

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1995

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SENATE BILL 35*

Children and Human Resources Committee Substitute Adopted 6/13/95

Short Title: Partnership for Independence.

(Public)

Sponsors:

Referred to: Appropriations

January 26, 1995

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

4 The General Assembly of North Carolina enacts:

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

7 **PART 1A. THE 1995 NORTH CAROLINA PARTNERSHIP FOR**
8 **INDEPENDENCE**
9 **WELFARE REFORM ACT.**

10 **§ 108A-26.10. Goal of Welfare Reform.**

11 Welfare Reform should be focused on enabling families to move from the welfare
12 dependency cycle to permanent work and economic self-sufficiency and on preventing
13 them from developing an initial dependency. The method for achieving this shall be the
14 centering of all public assistance on work first for people needing assistance who are able
15 to work or be prepared for work. Welfare Reform should be designed to treat all people
16 fairly and promote individual and family responsibility, family stability, dignity, and self-
17 respect. It should focus on the well-being and development of children into self-
18 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, unless the specified relative is pregnant, the specified relative's AFDC
12 assistance and Medicaid benefits shall be removed for three months. If pregnant, the
13 specified relative continues to receive Medicaid for the duration of the pregnancy and for
14 the three months immediately following the birth. This Medicaid coverage shall include
15 contraception. The family's Food Stamp benefits continue, and recipient children remain
16 eligible for AFDC assistance and Medicaid. If the subsequent review reveals that
17 compliance has been restored, then the specified relative's benefits shall be restored.

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

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

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

40 If the recipient has failed to comply with the agreement because specified services to
41 be provided by the local social services agency or the State were not available or were not
42 accessible, the recipient's assistance shall not be reduced or terminated. Nor shall the
43 recipient's assistance be reduced or terminated if the failure to comply was a result of

1 circumstances beyond the recipient's control, as defined by rule adopted by the Social
2 Services Commission.

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

6 (f) ADDITIONAL LIMITATIONS AND SANCTIONS; ADDITIONAL
7 INCENTIVES.

8 In addition to the sanctions prescribed in subsection (e) of this section and in
9 addition to existing incentives, the following limitations and sanctions are placed on the
10 receipt of AFDC assistance under this Article and the following additional incentives are
11 offered:

12 (1) **BENEFITS FOR MINOR SPECIFIED RECIPIENTS WHO ARE**
13 **PARENTS.**

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

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

35 (2) **FAMILY CAP LIMITS/BIRTH CONTROL COUNSELING AND**
36 **AVAILABILITY.**

37 a. The Department of Human Resources shall ensure that increases
38 in assistance other than general increases provided to all
39 recipients are not provided to a recipient for any additional
40 dependent child born at least 10 months after the recipient begins
41 receiving assistance. Further, the Department shall ensure that, if
42 a recipient has another child conceived while the recipient is
43 receiving assistance, the general two-year overall benefits limit

1 applies, and the beginning of the two-year period shall not be
2 extended because of the age of the additional child.

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

6 b. Any dependent infant remains a dependent for purposes of this
7 Article and remains eligible for all assistance for which it is
8 eligible.

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

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

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

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

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

40 b. Recipients whose assistance is terminated under this provision
41 are ineligible to reapply for three full years following the date of
42 termination.

- 1 c. The local social services agency may extend AFDC assistance
2 beyond the two-year benefit time limit up to one additional year
3 or until the exempting condition referred to in paragraph 3. of
4 this sub-subdivision has ended, if the recipient demonstrates:
5 1. Being actively engaged in job search but unable to find
6 employment;
7 2. Being unable to complete the job training, job skills, or
8 education program without continued AFDC assistance;
9 or
10 3. Having a condition emerge that would exempt recipient
11 from participation, as these conditions are prescribed in
12 the EXEMPTION paragraph of G.S. 108A-26.11(d).
13 d. Recipients who have used only part of their two-year benefit
14 limit when they leave AFDC due to increased earned income
15 shall be allowed to restart their two-year benefit upon
16 reapplication (i) if they lost their jobs due to a condition that
17 would exempt the recipient from participation, as these
18 conditions are prescribed in the EXEMPTION paragraph of G.S.
19 108A-26.11(d), or (ii) if they have left work for good cause
20 attributable to the employer, 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

1 transportation and who cannot afford an
 2 automobile.

3 **(9) FRAUD PREVENTION INITIATIVES.**

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

24 **"§ 108A-26.12. Systemic changes needed to effect Welfare Reform; technology**
 25 **utilization and streamlining; movement toward local case management**
 26 **delivery system; General Assembly intent to aid in retraining assistance**
 27 **and support to local social services agencies; N.C. CAN; electronic benefits**
 28 **transfers.**

29 **(a) SIMPLIFICATION AND COORDINATION.**

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

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

40 The Department of Human Resources shall institute phase one of N.C. CAN to effect
 41 technology utilization and streamlining. N.C. CAN is a collaboration between the
 42 Department of Human Resources and counties that seeks an integrated information
 43 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.