

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 35\*

Children and Human Resources Committee Substitute Adopted 6/13/95  
Appropriations Committee Substitute No. 2 Adopted 6/30/95

Short Title: Partnership for Independence.

(Public)

Sponsors:

Referred to:

January 26, 1995

A BILL TO BE ENTITLED  
AN ACT TO ESTABLISH THE 1995 NORTH CAROLINA PARTNERSHIP FOR  
INDEPENDENCE ACT.

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 1A. THE 1995 NORTH CAROLINA PARTNERSHIP FOR  
INDEPENDENCE  
WELFARE REFORM ACT.**

**§ 108A-26.10. Goal of Welfare Reform.**

Welfare Reform should be focused on enabling families to move from the welfare  
dependency cycle to permanent work and economic self-sufficiency and on preventing  
them from developing an initial dependency. The method for achieving this shall be the  
centering of all public assistance on work first for people needing assistance who are able  
to work or be prepared for work. Welfare Reform should be designed to treat all people  
fairly and promote individual and family responsibility, family stability, dignity, and self-  
respect. It should focus on the well-being and development of children into self-  
sufficient adults and should be administered in a fiscally responsible manner. Welfare

1 Reform should also recognize that some people are not capable of total, permanent self-  
2 sufficiency but may be assisted in achieving relatively independent living.

3 **"§ 108A-26.11. Methodology of Welfare Reform; Work First establishment;**  
4 **diversion assistance; personal responsibility agreement between recipient**  
5 **and service provider; agreement specifics; self-sufficiency plan; Work**  
6 **First categories; agreement and plan specific requirements, sanctions,**  
7 **benefit limits, benefit specifics.**

8 (a) WORK FIRST PROGRAM.

9 The Department of Human Resources shall ensure that all AFDC assistance available  
10 under this Article is focused on enabling all recipients to work or to be assisted in  
11 preparing to work, unless exempt.

12 To this end, there is established the Work First Program, to serve as the umbrella  
13 program of all AFDC assistance under this Article. The Work/Training component of the  
14 Work First Program, which shall consist of compensated work, uncompensated  
15 community service work, work training, and work education activities, shall replace the  
16 Job Opportunities and Basic Skills (JOBS) program as it is currently structured  
17 under the federal Family Support Act of 1988. All other job training and placement  
18 programs operated by the State or receiving State funding as of the effective date of the  
19 1995 North Carolina Partnership for Independence Act shall be consolidated or  
20 coordinated with the Work/Training component of the Work First Program and shall fully  
21 cooperate in its implementation.

22 The Department of Human Resources shall consult with the Department of Labor, the  
23 Department of Commerce, the Employment Security Commission, the Department of  
24 Environment, Health, and Natural Resources, and any other State or local agency in order  
25 to focus all assistance to AFDC recipients under this Article on Work First.

26 AFDC recipients, who are enrolled in and have not completed their job preparation or  
27 training requirements under the JOBS Program at the time this section becomes effective,  
28 may have until July 1, 1996, to complete such job preparation and training requirements  
29 if the recipient chooses to complete the JOBS Program. If the recipient opts to complete  
30 the JOBS Program, the recipient shall continue to receive all support provided under the  
31 JOBS Program until the job preparation and training requirements have been met or until  
32 July 1, 1996, whichever comes first.

33 (b) DIVERSION ASSISTANCE.

34 The Department of Human Resources shall ensure that applicants who are determined  
35 eligible for AFDC assistance under this Article are offered diversion assistance. A  
36 recipient of diversion assistance may receive a diversion payment equal to the maximum  
37 amount of the AFDC cash assistance the recipient would otherwise be eligible to receive  
38 for up to three times the monthly grant for the household size. The actual amount of the  
39 diversion payment shall be based on the recipient's immediate needs and on the sum as  
40 negotiated by the caseworker and the recipient. If the recipient reapplies for AFDC  
41 assistance within three months of receiving the diversion payment, the diversion payment  
42 shall be prorated over the three months and shall be subtracted from any AFDC grant the  
43 recipient is eligible to receive.

1       (c)    PERSONAL RESPONSIBILITY AGREEMENT.

2       The Department shall ensure that all recipients of any AFDC assistance under this  
3 Article, including the recipient who is the specified relative who is a parent, guardian, or  
4 custodian of a recipient, have participated in the formulation of and have signed personal  
5 responsibility agreements that set out what the recipients are expected to do to exercise  
6 the personal responsibility necessary to ensure that the Work First Program is effective in  
7 assisting the recipients to attain permanent self-sufficiency. The signing of the personal  
8 responsibility agreement is a condition of eligibility for AFDC benefits under this Article.  
9 New applicants for assistance shall have AFDC assistance denied to the family and  
10 Medicaid assistance denied to the specified relative if they fail to sign prior to receiving  
11 approval of assistance. Recipients currently receiving assistance as of the effective date  
12 of the 1995 North Carolina Partnership for Independence Act shall sign these agreements  
13 no later than their first eligibility review after the effective date or have the family's  
14 AFDC assistance and the specified relative's Medicaid terminated. All recipients'  
15 personal responsibility agreements shall:

16           (1)    Require that specified relatives agree to have their children receive all  
17               appropriate immunizations;

18           (2)    Require that specified relatives agree to have their children attend  
19               school as required by the Compulsory Attendance Law;

20           (3)    Require that teenaged specified relatives agree to attend school until  
21               they receive a high school diploma or equivalent, if appropriate, and to  
22               live with their parent or guardian, unless there is reasonable concern that  
23               abuse to them or their children will ensue as a consequence of their  
24               living with their parent or guardian. This reasonable concern that abuse  
25               will ensue shall be justification for supervised living arrangements other  
26               than with the teenaged specified relative's parent or guardian. For  
27               purposes of this Part, if there is reasonable suspicion that incest has  
28               occurred while living with a parent or guardian, reasonable concern that  
29               abuse will ensue is considered to exist. If the teenaged specified relative  
30               recipient is not living with a parent or guardian at the time of the  
31               development of the personal responsibility agreement, the agreement  
32               shall require that the recipient move home with a parent or guardian  
33               within 12 weeks of the signing of the agreement unless (i) the recipient  
34               will be an adult within the 12 weeks or (ii) there is reasonable concern  
35               that abuse to them or their children will ensue as a consequence of their  
36               living with their parent or guardian. This reasonable concern that abuse  
37               will ensue shall be justification for supervised living arrangements other  
38               than with the teenaged specified relative's parent or guardian. For  
39               purposes of this Part, if there is reasonable suspicion that incest has  
40               occurred while living with a parent or guardian, reasonable concern that  
41               abuse will ensue is considered to exist;

42           (4)    Require that the recipient agree to work with the local social services  
43               agency to develop and implement a self-sufficiency plan;

1           The plan shall contain an assessment of each recipient to determine  
2           whether the recipient is able to be placed in the Work First Program, in  
3           either active participation status, or in preparatory status from which the  
4           recipient is to be moved to active status as soon as a place is available;

5           (5) Require that all recipients who are placed in active status are required to  
6           become engaged in compensated work, uncompensated community  
7           work, work training, education, or any combination of these activities,  
8           for 30 hours per week, within 12 weeks of signing the personal  
9           responsibility agreement. Participation in full-time, 30 hours per week,  
10           education and training programs shall be limited to one year.  
11           Subsequent education and training shall be supplemented with paid or  
12           unpaid work. Recipients may be engaged in part-time education and  
13           training in conjunction with paid or unpaid work for up to two years;

14           (6) Require that all recipients placed in active status shall receive the child  
15           care necessary to enable them to meet the 30-hour work/training  
16           requirement;

17           (7) Depending on the assessed needs of the recipient and the availability of  
18           service, require that all recipients who are placed in preparatory status  
19           because a place in active status is unavailable participate in Job Club,  
20           Job Prep, adult basic education, family literacy, human resources  
21           development, parenting classes, and other activities that are designed to  
22           prepare them for employment and permanent self-sufficiency; and

23           (8) Contain language that clearly communicates to each recipient (i) the  
24           sanctions to which the recipient may be subject for willful failure to  
25           comply with the personal responsibility agreement, and (ii) the specific  
26           limitations on assistance for minor specified relatives and (iii) for  
27           having a child conceived while on assistance. The language shall also  
28           set out the overall benefit limits, as prescribed in subdivision (3) of  
29           subsection (f) of this section.

30           The Department of Human Resources shall ensure that all recipients  
31           understand the contents of their personal responsibility agreement and  
32           understand the consequences of what they are agreeing to and of what  
33           will be expected of them.

34           (d) WORK FIRST PROGRAM; EDUCATION AND TRAINING;  
35           EXEMPTIONS; GENERAL EDUCATION.

36           The General Assembly finds that the likelihood of permanent self-sufficiency is  
37           minimized unless there is adequate education. Therefore, all personal responsibility  
38           agreements shall require that all minors obtain a high school diploma or its equivalent,  
39           whether through regular schools, alternative schools, community colleges, or elsewhere,  
40           if appropriate and that all recipients with school-age children keep their children in  
41           school as required by the Compulsory Attendance Law. If the local social services agency  
42           considers it important in significantly strengthening the minor's motivation to attain  
43           educational or career success and if it is determined that the recipient is able to make

1 appropriate child care arrangements, if necessary, the agreement may contain provision  
2 for a minor's further education. The agreement may also contain provision for education  
3 for an adult.

4 (1) EDUCATION/TRAINING AND WORK PROGRAMS.

5 Active participants in the Work First Program shall have first  
6 priority for placement in compensated and uncompensated work that is  
7 arranged through the Program.

8 The personal responsibility agreement may contain  
9 education/training preparation requirements if the local social services  
10 agency considers it important in significantly strengthening the  
11 recipient's drive to attain educational or career success, as part of a  
12 recipient's preparatory status and may contain education/training  
13 participation as part or all of the 30-hour per week  
14 work/education/training participation required of all recipients on active  
15 status.

16 Education and training in the Program shall be based on the local job  
17 market and designed to assist the recipient to move to permanent self-  
18 sufficiency. Community-based organizations shall be used as much as  
19 is reasonably possible in facilitating involvement and retention in the  
20 particular family's work-training program. The Work First  
21 Work/Training component, in cooperation with the local social services  
22 agency shall involve the private sector in job location, and  
23 microenterprise alternatives shall be permitted if appropriate and agreed  
24 to.

25 In instances when work is unavailable, and the recipient is not  
26 otherwise exempt from the work requirement, the recipient shall work in  
27 appropriate public and private, nonprofit community service. A  
28 recipient who is exempt from Work/Training requirements or is in  
29 preparatory status may volunteer for compensated or uncompensated  
30 public and private, nonprofit community service work, if it is  
31 determined that the recipient has adequate child care, if needed. If the  
32 volunteer's compensated work amounts to 30 hours per week or more,  
33 the recipient shall be given active status, receive provision for child  
34 care, and begin the two-year cumulative benefit time limit. A recipient  
35 who is exempt from Work/Training requirements for reasons of  
36 disability or illness may be required to volunteer for compensated or  
37 uncompensated public and private, nonprofit community service work,  
38 if it is determined by the local social services agency that the individual  
39 is capable of performing certain types of volunteer work unless  
40 otherwise prescribed by federal law.

41 As used in this subsection, the uncompensated public and private,  
42 nonprofit community service work shall be, to the extent possible, work  
43 of such nature as to provide experience that will be beneficial when the

1           recipient moves to compensated employment, that will strengthen the  
2           recipient's sense of civic responsibility, or that will enable the recipient  
3           better to use that recipient's own individual strengths.

4           (2) FOOD STAMP RECIPIENT'S VOLUNTARY WORK SERVICE.

5           Food Stamp recipients who are not recipients of AFDC benefits and  
6           therefore not subject to the requirements of the Work First Program and  
7           its Work/Community Work/Education/Training requirements may, and  
8           are encouraged to, participate in performing uncompensated public and  
9           private, nonprofit community service work, provided this person is able  
10          to make appropriate child day care arrangements, if necessary. A local  
11          social services agency may work with public and private resources to  
12          make local funds available for child day care for people wishing to  
13          participate voluntarily in this work.

14          (3) EXEMPTIONS.

15          If it is determined that the recipient is unable to be placed in the  
16          Work First Program due to an exempting condition and is unable to  
17          meet the 30-hour per week Work/Training requirement, the recipient  
18          shall be placed in exempt status. The following recipients shall be  
19          considered exempt:

- 20          a.     Recipients under the age of 16;  
21          b.     Recipients who are ill or disabled;  
22          c.     Recipients who are age 60 or older;  
23          d.     Recipients who are needed in the home to care for someone ill or  
24                disabled who lives in the home;  
25          e.     Recipients who would be required to travel more than two hours  
26                round trip for a normal Work/Training day; or  
27          f.     Recipients who are specified relatives caring for children under  
28                the age established each year for enrolling in kindergarten in that  
29                year.

30          Specified relatives who are caring for children from three months to  
31          kindergarten age may, if there are resources available in the Work First  
32          Program or in the county or community for child care and if there are  
33          places in the Work First Program's Work/Training component, be  
34          placed in active status and required to meet the 30-hour per week  
35          Work/Training requirement.

36          The Department shall ensure that all work, compensated or  
37          uncompensated, that recipients participate in through the Work First  
38          Program occurs in a safe workplace.

39          (e) SANCTIONS.

40          The Department shall ensure that all agreement provisions required of all recipients in  
41          this Part are enforced and that all agreement provisions of services and programs are  
42          provided by the appropriate State or local agency. The Department shall also ensure that

1 all sanctions and limitations are applied in a manner consistent with equal protection  
2 across localities, due process, and general equity.

3 The local departments of social services shall review all personal responsibility  
4 agreements every 12 weeks. The local department of social services shall impose  
5 sanctions if a recipient has willfully violated the personal responsibility agreement. The  
6 first review that indicates that the specified relative has willfully violated the personal  
7 responsibility agreement shall result in a twenty-five dollar (\$25.00) sanction of AFDC  
8 assistance for three months. If the subsequent review reveals that compliance has been  
9 restored, the specified relative's benefits shall be restored.

10 If any subsequent review reveals that the specified relative is still willfully out of  
11 compliance, the specified relative's AFDC assistance shall be removed for three months.  
12 The family's Food Stamp benefits continue, and recipient children remain eligible for  
13 AFDC assistance and Medicaid. If the subsequent review reveals that compliance has  
14 been restored, then the specified relative's benefits shall be restored.

15 If any subsequent review reveals that the specified relative is still willfully out of  
16 compliance, the specified relative's AFDC assistance shall be removed for an additional  
17 six months. The family's Food Stamp benefits continue, and recipient children remain  
18 eligible for AFDC assistance and Medicaid.

19 If any subsequent review reveals that the specified relative is still willfully out of  
20 compliance, unless the specified relative is pregnant, then the specified relative's AFDC  
21 assistance and Medicaid benefits shall be terminated and the specified relative whose  
22 benefits are terminated shall be ineligible to reapply for assistance for three years. If  
23 pregnant, the specified relative continues to receive Medicaid for the duration of the  
24 pregnancy and for the three months immediately following the birth. This Medicaid  
25 coverage shall include contraception. The family's Food Stamp benefits continue and  
26 recipient children remain eligible for AFDC assistance and Medicaid.

27 Upon any subsequent reapplication, assistance shall not be reinstated unless (i) the  
28 applicant is willing to enter into a new personal responsibility agreement and a new self-  
29 sufficiency plan, (ii) the applicant agrees to be placed in active or preparatory status in  
30 the Work First Program, and (iii) the applicant's participation in the Work First Program  
31 is likely to result in the applicant's attaining either permanent self-sufficiency or a  
32 substantially higher level of relatively independent living than would occur without  
33 participation in the Work First Program.

34 If the recipient has failed to comply with the agreement because specified services to  
35 be provided by the local social services agency or the State were not available or were not  
36 accessible, the recipient's assistance shall not be reduced or terminated. Nor shall the  
37 recipient's assistance be reduced or terminated if the failure to comply was a result of  
38 circumstances beyond the recipient's control, as defined by rule adopted by the Social  
39 Services Commission.

40 The Department of Human Resources shall ensure that all the recipient's appropriate  
41 due process requirements are met in regard to reduction or termination of benefits  
42 ensuing under this subsection.

1        (f) ADDITIONAL LIMITATIONS AND SANCTIONS; ADDITIONAL  
2 INCENTIVES.

3        In addition to the sanctions prescribed in subsection (e) of this section and in  
4 addition to existing incentives, the following limitations and sanctions are placed on the  
5 receipt of AFDC assistance under this Article and the following additional incentives are  
6 offered:

7            **(1) BENEFITS FOR MINOR SPECIFIED RECIPIENTS WHO ARE**  
8 **PARENTS.**

9            AFDC benefits for minor unmarried specified recipients who are parents  
10 shall not be available to those who are not living with their parents or  
11 guardians unless there is reasonable concern that abuse to them or their  
12 children will result as a consequence of their living with their parent or  
13 guardian. Reasonable suspicion that rape or incest has occurred shall  
14 constitute reasonable concern that abuse will ensue. This reasonable  
15 concern that abuse will ensue shall be justification for supervised living  
16 arrangements other than with the teenaged specified relative's parent or  
17 guardian. The agreement shall contain provision for educational  
18 services, adolescent parenting programs, and very close monitoring by  
19 the social services caseworker, participation in available adolescent  
20 pregnancy prevention programs and independent living programs that  
21 focus on the prevention of subsequent out-of-wedlock pregnancies, and  
22 involving the father in becoming responsible for his child, by providing,  
23 at a minimum, counseling and guidance.

24            The Department of Human Resources shall not allow unemancipated  
25 minors to receive AFDC checks directly unless (i) the caseworker  
26 determines that the minor is in a separate household from parent or  
27 guardian for reasons of health, safety, or being forced out of the parent's  
28 or guardian's home, or (ii) federal law or regulation, such as HUD  
29 occupancy levels in public housing, prohibit these constraints.

30            **(2) FAMILY CAP LIMITS/BIRTH CONTROL COUNSELING AND**  
31 **AVAILABILITY.**

32            a. The Department of Human Resources shall ensure that increases  
33 in assistance other than general increases provided to all  
34 recipients are not provided to a recipient for any additional  
35 dependent child born at least 10 months after the recipient begins  
36 receiving assistance. Further, the Department shall ensure that, if  
37 a recipient has another child conceived while the recipient is  
38 receiving assistance, the two-year benefit limit will apply as it  
39 was scheduled prior to the birth of that child, and it shall not be  
40 delayed due to the age of the additional child.

41            These limits shall not apply if the birth of the additional  
42 dependent child results from rape or incest when these offenses  
43 were duly reported to the appropriate law enforcement agency.



1           b. Any dependent infant remains a dependent for purposes of this  
2           Article and remains eligible for all assistance for which it is  
3           eligible.

4           c. If the family cap has been violated by the birth of additional  
5           children after 10 months of the specified relative's being on  
6           AFDC, then the Department shall ensure that, if the specified  
7           relative discontinues receiving assistance and then reapplies for  
8           assistance, those additional children are not included in the  
9           family size for the purpose of determining the amount of  
10           assistance.

11           These limits shall not apply if the birth of the additional  
12           dependent child results from rape or incest when these offenses  
13           were duly reported to the appropriate law enforcement agency.

14           d. The Department of Human Resources shall cooperate with the  
15           Department of Environment, Health, and Natural Resources to  
16           ensure that, when their eligibility for assistance is determined,  
17           any recipient who is either a specified relative or a teenaged  
18           dependent child shall be given the opportunity to choose an  
19           appropriate method of birth control and advised of each of the  
20           methods' contraindications, potential side effects, and effective  
21           rates and shall also be advised on the prevention of sexually  
22           transmitted diseases.

23           **(3) OVERALL BENEFITS LIMITS.**

24           a. All AFDC assistance shall be limited to two cumulative years,  
25           including education and Work First Work/Training, from the date  
26           of being assigned active status in the Work First Program, except  
27           as provided in sub-subdivisions c. and d. of this subdivision. The  
28           personal responsibility agreement shall specify how long any  
29           benefit shall be available, not to exceed two cumulative years.  
30           Further, the Department shall ensure that the cumulative two-  
31           year benefit period shall be applied to recipients who have an  
32           additional child that was conceived while on assistance and that  
33           the period shall begin as it was scheduled prior to the birth of that  
34           additional child, and it shall not be delayed due to the age of the  
35           additional child.

36           b. Recipients whose assistance is terminated under this provision  
37           are ineligible to reapply for three full years following the date of  
38           termination.

39           c. The local social services agency may extend AFDC assistance  
40           beyond the two-year benefit time limit up to one additional year  
41           or until the exempting condition referred to in paragraph 3. of  
42           this sub-subdivision has ended, if the recipient demonstrates:

- 1                    1. Being actively engaged in job search but unable to find  
2                    employment;  
3                    2. Being unable to complete the job training, job skills, or  
4                    education program without continued AFDC assistance;  
5                    or  
6                    3. Having a condition emerge that would exempt recipient  
7                    from participation, as these conditions are prescribed in  
8                    the EXEMPTION paragraph of G.S. 108A-26.11(d).  
9                    Violation of the family cap limit shall not constitute an  
10                   exempting condition for the specified relative under this  
11                   subdivision.
- 12                   d. Recipients who have used only part of their two-year benefit  
13                   limit when they leave AFDC due to increased earned income  
14                   shall be allowed to resume their benefits for any time remaining  
15                   on their two-year benefit period upon reapplication (i) if they lost  
16                   their jobs due to a condition that would exempt the recipient from  
17                   participation, as these conditions are prescribed in the  
18                   EXEMPTION paragraph of G.S. 108A-26.11(d), or (ii) if they  
19                   have left work for good cause attributable to the employer,  
20                   pursuant to G.S. 96-14.
- 21                   e. Cumulative time limits may be waived in cases where domestic  
22                   violence has occurred that prevents the recipient from attaining  
23                   self-sufficiency. Domestic violence shall be substantiated  
24                   through police reports; domestic violence protection orders  
25                   granted pursuant to Chapter 50B of the General Statutes; medical  
26                   documentation; or by services rendered by a domestic violence  
27                   program.
- 28                   **(4) FELONS; PAROLE OR PROBATION VIOLATORS.**  
29                   Any current recipient convicted of a felony who receives an active  
30                   sentence in a State-owned or operated facility or found in violation of  
31                   felony parole or felony probation while receiving assistance shall not be  
32                   eligible for benefits, and their benefits shall be terminated. Such  
33                   recipients may reapply for assistance when the conditions of their  
34                   conviction, parole, or probation have been satisfied. The children of  
35                   these persons shall remain eligible for benefits, and these benefits shall  
36                   be paid to a protective payee pursuant to G.S. 108A-38.  
37                   This section shall not apply to a recipient who is convicted of a  
38                   misdemeanor and adjudicated in violation of parole or probation and  
39                   continued on parole or probation.
- 40                   **(5) DRUG AND ALCOHOL TREATMENT REQUIRED; DRUG**  
41                   **TESTING FOR WELFARE RECIPIENTS.**  
42                   a. As a condition of eligibility for benefits, each applicant or current  
43                   recipient, determined by a qualified substance abuse treatment

1 provider to be addicted to alcohol or drugs and to be in need of  
2 professional substance abuse treatment services, shall be required  
3 to enter into an agreement to participate satisfactorily in an  
4 individualized plan of treatment in an appropriate treatment  
5 program. As a mandatory program component of participation in  
6 such an addiction treatment program, each such applicant or  
7 current recipient shall be required to submit to an approved,  
8 reliable, and professionally administered regime of testing for  
9 presence of alcohol or drugs, without advance notice, during and  
10 after participation, in accordance with the addiction treatment  
11 program's individualized plan of treatment, follow-up, and  
12 continuing care services for the applicant or current recipient.

13 b. An applicant or current recipient who fails to comply with any  
14 requirement imposed pursuant to this section shall not be eligible  
15 for AFDC cash benefits, but shall be considered to be receiving  
16 such aid for purposes of determining eligibility for medical  
17 assistance.

18 c. The children of any applicant or current recipient shall remain  
19 eligible for benefits, and these benefits shall be paid to a  
20 protective payee pursuant to G.S. 108A-38.

21 d. An applicant or current recipient shall not be regarded as failing  
22 to comply with the requirements of this section if an appropriate  
23 drug or alcohol treatment program is unavailable.

24 **(6) PATERNITY ESTABLISHMENT.**

25 a. The local social services agency shall continue the practice of  
26 establishing paternity at birth through hospitals or as soon as  
27 feasible through acknowledgment or court action.

28 b. The Department of Human Resources shall strengthen  
29 requirements that the local social services agency report  
30 paternity.

31 c. The General Assembly intends to amend the child support law to  
32 provide for the revocation of occupational and recreational  
33 licenses of people who are willfully out of compliance with child  
34 support orders.

35 **(7) REMOVAL OF WORK DISINCENTIVES.**

36 a. The General Assembly finds that a reliable vehicle is often a  
37 family necessity to fulfill the family's education, training, and  
38 work requirements. The current one thousand five hundred  
39 dollar (\$1,500) eligibility asset limit for those receiving AFDC  
40 has been unchanged for a long period of time and is no longer  
41 sufficient. Therefore, the Department of Human Resources shall  
42 raise the value of an allowed motor vehicle for purposes of

- 1 AFDC and Food Stamp eligibility to no more than five thousand  
2 dollars (\$5,000).
- 3 b. The Department of Human Resources shall raise AFDC and  
4 Food Stamp resource eligibility limits to three thousand dollars  
5 (\$3,000), excluding the value of place of residence and of the  
6 allowed motor vehicle.
- 7 c. The Department of Human Resources shall eliminate AFDC-  
8 UNEMPLOYED PARENT (AFDC-UP) disincentives by:
- 9 1. Eliminating the '100-hour rule', which currently removes  
10 assistance from two-parent 'Unemployed Parent' families  
11 in which the principal wage earner works 100 hours or  
12 more a month; and
- 13 2. Eliminating the requirement of an employment history for  
14 two-parent 'Unemployed Parent' families, which currently  
15 requires that one parent shall have worked and earned at  
16 least fifty dollars (\$50.00) in six of 13 calendar quarters  
17 prior to the date of application in order to receive  
18 assistance.
- 19 d. The Department of Human Resources shall disregard all  
20 recipients' employment earnings for the first three months.  
21 For the next nine months, the Department shall disregard the  
22 first two hundred dollars (\$200.00) per month, plus one-third of  
23 the remainder.  
24 For subsequent months, the standard work-related expense  
25 disregard of ninety dollars (\$90.00) per month shall be applied.
- 26 e. The Department of Human Resources shall disregard the  
27 employment earnings of minor children of AFDC recipients if  
28 the minor children are enrolled in and attending school.
- 29 **(8) ADDITIONAL WORK INCENTIVES.**
- 30 a. Individual Development Accounts (IDA) Demonstration  
31 Projects.  
32 The Department of Human Resources shall establish  
33 demonstration projects to test the use of IDAs as vehicles to  
34 encourage the development of recipients' self-sufficiency. An  
35 IDA is a special bank account established pursuant to the  
36 agreement that shall be used only for the purchase of a home,  
37 acquisition of health or disability insurance, to obtain education  
38 or job training, or to develop a small business. These limits on  
39 the use of the IDA funds continue after the recipient holding the  
40 account has left public assistance. The Department of Human  
41 Resources shall cooperate with the State Banking Commission in  
42 establishing and administering these accounts in the

1 demonstration projects to ensure that they are used only as  
2 prescribed in this subdivision.

3 b. 1. The Department of Human Resources shall  
4 increase transitional Medicaid and child care from 12  
5 months to 18 months.

6 2. The General Assembly shall designate an appropriate  
7 legislative study committee, which may be the Welfare  
8 Reform Study Commission, if reestablished, to conduct a  
9 study of ongoing Welfare Reform issues and to report  
10 recommendations to the 1995 General Assembly, Regular  
11 Session 1996, within one week of its convening. This  
12 study shall include:

13 I. Consideration of creating Small Business/Child  
14 Care Alliances similar to Small Business Health  
15 Care Alliances;

16 II. Consideration of ways the Family Resource Center  
17 concept can be used in maximizing the positive  
18 impact of welfare reform, with particular emphasis  
19 on child care, parenting classes, family counseling,  
20 and service as a 'one-stop center' for accessing  
21 services;

22 III. Consideration of the feasibility of excluding  
23 income-producing property from eligibility limits  
24 for AFDC and Food Stamps, on analogy with the  
25 Medicaid and SSI exclusions;

26 IV. Consideration of how better to involve local  
27 governmental institutions in Welfare Reform  
28 Initiatives;

29 V. Consideration of the extent, if any, to which special  
30 considerations should be made for battered women  
31 who might be coerced into sex to avoid violence  
32 and thus violate the family cap and for battered  
33 women who might need a longer period to become  
34 self-sufficient;

35 VI. Consideration of how to handle situations where  
36 public or private community service jobs are not  
37 available and no stable job opportunity has been  
38 created, and where jobs requiring skills training  
39 exist but the recipient reaches the benefits time  
40 limit prior to having received adequate skills  
41 training; and

42 VII. Consideration of ways to address the transportation  
43 issue for people in areas without public

transportation and who cannot afford an automobile.

**(9) FRAUD PREVENTION INITIATIVES.**

- a. The Department of Human Resources shall take advantage of all federal AFDC and Food Stamp fraud prevention programs and federal dollars, including the AFDC Fraud Control Plan.
- b. The State shall allow for income tax intercept for claims classified as Food Stamp Inadvertent Household Errors.
- c. The Department of Human Resources shall not allow Food Stamps to be issued to separate related family subunits all living within one residence unless the caseworker determines that failure to do so would significantly extend the time the family would remain in welfare dependency rather than moving toward self-sufficiency. The caseworker's determination shall be reviewed by the supervisor and by the director of social services before any related subunits may receive Food Stamps.
- d. The General Assembly shall examine how best the State may ensure that SSI benefits paid for disabled children are not abused but are used for their proper purposes, shall determine through study or otherwise what legislation, if any, is necessary to achieve this purpose, and, notwithstanding any rule to the contrary, may memorialize Congress, if necessary, to regulate the payments of these benefits in a better manner.

**"§ 108A-26.12. Systemic changes needed to effect Welfare Reform; technology utilization and streamlining; movement toward local case management delivery system; General Assembly intent to aid in retraining assistance and support to local social services agencies; N.C. CAN; electronic benefits transfers.**

**(a) SIMPLIFICATION AND COORDINATION.**

The Department of Human Resources shall ensure the reduction of duplication and other inefficiencies in the application and other processes of public assistance delivery. The Department shall provide better exchange of information, better service delivery and paperwork reduction within local social services agencies, related agencies, and with the State. The Department shall encourage movement of local social services agencies toward a case management system of service delivery in order to reduce the number of personnel working with one family. To encourage local social services agencies in these directions, the General Assembly intends to provide retraining assistance and support for local personnel to enable them to work effectively within a case management system.

**(b) N.C. CAN.**

The Department of Human Resources shall institute phase one of N.C. CAN to effect technology utilization and streamlining. N.C. CAN is a collaboration between the Department of Human Resources and counties that seeks an integrated information environment that will allow families and children to be served holistically. A

1 comprehensive information model will be developed that reflects the business and  
2 information requirements for human services delivery. This model will become the  
3 blueprint for the modular design and implementation of a flexible automated system that  
4 will meet all objectives for an improved human services delivery system.

5 The anticipated outcomes of N.C. CAN include simplification, 'one-stop-shopping' for  
6 families being served, less staff involved in the eligibility determination process,  
7 improved services for families, and improved information for line workers and  
8 management. The following are some of the goals to be accomplished with N.C. CAN:

- 9 (1) Simplify fundamentally and improve interaction with clients and  
10 families;
- 11 (2) Ensure quality improvement of services;
- 12 (3) Promote communication among agencies;
- 13 (4) Define human services processes;
- 14 (5) Examine how human services are delivered;
- 15 (6) Integrate both manual and automated processes; and
- 16 (7) Reengineer existing human services systems.

17 **(c) ELECTRONIC BENEFITS TRANSFER.**

18 The Department of Human Resources shall institute electronic benefits transfer.

19 **"§ 108A-26.13. Performance audit of benefits and service delivery programs.**

20 The State Auditor shall conduct a performance audit of all programs related to the  
21 administration or delivery of benefits and services to public assistance recipients. This  
22 audit shall include all State agencies, departments, divisions, and offices that play a direct  
23 role in the delivery or administration of benefits and services. The General Assembly  
24 intends to appropriate sufficient funds to the State Auditor for this purpose. These funds  
25 may be used to obtain consultants with needed areas of expertise, and time-limited  
26 employees, when needed, to perform this audit. The audit shall include an examination  
27 of the following:

- 28 (1) Ways to reduce paperwork;
- 29 (2) Duplication of tasks; programs, and services;
- 30 (3) Efficiency of program administration, including overlapping  
31 responsibilities and layering of management;
- 32 (4) Level of consistency in goals, management operations, and  
33 implementation strategies;
- 34 (5) Adequacy of personnel training and continuing education, placing  
35 particular emphasis on consistency with collaborative and case  
36 management concepts;
- 37 (6) Potential efficiency gains through consolidation of functions within  
38 agencies or even across agency lines;
- 39 (7) Examination of the State-local relationships with regard to personnel,  
40 funding, training, and overall service delivery and administration;
- 41 (8) Collaboration, cooperation, and coordination between departments,  
42 agencies, and levels of government;
- 43 (9) Contracting and consulting practices; and

1           (10) Use of local nongovernmental community organizations and institutions  
2           of higher education in service delivery on a voluntary basis and through  
3           small grants or contracts.

4           The audit shall also include any other issues relating to welfare reform that the State  
5           Auditor considers necessary or advisable.

6           All State and local agencies and officials shall cooperate fully with the Office of the  
7           State Auditor in its performance of this audit. This cooperation includes, but is not  
8           limited to, providing ready and complete access to all materials, including those in draft  
9           form and those that may contain confidential, proprietary, or similar information. The  
10          General Assembly intends that the Office of the State Auditor have full and complete  
11          independence in conducting this study in accordance with G.S. 147-64.8 and all other  
12          applicable general statutes and session laws.

13          **"§ 108A-26.14. Ongoing program evaluation for purposes of assessing performance.**

14          The General Assembly shall establish or designate a commission or committee to  
15          oversee ongoing program evaluation as welfare reform progresses in North Carolina in  
16          order to assess performance of all involved agencies. This oversight shall begin with  
17          overseeing a formal independent two-year program evaluation beginning no later than six  
18          months following ratification of the 1995 North Carolina Partnership for Independence  
19          Act. This evaluation shall measure the Work First Program's Performance outcome and  
20          effect on recipients and families of recipients. The commission or committee shall report  
21          the results of this evaluation to the General Assembly, together with any legislative  
22          recommendations.

23          The Department of Human Resources shall provide the commission or committee  
24          with quarterly reports as to changes in the reported number of child abuse and neglect  
25          cases, domestic violence incidents, assaults, reports of mental or psychological problems,  
26          changes in the need for foster care, and changes in the case load of child protective  
27          services, arising with families where a member whose AFDC, Food Stamps, or Medicaid  
28          benefits have been terminated. The Department shall establish a baseline of reports  
29          within AFDC families no later that six months following ratification of the 1995 North  
30          Carolina Welfare Reform Act to provide a basis of comparison for subsequent reports.

31          The commission or committee shall continue until terminated by the General  
32          Assembly.

33          **"§ 108A-26.15. State government participation in Welfare Reform.**

34          All State agencies, including the Department of Human Resources, the Department of  
35          Commerce, the Employment Security Commission, the Department of Labor, the  
36          Housing Finance Agency, the Department of Community Colleges, the Department of  
37          Public Instruction, the Department of Environment, Health, and Natural Resources, and  
38          the Rural Economic Development Center, Inc., that provide programs or services that are  
39          used by public assistance recipients shall ensure that these programs and services are  
40          provided in such a way as to effect Welfare Reform as provided in this Part, and that their  
41          goals are harmonious with welfare reform's goals of assisting families to attain permanent  
42          self-sufficiency.



1       The Department of Commerce shall, in particular, conduct all its economic  
2 development efforts in a manner that pays particular attention to issues of welfare reform.

3       The Department of Labor shall, in particular, conduct its work-training related  
4 programs in a manner that pays particular attention to issues of welfare reform to move  
5 recipients permanently to work and self-sufficiency.

6       The Department of Correction shall conduct an internal study of its education and  
7 training programs to determine how best to redirect these programs to enable and  
8 encourage inmates to be responsible family members while incarcerated and to  
9 participate in their families' movement toward permanent self-sufficiency when they  
10 return to their communities.

11       The State agencies shall report their compliance with this subsection to the 1995  
12 General Assembly by April 15, 1996.

13 **"§ 108A-26.16. Part 1A controls over other law and rule.**

14       Any law or rule in conflict with this Part is superseded by this Part."

15       Sec. 1.1. G.S. 108A-29 and G.S. 108A-30 are repealed.

16       Sec. 2. G.S. 105A-2(1)r. reads as rewritten:

17               "r.     The North Carolina Department of Human Resources when in  
18                     the performance of its ~~intentional program violation~~ collection  
19                     duties for intentional program violations and violations due to  
20                     inadvertent household error under the Food Stamp Program  
21                     enabled by Chapter 108A, Article 2, Part 5, and any county  
22                     operating the same Program at the local level, when and only to  
23                     the extent such a county is in the performance of Food Stamp  
24                     Program ~~intentional program violation~~ collection functions."

25       Sec. 3. The General Assembly intends to consider the appropriateness of  
26 funding and otherwise supporting and encouraging the following Welfare Reform  
27 Initiatives in subsequent fiscal years:

- 28       (1) Greater inclusion of noncustodial fathers in job placement and  
29       employment training activities;
- 30       (2) More emphasis on promoting policies and funding preventing  
31       adolescent pregnancy and substance abuse;
- 32       (3) Greater provision of child care and transportation for the Work First  
33       Preparatory group;
- 34       (4) Greater access of children to programs that will enhance likelihood of  
35       future academic, economic, and social success; and
- 36       (5) A stronger relationship between welfare reform and job creation and  
37       economic development.

38       Sec. 4. (a) The General Assembly encourages the Governor to establish a  
39 Child and Family Services Interagency Council to focus on ensuring a smooth, rational,  
40 efficient coordination of efforts across agency, departmental, and division lines  
41 throughout the entire, long-range process of welfare reform.

42       (b) Within funds available to it, the Department of Human Resources shall  
43 establish a pilot demonstration project to test the feasibility of establishing a formal

1 mediation process to resolve disputes between recipients and the local social services  
2 departments before these disputes result in willful noncompliance and sanctions. The  
3 project shall include peers of recipients as a component of any mediation process  
4 established. The Department shall report the results of this pilot to the 1997 General  
5 Assembly within one week of its convening.

6       Sec. 5. The Department of Human Resources shall apply for all necessary  
7 waivers required by Sections 1 and 1.1 of this act from the federal government  
8 immediately as of the effective date of this section. If the federal government denies the  
9 waiver before the effective date of Sections 1 and 1.1 of this act or if the waiver has not  
10 been accepted by the effective date of these sections, these sections shall not become  
11 effective unless the General Assembly, in the next appropriations act passed after the  
12 denial, appropriates sufficient funds to make up for the loss of federal funds, in which  
13 case these sections shall become effective on the effective date of this appropriations act.  
14 If the waiver is denied or has not been accepted by the effective date of these sections,  
15 funds appropriated by this act shall be held by the State Treasurer in a special fund,  
16 which shall be released as appropriated if the General Assembly does meet this condition.

17       Sec. 6. Unless otherwise provided, except for, and subject to, the conditions  
18 set forth in Section 5 of this act, Sections 1 and 1.1 of this act become effective January  
19 1, 1996. Section 2 of this act is effective upon ratification. Any limitation on services  
20 and benefits prescribed in Section 1 apply to agreements drawn up for applicants for  
21 public assistance applying on or after this date and apply to determinations or  
22 redeterminations of eligibility for benefits made on or after that date. Any  
23 appropriations made by this act become effective July 1, 1995. Sections 3, 4, 5, and 6 of  
24 this act are effective upon ratification.