

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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HOUSE BILL 1043
Committee Substitute Favorable 6/21/95
Committee Substitute #2 Favorable 6/28/95

Short Title: Full Employment Prog./Funds.

(Public)

Sponsors:

Referred to:

May 8, 1995

A BILL TO BE ENTITLED

1 AN ACT TO ESTABLISH THE FULL EMPLOYMENT PROGRAM FOR
2 RECIPIENTS OF AID TO FAMILIES WITH DEPENDENT CHILDREN (AFDC),
3 FOOD STAMPS, AND UNEMPLOYED INDIVIDUALS WITH CHILD SUPPORT
4 OBLIGATIONS, TO PROVIDE A NEW EMPLOYER TAX CREDIT, TO
5 PROVIDE AN EMPLOYER CHILD CARE CENTER CONSTRUCTION TAX
6 CREDIT, AND TO APPROPRIATE FUNDS.
7

8 The General Assembly of North Carolina enacts:

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

11 **"PART 5B. FULL EMPLOYMENT PROGRAM.**

12 **"§ 108A-53.15. Full Employment Program.**

13 (a) Effective October 1, 1995, subject to federal approval and federal financial
14 participation, there is established in the Employment Security Commission the Full
15 Employment Program. The Commission shall administer the Program upon the advice
16 and counsel of the Department of Human Resources, the Department of Labor, the
17 Department of Crime Control and Public Safety, and the Department of Community
18 Colleges.

1 Effective October 1, 1995, the Full Employment Program shall assist AFDC
2 recipients, food stamp recipients, and unemployed individuals with child support
3 obligations in securing employment through the Program. The Full Employment Program
4 shall promote self-sufficiency, shall provide work experience that will improve the
5 recipient's competitive position in the workforce, and shall operate pursuant to rules
6 adopted by the Commission setting out Program eligibility criteria and standards.

7 All eligible individuals who apply or reapply for AFDC or food stamps shall register
8 first with the Commission to secure employment, unless exempted either temporarily or
9 permanently by federal regulation from participating in a work program. Registration
10 with the Commission shall be the 'first stop' for individuals seeking AFDC or food stamp
11 assistance. Unemployed individuals with child support obligations pursuant to a court
12 order may register with the Commission to secure employment through the Program,
13 provided that job placement priority shall be given to recipients of AFDC or food stamp
14 assistance.

15 The Commission shall evaluate every nonexempt applicant for or recipient of AFDC
16 or food stamps to determine placement in either the Job Search, Job Preparedness, or
17 Community Service component of the Program. Placement shall be determined upon an
18 assessment of job readiness or need for other assistance before being considered
19 competitive in the local labor force. A copy of the evaluation shall be provided to the
20 Department of Human Resources for the Department's use in determining eligibility for
21 public assistance benefits.

22 Receipt of public assistance benefits shall be contingent upon full cooperation and
23 participation in the Full Employment Program. Failure to cooperate and participate in the
24 Program shall result in the denial or termination of benefits. The children of recipients
25 whose benefits are denied or terminated shall remain eligible for benefits and those
26 benefits shall be paid through a protective payee. The Department of Human Resources
27 shall develop rules to determine eligibility for benefits conditioned upon participation in
28 the Full Employment Program. The Department shall ensure that any earned income
29 credit is not considered as income in determining eligibility for public assistance benefits.

30 The Commission shall implement the Program in a manner that will allow eligible
31 individuals to utilize the Commission's 'One-Stop' Career Center System and register at
32 any one of the Employment Security Commission locations or Job Services Offices, any
33 community college campus, or any local department of social services. The Commission
34 shall ensure that the 'One-Stop' Career Center System is expanded to provide service to
35 all parts of the State utilizing the funds that will be appropriated from the current JOBS
36 program for this purpose.

37 The Commission shall ensure that the Labor Market Information System is expanded.
38 The expansion shall include statistical information on unemployment rates and other
39 labor trends, the development of publications on licensing requirements, economic
40 development and career projections, and the development of information technology
41 systems designed to track individuals through the employment and training process. This
42 expansion shall be accomplished by utilizing the funds that will be appropriated from the
43 current JOBS program for this purpose.

1 The Commission shall refer Program participants who are placed in the Job Search
2 component to current job vacancies and assist in developing job contacts. Job Search
3 participants shall be required to keep a record of their job search activities and the
4 Commission shall monitor those activities through weekly contact with the participant.
5 Program participants shall accept any suitable employment. Program participants who
6 have not found employment within eight weeks of being placed in the Job Search
7 component shall be placed in the Community Service component.

8 The Commission shall work with the Private Personnel Service Division of the
9 Department of Labor to develop a relationship with private employment agencies so that
10 their services can be utilized to make referrals of Program participants.

11 Program participants who are referred to jobs through the Commission shall be
12 instructed in the procedures for applying for the federal earned income credit.

13 Program participants who are placed in the Job Search component and not placed in
14 employment or Program participants who are determined not ready for employment shall
15 be assigned to the Job Preparedness component of the Full Employment Program. The
16 Commission shall require recipients placed in the Job Preparedness component to
17 participate in a four-week job preparedness course at the local community college which
18 shall prepare recipients for employment by providing instruction on application and
19 interview techniques, oral and written communications skills, responsible employment
20 habits and practices, and such other skills or instruction deemed appropriate.

21 The Commission shall, jointly with the Department of Community Colleges, develop
22 the four-week job preparedness course. The Commission also shall refer participants
23 placed in the Job Preparedness component to the local community college for enrollment
24 in existing General Education Development, Adult Basic Education, literacy, or other
25 human resources development programs. The Commission shall monitor the progress of
26 participants placed in the Job Preparedness component of the Program.

27 Program participants placed in the Job Preparedness component of the Program who
28 are not deemed job ready at the end of four weeks shall be placed in the Community
29 Service component of the Program.

30 The Commission shall offer to all Program participants an ongoing continuum of
31 employment and training services, including self-help options, job search skills
32 development, counseling, testing, and such other services deemed necessary.

33 The Commission shall, jointly with the Department of Human Resources, adopt rules
34 to administer the Full Employment Program, including rules to ensure that the Full
35 Employment Program and any other Employment/Workfare Program work together to
36 provide unified job placement for recipients in a manner designed to move recipients off
37 dependence on assistance to permanent self-sufficiency. To effect this, the Commission
38 and the Department shall develop and maintain an ongoing strategic plan for the
39 Program, which plan shall include a plan for ongoing analysis of the Program. The
40 Commission and the local departments of social services shall monitor the operations of
41 the Full Employment Program in their areas and shall make recommendations at regular
42 intervals as prescribed in the rules for improved Program efficiency and effectiveness,
43 and these recommendations shall be taken into consideration in the ongoing strategic

1 plan. To effect this, the local departments of social services shall organize a Job Service
2 Employment Committee. The Commission shall develop reporting methods and times
3 and shall coordinate a full report that shall be presented to the General Assembly by
4 December 31 of each year.

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

8 (c) The Full Employment Program shall reimburse an employer providing a job
9 for a recipient in the Program at the rate of two dollars and twenty-five cents (\$2.25) per
10 hour.

11 No employer shall be required to provide Program employment. However, the
12 Commission and all other State agencies who provide benefits and services to recipients
13 of public assistance shall encourage business and industry to participate in this
14 partnership for full employment which not only will provide employment opportunities to
15 those in need, but will also provide employers with an expanded employee pool through
16 which the employers' labor needs may be met. The Commission shall advise all
17 employers of the 'Exclusive No-Fault' referral provisions of G.S. 96-9(c)(2)b.

18 The rules adopted by the Commission and the Department of Human Resources to
19 administer the Program shall include:

20 (1) Rules to determine which employers within the State shall have the
21 opportunity to provide Program employment;

22 (2) Rules to ensure that the maximum number of recipients that an
23 employer is authorized to accept at any one time shall not exceed ten
24 percent (10%) of the total number of employees, unless this limit is
25 waived by the Chairman of the Employment Security Commission;

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

30 (4) Rules to provide that employers that have shown a pattern of
31 terminating recipients prior to the completion of their Program training
32 or of not offering unsubsidized employment to recipients who have
33 completed the Program with that employer shall be ineligible to receive
34 additional recipients;

35 (5) Rules to ensure that Program jobs made available to recipients shall not:
36 a. Require work in excess of 40 hours per week; or
37 b. Be used to displace regular employees or to fill vacant positions
38 previously established;

39 (6) Rules to give priority to placing recipients in Program jobs paying six
40 dollars and fifty cents (\$6.50) or more per hour when the earned income
41 credit is taken into consideration;

42 (7) Rules to ensure that, in consultation with the recipient, the Program
43 attempts to match the employment/training profile of the recipient with

- 1 the needs of a particular Program employer when assigning the recipient
2 to a particular Program job;
- 3 (8) Rules to ensure that Program employers endeavor to make Program
4 placement a positive learning and training experience;
- 5 (9) Rules to ensure that Program employers maintain health, safety, and
6 working conditions at levels generally acceptable in the industry and at
7 levels no lower than those of comparable jobs provided by the particular
8 employer;
- 9 (10) Rules to ensure that the Program employers provide on-the-job training
10 to the degree necessary to enable the recipient to perform the job;
- 11 (11) Rules to ensure that the Program employers provide on-the-job mentors
12 from among regular, unsubsidized employees to assist the recipients in
13 becoming oriented to work and to the workplace;
- 14 (12) Rules to ensure that every Program employer signs an agreement for
15 each placement outlining the specific job offered to the recipient and
16 agreeing to abide by all requirements of the Program, including the
17 requirement that the placement not supplant an existing job and the
18 requirement to repay reimbursements in the event the Program
19 employment willfully violates any Program rules; and
- 20 (13) Any other rules the Commission and the Department of Human
21 Resources consider necessary to administer the Program, including rules
22 to govern the enforcement of the Program.

23 The Employment Security Commission is the sole enforcer of the rules adopted to
24 administer the Full Employment Program.

25 (d) Either the Program employer or recipient may terminate the placement by
26 contacting the appropriate local department of social services. In this event, the
27 recipient's caseworker shall notify and consult with the appropriate interviewer at the
28 Commission to reassess the needs of the recipient and to determine whether to assign the
29 recipient to another Program placement or to assign the recipient to a component of the
30 Employment/Workfare Program. The Commission may place another recipient with the
31 Program employer. The Commission and the Department of Human Resources shall
32 endeavor to keep terminations at a minimum.

33 (e) If, after six months in a Program placement, a recipient has not been hired for
34 an unsubsidized job, the reimbursement to the Program employer shall be discontinued.
35 The recipient's caseworker, in consultation with the Employment Security Commission's
36 interviewer, shall reassess the recipient. The Commission may place the recipient in
37 another Program placement or shall assign the recipient to a component of the
38 Employment/Workfare Program, if necessary.

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

1 Recipients participating in the Program who fail to meet the requirements of a
2 Program job or the Community Service component of an Employment/Workfare Program
3 shall be disqualified for benefits for:

- 4 (1) Six months for the first offense.
- 5 (2) Twelve months for the second offense.
- 6 (3) Permanently for the third offense.

7 All rules adopted governing hearings related to the suspension or termination of
8 benefits and any subsequent suspension or termination of benefits shall be as prescribed
9 for the AFDC and food stamp programs.

10 (f) There is established in the Division of Social Services, Department of Human
11 Resources, the Full Employment Advisory Board, to consist of 11 members:

- 12 (1) One shall be the Director of the Division of Social Services, Department
13 of Human Resources;
- 14 (2) One shall be the Chairman of the Employment Security Commission;
- 15 (3) One shall be appointed by the Governor who shall be an employed
16 former recipient of AFDC;
- 17 (4) Three shall be appointed by the General Assembly upon the
18 recommendations of the Speaker of the House of Representatives, two
19 of whom shall be a member of the House of Representatives at the time
20 of appointment and one of whom shall be a member of the business
21 community;
- 22 (5) Three shall be appointed by the General Assembly upon the
23 recommendations of the President Pro Tempore of the Senate, two of
24 whom shall be a member of the Senate at the time of appointment and
25 one of whom shall be a member of the business community;
- 26 (6) One shall be the Executive Director of the North Carolina Citizens for
27 Business and Industry; and
- 28 (7) One shall be the Commissioner of Insurance or the Commissioner's
29 designee.

30 The Board shall oversee and review practices of Program employers and assess
31 compliance with Program rules. The Board shall report to the General Assembly twice a
32 year on its recommendations to improve the Full Employment Program.

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

37 (h) The Department of Human Resources shall actively assist and encourage
38 business and industry to develop on-site or near-site child care centers that give priority
39 to its employees, including recipients employed through the Full Employment Program.
40 To this effect, an employer is allowed an income tax credit pursuant to G.S. 105-130.44
41 and G.S. 105-151.26 for constructing an on-site or a near-site child care center for the
42 children of the taxpayer's employees.

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

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

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

18 Sec. 2. Subject to federal approval of any necessary waivers, effective October
19 1, 1995, G.S. 108A-29 and G.S. 108A-30 are repealed.

20 Sec. 2.1. Subject to federal approval of any necessary waivers, effective
21 October 1, 1995, Article 3 of Chapter 96 of the General Statutes is amended by adding a
22 new section to read:

23 **"§ 96-21.1. Duties concerning the Full Employment Program.**

24 The duties of the Employment Service Division shall include the implementation of
25 the Full Employment Program pursuant to Part 5B of Article 2 of Chapter 108A of the
26 General Statutes."

27 Sec. 3. Division I of Article 4 of Chapter 105 of the General Statutes is
28 amended by adding new sections to read:

29 **"§ 105-130.43. Credit for employing welfare recipient.**

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

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

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

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

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

1 (d) Information. – Upon request of a taxpayer, the Employment Security
2 Commission shall certify the name and social security number of each recipient
3 employed by the taxpayer, the taxpayer's name and tax identification number, and the
4 number of full months during the previous 12 months that the taxpayer employed each
5 recipient without reimbursement under the Full Employment Program. In order to claim
6 the credit allowed by this section, the taxpayer must include with the return this
7 certification from the Commission and any other information required by the Secretary.

8 (e) Reports. – The Department of Revenue and the Department of Human
9 Resources shall report by October 1 of each year to the Joint Legislative Commission on
10 Governmental Operations on the use and effectiveness of the credit allowed by this
11 section. The report shall include information and statistics requested by the Commission
12 other than confidential tax information that may not be disclosed pursuant to G.S. 105-
13 259.

14 **"§ 105-130.44. Credit for on-site or near-site child care center.**

15 (a) Credit. – A taxpayer who constructs an on-site or a near-site child care center
16 to provide care for the children of the taxpayer's employees is allowed as a credit against
17 the tax imposed by this Division an amount equal to the taxpayer's capital expenditures in
18 constructing the center, up to a maximum credit of two hundred fifty thousand dollars
19 (\$250,000). The credit is not allowed for the taxable year in which the expenditures are
20 made. Instead, beginning in the taxable year in which the center is completed and begins
21 to operate, the taxpayer may take one-fifth of the credit amount each year for five taxable
22 years. If the center ceases operation during this five-year period, the taxpayer may not
23 take any remaining installments of the credit until operation is resumed.

24 (b) Determination of Costs. – Capital expenditures may include mortgage or lease
25 payments, payments to purchase or improve real property, and payments for classroom
26 equipment, playground equipment, kitchen appliances, and cooking equipment, if
27 liability for these payments was incurred before or during the year the center begins to
28 operate. If the taxpayer will use the center to care for children other than those of the
29 taxpayer's employees, the credit is allowed only for a portion of the capital expenditures
30 based on the ratio of employees' children to total children to be cared for at the center.

31 (c) Conditions. – The credit allowed in this section applies only if all of the
32 following conditions are met:

33 (1) The child care center meets all applicable standards prescribed by law.

34 (2) The child care center provides care for the children of the taxpayer's
35 employees during the employees' working hours.

36 (3) The child care center is located at or near the employees' work site.

37 To claim the credit, the taxpayer must provide with the return any documentation and
38 information required by the Secretary.

39 (d) Limitations. – The credit allowed by this section may not exceed the amount of
40 tax imposed by this Division for the taxable year reduced by the sum of all credits
41 allowed, except payments of tax made by or on behalf of the taxpayer; any unused
42 portion of an installment of the credit may be carried forward for the next succeeding 10
43 years. No credit is allowed for any expenditures for which the taxpayer is reimbursed."

1 Sec. 4. Division II of Article 4 of Chapter 105 of the General Statutes is
2 amended by adding new sections to read:

3 **"§ 105-151.25. Credit for employing welfare recipient.**

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

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

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

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

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

16 (d) Information. – Upon request of a taxpayer, the Employment Security
17 Commission shall certify the name and social security number of each recipient
18 employed by the taxpayer, the taxpayer's name and tax identification number, and the
19 number of full months during the previous 12 months that the taxpayer employed each
20 recipient without reimbursement under the Full Employment Program. In order to claim
21 the credit allowed by this section, the taxpayer must include with the return this
22 certification from the Commission and any other information required by the Secretary.

23 (e) Reports. – The Department of Revenue and the Department of Human
24 Resources shall report by October 1 of each year to the Joint Legislative Commission on
25 Governmental Operations on the use and effectiveness of the credit allowed by this
26 section. The report shall include information and statistics requested by the Commission
27 other than confidential tax information that may not be disclosed pursuant to G.S. 105-
28 259.

29 **"§ 105-151.26. Credit for on-site or near-site child care center.**

30 (a) Credit. – A taxpayer who constructs an on-site or a near-site child care center
31 to provide care for the children of the taxpayer's employees is allowed as a credit against
32 the tax imposed by this Division an amount equal to the taxpayer's capital expenditures in
33 constructing the center, up to a maximum credit of two hundred fifty thousand dollars
34 (\$250,000). The credit is not allowed for the taxable year in which the expenditures are
35 made. Instead, beginning in the taxable year in which the center is completed and begins
36 to operate, the taxpayer may take one-fifth of the credit amount each year for five taxable
37 years. If the center ceases operation during this five-year period, the taxpayer may not
38 take any remaining installments of the credit until operation is resumed.

39 (b) Determination of Costs. – Capital expenditures may include mortgage or lease
40 payments, payments to purchase or improve real property, and payments for classroom
41 equipment, playground equipment, kitchen appliances, and cooking equipment, if
42 liability for these payments was incurred before or during the year the center begins to
43 operate. If the taxpayer will use the center to care for children other than those of the

1 taxpayer's employees, the credit is allowed only for a portion of the capital expenditures
2 based on the ratio of employees' children to total children to be cared for at the center.

3 (c) Conditions. – The credit allowed in this section applies only if all of the
4 following conditions are met:

5 (1) The child care center meets all applicable standards prescribed by law.

6 (2) The child care center provides care for the children of the taxpayer's
7 employees during the employees' working hours.

8 (3) The child care center is located at or near the employees' work site.

9 To claim the credit, the taxpayer must provide with the return any documentation and
10 information required by the Secretary.

11 (d) Limitations. – The credit allowed by this section may not exceed the amount of
12 tax imposed by this Division for the taxable year reduced by the sum of all credits
13 allowed, except payments of tax made by or on behalf of the taxpayer; any unused
14 portion of an installment of the credit may be carried forward for the next succeeding 10
15 years. No credit is allowed for any expenditures for which the taxpayer is reimbursed."

16 Sec. 5. There is appropriated from the General Fund to the Employment
17 Security Commission the sum of three million dollars (\$3,000,000) for the 1995-96 fiscal
18 year and the sum of three million dollars (\$3,000,000) for the 1996-97 fiscal year to
19 implement this act. The Commission shall direct the appropriate amount of these funds
20 to the Department of Human Resources and to the Department of Revenue for their use in
21 implementing any provision of this act.

22 Sec. 6. Subject to federal approval of any necessary waivers, and unless
23 otherwise stated, Sections 1 and 2 of this act become effective October 1, 1995. Sections
24 3 and 4 of this act become effective for taxable years beginning on or after January 1,
25 1996. Section 5 and this section become effective July 1, 1995.