

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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1

HOUSE BILL 1107

Short Title: Operation Pride.

(Public)

Sponsors: Representative K. Miller.

Referred to: Welfare Reform and Human Resources.

May 14, 1996

A BILL TO BE ENTITLED

1
2 AN ACT TO RESTRUCTURE THE DELIVERY OF PUBLIC ASSISTANCE
3 SERVICES TO REQUIRE FAMILIES TO MOVE FROM WELFARE
4 DEPENDENCY TO SELF-SUFFICIENCY AND TO APPROPRIATE FUNDS TO
5 PROVIDE THE NECESSARY SUPPORT AND RESTRUCTURING.

Whereas, North Carolina has recognized the need to reform its fragmented and ineffective welfare system that has not only failed to help people move towards self-sufficiency but has also actually created a permanent underclass of people who are completely dependent on the welfare system and who are raising children and grandchildren in this dependency; and

Whereas, North Carolina has begun to modify parts of its welfare system, based on the example of states like Wisconsin and on its own legislative suggestions over the years, by beginning Work First, an executive initiative effective July 1, 1996, and authorized in part by 1995 executive initiative and in part by federal waivers received by the Department of Human Resources on February 5, 1996; and

Whereas, the Work First initiative, while very valuable and clearly moving in the direction of requiring self-sufficiency and responsibility of welfare recipients, is still only a piecemeal approach to welfare reform; and

Whereas, North Carolina must now consolidate its efforts and begin to bring all reform initiatives together by mandating that all services provided be designed to achieve the one

common goal of self-sufficiency for all able-bodied citizens of North Carolina by the year 2003, after which time public assistance as it is now known will be abolished and a new program will be instituted that will provide support and temporary diversionary assistance to all working North Carolina citizens whose income puts them at risk of losing self-sufficiency without some support; Now, therefore,

The General Assembly of North Carolina enacts:

Section 1. This act may be known and cited as the "Operation Pride Act of 1996 - 2003".

TITLE I. OPERATION PRIDE - 1996.

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

"PART 1A. OPERATION PRIDE - 1996.

"§ 108A-26.5. Operation Pride - 1996; establishment.

Notwithstanding any law to the contrary in this Chapter, the General Assembly restructures public assistance provided pursuant to Parts 2, 5, and 6 of Article 1 of Chapter 108A of the General Statutes in order to ensure that all assistance provided to North Carolinians support them in moving off welfare dependency and to self-sufficiency.

The General Assembly intends, effective July 1, 2003, to repeal Parts 2, 5, and 6 of Article 1 of Chapter 108A of the General Statutes and institute OPERATION PRIDE - 2003, a unified program of support and diversionary assistance designed to help all North Carolinians to maintain their self-sufficiency even when their working income may be low enough to jeopardize this self-sufficiency.

"§ 108A-26.6. Operation Pride - 1996; findings; general purpose and principles.

The General Assembly finds that work is central to economic, social, and familial self-sufficiency. The General Assembly finds that work fulfills a basic human need. It connects individuals and their families to society and its values. The General Assembly further finds that the current welfare system provides income without the need to work, thus isolating recipients and their families from society.

Operation Pride - 1996 shall achieve the goal of moving people to self-sufficiency through the consistent application of the following principles:

- (1) For those who can work, only work should pay;
- (2) All adults are able to perform some meaningful work, even though some few physically, mentally, or emotionally disabled people may not be able to achieve total independence and self-sufficiency;
- (3) Families are society's way of nurturing and protecting children and all assistance policies and services shall be judged in light of how well these policies and services strengthen the ability and responsibility of both parents, whether custodial or noncustodial, to care for their children;

- 1 (4) Operation Pride - 1996's overall fairness will be gauged by ongoing
2 comparison with society's support for low-income families that work for
3 a living and will be carefully monitored to ensure that, effective July 1,
4 2003, Operation Pride - 2003 will be successful in replacing welfare
5 with a program of support for all people whose income put their self-
6 sufficiency at risk, whether or not these people had ever been part of
7 any welfare system in the past, including Operation Pride - 1996;
8 (5) There is no entitlement to any assistance under Operation Pride - 1996.
9 The Operation Pride System is designed to reinforce behavior that leads
10 to independence and self-sufficiency;
11 (6) Individuals and their families are part of their specific communities of
12 people and places, not statistics to be dealt with by a uniform statewide
13 methodology. Operation Pride - 1996 shall operate in ways that
14 enhance the way communities support individual and family efforts to
15 achieve self-sufficiency;
16 (7) Operation Pride - 1996 shall provide only what an individual and a
17 family need to move towards self-sufficiency. Many individuals and
18 families will achieve self-sufficiency faster with less charity and more
19 incentive; and
20 (8) Operation Pride - 1996's objectives shall be best achieved by working
21 with the most efficient service providers, whether State or local agencies
22 or community public or private agencies, and by relying on market and
23 performance mechanisms.

24 **"§ 108A-26.7. Operation Pride - 1996; relationship to Work First and remaining**
25 **existing system.**

26 (a) Work First, effective July 1, 1996, as authorized by 1995 executive action and
27 by federal waivers received by the Department of Human Resources on February 5, 1996,
28 is incorporated into Operation Pride - 1996, with certain modifications needed to ensure
29 the goal of moving individuals and families to self-sufficiency. These incorporated
30 elements of Work First and Operation Pride's modifications include:

- 31 (1) Promotion of work and development of work training, as prescribed in
32 Work First except that Operation Pride modifies Work First by
33 requiring all recipients who are able-bodied people from 18 through 60
34 other than caretakers of infants under the age of 12 weeks to participate
35 in work or work training up to at least 30 hours a week. Operation Pride
36 requires recipients of food stamps as well as recipients of aid to families
37 with dependent children and its Work First equivalent to participate.
38 Operation Pride also requires noncustodial parents of these recipients,
39 who cannot meet their child support obligations because they cannot
40 find work or because they refuse to work, to participate so that they may
41 receive the training and work experience necessary to enable them to
42 support their families. If these noncustodial parents cannot be placed in
43 gainful employment, Operation Pride requires that they be placed in

1 appropriate community service public or private work for at least 30
2 hours a week.

3 Operation Pride shall provide child care to all people required to
4 participate in work or work training pursuant to this Part if there is a
5 demonstrated need for this care. Operation Pride shall allow work
6 participation requirements to be fulfilled by work by qualified
7 participants in child care homes or facilities, including qualified child
8 care cooperatives, developed by Operation Pride to serve the needs of
9 recipients needing work who are or can become qualified to provide
10 child care to other recipients who are working or training elsewhere.

11 Operation Pride shall provide transportation to all people required to
12 participate in work or work training pursuant to this Part if there is a
13 demonstrated need for this transportation;

14 (2) Establishment of time limits of two consecutive years for any recipient
15 for any benefits once that recipient is required to participate in work or
16 work training, with a one-year extension in certain circumstances, and a
17 lifetime limit of five years, as prescribed by Work First;

18 (3) Establishment of the family cap rule that does not allow increasing a
19 participant family's cash benefits for an additional child born 10 months
20 after the family has begun receiving aid, as prescribed by Work First;

21 (4) Establishment of the minor parent rule that refuses cash benefits to
22 unwed minor parents unless they live with a parent or with an
23 appropriate guardian and remain in school, as prescribed by Work First;

24 (5) Requirement of school participation for all participants who are minors,
25 as prescribed by Work First;

26 (6) Requirement of Personal Responsibility Agreement and sanctions for
27 failure to participate, as prescribed by Work First;

28 (7) Elimination of the marriage penalty, the 100-hour rule, the employment
29 history rule, and other rules of the current welfare system that are
30 serious disincentives to encouraging two parents to remain together and,
31 together, move their family to self-sufficiency, as prescribed in Work
32 First;

33 (8) Provision of increased incentives to move to self-sufficiency, including
34 raising the resource limit for eligibility for benefits to \$3,000 and
35 increasing the vehicle allowance to \$5,000, as prescribed in Work First;

36 (9) Establishment of a benefit diversion program to keep people from
37 becoming part of the welfare system, as prescribed by Work First; and

38 (10) Provision of any other initiatives of Work First that are not in conflict
39 with Operation Pride.

40 (b) Parts 2, 5, and 6 of this Article are incorporated into Operation Pride - 1996
41 unless in conflict with this section or subsequent sections of this Part.

42 **"§ 108A-26.8. Operation Pride - 1996; drug and alcohol treatment required; drug**
43 **testing for participants.**

1 (a) As a condition of eligibility for benefits, each applicant or current participant
2 determined by a Certified Substance Abuse Counselor (CSAC) or by a physician certified
3 by the American Society of Addiction Medicine (ASAM) to be addicted to alcohol or
4 drugs and to be in need of professional substance abuse treatment services, shall be
5 required to enter into an agreement to participate satisfactorily in an individualized plan
6 of treatment in an appropriate treatment program. As a mandatory program component
7 of participation in such an addiction treatment program, each such applicant or current
8 participant shall be required to submit to an approved, reliable, and professionally
9 administered regime of testing for presence of alcohol or drugs, without advance notice,
10 during and after participation, in accordance with the addiction treatment program's
11 individualized plan of treatment, follow-up, and continuing care services for the applicant
12 or current participant.

13 (b) An applicant or current participant who fails to comply with any requirement
14 imposed pursuant to this section is not eligible for benefits, but is considered to be
15 receiving this aid for purposes of determining eligibility for medical assistance.

16 (c) The children of any applicant or current participant remain eligible for benefits,
17 and these benefits shall be paid to a protective payee pursuant to G.S. 108A-38.

18 (d) An applicant or current participant is not regarded as failing to comply with the
19 requirements of this section if an appropriate drug or alcohol treatment program is
20 unavailable.

21 **"§ 108A-26.9. Operation Pride - 1996; felons; parole or probation violators; illegal**
22 **activity.**

23 (a) Any current participant convicted of a felony or found in violation of parole or
24 probation is not eligible for benefits and their benefits shall be terminated. These
25 participants may reapply for assistance when the conditions of their conviction, parole, or
26 probation have been satisfied. The children of these people remain eligible for benefits,
27 and these benefits shall be paid to a protective payee pursuant to G.S. 108A-38. This
28 section does not apply to a participant who is convicted of a misdemeanor and
29 adjudicated in violation of parole or probation and continued on parole or probation.

30 (b) The department, in cooperation with local departments of social services, shall
31 ensure that benefits are not made available to participants actively engaged in illegal
32 activities as proscribed by State or federal law.

33 **"§ 108A-26.10. Operation Pride - 1996; increased emphasis on participation in**
34 **parental establishment and child support enforcement; immediate**
35 **garnishment of wages; withholding from bank accounts.**

36 (a) Notwithstanding any law to the contrary, Operation Pride - 1996 requires that
37 the Department of Human Resources, in cooperation with the local departments of social
38 services, make paternity establishment and child support enforcement one of their top
39 priorities.

40 The General Assembly intends to consider whether this establishment and
41 enforcement can be further enhanced by making grants available to counties who commit
42 to improving establishment and enforcement and whether to allow collection of child

1 support by other agencies or entities than are currently legally allowed to make the
2 collections.

3 (b) Notwithstanding any law to the contrary, Operation Pride - 1996 requires that
4 the Department of Human Resources, in cooperation with any State or local agencies that
5 need to participate, pursue immediate garnishment of wages as soon as the first mandated
6 child support payment is missed. The Department shall report to the General Assembly
7 by November 1, 1996, on any laws or rules that need to be changed to effect this purpose.

8 (c) Notwithstanding any law to the contrary, Operation Pride - 1996 requires that
9 the Department of Human Resources, in cooperation with any State or local agencies that
10 need to participate, pursue the withholding of child support payments from the bank
11 accounts of noncustodial parents who are not currently working. The Department shall
12 report to the General Assembly by November 1, 1996, on any laws or rules that need to
13 be changed to effect this purpose.

14 **"§ 108A-26.11. Operation Pride - 1996; notification of limitations; rules.**

15 (a) Operation Pride requires that the Department of Human Resources ensure that
16 all applicants for assistance are informed at the time of application of the eligibility
17 limitations and requirements contained in this act.

18 (b) Effective upon ratification of this Part, the Department of Human Resources
19 shall develop a comprehensive program of public service announcements and printed
20 materials and shall work to publicize these eligibility restrictions and requirements. This
21 notification shall begin immediately following ratification of these sections to encourage
22 all affected citizens, both men and women, to accept personal and family responsibility.

23 (c) The Department of Human Resources shall adopt all rules necessary to
24 implement this Part, including any rules necessary to implement Work First, as
25 incorporated in this Part."

26 Sec. 3. Operation Pride - 1996; waivers.

27 The Department of Human Resources shall immediately, upon ratification of
28 Section 2 of this act, apply for and diligently pursue any waiver that is required by the
29 federal government to implement any provision of Section 2 of this act.

30 Sec. 4. Operation Pride - 1996; increasing age of runaway juveniles to 18 to
31 reinforce the responsibility and control of parents over their families.

32 (a) G.S. 7A-517(20) reads as rewritten:

33 "(20) Juvenile. – Any person who has not reached his eighteenth birthday
34 and is not married, emancipated, or a member of the armed services
35 of the United States. For the purposes of subdivisions (12) and ~~(28)~~
36 (28)(i) of this section, a juvenile is any person who has not reached
37 his sixteenth birthday and is not married, emancipated, or a member
38 of the armed forces. A juvenile who is married, emancipated, or a
39 member of the armed forces, shall be prosecuted as an adult for the
40 commission of a criminal offense. Wherever the term 'juvenile' is
41 used with reference to rights and privileges, that term encompasses
42 the attorney for the juvenile as well."

43 (b) G.S. 7A-517(28) reads as rewritten:

1 "(28) Undisciplined Juvenile. – A juvenile (i) who is less than 16 years of
2 age ~~who is and~~ unlawfully absent from school; or (ii) who is less than
3 18 years of age and is regularly disobedient to ~~his~~ the juvenile's
4 parent, guardian, or custodian and beyond their disciplinary ~~control;~~
5 ~~or who control,~~ is regularly found in places where it is unlawful for a
6 juvenile to ~~be;~~ be, or ~~who~~ has run away from home."

7 (c) G.S. 7A-676(a) reads as rewritten:

8 "(a) Any person who has attained the age of ~~16-18~~ years may file a petition in the
9 court where ~~he~~ the person was adjudicated undisciplined for expunction of all records of
10 that adjudication."

11 (d) This section becomes effective October 1, 1996, and applies to actions arising
12 on or after that date.

13 Sec. 5. Operation Pride - 1996; minors' drivers licenses limited.

14 (a) G.S. 115C-276 is amended by adding a new subsection to read:

15 "(s) To Notify the Division of Motor Vehicles of Students Who Are Ineligible for
16 Drivers Licenses and Who Are Eligible for Restoration of Drivers Licenses. – The
17 superintendent of each local school administrative unit shall notify the Division of Motor
18 Vehicles immediately of all students between the ages of 15 and 18 who have failed to
19 attend school as required under G.S. 115C-378. The superintendent also shall notify the
20 Division of Motor Vehicles immediately of all students between the ages of 15 and 18
21 who have had their licenses suspended pursuant to G.S. 20-16(a) when one of the
22 following conditions is met:

23 (1) The student has obtained a high school diploma or its equivalent;

24 (2) The student has attended a public or private school 30 consecutive
25 days; or

26 (3) The student is enrolled full time in or has successfully completed a
27 vocational course of study at an institution within the community
28 college system."

29 (b) G.S. 20-9 is amended by adding a new subsection to read:

30 "(i) Upon receipt of notification as required by G.S. 115C-276(s), the Division
31 shall not issue a license to a person who is under 18 years of age, unless the person:

32 (1) Has obtained a high school diploma or its equivalent;

33 (2) Is enrolled in a public or private school; or

34 (3) Is enrolled full time in or has successfully completed a vocational
35 course of study at an institution within the community college
36 system."

37 (c) G.S. 20-16(a) is amended by adding a new subdivision to read:

38 "(12) Is under 18 years of age and does not qualify for the issuance of a
39 license under G.S. 20-9(i). Suspension of a license under this
40 subdivision is required when the Division receives notification as
41 provided by G.S. 115C-276(r). A person whose license is suspended
42 under this subdivision and who drives while the license is suspended
43 is considered to have driven without a license in violation of G.S.

1 20-7 rather than to have driven while the license is revoked in
2 violation of G.S. 20-28."

3 Sec. 6. Operation Pride - 1996; employer-assistance child care; consideration
4 of tax credit.

5 (a) Employer Child Care Publication. – The Business License Information Office
6 of the Department of the Secretary of State shall prepare a publication that provides
7 comprehensive information for businesses regarding employer-assisted child care
8 options. The publication shall include at least the following information:

9 (1) A summary of the following employer-assisted child care options, with
10 a discussion of practical aspects and advantages to business of each
11 option:

12 a. Employer on-site or near-site child care centers for children of
13 employees.

14 b. Child care centers provided by a consortium of small employers.

15 c. Family in-home child care networks, in which an employer
16 contracts with an agency to recruit family in-home child care
17 providers to whom employees would have access.

18 d. Financial assistance to employees, including vendor programs in
19 which the employer negotiates a discount price for employees at
20 a local child care center, voucher programs in which the
21 employer pays part of the child care costs of some or all
22 employees, and flexible benefit plans.

23 e. Resource and referral programs to meet employees'
24 needs for information on choosing quality child care and on the
25 availability of local child care.

26 (2) A summary of federal and North Carolina income tax treatment of
27 employer expenses for on-site, near-site, or consortium child care
28 centers.

29 (3) A summary of federal and North Carolina income tax treatment of other
30 forms of employer-assisted child care, including the income tax
31 exclusion for employer-dependent care assistance programs under
32 section 129 of the Internal Revenue Code.

33 (4) A summary of other financial incentives available for employer-assisted
34 child care.

35 (5) An analysis of advantages and disadvantages for employers of
36 supporting well-baby care at child care centers in order to reduce health
37 care expenses and employee sick leave expenses.

38 (6) Licensing information for employers interested in providing on-site,
39 near-site, or consortium child care centers.

40 (b) Agency Cooperation. – The Department of Human Resources and the
41 Department of Commerce shall cooperate with the Business License Information Office
42 in the compilation of information required under subsection (a) of this section.

1 (c) Distribution. – The Business License Information Office shall make the
2 Employer Child Care Publication available upon request and shall provide for its
3 distribution through the Department of Commerce, the Department of Human Resources,
4 nonprofit entities, and local governmental agencies.

5 (d) G.S. 147-54.14 reads as rewritten:

6 **"§ 147-54.14. Clearinghouse functions.**

7 The Office shall be a clearinghouse for State business license information and shall
8 perform the following duties:

9 (1) Establish a license information service detailing requirements for
10 establishing and engaging in business in the ~~State~~; State.

11 (2) Provide the most recent forms and information sheets for all State
12 business ~~licenses~~; and licenses.

13 (3) Prepare, publish, and distribute a complete directory of all State licenses
14 required to do business in North Carolina.

15 (4) Prepare, publish, and distribute a complete summary of employer-
16 assisted child care options and financial incentives for these options."

17 (e) The Business License Information Office of the Department of the
18 Secretary of State and the Department of Human Resources shall jointly study employer-
19 assisted child care options and shall report to the Joint Legislative Commission on
20 Governmental Operations by May 1, 1996, their recommendations for encouraging
21 employer-assisted child care programs. This study and report shall include at least the
22 following components:

23 (1) A comprehensive review of existing barriers to each type of employer-
24 assisted child care option listed in subdivision (a)(1) of Section 1 of this
25 act, and recommendations for removing these barriers.

26 (2) A review of other states' programs to encourage employer-assisted child
27 care.

28 (f) The General Assembly intends to consider a tax credit for employer-
29 assisted child care.

30
31 **TITLE II. OPERATION PRIDE - 2003.**

32
33 Sec. 7. (a) Effective July 1, 2003, Parts 1A, 2, 5, and 6 of Article 2 of Chapter 108A of
34 the General Statutes are repealed. Sections (3), (4), (5), and (6) of this act remain in
35 effect.

36 (b) Effective July 1, 2003, Article 2 of Chapter 108A of the General Statutes is
37 amended by inserting a new Part to read:

38 **"PART 1B. OPERATION PRIDE - 2003.**

39 **"§ 108A-26.13. Operation Pride - 2003.**

40 (a) Operation Pride - 2003 is established to replace public assistance available
41 under former Parts 1A, 2, 5, and 6 of this Article. Operation Pride - 2003 shall provide
42 support to all working North Carolinians with an income of one hundred ten percent

1 (110%) or less of the federal poverty level who are in need of support to prevent their
2 losing self-sufficiency. This support shall include:

- 3 (1) Diversionary assistance to all working North Carolinians with an
4 income of one hundred ten percent (110%) or less of the federal poverty
5 level who are in need of assistance to prevent their losing self-
6 sufficiency;
7 (2) Job counseling, job retraining, and job placement assistance, if needed;
8 (3) Child care subsidies on a sliding scale depending on income, if needed;
9 (4) Medical assistance comparable to what was provided by Medicaid prior
10 to July 1, 2003;
11 (5) Public transportation if feasible and if needed; and
12 (6) Other family, social, and health services needed by these individuals, as
13 these services may be authorized and funded by the General Assembly,
14 by the counties, or by local public and private entities operating in the
15 communities of North Carolina.

16 (b) In addition to the medical services offered pursuant to subsection (a) of this
17 section, in order to continue North Carolina's reduction of infant mortality and
18 improvement of children's health, Operation Pride - 2003 shall also provide medical
19 services comparable to those provided by Medicaid pursuant to July 1, 2003, to the
20 following individuals not covered by the services provided pursuant to subsection (a) of
21 this section:

- 22 (1) Children from birth to one year of age and pregnant women whose
23 family income is greater than one hundred ten percent (110%) of
24 poverty but no more than one hundred eighty-five percent (185%) of
25 poverty; and
26 (2) Children from one year of age to six years of age whose family income
27 is greater than one hundred ten percent (110%) of poverty but no more
28 than one hundred thirty-three percent (133%) of poverty."

29 Sec. 8. Effective July 1, 1996, the General Assembly shall begin to fashion the
30 specifics of Operation Pride - 2003, as enacted in Section 6 of this act, so that it will
31 fulfill the goals of the entire Operation Pride initiative and ensure that all able-bodied
32 North Carolinians are educated through the high school level and can and do work and
33 that they and their families become and remain self-sufficient and healthy members of
34 society in the twenty-first century.

36 **TITLE III. APPROPRIATIONS; EFFECTIVE DATE.**

37
38 Sec. 9. There is appropriated from the General Fund to the Department of
39 Human Resources the sum of twenty million dollars (\$20,000,000) for the 1996-97 fiscal
40 year to implement TITLE I of this act. The Department shall allocate the appropriate
41 funds to the appropriate State and local agencies that require funds in order to implement
42 their parts of TITLE I of this act.

43 Sec. 10. Unless otherwise stated, this act becomes effective July 1, 1996.