

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 1043
Committee Substitute Favorable 6/21/95

Short Title: Full Employment Prog./Funds.

(Public)

Sponsors:

Referred to:

May 8, 1995

A BILL TO BE ENTITLED

AN ACT TO ESTABLISH THE FULL EMPLOYMENT PROGRAM FOR
RECIPIENTS OF AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC)
AND FOOD STAMPS, TO PROVIDE A NEW EMPLOYER TAX CREDIT AND
TO APPROPRIATE FUNDS.

The General Assembly of North Carolina enacts:

Section 1. Article 2 of Chapter 108A of the General Statutes is amended by
adding a new Part to read:

"PART 5B. FULL EMPLOYMENT PROGRAM.

"§ 108A-53.15. Full Employment Program.

(a) Effective July 1, 1995, subject to federal approval and federal financial participation, there is established in the Division of Social Services, Department of Human Resources, the Full Employment Program, which the Department shall administer jointly with the Employment Security Commission.

Effective October 1, 1995, the Full Employment Program shall provide full employment to certain eligible recipients currently receiving food stamps or Aid to Families With Dependent Children (AFDC), pursuant to rules adopted by the Department setting out Program eligibility criteria and Program standards. The full employment

1 provided shall promote self-sufficiency and shall provide work experience that will
2 improve the recipient's competitive position in the workforce.

3 The Department shall give eligible recipients who volunteer for the Full Employment
4 Program who are placed pursuant to Part 5A of this Article in the Job Search component
5 of the Employment/Workfare Program first priority. If, after placing these volunteers in
6 the Program, there are other places available, the Department may require other eligible
7 recipients who are in the Job Search component to participate in the Full Employment
8 Program.

9 The Department shall, jointly with the Employment Security Commission, adopt rules
10 to administer the Full Employment Program, including rules to ensure that the Full
11 Employment Program and the Employment/Workfare Program work together to provide
12 unified and ongoing job training and job placement for recipients in a manner designed to
13 move recipients off dependence on assistance to permanent self-sufficiency. To effect
14 this, the Department and the Commission shall develop and maintain an ongoing strategic
15 plan for the Program, which plan shall include a plan for ongoing analysis of the
16 Program. The local departments of social services shall monitor the operations of the
17 Full Employment Program in their areas and shall make recommendations at regular
18 intervals prescribed in rules by the Department for improved Program efficiency and
19 effectiveness, and these recommendations shall be taken into consideration in the
20 ongoing strategic plan.

21 (b) A recipient who is placed in the Full Employment Program shall work 40
22 hours per week in a Program-provided job, if available. The employer shall pay the
23 recipient not less than four dollars and fifty cents (\$4.50) per hour.

24 (c) The Full Employment Program shall reimburse an employer providing a job
25 for the Program as follows:

- 26 (1) For the first six months that the recipient is employed in the job, three
27 dollars and fifty cents (\$3.50) per hour; and
28 (2) For the next six months that the recipient is employed in that job, two
29 dollars and fifty cents (\$2.50) per month.

30 If the Department or the Commission finds that a Program employer is willfully violating
31 any of the rules adopted for the Program, the Department shall first withhold
32 reimbursement until the Program employer complies. If the Program employer does not
33 comply, the Department shall ensure that the employer repays all reimbursements made
34 for the particular placement in question and is not allowed to participate in the Program
35 again.

36 No employer shall be required to provide Program employment.

37 The rules adopted by the Department of Human Resources and the Employment
38 Security Commission to administer the Program shall include:

- 39 (1) Rules to determine which employers within the State shall have the
40 opportunity to provide Program employment;
41 (2) Rules to ensure that the maximum number of recipients that an
42 employer is authorized to accept at any one time shall not exceed ten
43 percent (10%) of the total number of employees, unless this limit is

1 waived by the Secretary of the Department. The rule allowing for
2 waiver of the limit shall provide that the waiver by the Secretary shall
3 be granted only upon consultation with the Commission and shall be
4 subject to review;

5 (3) Rules establishing criteria and fair procedures for excluding certain
6 employers from participation for failure to abide by Program
7 requirements or for other demonstrated unwillingness to comply with
8 the Program's stated intent;

9 (4) Rules to provide that employers that have shown a pattern of
10 terminating recipients prior to the completion of their Program training
11 or of not offering unsubsidized employment to recipients who have
12 completed the Program with that employer shall be ineligible to receive
13 additional recipients;

14 (5) Rules to ensure that Program jobs made available to recipients shall not:
15 a. Require work in excess of 40 hours per week; or
16 b. Be used to displace regular employees or to fill unfilled positions
17 previously established;

18 (6) Rules to give priority to placing recipients in Program jobs paying six
19 dollars and fifty cents (\$6.50) or more per hour;

20 (7) Rules to ensure that, in consultation with the recipient, the Program
21 attempts to match the employment/training profile of the recipient with
22 the needs of a particular Program employer when assigning the recipient
23 to a particular Program job;

24 (8) Rules to ensure that Program employers endeavor to make Program
25 placement a positive learning and training experience;

26 (9) Rules to ensure that Program employers maintain health, safety, and
27 working conditions at levels generally acceptable in the industry and at
28 levels no lower than those of comparable jobs provided by the particular
29 employer;

30 (10) Rules to ensure that the Program employers provide on-the-job training
31 to the degree necessary to enable the recipient to perform the job;

32 (11) Rules to ensure that the Program employers provide on-the-job mentors
33 from among regular, unsubsidized employees to assist the recipients in
34 becoming oriented to work and to the workplace;

35 (12) Rules to ensure that every Program employer signs an agreement for
36 each placement outlining the specific job offered to the recipient and
37 agreeing to abide by all requirements of the Program, including the
38 requirement that the placement not supplant an existing job and the
39 requirement to repay reimbursements in the event the Program
40 employment willfully violates any Program rules; and

41 (13) Any other rules the Department and the Commission consider necessary
42 to administer the Program, including rules to govern the enforcement of
43 the Program.

1 The Department of Human Resources is the sole enforcer of the rules adopted to
2 administer the Full Employment Program.

3 (d) Either the Program employer or recipient may terminate the placement by
4 contacting the appropriate local department of social services. In this event, the
5 recipient's caseworker, in consultation with the Commission's interviewer, shall reassess
6 the needs of the recipient, may assign the recipient to another Program placement, or may
7 assign the recipient to a component of the Employment/Workfare Program, if necessary.
8 The caseworker may place another recipient with the Program employer. The
9 Department and the Commission shall endeavor to keep terminations at a minimum.

10 (e) If, after 12 months in a Program placement, a recipient has not been hired for
11 an unsubsidized job, the reimbursement to the Program employer shall be discontinued.
12 The recipient's caseworker, in consultation with the Employment Security Commission's
13 interviewer, shall reassess the recipient, may place the recipient in another Program
14 placement, and shall assign the recipient to a component of the Employment/Workfare
15 Program, if necessary.

16 Recipients participating in the Program who fail to carry out a Program job after at
17 least two attempts shall be reassessed by their caseworker, in consultation with the
18 Employment Security Commission's interviewer, and may be assigned to required
19 participation in the Community Service component of the Employment/Workfare
20 Program for as long as the recipient remains on assistance.

21 All rules adopted governing this suspension and governing all hearings and other
22 actions for sanctions and terminations shall be as prescribed for the AFDC and food
23 stamp programs.

24 (f) There is established in the Division of Social Services, Department of Human
25 Resources, the Full Employment Advisory Board, to consist of seven members:

- 26 (1) One shall be the Secretary of the Department of Human Resources;
- 27 (2) One shall be the Chair of the Employment Security Commission;
- 28 (3) One shall be appointed by the Governor who shall be an employed
29 former recipient of AFDC;
- 30 (4) Two shall be appointed by the General Assembly upon the
31 recommendations of the Speaker of the House of Representatives, one
32 of whom shall be a member of the House of Representatives at the time
33 of appointment and one of whom shall be a member of the business
34 community; and
- 35 (5) Two shall be appointed by the General Assembly upon the
36 recommendations of the President Pro Tempore of the Senate, one of
37 whom shall be a member of the Senate at the time of appointment and
38 one of whom shall be a member of the business community.

39 The Board shall oversee and review practices of Program employers and assess
40 compliance with Program rules. The Board shall report to the General Assembly twice a
41 year on its recommendations to improve the Full Employment Program. Its last report
42 shall be presented by December 31, 1996, at which time the Board shall terminate.

1 (g) An employer is allowed an income tax credit pursuant to G.S. 105-130.43 and
2 G.S. 105-151.25 for employing recipients without reimbursement that the employer had
3 previously accepted for reimbursed Program employment through the Full Employment
4 Program.

5 (h) Subject to federal approval of any necessary waivers, the Department of
6 Human Resources shall ensure access to certain data available to and provided by the
7 Employment Security Commission, including 14-day labor reporting information. The
8 Commission shall also ensure the garnishment of wages of persons determined to have
9 fraudulently obtained assistance. The Commission shall furnish all necessary
10 information to the Department of Revenue.

11 (i) Subject to federal approval of any necessary waivers, the Department of
12 Human Resources shall establish administrative penalties to accompany the criminal
13 penalties for first conviction of welfare fraud under this Article and administrative
14 penalties in cases in which recipients are receiving assistance under more than one
15 application.

16 (j) The Department of Human Resources shall study the development of a
17 Recipient-Provided Support Program, in which recipients provide child day care and
18 transportation support services to other recipients participating in the AFDC
19 Employment/Workfare and Full Employment Programs under this Article. The
20 Department shall report the results of this study, together with any legislative proposals,
21 to the 1995 General Assembly by January 15, 1996."

22 Sec. 2. Subject to federal approval of any necessary waivers, effective October
23 1, 1995, G.S. 108A-29 and G.S. 108A-30 are repealed.

24 Sec. 3. Division I of Article 4 of Chapter 105 of the General Statutes is
25 amended by adding a new section to read:

26 **"§ 105-130.43. Credit for employing welfare recipient.**

27 (a) Credit. – A taxpayer who continues to employ without reimbursement a
28 recipient that the employer had previously accepted for reimbursed employment through
29 the Full Employment Program is allowed a credit of up to one thousand two hundred
30 dollars (\$1,200) per year against the tax imposed by this Division equal to one hundred
31 dollars (\$100.00) per full month during the taxable year that the taxpayer employs the
32 recipient in a full-time job.

33 (b) Definitions. – The following definitions apply in this section:

34 (1) Full-time job. – Defined in G.S. 105-130.40(a).

35 (2) Recipient. – Defined in G.S. 108A-53.15.

36 (c) Carryforward. – The credit allowed under this section may not exceed the
37 amount of tax imposed by this Division for the taxable year reduced by the sum of all
38 credits allowed, except payments of tax made by or on behalf of the taxpayer. Any
39 unused portion of the credit may be carried forward for the succeeding five years.

40 (d) Information. – Upon request of a taxpayer, the Department of Human
41 Resources shall certify the name and social security number of each recipient employed
42 by the taxpayer, the taxpayer's name and tax identification number, and the number of
43 full months during the previous 12 months that the taxpayer employed each recipient

1 without reimbursement under the Full Employment Program. In order to claim the credit
2 allowed by this section, the taxpayer must include with the return this certification from
3 the Department of Human Resources and any other information required by the
4 Secretary.

5 (e) Reports. – The Department of Revenue and the Department of Human
6 Resources shall report by October 1 of each year to the Joint Legislative Commission on
7 Governmental Operations on the use and effectiveness of the credit allowed by this
8 section. The report shall include information and statistics requested by the Commission
9 other than confidential tax information that may not be disclosed pursuant to G.S. 105-
10 259."

11 Sec. 4. Division II of Article 4 of Chapter 105 of the General Statutes is
12 amended by adding a new section to read:

13 "**§ 105-151.25. Credit for employing welfare recipient.**

14 (a) Credit. – A taxpayer who continues to employ without reimbursement a
15 recipient that the employer had previously accepted for reimbursed employment through
16 the Full Employment Program is allowed a credit against the tax imposed by this
17 Division equal to one hundred dollars (\$100.00) per full month during the taxable year
18 that the taxpayer employs the recipient in a full-time job.

19 (b) Definitions. – The following definitions apply in this section:

20 (1) Full-time job. – Defined in G.S. 105-130.40(a).

21 (2) Recipient. – Defined in G.S. 108A-53.15.

22 (c) Carryforward. – The credit allowed under this section may not exceed the
23 amount of tax imposed by this Division for the taxable year reduced by the sum of all
24 credits allowed, except payments of tax made by or on behalf of the taxpayer. Any
25 unused portion of the credit may be carried forward for the succeeding five years.

26 (d) Information. – Upon request of a taxpayer, the Department of Human
27 Resources shall certify the name and social security number of each recipient employed
28 by the taxpayer, the taxpayer's name and tax identification number, and the number of
29 full months during the previous 12 months that the taxpayer employed each recipient
30 without reimbursement under the Full Employment Program. In order to claim the credit
31 allowed by this section, the taxpayer must include with the return this certification from
32 the Department of Human Resources and any other information required by the
33 Secretary.

34 (e) Reports. – The Department of Revenue and the Department of Human
35 Resources shall report by October 1 of each year to the Joint Legislative Commission on
36 Governmental Operations on the use and effectiveness of the credit allowed by this
37 section. The report shall include information and statistics requested by the Commission
38 other than confidential tax information that may not be disclosed pursuant to G.S. 105-
39 259."

40 Sec. 5. There is appropriated from the General Fund to the Department of
41 Human Resources the sum of three million dollars (\$3,000,000) for the 1995-96 fiscal
42 year and the sum of three million dollars (\$3,000,000) for the 1996-97 fiscal year to
43 implement this act. The Department shall direct the appropriate amount of these funds to

1 the Employment Security Commission and to the Department of Revenue for their
2 implementation.

3 Sec. 6. Subject to federal approval of any necessary waivers, and unless
4 otherwise stated, Sections 1 and 2 of this act become effective October 1, 1995. Sections
5 3 and 4 of this act become effective for taxable years beginning on or after January 1,
6 1996. Section 5 and this section become effective July 1, 1995.