

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2025

H.B. 1149  
Apr 30, 2026  
HOUSE PRINCIPAL CLERK

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HOUSE BILL DRH10623-LRxfa-180

Short Title: Keep NC Working Act.

(Public)

Sponsors: Representative Chesser.

Referred to:

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

5 The General Assembly of North Carolina enacts:

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

8 "Article 6.

9 "Short-Time Compensation.

10 "§ 96-45. Definitions.

11 The following definitions apply in this Article:

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**"§ 96-50. Modification of approved plan.**

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

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

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

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

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

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

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

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

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

**"§ 96-52. Benefits.**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

49 **"§ 96-54. Extended benefits.**

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

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

3 **"§ 96-55. Severability.**

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

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

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