

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2025

H.B. 1149
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HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10623-LRxfa-180

Short Title: Keep NC Working Act.

(Public)

Sponsors: Representative Chesser.

Referred to:

1 A BILL TO BE ENTITLED
2 AN ACT ESTABLISHING THE SHORT-TIME COMPENSATION PROGRAM FOR
3 UNEMPLOYMENT INSURANCE BENEFITS IN NORTH CAROLINA AND
4 APPROPRIATING FUNDS RELATED TO THAT PURPOSE.

5 The General Assembly of North Carolina enacts:

6 SECTION 1. Effective October 1, 2026, Chapter 96 of the General Statutes is
7 amended by adding a new Article to read:

8 "Article 6.

9 "Short-Time Compensation.

10 "§ 96-45. Definitions.

11 The following definitions apply in this Article:

- 12 (1) Affected unit. – A specific plant, department, shift, or other definable unit of
13 an employing unit that has at least two employees to which an approved
14 short-time compensation plan applies.
- 15 (2) Approved short-time compensation plan. – A plan that is approved by the
16 Division as provided by this Article.
- 17 (3) Health and retirement benefits. – Employer-provided health benefits and
18 retirement benefits under a defined benefit pension plan as defined in section
19 414(j) of the Internal Revenue Code, contributions under a defined
20 contribution plan as defined in section 414(i) of the Internal Revenue Code,
21 or that are incidents of employment in addition to the cash remuneration
22 earned.
- 23 (4) Program. – Short-time compensation program established pursuant to this
24 Article.
- 25 (5) Short-time compensation. – The unemployment benefits payable to
26 employees in an affected unit under an approved short-time compensation
27 plan, as distinguished from the unemployment benefits otherwise payable
28 under the unemployment compensation provisions of State law.
- 29 (6) Short-time compensation plan. – A plan submitted by an employer for
30 approval by an affected unit of the employer to avert layoffs.
- 31 (7) Unemployment compensation. – The unemployment benefits payable under
32 this Article other than short-time compensation and includes any amounts
33 payable pursuant to an agreement under any federal law providing for
34 compensation, assistance, or allowances with respect to unemployment.
- 35 (8) Usual weekly hours of work. – The usual hours of work for full-time or
36 part-time employees in the affected unit when that unit is operating on its



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1 regular basis, not to exceed 40 hours and not including hours of overtime
2 work.

3 **"§ 96-46. Application to participate in short-time compensation program.**

4 (a) An employer that wishes to participate in the Program shall submit to the Division a
5 signed, written short-time compensation plan for approval. The Division shall develop an
6 application form to request approval of a plan and an approval process. The application shall
7 include:

8 (1) The affected unit or units covered by the plan, including the number of
9 full-time or part-time workers in the unit, identification of each individual
10 employee in the affected unit by name, social security number, and the
11 employer's unemployment tax account number, and any other information
12 required by the Division to identify plan participants.

13 (2) A description of how workers in the affected unit will be notified of the
14 employer's participation in the plan if the application is approved, including
15 how the employer will notify those workers in a collective bargaining unit, as
16 well as any workers in the affected unit who are not in a collective bargaining
17 unit. If the employer will not provide advance notice to workers in the affected
18 unit, the employer shall explain in a statement in the application why it is not
19 feasible to provide the notice.

20 (3) A requirement that the employer identify the usual weekly hours of work for
21 employees in the affected unit and the specific percentage by which their
22 hours will be reduced during all weeks covered by the plan. An application
23 shall specify the overall work reduction for which a short-time compensation
24 application may be approved, which shall be not less than ten percent (10%)
25 and not more than sixty percent (60%) of the usual work hours during that
26 period. If the plan includes any week for which the employer regularly
27 provides no work due to a holiday or other plant closing, then the week shall
28 be identified in the application. Notwithstanding the other provisions of this
29 subdivision, an employer shall be allowed some weeks of complete plant
30 shutdown in appropriate industries or given certain modes of operation.

31 (4) Certification by the employer that, if the employer provides health benefits
32 and retirement benefits to any employee whose usual weekly hours of work
33 are reduced under the Program, the benefits will continue to be provided to
34 employees participating in the Program under the same terms and conditions
35 as though the usual weekly hours of the employee had not been reduced or to
36 the same extent as other employees not participating in the Program. For
37 defined benefit retirement plans, the hours that are reduced under the plan
38 shall be credited for purposes of participation, vesting, and accrual of benefits
39 as though the usual weekly hours of work had not been reduced. The dollar
40 amount of employer contributions to a defined contribution plan that are based
41 on a percentage of compensation may be less due to the reduction in the
42 employee's compensation. However, an application may contain the required
43 certification when a reduction in health and retirement benefits scheduled to
44 occur during the duration of the plan will be applicable equally to employees
45 who are not participating in the Program and to those employees who are
46 participating.

47 (5) Certification by the employer that the aggregate reduction in work hours is in
48 lieu of layoffs, whether temporary or permanent layoffs or both.

49 (6) Agreement by the employer to do all of the following:

50 a. Furnish reports to the Division relating to the proper conduct of the
51 plan.

1 b. Allow the Division access to all records necessary to approve or
2 disapprove the plan application and, after approval of the plan, monitor
3 and evaluate the plan.

4 c. Follow any other directives the Division deems necessary for the
5 agency to implement the plan and that are consistent with the
6 requirements for plan applications.

7 (7) Certification by the employer that participation in the plan and its
8 implementation is consistent with the employer's obligations under applicable
9 federal and State laws.

10 (8) Certification by the employer that any affected collective bargaining unit
11 agrees with the plan.

12 (9) The effective date and duration of the plan, which shall expire no later than
13 the end of the twelfth full calendar month after the effective date.

14 (10) Any other provision added to the application by the Division that the U.S.
15 Secretary of Labor determines to be appropriate for the purpose of this
16 Program.

17 (b) Regarding employers in appropriate industries or that have certain modes of
18 operation, and only if the employer demonstrates good cause, the Division may allow flexibility
19 in the application process in cases where it is reasonable not to require specific dates and hours
20 in the application, notwithstanding the provisions of subsection (a) of this section.

21 (c) To be eligible to participate in the Program, the employer must have no contributions,
22 penalties, or interest outstanding under G.S. 96-10.

23 **"§ 96-47. Approval and disapproval of plan.**

24 The Division shall approve or disapprove a short-time compensation plan in writing within
25 30 days of its receipt and promptly communicate the decision to the employer. A decision
26 disapproving the plan shall clearly identify the reasons for the disapproval. The disapproval shall
27 be final, but the employer shall be allowed to submit another plan for approval not earlier than
28 90 days from the date of the disapproval.

29 **"§ 96-48. Effective date and duration of plan.**

30 A short-time compensation plan shall be effective on the date that is mutually agreed upon
31 by the employer and the Division, which shall be specified in the notice of approval to the
32 employer. The plan shall expire on the date specified in the notice of approval, which shall be
33 either the date at the end of the twelfth full calendar month after its effective date or an earlier
34 date mutually agreed upon by the employer and the Division. However, if a short-time
35 compensation plan is revoked under G.S. 96-49, the plan shall terminate on the date specified in
36 the Division's written order of revocation. An employer may terminate a plan at any time upon
37 written notice to the Division. Upon receipt of notice from the employer, the Division shall
38 promptly notify each member of the affected unit of the termination date. An employer may
39 submit a new application to participate in another plan at any time after the expiration or
40 termination date.

41 **"§ 96-49. Revocation of approval of plan.**

42 (a) The Division may revoke approval of a short-time compensation plan for good cause
43 at any time. The revocation order shall be in writing and shall specify the reasons for the
44 revocation and the date the revocation is effective. The Division shall state clearly the reasons
45 for the revocation.

46 (b) The Division may periodically review the operation of each employer's plan to assure
47 that no good cause exists for revocation of the approval of the plan. Good cause shall include,
48 but not be limited to, failure to comply with the assurances given in the plan, unreasonable
49 revision of productivity standards for the affected unit, conduct or occurrences tending to defeat
50 the intent and effective operation of the plan, and violation of any criteria on which approval of
51 the plan was based.

"§ 96-50. Modification of approved plan.

(a) An employer may request a modification of an approved plan by filing a written request to the Division. The request shall identify the specific provisions proposed to be modified and provide an explanation of why the proposed modification is appropriate for the plan. The Division shall approve or disapprove the proposed modification in writing within 30 days of receipt and promptly communicate the decision to the employer.

(b) The Division, in its discretion, may approve a request for modification of the plan based on conditions that have changed since the plan was approved, provided that the modification is consistent with and supports the purposes for which the plan was initially approved. A modification shall not extend the expiration date of the original plan, and the Division shall promptly notify the employer whether the plan modification has been approved and, if approved, the effective date of modification.

(c) An employer is not required to request approval of a plan modification if the change is not substantial, but the employer shall report every change to the plan to the Division promptly and in writing. The Division may terminate an employer's plan if the employer fails to meet this reporting requirement. If the Division determines that the reported change is substantial, the Division shall require the employer to request a modification to the plan.

(d) The Division shall use its best efforts to provide for timely and flexible modifications. The provisions of this section shall be liberally construed so as to provide the most flexibility for employers and the Division in order to carry out the purposes of this Article.

"§ 96-51. Eligibility for short-time compensation.

An individual is eligible to receive short-time compensation with respect to any week only if the individual is monetarily eligible for unemployment compensation, not otherwise disqualified for unemployment compensation, and:

(1) During the week, the individual is employed as a member of an affected unit under an approved short-time compensation plan, which was approved prior to that week, and the plan is in effect with respect to the week for which short-time compensation is claimed;

(2) Notwithstanding any other provisions of this Chapter relating to availability for work and actively seeking work, the individual is available for the individual's usual hours of work with the short-time compensation employer, which may include, for purposes of this section, participating in training to enhance job skills that is approved by the Division as employer-sponsored training or training funded under the Workforce Investment Act of 1998; and

(3) Notwithstanding any other provision of law, an individual covered by a plan is deemed unemployed in any week during the duration of the plan if the individual's remuneration as an employee in an affected unit is reduced based on a reduction of the individual's usual weekly hours of work under an approved short-time compensation plan.

"§ 96-52. Benefits.

(a) The short-time compensation weekly benefit amount shall be the product of the regular weekly unemployment compensation amount for a week of total unemployment multiplied by the percentage of reduction in the individual's usual weekly hours of work.

(b) An individual may be eligible for short-time compensation or unemployment compensation, as appropriate, except that no individual shall be:

(1) Eligible for combined benefits in any benefit year in an amount more than the maximum entitlement established for regular unemployment compensation; and

(2) Paid short-time compensation benefits for more than 52 weeks under a plan.

1 (c) The short-time compensation paid to an individual shall be deducted from the
2 maximum entitlement amount of regular unemployment compensation established for the
3 individual's benefit year.

4 (d) Provisions applicable to unemployment compensation claimants shall apply to
5 short-time compensation claimants to the extent that they are not inconsistent with the Program's
6 provisions. An individual who files an initial claim for short-time compensation benefits shall
7 receive a monetary determination.

8 (e) The following provisions apply to individuals who work for both a short-time
9 compensation employer and another employer during weeks covered by the approved short-time
10 compensation plan:

11 (1) If combined hours of work in a week for both employers do not result in a
12 reduction of at least ten percent (10%) or, if higher, the minimum percentage
13 of reduction required to be eligible for a short-time compensation benefit as
14 provided in this Article, of the usual weekly hours of work with the short-time
15 employer, the individual shall not be entitled to benefits under these short-time
16 compensation provisions.

17 (2) If the combined hours of work for both employers results in a reduction equal
18 to or greater than ten percent (10%) or, if higher, the minimum percentage
19 reduction required to be eligible for a short-time compensation employer, the
20 short-time compensation benefit amount payable to the individual is reduced
21 for that week and is determined by multiplying the weekly unemployment
22 benefit amount for a week of total unemployment by the percentage by which
23 the combined hours of work have been reduced by ten percent (10%) or, if
24 higher, the minimum percentage reduction required to be eligible for a
25 short-time compensation benefit as provided in this Article, or more of the
26 individual's usual weekly hours of work. A week for which benefits are paid
27 under this subdivision shall be reported as a week of short-time compensation.

28 (3) If an individual worked the reduced percentage of the usual weekly hours of
29 work for the short-time compensation employer and is available for all of his
30 or her usual hours of work with the short-time compensation employer, and
31 the individual did not work any hours for the other employer, either because
32 of the lack of work with that employer or because the individual is excused
33 from work with the other employer, the individual shall be eligible for
34 short-time compensation for that week. The benefit amount for the week shall
35 be calculated as provided in subsection (a) of this section.

36 (f) An individual who is not provided any work during a week by the short-time
37 compensation employer, or any other employer, and who is otherwise eligible for unemployment
38 compensation shall be eligible for the amount of regular unemployment compensation to which
39 the individual would otherwise be eligible.

40 (g) An individual who is not provided any work by the short-time compensation
41 employer during a week, but who works for another employer and is otherwise eligible, may be
42 paid unemployment compensation for that week subject to the disqualifying income or other
43 provision applicable to claims for regular compensation.

44 **"§ 96-53. Charging short-time compensation benefits.**

45 Short-time compensation shall be charged to employers' experience rating accounts in the
46 same manner as unemployment compensation is charged under this Chapter. Employers liable
47 for payments in lieu of contributions shall have short-time compensation attributed to service in
48 their employ in the same manner as unemployment compensation is attributed.

49 **"§ 96-54. Extended benefits.**

50 An individual who has received all of the short-time compensation or combined
51 unemployment compensation and short-time compensation available in a benefit year shall be

1 considered an exhaustee for purposes of extended benefits, and if otherwise eligible under those
2 provisions, shall be eligible to receive extended benefits.

3 **"§ 96-55. Severability.**

4 If any provision of this Article is found by the U.S. Department of Labor to be in violation of
5 federal law, the finding shall render the provision of this Article inoperative, but the finding shall
6 not invalidate the remaining provisions of this Article and is confined in its operation to the
7 specific provision found to be in violation of federal law."

8 **SECTION 2.** Effective July 1, 2026, there is appropriated from the General Fund to
9 the Department of Commerce, Division of Employment Security, the sum of one hundred
10 thousand dollars (\$100,000) in the 2026-2027 fiscal year for implementation of, and to educate
11 employers and employees about benefits under, the short-time compensation program established
12 by this act.

13 **SECTION 3.** Except as otherwise provided, this act is effective when it becomes
14 law.