DNCR has reported that it will continue to have access to its FY 2018 funds from the federal Historic Preservation Fund, which provides funding to the State Historic Preservation Office and the Office of State Archaeology. The HPF program is a two-year grant and federal funds for FY 2018 have already been obligated through September 30, 2019. DNCR has advised that the only impact to this program is for employees whose date of employment was October 1, 2018. These employees' salaries may need to be funded from FY 18 grant money, as DNCR will not receive these salary funds until February or March 2019.

Department of Public Instruction

- DPI has stated that federal grant awards for federal FY 2019 have been fully funded, except for the child nutrition programs (National School Lunch program, School Breakfast program, Special Milk program, Child Care and Adult Food program, Summer Food Service program, Fresh Fruit and Vegetable program, and State Administrative Expenses). The most recent information from the U.S. Department of Agriculture states that, "The child nutrition programs, including school meals and after-school programs, have funding available to continue operations through March," because USDA's standard practice has been to fund them on a quarterly basis.

Department of Public Safety

- DPS has stated that the payment management system it uses to draw down grant funding from the Federal Emergency Management Agency is not affected by the shutdown.
- DPS has advised that the Governor's Crime Commission (GCC) was able to pay on all reimbursements submitted, approved, and pending as of January 10, 2019, after submitting a drawdown to the U.S. Office of Justice Programs (OJP). DPS is trying to make one more drawdown from OJP this week, but that would be the last chance because OJP has stated that it will run out of money this Friday, January 18, 2019. Once that occurs, GCC will not be able to process payments to its subrecipients.

Department of Revenue

- DOR has stated that its ability to process electronically-filed returns through the IRS' Modernized E-File Program will be unaffected for the time being; nevertheless, there could be adverse impacts if the shutdown continues on and after January 22nd.

Department of Transportation

- DOT has projected no impacts from the shutdown because federal funds from prior years are being used to pay for federally-supported employees.

Housing Finance Agency

- HFA has stated that its operations will not be interrupted by any delay in federal grant funding from four programs which are listed below. None of HFA's positions are federally-funded; therefore, employee furloughs will not be necessary, according to HFA. Nevertheless, the agency noted that some of its program partners, such as property owners and housing counseling agencies, could experience problems if the federal shutdown lasts a long time.
 - Hardest Hit Fund – the U.S. Treasury Department currently has funds deposited with a trustee for the program, according to HFA. The agency will use those funds to continue making mortgage payments on behalf of homeowners.
 - HOME – funds from this program are used for property development. According to HFA, if there is a delay in funding, the property owners must delay the closing of their loans.
 - Section 8 – funds from this program pay for rental assistance for tenants at participating properties. According to HFA, if there is a delay in funding, the property owners will not receive their rents on a timely basis.
 - National Housing Trust Fund – funds from this program support property development. According to HFA, if there is a delay in funding, the property owners must delay the closing of their loans.

Hurricane Recovery – Emergency Management Division and Office of Recovery and Resiliency

- According to the Office of Recovery and Resiliency, delays in publishing the Federal Register mean that North Carolina will have to wait longer for additional Community Development Block Grant – Disaster Recovery (CDBG-DR) funds promised for Hurricane Florence disaster recovery.
- At the same time, the Division of Emergency Management and the Office of Recovery and Resiliency have stated that North Carolina can continue drawing on CDBG-DR funds allocated for Hurricane Matthew recovery during the shutdown, as long as each drawdown is under \$5 million (we do not anticipate making drawdowns of \$5 million or more in the near future).
- The Division of Emergency Management and the Office of Resilience and Recovery have further stated that technical assistance is continuing, but guidance from the Small Business Administration and other federal agencies is delayed and access to U.S. Department of Housing and Urban Development (HUD) experts is delayed.
- The Division of Emergency Management has reported that it remains fully capable of supporting salaries and operations through existing grants, receipts, and appropriations, and that Federal Emergency Management Agency recovery operations remain mostly unaffected. Moreover, the State should be able to continue drawing down on grants from HUD that have already been awarded.

Office of Administrative Hearings

- OAH has reported that the investigative work of its Civil Rights Division (CRD) would continue. As a U.S. Equal Employment Opportunity Commission EEOC Deferral Agency, the CRD has one direct contract with Federal EEOC to investigate EEOC claims filed by state employees. The CRD investigates the claims but the CRD is 100% State appropriated so CRD salaries are not dependent on the amount OAH receives from EEOC.

- OAH's CRD also receives federal funding for 1.71 FTEs for the Human Relations Division. According to OAH, CRD has already received \$83,200 of the \$148,400 it was awarded for FY 2018-19. OAH has further stated that If need be, the remaining Human Relations Division budget could absorb the cost through March 2019.
- OAH has reported that employees who work on Medicaid appeals will not be affected by the federal shutdown, even though three of the FTEs are 100% receipt supported by Medicaid through DHHS and a half-time position is funded by Medicaid indirect costs. According to DHHS' Division of Health Benefits, Medicaid grants are not impacted by a potential Federal shutdown and the funds continue to be accessible and at the level needed to fund business operations.

Office of the State Controller

- OSC has reported that it should not be affected by the shutdown because it does not receive federal funding.

State Ports Authority

- The Ports Authority has stated that there is no known impact at this time.

Wildlife Resources Commission:

- The Commission reports that it confirmed with the U.S. Fish and Wildlife Service that the funds it receives are part of North Carolina's Fish and Wildlife apportionment from the federal government, which is held separately from general operating grant funds, and will not be affected by a federal government shut down.