

1997

**SENATE
APPROPRIATIONS-
HUMAN RESOURCES
COMMITTEE**

MINUTES

SENATE APPROPRIATIONS SUBCOMMITTEE

ON

HEALTH AND HUMAN SERVICES

MEMBERSHIP

1997-1998

<u>MEMBER</u>	<u>TELEPHONE</u>	<u>OFFICE</u>	<u>CLERK</u>
Senator William N. Martin Co-chair	715-3042	Room 411-LOB	Wanda Kay
Senator R.L. Clark	733-5742	Room 1118	Linda Hines
Senator Charlie Dannelly	733-5955	Room 2106-LB	Dee Hodge
Senator Jim Forrester	733-5708	Room 1121-LB	Marianne Jacobi
Senator Brad Miller	733-9349	Room 621-LOB	Cornelia McMillan
Senator Jim Phillips, Sr.	733-5870	Room 628-LOB	Gerry Bowles

STAFF:

Karen Hammonds-Blank
Fiscal Research
Division of Mental Health/DSS
733-4910

Carol Shaw
Fiscal Research
AFDC/ Medicaid/ Aging/ Facility Services
733-4910

Mary Ellen Sylvester
Fiscal Research
Youth Services/ Div. Of Blind/Div. Of Voc. Rehab/Div. Deaf/Hard of Hearing/Child Dev.
733-4910

Senate Appropriations Subcommittee on Human Resources

AGENDA

Thursday, February 6, 1997

8:30 am, Room 422

- Welcome and Introductions Senator Bill Martin
- Subcommittee's Charge Senator Bill Martin
- Session Outlook Mary Ellen Sylvester
Fiscal Research Division
- Subcommittee Discussion

VISITOR REGISTRATION SHEET

HUMAN RESOURCE

2-6-97

Name of Committee

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

Myrna Miller

NASW-NC 412 Marsen St. Raleigh 27601

Tommy Worth

Carolina's Health Care System Charlotte 28232

Dee Jenkins

NCHCFA

Sharon Ransome

DSS

ANGIE McMILLAN

DHR

Adams Bldg 101 Blair Dr. Raleigh 27603 3-21-73

John Bowditch

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4505 Wilkes St. Raleigh NC 27609

Lee Hittedge

DHR

Lynne Perrin

DHR

Joan Edgerton

DHR

Dr. David Burton

DHR

Elizabeth Holler

NASW-NC

Joan Robinson

OSAPL - Admin. Bldg.

Carmen Hooker Byell

Carolina's Health Care System Charlotte 28232

David Hobart

AEC/ARC

Lou B. Wilson

NCALTC 7.

Thine Upger

OSBPM

Daneel Arnold

SEANC

Nancy Bradley

NCCPD

Becki Stuetgen

PPAB

AGENDA

SENATE APPROPRIATION SUBCOMMITTEE ON HUMAN RESOURCES

MARCH 27, 1997

Afternoon Meeting

SENATOR WILLIAM MARTIN, COCHAIRMAN - PRESIDED

COMMITTEE DISCUSSION:

SPECIAL PROVISION FOR THE SERVICES FOR THE BLIND

STATE ABORTION FUND ELIGIBILITY PROVISION

MINUTES

SENATE APPROPRIATIONS SUBCOMMITTEE ON HUMAN RESOURCES

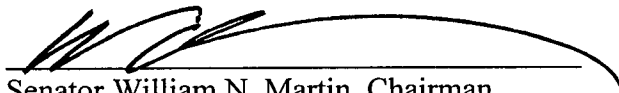
March 27, 1997

The Senate Appropriations Subcommittee on Human Resources met Thursday afternoon March 27, 1997 at 4:10 p.m.. Senator Bill Martin presided with five Senate members present. A motion was made to give staff permission to insert language on page 37.

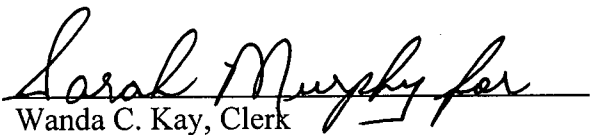
A special provision for the Services for the Blind containing committee language was no longer binding, so staff recommended to let \$250,000 remain. Senator Forrester moved that staff's recommendation be approved.

The State abortion fund eligibility provision was placed on hold until the earlier part of the following week. It was indicated that Governor Hunt supported the availability of funds for the purpose of abortion in cases where there are extenuating circumstances, however, he would like to review any language changes that may be introduced.

The meeting adjourned at 4:30 p.m..



Senator William N. Martin, Chairman
Senate Appropriations Subcommittee on Human Resources



Wanda C. Kay, Clerk
Senate Appropriations Subcommittee on Human Resources

P.M. 3/27/97

CODE NO. 97DHR-S045

Requested by: Senator Martin of Guilford

MEDICAID TRUST FUND

1 Section @. Notwithstanding any prohibition which may
2 exist, in G.S. 143-23.2, the Department may use up to forty
3 million dollars (\$40,000,000) during fiscal year 1997-98 and up
4 to thirty million dollars (\$30,000,000) during fiscal year 1998-
5 99 from the fund established pursuant to G.S. 143-23.2 to support
6 Medicaid program expenditures, if available in the fund.

PM 3/27/97

CODE NO. 97DHR-S044

Requested by: Senator Martin of Guilford

VOCATIONAL REHABILITATION DIVISION SERVICES STUDY/REPORT

1 Section @. The Vocational Rehabilitation Division,
2 Department of Human Resources shall study the services it
3 provides to developmentally disabled and Thomas S. clients and in
4 the area of supported employment, the strategies it employs to
5 provide those services, and any obstacles that exist to providing
6 those services and report the results of its study to the Joint
7 Legislative Commission on Governmental Operations and to the
8 Chairs of the House and Senate Appropriations Subcommittees on
9 Human Resources by January 1, 1998.

3-26-97 PM

CODE NO. 97DHR-S041

Requested by: Senator Martin of Guilford

DHR STUDY OF PROVIDER REIMBURSEMENT RATES/REPORT

1 Sec. @. The Department of Human Resources shall study
2 the process of setting provider reimbursement rates for programs
3 within the Department. This study shall include an analysis of
4 the following:

5 (1) The extent to which rates are set in accordance
6 with clear policies that are consistent across
7 program lines;

8 (2) Whether there are general principles and
9 assumptions that are or should be included in all
10 rate setting processes;

11 (3) The policies and economic and accounting principles
12 that are utilized for setting rates in each program
13 and a comparison of those policies and principles
14 between the programs; and

15 (4) How any differences between programs in setting
16 rates is justified.

17 The Department shall report its findings of this study to the
18 Joint Legislative Commission on Governmental Operations and to
19 the Chairs of the House and Senate Appropriations Subcommittees
20 on Human Resources before February 1, 1998.

PM

VISITOR REGISTRATION SHEET

Human Res

Name of Committee

3-27-97

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

Evelyn Hawthorne

NCHA

Ann Schwindaman

NC Council of Comm Programs

Debbie Jacobs

Dir. of Comm Bnt

Jarvis Starks

Dir. of Va. Rehab.

James Williams

Boyer Assoc/LTC

DEBRA SOUTER

NCHRA

RICHARD TRIDEOUT

DHR/DYS

Lynne Aycock

DHR-DSS

Harvey Lanone

DSS

John Lanone

DSS

Beth Ising

NARAL

Roslyn Smith

NC. WGSW / ACLU

Debra Kers

ACLU

Alicia Williams

DHR

Myra

OSBM

Jim E. Lantz

DHR

Bob Kethan

DHR

AGENDA

SENATE APPROPRIATIONS SUBCOMMITTEE ON HUMAN RESOURCES

THURSDAY - APRIL 10, 1997

8:30 AM

SENATOR WILLIAM MARTIN, COCHAIRMAN

PRESIDED

DEPARTMENT REDUCTIONS

JIM EDGERTON

LIHEAP BLOCK GRANTS

KAREN HAMMONDS-BLANKS

MINUTES

SENATE APPROPRIATIONS SUBCOMMITTEE ON

HUMAN RESOURCES

April 10, 1997

The Senate Appropriations Subcommittee on Human Resources met on Thursday, April 10, 1997, at 8:40 a.m.. Senator Bill Martin presided and introduced the page for the meeting DeNae Harnshaw, sponsored by Senator Reeves of Raleigh. He then turned the floor over to Jim Edgerton whose presentation was pertaining to Department reductions.

A motion was made to accept the proposal reductions presented by Jim, totaling \$2,952,032. The motion was approved.

Karen Hammonds-Blanks made a brief presentation regarding LIHEAP Block Grant recommendations. A motion to accept the recommendations was made and approved.

Karen proceeded with an overview regarding the Community Services Block Grants. A motion to accept the recommendations was made and approved. Mental Health/Developmental Disabilities, and Substance Abuse Services Block Grants provisions were approved.

Special Provisions recommended for approval by the committee were as follows (see handout):

- Medicaid Growth reduction
- Governor Morehead School/textbook funds
- DYS training schools/student assessments (providing a modification is made permitting the Department to use lapsed salaries)
- Annual evaluation of Wilderness Camp, Coach, Mentor training and the Governor's One-on-One programs.

Upon motion by Senator Forrester the Committee will reconsider the approval of the Medicaid Growth reduction provision and upon reconsideration modify that provision on line 4 by adding the words "categories of" between the words "are" and "services" and that the Committee will then approve the provision. The motion was carried.

The meeting was adjourned.



Senator William Martin, Cochairman
Senate Appropriations Subcommittee on Human Resources



Wanda C. Kay, Committee Clerk
Senate Appropriations Subcommittee on Human Resources

4-10-97 AM

Department of Human Resources

Block Grants

**DEPARTMENT OF HUMAN RESOURCES
OFFICE OF ECONOMIC OPPORTUNITY**

COMMUNITY SERVICES BLOCK GRANT (CSBG)

For the State fiscal year 1997-98 the funding level is estimated to be \$12,828,926.

GENERAL DESCRIPTION

The Community Services Block Grant Program makes federal funds available to states to provide a range of services designed to assist low-income persons attain the skills, knowledge, and motivation necessary to achieve self-sufficiency.

The primary providers of services under this grant, as required by federal law, are the thirty-six Community Action Agencies (CAAs) in the state. Other grantees are seven Limited Purpose Agencies (LPAs) who were recipients of similar funds prior to the inception of the Community Services Block Grant Program. CAAs operate programs under the Community Services Block Grant in coordination with other federal, state, and local programs such as Head Start, Emergency Homeless, Weatherization, and Section 8 Rental Assistance.

Community Services Block Grant funds are used to provide a wide variety of services in local communities to serve identified needs of poor families. Programs allowed under the Community Services Block Grant Act are those which provide activities designed to assist low-income participants including the elderly poor:

- to secure and retain meaningful employment;
- to attain an adequate education;
- to make better use of available income;
- to obtain and maintain adequate housing and a suitable living environment;
- to obtain emergency assistance through loans or grants to meet immediate and urgent individual and family needs, including the need for health services, nutritious food, housing, and employment-related assistance;
- to remove obstacles and solve problems which block the achievement of self sufficiency;
- to achieve greater participation in the affairs of the community; and
- to make more effective use of other programs related to promoting the well being of the low-income population.

The specific services operated in each local community are determined by the local agency as a result of an assessment of the needs of low-income individuals and families in their service area which is used to develop a multi-year plan for services.

As required by the Community Services Block Grant Act, ninety per cent of the funds received are distributed to the thirty-six Community Action Agencies (CAAs) located throughout the state. Five percent, which is the maximum allowed by federal law, is used by the Department to administer the Program. The remainder is used to fund seven non-profit organizations known as Limited Purpose Agencies (LPAs).

Approximately twenty thousand low-income individuals are served annually under the program.

RECOMMENDATIONS

ALLOCATION

- | | |
|--|--------------|
| 1. Allocate \$641,446 to the Department of Human Resources to administer the grant. Staff renders technical assistance and monitors the Community Action Agencies and Limited Purpose Agencies for compliance with federal laws and regulations. | \$641,446 |
| 2. Allocate \$11,546,034 to the 36 Community Action Agencies (CAAs) which serve 86 counties for the purpose of providing administrative costs and to assist low-income families with housing, emergency assistance, education, energy, nutrition, income management, information and referral, and outreach. Federal rules require that 90% of the grant be allocated to CAAs. | \$11,546,034 |
| 3. Allocate the remaining 5% of the grant in the amount of \$641,446 to Limited Purpose Agencies which are agencies that address a specific need or population. The allocation and agency is as follows: <ul style="list-style-type: none">- Telamon which provides assistance to seasonal and migrant farm workers (\$80,181)- Low Income Housing Development Corporation (LIHDC) which assists non-profit agencies in packaging loans for housing construction and rehabilitation (\$98,141)- N.C. Rural Fund for Development (NCRFD) which provides technical assistance to credit unions and cooperatives which serve low-income individuals and families (\$233,486)- N.C. Senior Citizens Federation which sponsors statewide activities for low-income senior citizens (\$116,743) | \$641,446 |

- Western Economic Development Organization (WEDO) which assists organizations serving low-income and handicapped individuals secure manufacturing contracts (\$61,579)
- United Senior Services which provides activity programs for senior citizens in Craven County (\$24,375)
- N.C. Commission of Indian Affairs which provides programs for low-income Native Americans in the state in coordination with local tribal organizations (\$26,941)

TOTAL FUNDING SFY 1997-98

\$12,828,926

SOURCE OF FUNDS:

BLOCK GRANT FUND FFY 1997

\$3,207,232

BLOCK GRANT FUND FFY 1998

\$9,621,694

DIVISION OF ECONOMIC OPPORTUNITY
Analysis of Community Services Block Grant
SFY 1997-1998

Item Number	Title	Actual SFY 95-96	Appropriated SFY 96-97 (HB 53)	Recommended Amount SFY 97-98	Appropriated/Recommended Difference	Explanation of Difference
1	Admin	\$426,339	\$511,044	\$641,446	\$130,402	Administration is limited to 5% of the grant award and varies based on the award amount.
2	CAAs	\$9,198,794	\$9,198,794	\$11,546,034	\$2,347,240	Funds awarded to CAAs must be 90% of the total allocation and is based on award amount.
3	LPAs	\$511,044	\$511,044	\$641,446	\$130,402	Funds awarded to LPAs is 5% of the grant award and varies based on the award amount.
TOTAL		\$10,136,177	\$10,220,882	\$12,828,926	\$2,608,044	Difference represents the increase in the federal grant award for this period.

**Department of Human Resources
Division of Mental Health, Developmental Disabilities
and Substance Abuse Services
Mental Health Services Block Grant
(MHBG) SFY 1998**

FUNDING LEVEL

Federal funding available to North Carolina is \$6,238,341 for FFY 97 and an estimated amount of \$6,238,341 for FFY 98. The proposed MHGB plan utilizes the remaining FFY 97 amount of \$2,549,000 plus \$3,689,341 from the anticipated FFY 98 award.

Congress, as part of the block grant authorization legislation in FY 93, separated the Alcohol, Drug Abuse and Mental Health Block Grant into distinct mental health and substance abuse block grants.

GENERAL DESCRIPTION

The MHBG provides federal financial assistance to states for the provision of community-based services for the mentally ill. Services provided through the use of the block grant must be those described in the State's Plan in accordance with Federal P.L. 102-321. These services include outpatient, day treatment, psychosocial rehabilitation, emergency services, residential services, etc.

SIGNIFICANT FEDERAL REQUIREMENTS

The authorization and separation of the block grant was accompanied by changes in federal requirements. The primary Federal requirement related to the MHBG is:

Funds must be used for services specified in the States' Plan in accordance with P.L. 102-321.

PROPOSED EXPENDITURE PLAN:**ALLOCATION**

I.	Adult Mental Health Plan	
	Allocate funds to local programs to provide community-based services for individuals with severe and persistent mental illness in accordance with the N.C. Community Mental Health Services Plan and Block Grant Application. Community-based programs provide an array of services, including crisis stabilization designed to divert individuals from institutional admission; liaison and case management services which facilitate the discharge of individuals from the state's psychiatric hospitals; special programs for the hearing impaired; and training activities.	\$3,794,179
II.	Child Mental Health Plan	
	Continuation of Child Mental Health services in accordance with the North Carolina Community Mental Health Services Plan and Block Grant Application such as programs for adolescent sex offenders, respite services, family preservation programs, group homes, specialized foster care, therapeutic homes, professional parenting programs, and training.	\$1,819,931
III.	Administration	
	Applicable to 5% of Administrative Cap (Monitoring, Data Collection, Budgeting, Payments and Accounting)	\$305,552
	Not Applicable to 5% Administrative Cap (Contracts for Non-administrative Activities and Technical Assistance to Service Providers)	\$318,679
	TOTAL REQUIREMENTS	\$6,238,341
	Source of Funds	
	MHBG FFY 97	\$2,549,000
	MHBG FFY 98	\$3,689,341
	TOTAL FUNDS	\$6,238,341

Mental Health Block Grant Plan for SFY 98

ITEM NUMBER	TITLE	ACTUAL FY 95-96	APPROPRIATED SFY 96-97	AUTHORIZED 96-97 2/28/97	RECOMMENDED 97-98
1	Adult Mental Health	\$3,754,147	\$3,794,179	\$3,811,752	\$3,794,179
2	Child Mental Health	1,779,692	1,802,819	1,821,720	1,819,931
3	Administration	579,399	572,897	722,881	624,231
	TOTAL	\$6,113,238	\$6,169,895	\$6,356,353	\$6,238,341
The Difference between the Appropriated and Authorized amounts are due to carryover revisions 11-439 (\$132,507) and revision 11-480 (\$53,951) for a total of \$186,458.					

ITEM NUMBER	TITLE	CERTIFIED BUDGET SFY 96-97	RECOMMENDED AMOUNT SFY 97-98	DIFFERENCE	EXPLANATION OF DIFFERENCE
1	Adult Mental Health	\$3,794,179	\$3,794,179	0	
2	Child Mental Health	1,802,819	1,819,931	17,112	Additional funds will be used to provide training for local service delivery staff on a variety of topics, such wrap around services, treating youthful sex offenders, etc.
3	Administration	572,897	624,231	51,334	Additional funds will be used to contract for the development of training curricula around the various aspects of serving persons with mental illness.
	TOTAL	\$6,169,895	\$6,238,341	68,446	

Revised
CCDF
3/20/97

**DIVISION OF CHILD DEVELOPMENT
BLOCK GRANT PLANS FOR SFY 1997-98**

DESCRIPTION OF PURPOSE FOR SUBMITTING TWO SEPARATE PLANS

This year the Division of Child Development (DCD) finds it necessary to submit two separate block grant plans. The first plan is for the final year of the **Child Care and Development Block Grant (CCDBG)** of 1990. The Division received its last CCDBG award of \$26,046,174 on September 30, 1996. DCD expects to spend approximately \$6 million of the grant in SFY 1997 and is presenting a plan for obligating the remainder of the grant in SFY 1998. Federal requirements allow three years to actually expend the funds.

On October 1, 1996, DCD received the first award of the new **Child Care and Development Fund (CCDF)**. A second plan for expenditures of this fund is attached. This grant will eventually replace the entitlement child care funds formerly provided by Title IV-A of the Social Security Act, the CCDBG described above, and several smaller grants which provided funding for quality improvement activities. However, some components of the new CCDF will not become available to states until October 1, 1997.

For SFY 1997-98 only, DCD will have access to and must plan for expenditures of both the old CCDBG and the new CCDF. The two grants are completely separate and are subject to very different federal requirements, therefore a plan is submitted for each of the two grants.

DIVISION OF SOCIAL SERVICES
Analysis of Low Income Energy Block Grant
SFY 1997-1998

Item Number	Title	Actual SFY 95-96	Appropriated SFY 96-97 (HB 53)	% of Total	Recommended Amount SFY 97-98	% of Total	Appropriated/Recommended Difference	% of Change	Explanation of Difference
1	Allocation for Low Income Energy Assistance payments	7,843,905	5,216,233	31.98%	6,284,055	34.4%	1,067,822	20%	Increase to expand coverage to include all Food Stamps households headed by an adult age 65 or older and maintain average payment of \$150.
2	Allocation for the Crisis Intervention Program	3,293,651	5,709,258	35.00%	6,393,661	35.00%	684,403	12%	Pro rata increase to maintain CIP at 35% of total grant.
3	Allocation for county and state administrative cost of Low Income Energy Assistance Payments and the Crisis Intervention Program	1,423,844	1,275,611	7.82%	1,428,386	7.82%	152,775	12%	Pro rata increase to maintain administration at 7.82% of total grant.
4	Allocation to the Department of Commerce for Weatherization Program	2,628,094	4,078,042	25.00%	4,128,479	22.6%	50,437	1%	Increase to support allocation above 15% of total grant provided waiver is allowed for allocation up to 22.6%.
5	Allocation for application taking by the Commission on Indian Affairs	32,258	33,022	0.20%	33,022	0.18%	0	0%	
	TOTAL	15,221,752	16,312,166	100.00%	18,267,603	100.00%	1,955,437	12%	

**DEPARTMENT OF HUMAN RESOURCES
DIVISION OF SOCIAL SERVICES**

**LOW INCOME HOME ENERGY ASSISTANCE PROGRAM BLOCK GRANT
(LIHEAP)**

For state fiscal year 1997-98, the total state Low Income Energy Program allocation is currently estimated to be \$18,267,603 based on current projections that the FFY 98 award will be this amount.

GENERAL DESCRIPTION

The purpose of the Low Income Home Energy Assistance Program Block Grant is to provide funds to help low income families cope with cost increases of heating fuel and to provide emergency assistance. There are two components:

1. Low Income Home Energy Assistance Payments - Funds are used to provide a one-time payment to eligible households to help pay heating bills.
2. Crisis Intervention Assistance - Funds are used to assist low income people when a heating or cooling related crisis occurs. Allocations are provided to county departments of social services to make direct payments, vendor payments, or to provide in-kind services for eligible households.

RECOMMENDATIONS

1. Allocation for Low Income Energy Assistance payments.	\$ 6,284,055
2. Allocation for the Crisis Intervention Program.	\$ 6,393,661
3. Allocation to the Department of Commerce for Weatherization Program.	\$ 4,128,479 *
4. Allocation for application taking by the Commission on Indian Affairs.	\$ 33,022
Subtotal	\$16,839,217

- * If the weatherization waiver is denied for FFY 98, the allocation would be reduced from 22.6% to 15% of the total or \$2,740,140, and the Crisis Intervention Program allocation would be increased to 42.6% of the total or \$7,782,000.

5. Allocation for county administrative cost of the Low Income Energy Assistance Payments Program and the Crisis Intervention Program. \$1,285,547

6. Allocation for state administrative cost of the Low Income Energy Assistance Payments Program and the Crisis Intervention Program. \$142,839

Subtotal Administration \$ 1,428,386

TOTAL \$18,267,603

SOURCE OF FUNDS:

LIEAP Block Grant FY 1998 \$ 18,267,603

4-10-97 AM

CODE NO. 97DHR-S053

Requested by: Senator Martin of Guilford

MEDICAID GROWTH REDUCTION

Cut from → 1 Section @. (a) The Department of Human Resouces shall
2 reduce the growth of Medicaid to eight percent (8%) by the year
3 2001. However, the Department shall not eliminate categories of
4 eligibles or services to achieve this reduction unless the
5 General Assembly identifies specific categories of eigibles or
6 services that it wants eliminated.
7 (b) The Division of Medical Assistance, Department of Human
8 Resources shall report on the Department's actions to reduce
9 Medicaid growth to eight percent (8%) by the year 2001, including
10 specific reductions for fiscal year 1998-99 to the General
11 Assembly by April 1, 1998.

CODE NO. 97DHR-S059

Requested by: Senator Martin of Guilford

GOVERNOR MOREHEAD SCHOOL/TEXTBOOK FUNDS

1 Sec. @. Of the funds appropriated in this act to the
2 Division of Services for the Blind, the sum of twelve thousand
3 four hundred eight dollars (\$12,408) for the 1997-98 fiscal year
4 and the sum of twelve thousand four hundred eight dollars
5 (\$12,408) for the 1998-99 fiscal year shall be used to increase
6 funding for textbooks at the Governor Morehead School.

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8

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CODE NO. 97DHR-S060

Requested by: Senator Martin of Guilford

DYS TRAINING SCHOOLS/STUDENT ASSESSMENTS

1 Sec. @. The Department of Human Resources shall take
2 immediate steps to ensure that I.D.E.A. assessments are performed
3 on all students in training schools operated by the Division of
4 Youth Services and that the requisite resources and services are
5 provided for all DYS training school students who are identified
6 as exceptional children. The Department shall use funds
7 available to provide assessments, resources, and services and
8 shall not reduce current DYS services.

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CODE NO. 97DHR-S048

Requested by: Senator Martin of Guilford

**ANNUAL EVALUATION OF WILDERNESS CAMP, COACH MENTOR TRAINING, AND
GOVERNOR'S ONE-ON-ONE PROGRAMS**

1 Sec. @. The Department of Human Resources shall conduct
2 an annual evaluation of the Wilderness Camp, Coach Mentor
3 Training, and Governor's One-on-One Programs. The results of the
4 evaluation shall be submitted to the Joint Legislative Commission
5 on Governmental Operations no later than October 1 of each year
6 covering the program for the prior fiscal year. In conducting
7 the evaluation, among other things, the focus shall be on
8 directing youth toward long-term positive and productive
9 noncriminal behavior. The review shall be qualitative and
10 quantitative.

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13

4-10-97 P. 2 am

Department of Human Resources
\$2.9 Million Reduction
4/3/97

Elimination of Positions

Division	Budget Code	Fund	Position Number	Title	Ck. If supervisor	Budgeted GF Salary	Budgeted GF Support	Total GF Salary, Fringes, Longevity and Support Reduction SFY 97-98	Total GF Salary, Fringes, Longevity and Support Reduction sfy 98-99
DSS	14440	1110	4440-0000-0010-017	SS PROG. ADM. II		19,053		24,160	24,160
DSS	14440	1110	4440-0000-0050-225	SS PROG. CONS. II		7,226		9,200	9,200
DSS	14440	1110	4440-0000-0045-015	IMQA ANALYST		20,129		25,592	25,592
DMA	14445	1101	4445-0000-009-303	DMA Nurse I		\$ 10,137	\$ -	12,444	12,444
DMA	14445	1101	4445-0000-006-540	DMA Ser. Consult.		\$ 18,127	\$ -	22,344	22,344
DMA	14445	1101	4445-0000-007-011	Admin Secretary III		\$ 9,440	\$ -	11,959	11,959
DFS	14470	1111	4470-0000-0001-092	APP. PROGRAM. II		6,512		7,715	7,715
DFS	14470	1311	4470-0000-0000-208	PROG. ASST. V		25,000	9,620	40,977	40,977

Total Position Elimination Reduction 154,391 154,391

Salary Reserve Reduction

Division	Budget Code	Fund	Description					Total GF Salary and Fringes Reduction SFY 97-98	Total GF Salary and Fringes Reduction SFY 98-99
Personnel	14410	1210	Salary Reserve					13,144	13,144
Aging	14411	1110	Salary Reserve					2,927	2,927
DSDHH	14424	1101	Salary Reserve					46,215	46,215
DSDHH	14424	1201	Salary Reserve					1,188	1,188
DSDHH	14424	1201	Longevity					6,743	6,743
DSDHH	14424	1301	Salary Reserve					28,220	28,220
DSS	14440	1110	Salary Reserve					7,694	7,694
DSS	14440	1130	Salary Reserve					4,881	4,881
DSS	14440	1120	Salary Reserve					8,382	8,382
DMA	14445	1101	Salary Reserve					4,775	4,775
DSB	14450	1410	Salary Reserve					2,180	2,180
DSB	14450	1510	Salary Reserve					4,028	4,028
DMH	14460	1110	Salary Reserve					29,879	29,879
DMH	14460	1220	Salary Reserve					19,813	19,813
DVR	14480	1102	Salary Reserve					37,591	37,591
DVR	14480	1104	Salary Reserve					23,848	23,848

Total Salary Reserve Reduction 241,508 241,508

Department of Human Resources

\$2.9 Million Reduction

4/3/97

Other Proposed Reductions

Division	Budget Code	Description	General Fund Total SFY 97-98	General Fund Total SFY 98-99
DCD	14420	Reduce the amount of funds budgeted for the criminal record check process. Use of the criminal record check automated tracking and information system costs less to operate than anticipated and use of the system has reduced postage and printing costs.	25,442	25,442
Total Reduction			25,442	25,442

DSB	14450	Position #4450-0615-1601-200 - This position is currently funded by a mix of State appropriations and Federal rehabilitation monies. The Division proposes to switch the position to a funding mix consisting of Business Enterprises set-aside monies and Federal rehabilitation funds. This will free up \$11,023 in State appropriations.	11,023	11,023
Total Reduction			11,023	11,023

Total Other Proposed Reductions 36,465 36,465

Close Whitaker School

Division	Budget Code	Description	General Fund Total SFY 97-98	General Fund Total SFY 98-99
DMHDDS AS	14460	Close Whitaker School effective January 1, 1998, with State appropriation savings of \$430,643 and appropriation savings for IV-A EA of \$444,000 for SFY 97-98. The reduction is net of \$156,784 to be transferred to the Child Mental Health Program for the non-federal Medicaid match for non-Willie M residents and \$21,000 to be transferred to Umstead Hospital for utilities. For SFY 98-99, the appropriation savings are \$861,286, IV-A EA of \$888,000 and the reduction is net of \$251,617 to be transferred to the Child Mental Health Program for the non-federal Medicaid match for non-Willie M residents and \$42,000 to be transferred to Umstead Hospital for utilities. Enhanced Medicaid services and funding are now readily available in the forty-one area programs. Also, non-Medicaid eligible Whitaker School residents that are <u>Willie M</u> class members would be served under the <u>Willie M</u> Program.	696,859	1,455,669

Total Reduction Close Whitaker School 696,859 1,455,669

Department of Human Resources

\$2.9 Million Reduction

4/3/97

Overbudgeted Thomas S. Funds

Division	Budget Code	Description	General Fund Total SFY 97-98	General Fund Total SFY 98-99
DMHDDS	14460	Current spending patterns indicate that the <u>Thomas S</u> program is overbudgeted in SFY 97-98.	1,690,926	932,116

Total Reduction Overbudgeted Thomas S. Funds 1,690,926 932,116

Overrealized Detention Receipts

Division	Budget Code	Description	General Fund Total SFY 97-98	General Fund Total SFY 98-99
DYS	14490	Increased detention receipts.	131,883	131,883

Total Reduction Overrealized Detention Receipts 131,883 131,883

Total Other Reduction 2,556,133 2,556,133
 Total Position Elimination Reduction 154,391 154,391
 Total Salary Reduction 241,508 241,508

Total Reductions \$ 2,952,032 \$ 2,952,032

END

4/14/97

Senate Subcommittee on Human Resources

Human Resources

GENERAL FUND

	FY 97-98	FY 98-99
Recommended Continuation Budget	\$2,386,863,411	\$2,542,119,295

Legislative Changes

(1.00) Division of Medical Assistance

1 Nursing Home Bed Adjustments	(\$1,058,611)	R	(\$3,726,846)	R
Adjusts the forecast for nursing home beds to reflect lag time for the construction of new nursing home beds.				
2 Drug Rebate Increase	(\$5,040,690)	R	(\$5,811,868)	R
Increases Drug Rebates because more revenue is anticipated due to increased drug prices and increased effort by Division of Medical Assistance to claim rebates.				
3 DME Rent and Supply Rate Adjustment	(\$620,387)	R	(\$629,024)	R
Adjusts methodology used to establish durable medical equipment rental rates by basing rates on useful life of equipment and return on investment.				
4 Third Party Liability Cost Avoidance	(\$1,892,180)	R	(\$1,918,522)	R
Adjusts methodology for ensuring that payment by all other responsible parties for services consumed by Medicaid eligibles occurs before any payments are made by Medicaid.				
5 Personal Care Services Criteria	(\$1,364,851)	R	(\$1,383,852)	R
Establishes more specific criteria for Personal Care Services to ensure the appropriateness of care for Medicaid eligibles who receive Personal Care Services.				
6 Home Health Care Cost Avoidance	(\$651,406)	R	(\$660,475)	R
Ensures that Home Health Care services covered by Medicare are paid by Medicare instead of Medicaid.				
7 Reduce Inflationary Increases	(\$2,893,800)	R	(\$3,229,506)	R
Reduces Inflationary increases for providers by .25%.				
8 Adjust 1996-97 Base Year for Actual Performance	(\$37,546,969)	R	(\$38,102,771)	R
Adjusts the 1996-97 base year to reflect actual expenditures through 12/96 which indicates that the budget is higher than projected expenditures. This adjustment allows the projected budget for the 1997-99 biennium to be reduced.				
9 Medicaid Reduction Initiative	\$0	R	(\$19,110,288)	R
Reduces the growth in the Medicaid budget from 10.5% to 9% by making additional reductions to program costs.				

Senate Subcommittee on Human Resources

10 Medicaid Trust Fund

Reduces state appropriations to the Medicaid program and replaces them with revenues from the Medicaid Trust Fund.

(\$40,000,000)	NR	\$0	NR
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11 Eliminate Positions

Eliminates three positions: DMA Nurse I, DMA Service Consultant, and Administrative Secretary III.

(\$46,747)	R	(\$46,747)	R
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-3.00		-3.00	
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12 Salary Reserve Reduction

(\$4,775)	R	(\$4,775)	R
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(2.00) Office of the Secretary

13 Reduce SIPS Payments

Reduces SIPS payments due to the centralization of data processing.

(\$500,000)	R	(\$500,000)	R
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14 Eliminate Vacant Positions

Eliminates vacant positions throughout the Department of Human Resources.

(\$2,000,000)	R	(\$2,000,000)	R
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15 Salary Reserve Reduction

(\$13,144)	R	(\$13,144)	R
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16 Eliminate Positions

Eliminates funding which is being transferred to the Governor's Office for the Senior Advisor for Children and Families and one additional staff person.

(\$170,000)	R	(\$170,000)	R
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-2.00		-2.00	
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17 Eliminate State Aid to Community Action Agencies

Eliminates State Aid to Community Action Agencies due to a \$2.6 million increase in federal funds.

(\$913,822)	R	(\$913,822)	R
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(3.00) Division of Mental Health

18 Reduce Utilities at State Facilities

Reduces the cost of utilities at state facilities to reflect actual 1995-96 expenditures.

(\$1,099,373)	R	(\$1,119,662)	R
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19 Reduce Willie M. Community Services

Reduces continuation budget increases for Willie M. Community Services.

(\$500,000)	R	(\$500,000)	R
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20 Reduce Overtime Expenditures at State Facilities

Reduces overtime and related fringes at the following state facilities: Butner Adolescent Treatment Center, Cherry Hospital, Dix Hospital, Umstead Hospital, Caswell Center, Murdoch Center, O'Berry Center, and Western Carolina Center.

(\$2,774,588)	R	(\$2,774,588)	R
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21 Salary Reserve Reduction

(\$49,692)	R	(\$49,692)	R
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Senate Subcommittee on Human Resources

22 Close Whitaker School	(\$696,859)	R	(\$1,455,669)	R
Closes Whitaker School effective January 1, 1998.				
	-51.00		-51.00	
23 Reduce Thomas S Funds	(\$1,690,926)	R	(\$932,116)	R
Reduces excess Thomas S funding based on current spending patterns.				
24 Thomas S Cost Containment	(\$7,600,000)	R	(\$7,600,000)	R
Reduces funding for Thomas S by requiring the Department and local area mental health programs to contain costs while serving the mandated caseload needs.				
25 Thomas S Reduction	(\$7,600,000)	NR	\$0	NR
Reduces funding for Thomas S by allowing the Department to use existing departmental funds to meet court-mandated caseload needs.				
26 Reduce Operating Reserve	(\$1,600,000)	NR	\$0	NR
Reduces the operating reserve for the Alzheimer's Unit in Wilson due to construction delays.				
(4.00) Division of Social Services				
27 Reduce Excess Appropriation in Reserve	(\$295,717)	R	(\$295,717)	R
Reduces excess state appropriations in reserve for data processing.				
28 Increase State Return on Child Support Collections	(\$1,000,000)	R	(\$1,000,000)	R
Reduces appropriations by budgeting increased State return on Child Support Collections.				
29 Interest Earned on Child Support Collections	(\$150,000)	R	(\$150,000)	R
Reduces appropriations by budgeting interest on child support collections.				
30 Salary Reserve Reduction	(\$20,957)	R	(\$20,957)	R
31 Eliminate Positions	(\$58,952)	R	(\$58,952)	R
Eliminates three positions: Social Services Program Administrator II, Social Services Program Consultant II, and Income Maintenance Quality Assurance Analyst.				
	-3.00		-3.00	
32 Reduce Case Management Funding	(\$500,000)	R	(\$500,000)	R
Reduces funding for Enhanced Adult Care Home case management services due to under-utilization of services.				
(5.00) Division of Youth Services				
33 No Rate Increase in Eckerd Camp Rates	(\$501,215)	R	(\$501,215)	R
Maintains Eckerd Wilderness Camp payment rate of \$74.89 per day.				

Senate Subcommittee on Human Resources

34 Increased Receipts in Detention Centers	(\$178,063)	R	(\$178,063)	R
Reduces state appropriations to reflect increased receipts.				

35 Reduce Operating Reserves				
Reduces operating reserves for two detention centers due to construction delays.	(\$950,000)	NR	\$0	NR

(6.00) Division of Blind Services

36 Utility Adjustments for Governor Morehead School	(\$72,483)	R	(\$72,483)	R
Reduces state appropriations for utilities to reflect projected expenditures.				

37 Adjustment to Budgeted Salaries	(\$7,568)	R	(\$7,568)	R
Adjusts budgeted salaries to reflect actual expenditures.				

38 Salary Reserve Reduction	(\$6,208)	R	(\$6,208)	R
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39 Eliminate State Funds for Position	(\$11,023)	R	(\$11,023)	R
Replaces state appropriations with Business Enterprise funds to support one position.				

(7.00) Division of Facility Services

40 Eliminate Positions	(\$48,692)	R	(\$48,692)	R
Eliminates two positions and related support: Applications Programmer II and Processing Assistant V.				
	-2.00		-2.00	

41 Reduce Health Care Personnel Registry	(\$80,000)	R	(\$80,000)	R
Reduces funding for the Health Care Personnel Registry due to increased Medicaid receipts.				

(8.00) Division of Aging

42 Salary Reserve Reduction	(\$2,927)	R	(\$2,927)	R
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(9.00) Div. Services for Deaf/Hard-of-Hearing

43 Salary Reserve and Longevity Reduction	(\$82,366)	R	(\$82,366)	R
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(10.00) Division of Vocational Rehabilitation

44 Salary Reserve Reduction	(\$61,439)	R	(\$61,439)	R
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(11.00) Division of Child Development

Senate Subcommittee on Human Resources

45 Reduce Excess Postage and Printing Costs	(\$25,442)	R	(\$25,442)	R
Eliminates excess funds for postage and printing resulting from increased use of automation in the criminal records check program.				

46 Reduce Child Care Subsidies	(\$23,276,545)	R	(\$23,276,545)	R
Reduces state funding for child care subsidies due to a transfer of federal funds from the TANF Block Grant.				

(12.00) Division of Mental Health

47 Crisis Services Expansion	\$1,000,000	R	\$1,000,000	R
Provides additional funding to continue development of local crisis services.				

48 DHR Early Intervention Funds	\$1,000,000	R	\$1,000,000	R
Provides additional funds for the Early Intervention Program for hearing-impaired, visually-impaired, and developmentally delayed children.				

49 Atypical & Antipsychotic Medications	\$400,000	R	\$400,000	R
Provides additional funds for the purchase of atypical and antipsychotic medications for schizophrenic clients served by area mental health programs.				

(13.00) Division of Social Services

50 Adolescent Parenting Program	\$100,000	R	\$50,000	R
Provides funds for an evaluation of the program and adds one additional position for technical assistance to local programs.				
	1.00		1.00	

51 Additional Funds for Food Banks	\$1,300,000	NR	\$0	NR
Provides grants to support various food banks across the state.				

(15.00) Division of Facility Services

52 Smoke Detector/Sprinkler Systems Loan Fund	\$500,000	NR	\$0	NR
Provides funds to continue the revolving loan fund to enable adult care and nursing homes to borrow funds to install and upgrade safety equipment.				

(16.00) Division of Aging

53 Home and Community Based Services Expansion	\$2,513,695	R	\$2,513,695	R
Provides additional funding to reduce waiting lists for in-home aid and caregiver support services to individuals over 60 years old.				

Senate Subcommittee on Human Resources

54 Additional Positions	\$128,000	R	\$256,395	R
Provides funds for three additional positions: Two positions will provide program development, training, and information referral related to serving Alzheimers patients and their families. One position will be responsible for quality improvement, training, and technical assistance for local in-home aid and caregiver support service providers.	3.00		3.00	

(17.00) Division of Child Development

55 Smart Start Expansion	\$17,638,345	R	\$19,706,005	R
Provides direct services funds for local partnerships, including the 12 "Year 4" partnerships, and planning funds for the remaining unfunded counties.				
56 Child Care Regulatory Services	\$248,253	R	\$268,192	R
Provides additional regulatory staff positions to reduce caseloads and accommodate growth in number of regulated child care programs.	6.50		6.50	
57 Maintain TEACH Program	\$360,000	R	\$360,000	R
Provides funding for the continuation of the Teacher Education and Compensation Helps (TEACH) Program which provides education and compensation incentives for child care teachers.				

(18.00) Division of Vocational Rehabilitation

58 Independent Living Rehab. Program Expansion	\$1,200,000	R	\$1,200,000	R
Provides additional funding and staff to alleviate the backlog of client needs at program offices statewide. Any funds for the purpose of new positions, not expended in 1997-98 for these positions, may be used for one-time service purchases for clients waiting for services.	10.00		10.00	

(19.00) Division of Youth Services

59 Community-Based Alternatives Expansion	\$1,250,000	R	\$2,500,000	R
Provides funding to expand restitution programs statewide and to strengthen existing restitution and community services programs.				
60 Support Our Students Expansion	\$1,000,000	R	\$1,000,000	R
Provides funding to expand the program to 12 new counties and for limited expansion of existing programs.				

Total Legislative Changes	(\$68,670,124)	R	(\$88,778,677)	R
	(\$48,350,000)	NR	\$0	NR
Position Changes	-40.50		-40.50	
Revised Budget	\$2,269,843,287		\$2,453,340,618	

4/14/47

(c) The Department of Human Resources may adopt temporary rules according to the procedures established in G.S. 150B-21.1 when it finds that such rules are necessary to establish medical necessity criteria consistent with budgetary policy set by this provision.

4/14/97

Title of Special Provision: Medical necessity criteria

Resource Person(s) and Phone Number(s):

Daphne Lyon	733-6964
Dick Perruzzi	733-2060

Synopsis of Proposal: Clarifies that medical necessity criteria and service coverage criteria are not rules as defined in APA. It further sets out how DMA will establish and disseminate criteria

Rationale for Legislation: Medical necessity criteria are so individualized and are so dependent on presenting diagnosis and conditions that they are not suited as an administrative rule. Rather they must be established and revised on advise of practicing providers who are knowledgeable about community standards of practice. In addition, the rule making process allows parties to halt good rules on technical grounds which may have nothing to do with the clinical nature of medical necessity.

In order to meet the budget targets recommended by the Governor and accepted by the Senate Appropriations Committee on Human Resources, the implementation and update of medical necessity criteria cannot be held to the length and onerous process of rule-making. As a protection for the public, particularly Medicaid recipients and Medicaid providers, the provision holds DMA to a process for developing criteria and informing providers.

Text of Special Provision:

MEDICAID GROWTH REDUCTION

Add (c):

Notwithstanding the provisions of Article 2A of Chapter 150B of the General Statutes, rule-making shall not be required for DMA to establish and enforce medical necessity criteria and service coverage criteria. Before enforcing criteria the Division of Medical Assistance must consult with practicing providers or the professional association representing practicing providers in the field of medicine related to the criteria. The Division must also disseminate the criteria either through direct mailing to affected Medicaid providers or by publishing same in the Medicaid Provider Bulletin.

4/14/97 pm

1 All these budgeted increases shall be reported to the
2 Joint Legislative Commission on Governmental Operations and to
3 the Fiscal Research Division.

4 (e) If funds appropriated through the Child Care and
5 Development Fund, which includes the Child Care and Development
6 Block Grant, for any program cannot be obligated or spent in that
7 program within the obligation or liquidation periods allowed by
8 the federal grants, the Department may move funds to other
9 programs, in accordance with federal requirements of the grant,
10 in order to use the federal funds fully.

11 (f) Funding for the Weatherization Program from the Low
12 Income Energy Block Grant is contingent upon approval of a
13 federal waiver to increase funding. In the event the federal
14 waiver is not approved, the funds appropriated for the
15 Weatherization Program will be reduced to fifteen percent (15%)
16 of the Block Grant and excess funds will be transferred to the
17 Crisis Intervention Program.

18 (g) The Department of Environment, Health, and Natural
19 Resources and the county Departments of Public Health shall
20 consult with the Department of Human Resources and the county
21 Departments of Social Services on the expenditure of the funds
22 allocated to the department of Environment, Health, and Natural
23 Resources from the Temporary Assistance to Needy Families Block
24 Grant to ensure that those funds are used for meeting the goal of
25 reducing out-of-wedlock births.

26 (h) The Department of Human Resources, Division of
27 Mental Health, Developmental Disabilities, and Substance Abuse
28 Services, shall consult with the county Departments of Social
29 Services and the area mental health programs on the expenditure
30 of funds allocated to the Department of Human Resources from the
31 Temporary Assistance to Needy Families Block Grant to ensure that
32 those funds are used for substance abuse services.

33 (i) The Department of Human Resources, Division of
34 Mental Health, Developmental Disabilities, and Substance Abuse
35 Services, shall consult with the Department of Human Resources,
36 Division of Youth Services, the Administrative Office of the
37 Courts, local juvenile court counselors, and local area mental
38 health programs on the expenditure of the funds allocated to the
39 Department of Human Resources from the Social Services Block
40 Grant to ensure that those funds are used for substance abuse
41 services for juveniles.

42 (j) By January 1, 1998, the Department of Human
43 Resources shall report to the Senate and House Appropriations
44 Subcommittees on Human Resources on the process undertaken for
45 determining how the funds described in subsections (g), (h), and
46 (i) of this section will be allocated.
47

4/14/97 pm

CODE NO. 97DHR-S056A

Requested by: Senator Martin of Guilford

CAROLINA ALTERNATIVES

- 1 Sec. @. The Department of Human Resources shall move
2 forward with planning, readiness assessments, and other necessary
3 activities to be able to expand the Carolina Alternatives Child
4 and Adult Waiver Pilot Program. Prior to actual implementation
5 of additional covered populations, the Department shall:
- 6 (1) Receive approval from the Health Care Financing
7 Administration;
8 (2) Continue the 10-site Carolina Alternatives pilot
9 programs;
10 (3) Make a determination that each area authority that
11 is going to participate in the pilot has the
12 capacity to implement the waiver;
13 (4) Obtain certification from the Office of State
14 Budget and Management that expansion of Carolina
15 Alternatives is budget neutral, excluding the
16 payment of claims related to the transition from
17 fee-for-service to Medicaid managed care, and
18 authorization from the Office of State Budget and
19 Management to proceed with the pilot;
20 (5) Evaluate capitation rates to determine if they are
21 adequate to provide appropriate services;
22 (6) Develop five-year cost estimates for Carolina
23 Alternatives; and
24 (7) Submit a progress report to the 1997 General
25 Assembly, Regular Session 1998, and the Fiscal
26 Research Division not later than May 1, 1998.
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29

4/14/97 pm

CODE NO. 97DHR-S062

Requested by: Senator Martin of Guilford

FIRE PROTECTION REVOLVING LOAN FUND

1 Section @. Proceeds from the Fire Protection Revolving
2 Loan Fund, established pursuant to G.S. 122A-5.13, may be used to
3 provide staff support to the North Carolina Housing Finance
4 Agency for loan processing and to the Department of Human
5 Resources for review and approval of fire protection plans and
6 inspection of fire protection systems.

Requested by: Senator Martin of Guilford

**ADULT CARE HOME REIMBURSEMENT RATE/ADULT CARE HOME ALLOCATION OF
NONFEDERAL COST OF MEDICAID PAYMENTS**

1 Sec. @. (a) The eligibility of Special Assistance
2 recipients residing in adult care homes on August 1, 1995, shall
3 not be affected by an income reduction in the Special Assistance
4 eligibility criteria resulting from adoption of the Rate Setting
5 Methodology Report and Related Services, providing these
6 recipients are otherwise eligible. The maximum monthly rate for
7 these residents in adult care home facilities shall be nine
8 hundred seventy-five dollars (\$975) per month for ambulatory
9 residents and one thousand seventeen dollars (\$1,017) per month
10 for semiambulatory residents.

11 (b) Effective August 1, 1995, the State shall pay fifty percent
12 (50%) and the county shall pay fifty percent (50%) of the
13 nonfederal costs of Medicaid services paid to adult care home
14 facilities. As Medicaid personal care requirements increase, the
15 county matching share shall be capped until it equals fifteen
16 percent (15%) of the nonfederal Medicaid personal care
17 requirements.

18 (c) Effective July 1, 1997, the maximum monthly rate for
19 residents in adult care home facilities shall be eight hundred
20 ninety-three dollars (\$893) per month per resident.

21 (d) Effective July 1, 1998, the maximum monthly rate for
22 residents in adult care home facilities shall be nine hundred
23 fifteen dollars (\$915) per month per resident.

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Requested by: Senator Martin of Guilford

WORK FIRST FRAUD CONTROL PROGRAM/DEBT SETOFF/CLIENT PROTECTION

1 Section @. (a) The Department of Human Resources,
2 immediately, shall implement the Work First Fraud Control Program
3 pursuant to 45 C.F.R. 235.112 as these regulations were in effect
4 on July 1, 1996.

5 (b) The Department of Human Resources shall award
6 incentive bonuses to each county for the county's efforts in
7 collecting AFDC and Work First cash assistance overpayments made
8 as a result of intentional false statements, intentional
9 misrepresentation, intentional failure to disclose a material
10 fact, or inadvertent household error.

11 (1) For collections relative to AFDC or Work First
12 cash assistance payments made prior to January
13 1, 1997, the incentive bonus shall equal one-
14 half of the State's distributive share of the
15 total AFDC and Work First cash assistance
16 benefits recouped for the reasons described in
17 this subsection. The bonus on these
18 recoupments shall be paid at the time of
19 collection.

20 (2) For collections relative to Work First cash
21 assistance benefits paid on or after January
22 1, 1997, the incentive bonus shall equal sixty
23 percent (60%) of the total amount recouped for
24 the reasons described in this subsection. The
25 amount collected by each county during the
26 State fiscal year shall be totaled, and an
27 amount equal to sixty percent (60%) of total
28 collections by a county shall be added to the
29 county's Work First block grant for the next
30 fiscal year.

31 (c) The Department of Human Resources, Division of
32 Social Services, shall develop and implement a statewide
33 automated system to track AFDC and Work First cash assistance
34 fraud claims and collect such claims by any appropriate method,
35 including debt setoff pursuant to Chapter 105A of the General
36 Statutes.

37 (d) The Department of Human Resources shall ensure that
38 persons charged with, or suspected of, AFDC or Work First fraud
39 not be subjected to any of the following:

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- (1) Coercion;
- (2) Discrimination in targeting persons for civil action or criminal prosecution; or
- (3) Civil investigation or civil action without being (i) properly informed as to those matters that might arise out of the investigation or action that might result in criminal prosecution and (ii) in such a case, being properly advised of their right not to incriminate themselves.

4

Requested by: Senator Martin of Guilford

EARLY CHILDHOOD EDUCATION AND DEVELOPMENT INITIATIVES PROGRAM

1 Section @. (a) The General Assembly finds that it is
2 essential to continue developing comprehensive programs that
3 provide high quality early childhood education and development
4 services locally for children and their families. The General
5 Assembly intends to expand the Early Childhood Education and
6 Development Initiatives Program (the "Program") in a manner which
7 ensures quality assurance and performance-based accountability
8 for the Program.

9 (b) Notwithstanding any provision of Part 10B of Article 3 of
10 Chapter 143B of the General Statutes or any other provision of
11 law or policy, the Department of Human Resources and the North
12 Carolina Partnership for Children, Inc., jointly shall continue
13 to implement the recommendations contained in the Smart Start
14 Performance Audit prepared pursuant to Section 27A(1)b. of
15 Chapter 324 of the 1995 Session Laws, as modified by Section
16 24.29 of Chapter 18 of the Session Laws, Second Extra Session
17 1996. The North Carolina Partnership for Children, Inc. shall
18 continue to report quarterly to the Joint Legislative Commission
19 on Governmental Operations on its progress towards full
20 implementation of the modified audit recommendations.

21 (c) The Joint Legislative Commission on Governmental Operations
22 shall, consistent with current law, continue to be the
23 legislative oversight body for the Program. The President Pro
24 Tempore of the Senate and the Speaker of the House of
25 Representatives may appoint a subcommittee of the Joint
26 Legislative Commission on Governmental Operations to carry out
27 this function. This subcommittee may conduct all initial reviews
28 of plans, reports, and budgets relating to the Program and shall
29 make recommendations to the Joint Legislative Commission on
30 Governmental Operations.

31 (d) Administrative costs shall be equivalent to, on an average
32 statewide basis for all local partnerships, not more than eight
33 percent (8%) of the total statewide allocation to all local
34 partnerships. What counts as administrative costs shall be as
35 defined in the Smart Start Performance Audit.

36 (e) Any local partnership, before receiving State funds, shall
37 be required annually to submit a plan and budget for State funds
38 for appropriate programs to the North Carolina Partnership for
39 Children, Inc. and the Joint Legislative Commission on

1 Governmental Operations. State funds to implement the programs
2 shall not be allocated to a local partnership until the program
3 plan is approved by the North Carolina Partnership for Children,
4 Inc.

5 (f) The North Carolina Partnership for Children, Inc. and all
6 local partnerships shall use competitive bidding practices in
7 contracting for goods and services on all contract amounts of one
8 thousand five hundred dollars (\$1,500) and above, and, where
9 practicable, on contracts for amounts of less than one thousand
10 five hundred dollars (\$1,500).

11 (g) The role of the North Carolina Partnership for Children,
12 Inc. shall continue to be expanded to incorporate all the aspects
13 of the new role prescribed for the Partnership in the Smart Start
14 Performance Audit recommendations and to provide technical
15 assistance to local partnerships, assess outcome goals for
16 children and families, ensure that statewide goals and
17 legislative guidelines are being met, help establish policies and
18 outcome measures, obtain non-State resources for early childhood
19 and family services, and document and verify the cumulative
20 contributions received by the partnerships.

21 (h) The North Carolina Partnership for Children, Inc., and all
22 local partnerships shall, in the aggregate, be required to match
23 no less than fifty percent (50%) of the total amount budgeted for
24 the Program in each fiscal year of the biennium as follows:
25 contributions of cash equal to at least ten percent (10%) and in-
26 kind donated resources equal to no more than ten percent (10%)
27 for a total match requirement of twenty percent (20%) for each
28 fiscal year. Only in-kind contributions that are quantifiable,
29 as determined in the Smart Start Performance Audit, shall be
30 applied to the in-kind match requirement.

31 Failure to obtain a twenty percent (20%) match by May 1 of each
32 fiscal year shall result in a dollar-for-dollar reduction in the
33 appropriation for the Program for the next fiscal year. The
34 North Carolina Partnership for Children, Inc. shall be
35 responsible for compiling information on the private cash and in-
36 kind contributions into a report that is submitted to the Joint
37 Legislative Commission on Governmental Operations pursuant to
38 G.S. 143B-168.13(5) in a format that allows verification by the
39 Department of Revenue. The same match requirements shall apply
40 to any expansion funds appropriated by the General Assembly.

41 (i) Counties participating in the Program may use the county's
42 allocation of State and federal child care funds to subsidize
43 child care according to the county's Early Childhood Education
44 and Development Initiatives Plan as approved by the North

1 Carolina Partnership for Children, Inc. The use of federal funds
2 shall be consistent with the appropriate federal regulations.
3 Day care providers shall, at a minimum, comply with the
4 applicable requirements for State licensure or registration
5 pursuant to Article 7 of Chapter 110 of the General Statutes,
6 with other applicable requirements of State law or rule,
7 including rules adopted for nonregistered day care by the Social
8 Services Commission, and with applicable federal regulations.

9 (j) The Department of Human Resources shall continue to
10 implement the performance-based evaluation system.

11 (k) The Frank Porter Graham Child Development Center shall
12 continue its evaluation of the Program. Notwithstanding any
13 policy to the contrary, the Frank Porter Graham Child Development
14 Center may use any method legally available to it to track
15 children who are participating or who have participated in any
16 Early Childhood Education and Development Initiative in order to
17 carry out its ongoing evaluation of the Program.

18 (l) G.S. 143B-168.12(a) reads as rewritten:

19 " (a) In order to receive State funds, the following conditions
20 shall be met:

21 (1) The North Carolina Partnership shall have a Board
22 of Directors consisting of the following 39
23 members:

- 24 a. The Secretary of Human Resources, ex officio;
- 25 b. The Secretary of Environment, Health, and
26 Natural Resources, ex officio;
- 27 c. The Superintendent of Public Instruction, ex
28 officio;
- 29 d. The President of the Department of Community
30 Colleges, ex officio;
- 31 e. One resident from each of the 1st, 3rd, 5th,
32 7th, 9th, and 11th Congressional Districts,
33 appointed by the President Pro Tempore of the
34 Senate;
- 35 f. One resident from each of the 2nd, 4th, 6th,
36 8th, 10th, and 12th Congressional Districts,
37 appointed by the Speaker of the House of
38 Representatives;
- 39 g. Seventeen members, of whom four shall be
40 members of the party other than the Governor's
41 party, appointed by the Governor;
- 42 h. The President Pro Tempore of the Senate, or a
43 designee;

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- i. The Speaker of the House of Representatives, or a designee;
 - j. The Majority Leader of the Senate, or a designee;
 - k. The Majority Leader of the House of Representatives, or a designee;
 - l. The Minority Leader of the Senate, or a designee; and
 - m. The Minority Leader of the House of Representatives, or a designee.
- (2) The North Carolina Partnership shall agree to adopt procedures for its operations that are comparable to those of Article 33C of Chapter 143 of the General Statutes, the Open Meetings Law, and Chapter 132 of the General Statutes, the Public Records Law, and provide for enforcement by the Department.
 - (3) The North Carolina Partnership shall oversee the development and implementation of the local demonstration projects as they are selected.
 - (4) The North Carolina Partnership shall develop and implement a comprehensive standard fiscal accountability plan to ensure the fiscal integrity and accountability of State funds appropriated to it and to the local partnerships. The standard fiscal accountability plan shall, at a minimum, include a uniform, standardized system of accounting, internal controls, payroll, fidelity bonding, chart of accounts, and contract management and monitoring. The North Carolina Partnership may contract with outside firms to develop and implement the standard fiscal accountability plan. All local partnerships shall be required to participate in the standard fiscal accountability plan developed and adopted by the North Carolina Partnership pursuant to this subdivision.
 - (5) The North Carolina Partnership shall develop and implement a centralized accounting and contract management system which incorporates features of the required standard fiscal accountability plan described in subdivision (4) of subsection (a) of this section. The following local partnerships shall be required to participate in the centralized

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1 accountability system developed by the North
2 Carolina Partnership pursuant to this subdivision:

3 a. Local partnerships which have significant
4 deficiencies in their accounting systems,
5 internal controls, and contract management
6 systems, as determined by the North Carolina
7 Partnership based on the annual financial
8 audits of the local partnerships conducted by
9 the Office of the State Auditor; and

10 b. Local partnerships which are in the first two
11 years of operation following their ~~selection~~
12 selection, except for those created by
13 combination with existing local partnerships.

14 At the end of this two-year period, local
15 partnerships shall continue to participate in
16 the centralized accounting and contract
17 management system. With the approval of the
18 North Carolina Partnership, local partnerships
19 may perform accounting and contract management
20 functions at the local level using the
21 standardized and uniform accounting system,
22 internal controls, and contract management
23 systems developed by the North Carolina
24 Partnership.

25 Local partnerships which otherwise would not be
26 required to participate in the centralized
27 accounting and contract management system pursuant
28 to this subdivision may voluntarily choose to
29 participate in the system. Participation or
30 nonparticipation shall be for a minimum of two
31 years, unless, in the event of nonparticipation,
32 the North Carolina Partnership determines that any
33 partnership's annual financial audit reveals
34 serious deficiencies in accounting or contract
35 management.

36 (6) The North Carolina Partnership shall develop a
37 formula for allocating direct services funds
38 appropriated for this purpose to local
39 partnerships.

40 (7) The North Carolina Partnership may adjust its
41 allocations on the basis of local partnerships'
42 performance assessments. In determining whether to
43 adjust its allocations to local partnerships, the
44 North Carolina Partnership shall consider whether

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1 the local partnerships are meeting the outcome
2 goals and objectives of the North Carolina
3 Partnership and the goals and objectives set forth
4 by the local partnerships in their approved annual
5 program plans.

6 The North Carolina Partnership may use
7 additional factors to determine whether to adjust
8 the local partnerships' allocations. These
9 additional factors shall be developed with input
10 from the local partnerships and shall be
11 communicated to the local partnerships when the
12 additional factors are selected. These additional
13 factors may include board involvement, family and
14 community outreach, collaboration among public and
15 private service agencies, and family involvement.

16 On the basis of performance assessments, local
17 partnerships annually shall be rated 'superior',
18 'satisfactory', or 'needs improvement'. Local
19 partnerships rated 'superior' ~~shall~~ may receive, to
20 the extent that funds are available, a ten percent
21 (10%) increase in their annual funding allocation.
22 Local partnerships rated 'satisfactory' ~~shall~~ may
23 receive their annual funding allocation. Local
24 partnerships rated 'needs improvement' ~~shall~~ may
25 receive ninety percent (90%) of their annual
26 funding allocation.

27 The North Carolina Partnership may contract
28 with outside firms to conduct the performance
29 assessments of local partnerships.

- 30 (8) The North Carolina Partnership shall establish a
31 local partnership advisory committee comprised of
32 15 members. Eight of the members shall be chairs
33 of local partnerships' board of directors, and
34 seven shall be staff of local partnerships.
35 Members shall be chosen by the Chair of the North
36 Carolina Partnership from a pool of candidates
37 nominated by their respective boards of directors.
38 The local partnership advisory committee shall
39 serve in an advisory capacity to the North Carolina
40 Partnership and shall establish a schedule of
41 regular meetings. Members shall serve two-year
42 terms and may not serve more than two consecutive
43 terms. Members shall be chosen from local
44 partnerships on a rotating basis. The advisory

1 committee shall annually elect a chair from among
2 its members.

3 (9) The North Carolina Partnership shall report (i)
4 quarterly to the Joint Legislative Commission on
5 Governmental Operations and (ii) to the General
6 Assembly and the Governor on the ongoing progress
7 of all the local partnerships' work, including all
8 details of the use to which the allocations were
9 put, and on the continuing plans of the North
10 Carolina Partnership and of the Department,
11 together with legislative proposals, including
12 proposals to implement the program statewide."

13 (1) G.S. 143B-168.13(a) reads as rewritten:
14 " (a) The Department shall:

15 (1) Develop a statewide process, in cooperation with
16 the North Carolina Partnership, to select the local
17 demonstration projects. The first 12 local
18 demonstration projects developed and implemented
19 shall be located in the 12 congressional districts,
20 one to a district. The locations of subsequent
21 selections of local demonstration projects shall
22 represent the various geographic areas of the
23 State.

24 (2) Develop and conduct a statewide needs and resource
25 assessment every third year, beginning in the 1997-
26 98 fiscal year. This needs assessment shall be
27 conducted in cooperation with the North Carolina
28 Partnership and with the local partnerships. The
29 Department may contract with an independent firm to
30 conduct the needs assessment. The needs assessment
31 shall be conducted in a way which enables the
32 Department and the North Carolina Partnership for
33 Children, Inc. to review, and revise as necessary,
34 the total program cost estimate and methodology.
35 The data and findings of this needs assessment
36 shall form the basis for annual program plans
37 developed by local partnerships and approved by the
38 North Carolina Partnership. A report of the
39 findings of the needs assessment shall be presented
40 to the General Assembly prior to the beginning of
41 the 1999 Session and every three years after that
42 date.

- 1 (2.1) Develop and maintain an automated, publicly-
2 accessible database of all regulated child care
3 programs.
- 4 ~~(3) Provide technical and administrative assistance to~~
5 ~~local partnerships, particularly during the first~~
6 ~~year after they are selected under this Part to~~
7 ~~receive State funds. The Department, at any time,~~
8 ~~may authorize the North Carolina Partnership or a~~
9 ~~governmental or public entity to do the contracting~~
10 ~~for one or more local partnerships. After a local~~
11 ~~partnership's first year, the Department may allow~~
12 ~~the partnership to contract for itself.~~
- 13 (4) Adopt, in cooperation with the North Carolina
14 Partnership, any rules necessary to implement this
15 Part, including rules to ensure that State leave
16 policy is not applied to the North Carolina
17 Partnership and the local partnerships. In order
18 to allow local partnerships to focus on the
19 development of long-range plans in their initial
20 year of funding, the Department may adopt rules
21 that limit the categories of direct services for
22 young children and their families for which funds
23 are made available during the initial year.
- 24 (5) Repealed by Session Laws 1996, Second Extra
25 Session, c. 18, s. 24.29(c).
- 26 (6) Annually update its funding formula using the most
27 recent data available. These amounts shall serve as
28 the basis for determining 'full funding' amounts
29 for each local partnership."
- 30 (m) There is allocated from the funds appropriated to the
31 Department of Human Resources, Division of Child Development in
32 this act, the sum of seventeen million six hundred thirty-eight
33 thousand three hundred forty-five dollars (\$17,638,345) for the
34 1997-98 fiscal year and nineteen million seven hundred six
35 thousand five dollars (\$19,706,005) for the 1998-99 fiscal year
36 to be used as follows:
- 37 (1) Of the 35 partnerships existing as of 1996-97,
38 funds for direct services shall be increased a
39 total of eleven million five hundred sixty-eight
40 thousand one hundred eight-five dollars
41 (\$11,568,185) for the 1997-98 fiscal year and
42 eleven million five hundred sixty-eight thousand
43 one hundred eight-five dollars (\$11,568,185) for
44 the 1998-99 fiscal year. The North Carolina

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1 Partnership for Children, Inc. may use up to one
2 million five hundred thousand dollars (\$1,500,000)
3 of these funds in 1997-98 as planning funds for the
4 remaining 45 unfunded counties.

5 (2) For the 12 new partnerships planned for as of 1996-
6 97, funds shall be four million two hundred eighty
7 thousand one hundred sixty dollars (\$4,280,160) for
8 the 1997-98 fiscal year and seven million one
9 hundred ninety-seven thousand eight hundred twenty
10 dollars (\$7,197,820) for the 1998-99 fiscal year to
11 administer and deliver direct services.

12 (3) The North Carolina Partnership for Children, Inc.
13 shall receive an additional seven hundred thousand
14 dollars (\$700,000) in 1997-98 and an additional
15 seven hundred thousand dollars (\$700,000) in 1998-
16 99 for the state-level administration of the
17 Program.

18 (4) The Department of Human Resources shall receive
19 seven hundred fifty thousand dollars (\$750,000) in
20 nonrecurring funds in 1997-98 to conduct a
21 statewide needs and resources assessment.

22 (5) The Department of Human Resources shall receive one
23 hundred thousand dollars (\$100,000) in nonrecurring
24 funds in 1997-98 to complete the automation of a
25 database of all regulated child care programs.

26 (6) The Department of Human Resources shall receive two
27 hundred forty thousand dollars (\$240,000) in 1997-
28 98 and two hundred forty thousand dollars
29 (\$240,000) in 1998-99 for professional development
30 programs.

31 (n) Of the funds appropriated to the Department of Human
32 Resources for the Program for the 1997-99 biennium, the Frank
33 Porter Graham Child Development Center shall receive eight
34 hundred fifty thousand dollars (\$850,000) for the 1997-98 fiscal
35 year and eight hundred fifty thousand dollars (\$850,000) for the
36 1998-99 fiscal year.

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Requested by: Senator Martin of Guilford

TELECOMMUNICATIONS RELAY SERVICES

1 Sec. @. G.S. 62-157 reads as rewritten:

2 "§ 62-157. ~~Dual party relay system.~~ Telecommunications relay
3 service.

4 (a) Finding. The General Assembly finds and declares that it
5 is in the public interest to provide access to public
6 telecommunications services for hearing-impaired deaf, hard of
7 hearing, deaf/blind, or speech impaired persons and that a
8 statewide dual party telephone relay system telecommunications
9 relay service for telephone service should be established.

10 (b) Authority to Require Surcharge. The Commission shall
11 require local exchange companies and telephone membership
12 corporations to impose a monthly surcharge on all residential and
13 business local exchange access facilities to fund a statewide
14 dual party telephone relay system telecommunications relay
15 service by which hearing-impaired deaf, hard of hearing,
16 deaf/blind, or speech impaired persons may communicate with
17 others by telephone. For the purpose of this section, exchange
18 access facility means the access from a particular telephone
19 subscriber's premises to the telephone system of a local exchange
20 telephone company. Exchange access facilities include local
21 exchange company provided access lines, private branch exchange
22 trunks, and centrex network access registers, all as defined by
23 tariffs of telephone companies as approved by the Commission.
24 This surcharge, however, may not be imposed on participants in
25 the Subscriber Line Charge Waiver Program or the Link-up Carolina
26 Program established by the Commission. This surcharge, and long
27 distance revenues collected under subsection (f) of this section,
28 are not includable in gross receipts subject to the franchise tax
29 levied under G.S. 105-120 or the sales tax levied under G.S. 105-
30 164.4.

31 (c) Initiating Petition. Not later than February 1, 1990, the
32 Department of Human Resources shall initiate a dual party relay
33 system telecommunications relay service by filing a petition with
34 the Commission requesting the system service and detailing
35 initial projected required funding. The Commission shall, after
36 giving notice and an opportunity to be heard to other interested
37 parties, set the initial monthly surcharge based upon the amount
38 of funding necessary to implement and operate the system,
39 service, including a reasonable margin for a reserve. The

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1 surcharge shall be identified on customer bills as a special
2 surcharge for provision of a ~~dual party relay system.~~
3 telecommunications relay service. The Commission may, upon
4 petition of any interested party, and after giving notice and an
5 opportunity to be heard to other interested parties, revise the
6 surcharge from time to time if the funding requirements change.
7 In no event shall the surcharge exceed twenty-five cents (25¢)
8 per month.

9 (d) Funds to be Deposited in Special Account. The local
10 exchange companies and telephone membership corporations shall
11 collect the surcharge from their customers and deposit the monies
12 collected with the State Treasurer, who shall maintain the funds
13 in an interest-bearing, nonreverting account. After consulting
14 with the State Treasurer, the Commission shall direct how and
15 when the local exchange companies and telephone membership
16 corporations shall deposit these monies. ~~The funds deposited in~~
17 ~~this account may not be used to lease or purchase~~
18 ~~telecommunications devices for hearing impaired or speech~~
19 ~~impaired persons, except those devices used by the operator of~~
20 ~~the relay system established under this section.~~ Except as
21 otherwise provided in this subsection, Revenues revenues from
22 this fund account shall be available only to the Department of
23 Human Resources to administer the statewide ~~dual party telephone~~
24 ~~relay system,~~ telecommunications relay service, including its
25 establishment, operation, and promotion. At such times as the
26 balance of funds in the Telecommunications Devices for the Deaf
27 Trust Fund, herein after 'Fund', established under Section 1 of
28 Chapter 838 of the 1987 Session Laws is less than \$50,000, the
29 Department of Human Resources may make a withdrawal of funds
30 deposited in the nonreverting account established under
31 subsection (d) of this section and shall deposit the monies
32 withdrawn into the Fund. Monies deposited to the Fund may be
33 expended only in accordance with G.S. 143B-216.34. The
34 Department shall not make more than one withdrawal per fiscal
35 year from the non-reverting account. The amount of the
36 withdrawal may not exceed the lesser of four hundred thousand
37 dollars or twenty percent (20%) of the funds in the nonreverting
38 account that are in excess of one million dollars (\$1,000,000).
39 The Commission may adopt rules governing reporting requirements,
40 withdrawals from the nonreverting account, and deposits to and
41 expenditures from the Fund.

42 (e) Administration of Service. The Department of Human
43 Resources shall administer the statewide ~~dual party telephone~~
44 ~~relay system,~~ telecommunications relay service, including its

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1 establishment, operation, and promotion. The Department may
2 contract out the provision of this service for four-year periods
3 to one or more service providers, using the provisions of G.S.
4 143-129.

5 (f) Charge to Users. The users of the relay ~~system~~ service
6 shall be charged their approved long distance and local rates for
7 telephone services (including the surcharge required by this
8 section), but no additional charges may be imposed for the use of
9 the relay ~~system~~ service. The local exchange companies and
10 telephone membership corporations shall collect revenues from the
11 users of the relay ~~system~~ service for long distance services
12 provided through the relay ~~system~~ service. These revenues shall
13 be deposited in the special ~~fund~~ account established in
14 subsection (d) of this section in a manner determined by the
15 Commission after consulting with the State Treasurer. Local
16 exchange companies and telephone membership corporations shall be
17 compensated for collection, inquiry, and other administrative
18 services provided by ~~said~~ the companies, subject to the approval
19 of the Commission.

20 (g) Reporting Requirement. The Commission shall, after
21 consulting with the Department of Human Resources, develop a
22 format and filing schedule for a comprehensive financial and
23 operational report on the ~~dual-party-relay-system~~
24 telecommunications relay service. The Department of Human
25 Resources shall thereafter prepare and file these reports as
26 required by the Commission with the Commission and Joint
27 Legislative Utility Review Committee.

28 (h) Power to Regulate. The Commission shall have the same
29 power to regulate the operation of the ~~dual-party-relay-system~~
30 telecommunications relay service as it has to regulate any public
31 utility subject to the provisions of this Chapter."

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CODE NO. 97DHR-S047A

Requested by: Senator Martin of Guilford

DIVISION OF SERVICES FOR BLIND/PERFORMANCE AUDIT

1 Sec. @. The Office of The State Auditor shall conduct a
2 performance audit of the Division of Services for the Blind in
3 the Department of Human Resources, to include the Governor
4 Morehead School. The performance audit shall address, but not be
5 limited to, the financial management of the Division. The Office
6 of The State Auditor shall submit the results of the performance
7 audit to the cochairs of the Senate and House Appropriations
8 Subcommittees on Human Resources by January 1, 1998.

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Requested by: Senators Martin of Guilford, Winner, Lee

IMPLEMENT ABC'S PLAN FOR RESIDENTIAL SCHOOLS

1 Section @. (a) The Department of Human Resources shall
2 plan to implement the State Board of Education's ABC's Plan for
3 all of its residential schools where children are in attendance
4 for more than 120 days a year. The ABC's Plan shall be
5 implemented for the 1998-99 school year, if possible.

6 (b) The State Board of Education shall assist the Department of
7 Human Resources with the implementation. The Department of Human
8 Resources and the State Board of Education shall:

9 (1) Identify any policy or technical reason this
10 accountability model cannot be adopted in the
11 residential schools.

12 (2) Develop accountability standards for each
13 residential school, including baseline data for
14 these standards. Accountability standards shall
15 also be developed to measure improvements in
16 performance among the non-diploma bound students
17 attending the residential schools.

18 (3) Determine the feasibility of implementing these
19 accountability standards in the 1998-99 school year
20 and propose a phase-in approach, if necessary.

21 (4) Define the strategies and consequences for State
22 intervention in low-performing residential schools.

23 (5) Review the site-based management practices within
24 the State Board of Education which, if implemented
25 in the Department of Human Resources, should result
26 in improved student performance.

27 The State Board of Education and the Department of Human
28 Resources shall report jointly on their progress towards
29 implementation in an interim report to the Joint Legislative
30 Education Oversight Committee by October 1, 1997 and with a final
31 report to that Committee by April 1, 1998.

32 (c) In addition to the implementation of the ABC's Plan in the
33 Department of Human Resources residential schools, the State
34 Board of Education and the Department of Human Resources shall
35 study and report on the following issues:

36 (1) Mandatory accreditation and dual certification of
37 teachers in the residential schools;

38 (2) Comparison of the staffing and financial resources
39 available to serve special needs children in local

1 education authorities versus residential schools
2 (excluding the residential costs component);
3 (3) Alignment of the Department of Human Resources'
4 curricula with the State Board of Education's high
5 school vocational educational curriculum, including
6 opportunities for the residential schools to
7 participate in the Tech Prep program with the
8 community colleges.
9 (4) Strategies for developing select residential
10 schools as resource centers to local educational
11 authorities in serving their special needs
12 children.

CODE NO. 97DHR-S061C

Requested by: Senator Martin of Guilford

RECEIPTS OF FEDERAL FUNDS FOR EMERGENCY ASSISTANCE

1 Sec. @. The Department of Human Resources may use up to
2 five million dollars (\$5,000,000) of federal Title IV-Emergency
3 Assistance funds, received after June 30, 1997 as reimbursement
4 for retroactive claims filed, for defined critical needs. The
5 remainder of these funds shall be placed in a reserve for
6 appropriation by the General Assembly. The Department may submit
7 a prioritized list of recommended needs for these funds to the
8 cochairs of the Senate and House Appropriations Subcommittees on
9 Human Resources for consideration.

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CODE NO. 97DHR-S057

Requested by: Senator Martin of Guilford

EXTEND ADMINISTRATION OF TRI-COUNTY AREA AUTHORITY

1 Sec. @. Notwithstanding House Bill 77, 1997 General
2 Assembly, the Department of Human Resources may continue to
3 administer the services of Tri-County Area Authority in
4 accordance with G.S. 122C-125.1 on behalf and at the request of
5 the Board of County Commissioners of one or more of the counties
6 that constitute Tri-County Area Authority. The extension granted
7 under this section shall be for a period not to exceed three
8 calendar months commencing July 1, 1997, and shall be for the
9 sole purpose of allowing one or more of the counties that
10 constitute the Tri-County Area Authority to assess the
11 feasibility of combining with another existing Area Authority.

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Requested by: Senator Martin of Guilford

CAROLINA ALTERNATIVES

- 1 Sec. @. The Department of Human Resources shall move
2 forward with planning, readiness assessments, and other necessary
3 activities to be able to expand the Carolina Alternatives Child
4 and Adult Waiver Pilot Program. Prior to actual implementation
5 of additional covered populations, during fiscal year 1997-98,
6 the Department shall:
- 7 (1) Receive approval from the Health Care Financing
8 Administration;
9 (2) Make a determination that each area authority that
10 is going to participate in the pilot has the
11 capacity to implement the waiver;
12 (3) Obtain certification from the Office of State
13 Budget and Management that expansion of Carolina
14 Alternatives is budget neutral, excluding the
15 payment of claims related to the transition from
16 fee-for-service to Medicaid managed care, and
17 authorization from the Office of State Budget and
18 Management to proceed with the pilot;
19 (4) Evaluate capitation rates to determine if they are
20 adequate to provide appropriate services; and
21 (5) Develop five-year cost estimates for Carolina
22 Alternatives.
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Requested by: Senator Martin of Guilford

DHR STUDY OF PROVIDER REIMBURSEMENT RATES/REPORT

1 Sec. @. The Department of Human Resources shall study
2 the process of setting provider reimbursement rates for programs
3 within the Department. This study shall include an analysis of
4 the following:

- 5 (1) The extent to which rates are set in accordance
6 with clear policies that are consistent across
7 program lines;
8 (2) Whether there are general principles and
9 assumptions that are or should be included in all
10 rate setting processes;
11 (3) The policies and economic and accounting principles
12 that are utilized for setting rates in each program
13 and a comparison of those policies and principles
14 between the programs; and
15 (4) How any differences between programs in setting
16 rates is justified.

17 The Department shall report its findings of this study to the
18 Joint Legislative Commission on Governmental Operations and to
19 the ~~House~~ of the House and Senate Appropriations Subcommittees
20 on Human Resources before February 1, 1998.

→ members

CODE NO. 97DHR-S031A

Requested by: Senator Martin of Guilford

THOMAS S./COST CONTAINMENT MEASURES

1 Sec. @. The Department of Human Resources and area
2 mental health programs shall implement cost containment measures
3 to ensure that programs serving Thomas class members are as cost
4 effective as possible and also meet the requirement to provide
5 minimally adequate treatment.

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CODE NO. 97DHR-S413A

Requested by: Senator Martin of Guilford

EARLY INTERVENTION FUNDING

1 Sec. @. Of the funds appropriated in this act to the
2 Department of Human Resources, Division of Mental Health,
3 Developmental Disabilities, and Substance Abuse Services, the sum
4 of one million dollars (\$1,000,000) for the 1997-98 fiscal year
5 and the sum of one million dollars (\$1,000,000) for the 1998-99
6 fiscal year shall be allocated based on a plan developed in
7 consultation with the affected divisions within the Department
8 and the North Carolina Interagency Coordinating Council to meet
9 the needs of those children who are on the waiting list for early
10 intervention services.

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CODE NO. 97DHR-S051A

Requested by: Senator Martin of Guilford

IN-HOME AND CAREGIVER SUPPORT FUNDS

1 Sec. @. Of the funds appropriated in this act to the
2 Department of Human Resources, Division of Aging, the sum of two
3 million five hundred thirteen thousand six hundred ninety-five
4 dollars (\$2,513,695) for the 1997-98 fiscal year and the sum of
5 two million five hundred thirteen thousand six hundred ninety-
6 five dollars (\$2,513,695) for the 1998-99 fiscal year shall be
7 allocated via the Home and Community Care Block Grant for home
8 and community care services for older persons who are not
9 eligible for Medicaid and who are on the waiting list for these
10 services. These funds shall be used only for direct services.
11 Service recipients shall pay for services based on their income
12 in accordance with G.S. 143B-181.1(a)(10).
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4/14/97 pm

**Department of Human Resources
Block Grants**

FY97/98

- 1. Temporary Assistance for Needy Families
(TANF)**
- 2. Child Care-Related Block Grants**
- 3. Social Services Block Grant (SSBG)**
- 4. Substance Abuse Prevention & Treatment
Block Grant (SAPTBG)**

*Fiscal Research Division
April 14, 1997*

TEMPORARY ASSISTANCE FOR NEEDY FAMILIES BLOCK GRANT (TANF)

Item Number	Title	DHR Recommended SFY 1997-98	Proposed Senate SFY 1997-98
1	Work First Cash Assistance	\$262,747,194	\$262,747,194
2	Block Grants to County DSSs (partial funding)	\$19,281,882	\$19,281,882
3	Transfer to Child Care Development Fund For Day Care Subsidies to replace state funds used for Smart Start and other expansion	\$27,958,825	\$23,276,545
4	Transfer to the Child Development Fund for Work First Day Care Subsidies	\$3,758,011	\$3,758,011
5	Allocation to the Division of Mental Health for Work First Substance Abuse Treatment Services	\$1,000,000	\$1,000,000
6	Allocation to the Division of Social Services for Evaluation	\$700,000	\$700,000
7	Allocation to the Division of Social Services for Community College collaboration	\$500,000	\$500,000
8	Allocation to Division of Social Services for Staff Development	\$500,000	\$500,000
9	Transfer to the Social Service Block Grant for Maternal Outreach Worker Program	\$400,000	\$0
10	Allocation to the Department of Environment, Health, and Natural Resources for the reduction of Out-of-Wedlock Births	\$0	\$1,600,000
11	Allocation to the Division of Mental Health for screening, diagnostic, and counseling services related to substance abuse for Work First participants	\$0	\$2,300,000
12	Transfer to the Social Service Block Grant for DHR/AOC Community Treatment Pilots for juvenile substance abuse	\$0	\$1,182,280
13	Carry-forward to FY 1998-99	\$565,203	\$565,203
Total Expenditures		\$317,411,115	\$317,411,115

Child Care-Related Block Grants

Child Care and Development Block Grant	Recommended	Proposed
Child Day Care Subsidies	\$17,581,176	\$17,581,176
Administrative Expenses and Quality & Availability Initiatives	\$ 488,366	\$ 488,366
Before and After School Child Care Programs and Early Childhood Development Programs	\$ 1,750,000	\$ 1,750,000
Quality Improvement Activities	<u>\$ 740,000</u>	<u>\$ 740,000</u>
Total	\$20,559,533	\$20,559,533

Child Care and Development Fund Block Grant

Child Care Subsidies	\$99,845,334	\$99,845,334
Quality and Availability Initiatives	\$ 4,388,806	\$ 4,388,806
Administrative Expenses	\$ 5,486,007	\$ 5,486,007
Transfer From TANF Block Grant For Child Care Subsidy and Support	<u>\$31,716,836</u>	<u>\$27,034,556</u>
Total	\$141,436,983	\$136,754,703

Department of Human Resources

SOCIAL SERVICES BLOCK GRANT FY97/98

DEPARTMENT Division Program/Service	Certified FY96/97 Allocation	DHR/Propose		Proposed		FY97 - FY98		FY97 - FY98		FY97 - FY98		FY97 - FY98		FY97 - FY98		FY97 - FY98	
		Allocations	FY97/98	Change	%	Change	%	Change	%	Change	%	Change	%	Change	%	Change	%
1. Local DSS's-Basic/Mandatory Ser	\$30,395,663	\$ 31,307,047	\$	911,384	3.00%	\$	3.00%	\$	3.00%	\$	3.00%	\$	3.00%	\$	3.00%	\$	3.00%
2. Local DSS's - In Home Services	\$ 2,101,113	\$ 2,101,113	\$	-	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%
3. DMH/DD/SAS - Area Programs	\$ 4,764,124	\$ 4,886,921	\$	122,797	2.58%	\$	2.58%	\$	2.58%	\$	2.58%	\$	2.58%	\$	2.58%	\$	2.58%
4. Div of Blind Services-Direct Ser	\$ 3,205,711	\$ 3,205,711	\$	-	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%
5. DYS - One-on-One/Camp Woodsen	\$ 950,674	\$ 967,153	\$	16,479	1.73%	\$	1.73%	\$	1.73%	\$	1.73%	\$	1.73%	\$	1.73%	\$	1.73%
6. DFS-Consult./Adult Care Homes	\$ 343,341	\$ 426,836	\$	83,495	24.32%	\$	24.32%	\$	24.32%	\$	24.32%	\$	24.32%	\$	24.32%	\$	24.32%
7. Div of Aging - Respite/In Home/Trng	\$ 1,915,234	\$ 1,926,543	\$	11,309	0.59%	\$	0.59%	\$	0.59%	\$	0.59%	\$	0.59%	\$	0.59%	\$	0.59%
8. DCD - Day Care Subsidy	\$15,694,900	\$ 15,694,900	\$	-	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%
9. DSS-State Administration/Staff	\$ 1,954,237	\$ 1,870,742	\$	(83,495)	-4.27%	\$	-4.27%	\$	-4.27%	\$	-4.27%	\$	-4.27%	\$	-4.27%	\$	-4.27%
10. DSS - Easter Seals	\$ 116,779	\$ 120,742	\$	3,963	3.39%	\$	3.39%	\$	3.39%	\$	3.39%	\$	3.39%	\$	3.39%	\$	3.39%
11. DSS - United Cerebral Palsy	\$ 71,484	\$ 73,910	\$	2,426	3.39%	\$	3.39%	\$	3.39%	\$	3.39%	\$	3.39%	\$	3.39%	\$	3.39%
12. DOA - Com on Indian Affairs	\$ 203,198	\$ 203,198	\$	-	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%
13. DSS - UNC CARES (Training)	\$ 247,920	\$ 247,920	\$	-	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%
14. DSS - UNC-CH Child Medical Eval.	\$ 238,321	\$ 238,321	\$	-	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%
15. DEHNR-MCH Grant Supplement	\$ -	\$ 341,703	\$	341,703	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%
16. DSS - Adult Day Care Services	\$ 599,551	\$ 599,551	\$	-	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%
17. DSS - Child Abuse/Perm. Planning	\$ 394,841	\$ 394,841	\$	-	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%
18. DEHNR-Adolescent Preg Prev	\$ 239,261	\$ 271,573	\$	32,312	13.50%	\$	13.50%	\$	13.50%	\$	13.50%	\$	13.50%	\$	13.50%	\$	13.50%
19. DFS-Emergency Medical Services	\$ 213,128	\$ 280,984	\$	67,856	31.84%	\$	31.84%	\$	31.84%	\$	31.84%	\$	31.84%	\$	31.84%	\$	31.84%
20. DEHNR - AIDS Ed. Supplement	\$ 66,939	\$ 81,001	\$	14,062	21.01%	\$	21.01%	\$	21.01%	\$	21.01%	\$	21.01%	\$	21.01%	\$	21.01%
21. Sec's Office-OEO Outreach for Srs.	\$ 41,302	\$ 42,700	\$	1,398	3.38%	\$	3.38%	\$	3.38%	\$	3.38%	\$	3.38%	\$	3.38%	\$	3.38%
22. DEHNR-Maternal Outreach Wker.	\$ -	\$ 200,000	\$	200,000	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%
23. DSS - Foster Care Workers	\$ -	\$ -	\$	-	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%
24. DMH - SAS/MAJORS Program*	\$ -	\$ -	\$	-	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%	\$	0.00%
TOTAL	\$63,757,721	\$ 65,483,410	\$	1,725,689	2.71%	\$	2.71%	\$	2.71%	\$	2.71%	\$	2.71%	\$	2.71%	\$	2.71%

Note: \$66,665,690 results from a \$1,182,280 TANF Block Grant Transfer
and a \$1,725,689 increase in SSBG (*See Addendum for description of Item #24 MAJORS Program

**SUBSTANCE ABUSE PREVENTION & TREATMENT
BLOCK GRANT ALLOCATIONS FY97/98**

Division of Mental Health Program/Service	DHR		FRD	
	Certified FY96/97 Allocation	Proposed FY97/98 Allocations	Proposed FY97/98 Allocations	Proposed FY97/98 Allocations
1. Adult Substance Abuse	\$ 10,935,939	\$ 10,935,939	\$ 10,935,939	\$ 10,935,939
2. Child Substance Abuse	\$ 5,964,093	\$ 5,964,093	\$ 5,964,093	\$ 5,964,093
3. Women's Substance Abuse	\$ 5,060,076	\$ 5,060,076	\$ 5,060,076	\$ 5,060,076
4. IV Drug	\$ 4,836,407	\$ 4,836,407	\$ 4,836,407	\$ 4,836,407
5. Non-SSI Recipient Services	\$ -	\$ 1,123,757	\$ 1,123,757	\$ 1,123,757
6. Welfare Reform/TANF Services	\$ -	\$ 1,193,811	\$ 893,811	\$ 893,811
7. Juvenile Services & SA Pilot	\$ -	\$ -	\$ 300,000	\$ 300,000
8. Administration	\$ 1,841,742	\$ 1,841,742	\$ 1,841,742	\$ 1,841,742
TOTAL	\$ 28,638,257	\$ 30,955,825	\$ 30,955,825	\$ 30,955,825

See Addendum for description of Item #7 Juvenile Services & SA Pilot

Addendum to SSBG & SAPTBG

The MAJORS Program: Community Treatment and Continuing Care Services for Substance Abusing Juvenile Offenders

A. PROJECT SUMMARY

The MAJORS Program (Managing Access for Juvenile Offender Resources and Services) will pilot the development, implementation, and evaluation of an innovative model of specialized substance abuse community treatment and continuing care services for juvenile offenders. The project will focus on providing critically needed services to youth across the service continuum, by diverting substance abusing youth from institutional care in the juvenile justice system, and by providing transitional and continuing care services to youth returning to the community from juvenile justice institutions and residential treatment programs. The Program involves a joint planning effort between the Child and Adolescent Substance Abuse Services Branch in the Division of MH/DD/SAS, the Administrative Office of the Courts (AOC), and the Division of Youth Services (DYS). Through a Request for Proposals (RFP) process the MAJORS Program will fund community project sites in public or private non-profit agencies which demonstrate high levels of need, collaboration, expertise, and commitment. The Program will also coordinate the development, adoption, and implementation of statewide juvenile justice substance abuse protocols for clinical assessment and measures of program performance and client outcomes for use by AOC and DMH/DD/SAS. As a critically needed linkage in the continuum of services for substance abusing juvenile offenders, the MAJORS Program will provide opportunities for youth to receive accessible, responsive, and coordinated community substance abuse treatment services to change client behaviors and to sustain positive gains made in treatment. It is anticipated that this program will also have a measurable impact with this population on rates of institutionalization, relapse, and recidivism.

B. PROJECT OPERATION

Initiation of substance abuse clinical assessment, community treatment, and transitional care services for juvenile offenders with substance abuse problems will be effected through a primary referral to a Substance Abuse Counselor/Care Coordinator in a MAJORS Program project site by a Juvenile Court Counselor. The identified substance abuse target populations will include juvenile offenders between 12 and 17 years of age who are at significant risk for placement in a juvenile justice institution or in a residential treatment program, or who are returning to the community following juvenile justice institution or residential treatment program placement. Following a clinical assessment by a Substance Abuse Counselor/Care Coordinator, there will be an inter-agency case conference for determination of the juvenile's need and appropriateness for

services in the MAJORS Program. Following a mutual acceptance decision by the two agency's representatives, a collaborative team approach of service planning, implementation, and monitoring will be initiated. The Juvenile Court Counselor will continue to provide primary leadership in responsibilities for overall case planning and management. The Substance Abuse Counselor/Care Coordinator will provide primary leadership in the provision of specialized individual, group, and family treatment services. The Substance Abuse Counselor/Care Coordinator will also provide access to and monitoring of other substance abuse community services and resources, including AA/NA, relapse prevention groups, and substance abuse alternatives activities.

The MAJORS Program will convene an Interagency Advisory Committee composed of representatives of youth-serving agencies. This Advisory Committee will be requested to recommend a process and participate in the selection of local public or non-profit agencies for project sites for program implementation.

C. PROGRAM OUTCOMES

The MAJORS Program will establish sites to provide specialized substance abuse community treatment, transitional care, and coordination services to juvenile offenders, with **the highest service priority** for those youth referred by the Administrative Office of the Courts who are at high risk for institutional placement or residential care or who are returning to the community following such care. A major impetus for the development of the MAJORS Program has been the need to provide the critical linkage of community transition and continuing care coordination and services for juvenile offenders who are receiving or who are likely to receive substance abuse services in the Division of Youth Services facilities. Specifically, the transitional and continuing care component of the Program is intended to provide necessary linkages, community transition, and continuing care services with the newly funded DYS State Alliance for Recovery and General Education (SARGE) of Chemical Dependent Youth and the BRIDGE Substance Abuse Residential Treatment Program operated by Blue Ridge Center in cooperation with the Juvenile Evaluation Center. Improvements in the system of care will include **improved coordination** among the three agencies involved in providing a seamless system of substance abuse treatment services for substance abusing juvenile offenders through enhancement in community services access and coordination. In addition, the MAJORS Program will facilitate the development, adoption, and implementation of much-needed standardized clinical assessment protocols and program performance and client outcomes measures for use by AOC and DMH/DD/SAS in providing substance abuse services to juvenile offenders. It is anticipated that on an annual basis each of these project sites will serve a minimum of 80 to 100 adolescents. Long term impacts of this program will include changes in client behaviors leading to reductions in rates of institutionalization, relapse, and recidivism for substance abusing juvenile offenders. Client outcome measures will be implemented to evaluate the success of the program in such areas as reduction in days of institutional care, improvement in academic performance, reduction in substance abuse, and reduction in crime.

4/14/97

CODE NO. 97DHR-S065

Requested by: Senator Martin of Guilford

DHR BLOCK GRANT PROVISIONS

1 Section @. (a) Appropriations from federal block grant
2 funds are made for the fiscal year ending June 30, 1998,
3 according to the following schedule:
4
5 COMMUNITY SERVICES BLOCK GRANT
6
7 01. Community Action Agencies \$ 11,546,034
8
9 02. Limited Purpose Agencies 641,446
10
11 03. Department of Human Resources
12 to administer and monitor
13 the activities of the
14 Community Services Block Grant 641,446
15
16 TOTAL COMMUNITY SERVICES BLOCK GRANT \$ 12,828,926
17
18 SOCIAL SERVICES BLOCK GRANT
19
20 01. County Departments of Social Services \$ 30,395,663
21
22 02. Allocation for In-Home Services provided
23 by County Departments of
24 Social Services 2,101,113
25
26 03. Division of Mental Health, Developmental
27 Disabilities, and Substance Abuse Services 4,764,124
28
29 04. Division of Services for the Blind 3,205,711
30
31 05. Division of Youth Services 950,674
32
33 06. Division of Facility Services 343,341
34
35 07. Division of Aging - Home and Community
36 Care Block Grant 1,915,234
37
38 08. Day Care Services 15,694,900
39
40 09. Division of Vocational Rehabilitation -
41 United Cerebral Palsy 71,484
42
43 10. State Administration 1,954,237
44
45 11. Child Medical Evaluation Program 238,321

1		
2	12. Adult Day Care Services	599,551
3		
4	13. County Departments of Social Services for	
5	Child Abuse/Prevention and	
6	Permanency Planning	394,841
7		
8	14. Transfer to Preventive Health	
9	Block Grant for Emergency Medical Services	213,128
10		
11	15. Allocation to Preventive Health Block	
12	Grant for AIDS Education, Counseling	
13	and Testing	66,939
14		
15	16. Transfer to Department of Administration	
16	for the N.C. Commission of Indian Affairs	
17	In Home Services Program for the elderly	203,198
18		
19	17. Division of Vocational Rehabilitation-	
20	Easter Seals Society	116,779
21		
22	18. UNC-CH CARES Program for training and	
23	consultation services	247,920
24		
25	19. Transfer to Department of Environment, Health	
26	and Natural Resources for the Adolescent	
27	Pregnancy Prevention Program	239,261
28		
29	20. Office of the Secretary - Office of Economic	
30	Opportunity for N.C. Senior Citizens'	
31	Federation for outreach services to	
32	low-income elderly persons	41,302
33		
34	TOTAL SOCIAL SERVICES BLOCK GRANT	\$ 63,757,721
35		
36	LOW INCOME ENERGY BLOCK GRANT	
37		
38	01. Energy Assistance Programs	\$ 6,284,055
39		
40	02. Crisis Intervention	6,393,661
41		
42	03. Administration	1,428,386
43		
44	04. Weatherization Program	4,128,479
45		
46	05. Indian Affairs	33,022
47		
48	TOTAL LOW INCOME ENERGY BLOCK GRANT	\$ 18,267,603
49		
50	MENTAL HEALTH SERVICES BLOCK GRANT	
51		
52	01. Provision of Community-Based	
53	Services in accordance with the	

1	Mental Health Study Commission's	
2	Adult Severe and Persistently	
3	Mentally Ill Plan	\$ 3,794,179
4		
5	02. Provision of Community-Based	
6	Services in accordance with the	
7	Mental Health Study Commission's	
8	Child Mental Health Plan	1,819,931
9		
10	03. Administration	624,231
11		
12	TOTAL MENTAL HEALTH SERVICES BLOCK GRANT	\$ 6,238,341
13		
14	BLOCK GRANT FOR THE PREVENTION AND	
15	TREATMENT OF SUBSTANCE ABUSE	
16		
17	01. Provision of Community-Based	
18	Alcohol and Drug Abuse Services,	
19	Tuberculosis Services, and Services	
20	provided by the Alcohol, Drug Abuse	
21	Treatment Centers	\$ 10,935,939
22		
23	02. Continuation of Services for	
24	Pregnant Women and Women	
25	with Dependent Children	5,060,076
26		
27	03. Continuation and Expansion of	
28	Services to IV Drug Abusers and others	
29	at risk for HIV diseases	4,836,407
30		
31	04. Provision of services in accordance with	
32	the Mental Health Study Commission's	
33	Child and Adolescent Alcohol and other	
34	Drug Abuse Plan	5,964,093
35		
36	05. Administration	1,841,742
37		
38	TOTAL BLOCK GRANT FOR PREVENTION	
39	AND TREATMENT OF SUBSTANCE ABUSE	\$ 28,638,257
40		
41	CHILD CARE AND DEVELOPMENT BLOCK GRANT	
42		
43	01. Child Day Care Services	\$ 17,581,167
44		
45	02. Administrative Expenses and Quality	
46	and Availability Initiatives	488,366
47		
48	03. Before and After School Child Care Programs	
49	and Early Childhood Development Programs	1,750,000
50		
51	04. Quality Improvement Activities	740,000
52		
53	TOTAL CHILD CARE AND DEVELOPMENT	

1	BLOCK GRANT	\$ 20,559,533
2		
3	CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	
4		
5	01. Child Care Subsidies	\$ 99,845,334
6		
7	02. Quality and Availability Initiatives	4,388,806
8		
9	03. Administrative Expenses	5,486,007
10		
11	04. Transfer from TANF Block Grant for	
12	Child Care Subsidy and Support	27,034,556
13		
14	TOTAL CHILD CARE AND DEVELOPMENT FUND BLOCK GRANT	\$136,754,703
15		
16	TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
17	BLOCK GRANT	
18		
19		
20		
21		
22	TOTAL TEMPORARY ASSISTANCE TO NEEDY FAMILIES	
23	BLOCK GRANT	
24		

25

26 (b) Decreases in Federal Fund Availability

27 If federal funds are reduced below the amounts specified

28 above after the effective date of this act, then every program in

29 each of the federal block grants listed above, shall be reduced

30 equally to total the reduction in federal funds.

31 (c) Increases in Federal Fund Availability - Block

32 Grant Funds Except the Social Services Block Grant

33 Any block grant funds appropriated by the United States

34 Congress in addition to the funds specified in this act shall be

35 expended by the Department of Human Resources, provided that the

36 resultant increases are in accordance with federal block grant

37 requirements, by allocating the additional funds pro rata among

38 the programs funded in this section.

39 (d) Increases in Federal Fund Availability - Social

40 Services Block Grant

41 Any block grant funds appropriated by the United States

42 Congress in addition to the funds specified in this act shall be

43 expended by the Department of Human Resources, provided the

44 resultant increases are in accordance with federal block grant

45 requirements, as follows:

- 46 (1) Fifty percent (50%) of the funds shall be
- 47 allocated to the county departments of social
- 48 services; and
- 49 (2) The remaining fifty percent (50%) shall be
- 50 allocated pro rata among the programs funded
- 51 in this section.

1 All these budgeted increases shall be reported to the
2 Joint Legislative Commission on Governmental Operations and to
3 the Fiscal Research Division.

4 (e) If funds appropriated through the Child Care and
5 Development Fund, which includes the Child Care and Development
6 Block Grant, for any program cannot be obligated or spent in that
7 program within the obligation or liquidation periods allowed by
8 the federal grants, the Department may move funds to other
9 programs, in accordance with federal requirements of the grant,
10 in order to use the federal funds fully.

11 (f) Funding for the Weatherization Program from the Low
12 Income Energy Block Grant is contingent upon approval of a
13 federal waiver to increase funding up to twenty-five percent
14 (25%) of the Block Grant. In the event the federal waiver is not
15 approved, the funds appropriated for the Weatherization Program
16 will be reduced to fifteen percent (15%) of the Block Grant and
17 excess funds will be transferred to the Crisis Intervention
18 Program.

19 (g) The Department of Environment, Health, and Natural
20 Resources and the county Departments of Public Health shall
21 consult with the Department of Human Resources and the county
22 Departments of Social Services on the expenditure of the funds
23 allocated to the department of Environment, Health, and Natural
24 Resources from the Temporary Assistance to Needy Families Block
25 Grant to ensure that those funds are used for meeting the goal of
26 reducing out-of-wedlock births.

27 (h) The Department of Human Resources, Division of
28 Mental Health, Developmental Disabilities, and Substance Abuse
29 Services, shall consult with the county Departments of Social
30 Services and the area mental health programs on the expenditure
31 of funds allocated to the Department of Human Resources from the
32 Temporary Assistance to Needy Families Block Grant to ensure that
33 those funds are used for substance abuse services.

34 (i) The Department of Human Resources, Division of
35 Mental Health, Developmental Disabilities, and Substance Abuse
36 Services, shall consult with the Department of Human Resources,
37 Division of Youth Services, the Administrative Office of the
38 Courts, local juvenile court counselors, and local area mental
39 health programs on the expenditure of the funds allocated to the
40 Department of Human Resources from the Social Services Block
41 Grant to ensure that those funds are used for substance abuse
42 services for juveniles.

43 (j) By January 1, 1998, the Department of Human
44 Resources shall report to the Senate and House Appropriations
45 Subcommittees on Human Resources on the process undertaken for
46 determining how the funds described in subsections (f), (g), and
47 (h) of this section will be allocated.

48

SMART START

Expansion Option - 75% of Requested Direct Services

	1997-98 Recommended	1997-98 Proposed	1998-99 Proposed
Years 1-3 Direct Services	\$14,590,913	\$10,943,185	\$10,943,185
Year 4 Direct Services	\$3,890,213	\$2,917,660	\$5,835,320
Year 5 Planning Funds	\$625,000	\$625,000	\$625,000
Year 4 Administration	\$1,362,500	\$1,362,500	\$1,362,500
NC Partnership	\$700,000	\$700,000	\$700,000
DHR Licensing	\$248,253	\$248,253	\$268,192
Automation	\$100,000 NR	\$100,000 NR	\$0
Needs Assessment	\$750,000 NR	\$750,000 NR	\$0
Program Evaluation	\$62,000	\$0	\$0
Professional Development	\$300,000	\$240,000	\$240,000
TEACH	\$300,000	\$360,000	\$360,000
Total	\$22,928,879	\$18,246,598	\$20,334,197

4/14/97 pm

VISITOR REGISTRATION SHEET

SEMI-APPL. HUMAN RES

4-14-97

Name of Committee

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

Steve Johnson	DMITDD/SAS
Phillips Hoffman	" " "
Whitney Obay	DMHDDSTS
Randy A. Jenkins	DNR/DSS
Jo Ann Lamm	DHR/DSS
Karen Ponder	ONC Partnership for Children
Anne Bander	OSBM
Wayne Williams	OSBM
Bob Woodard	OSBM
Allan Spader	NC Council of Community Program
Al Dantz	JOA/YAIO
Stephanie Fayne	DLD/DHR
Dobbie Jackson	DSB/DHR
J Craig Green	OSD/HH - DHR
Chris Wicks	Speaker, S. Tar Heel Legislators
Bonnie Cramer	DHR - Aging
Jo Perkins	DURS
Bill Cox	DHR/DHRM
Lynda McDaniel	DHR/DFS
Carol Smarman	NCARC
Megan Smyser	Easter Seals
John Tamm	DHR/DFS

VISITOR REGISTRATION SHEET

Name of Committee

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

John Bowditch

Zeb Alley PA.

VISITOR REGISTRATION SHEET

PM

Gen. App. H. on the RRS.
Name of Committee

4-14-97
Date

VISITORS: Please sign below and return to Committee Clerk.

NAME FIRM OR STATE AGENCY AND ADDRESS

Elizabeth D. Dorman

PCANC

Lisa Bode

Bowman

W. H. Hilly

NCHA

Janice Fain

DHR/DCD

James W. Wolfe

DEHNR / DMCH

John D. Berlin

DEHNR

Jo Stein

DMH/DD/SAS

Charles Harris

" "

Nels Roseland

OSBM

Len D. Hilly

DHR

Jim Edgerton

DHR

Dan Banton

DHR

Jim McCleskey

DHR Budget

Joseph Canty

DYS

Angie McManis

DHR

Peter Groun

DHR

Bruce Smith

Robeson County Health Dept / NC Ass of Local Health Depts

W. H. Hilly

OSBM

John Baygett

DMH/DD/SAS DHR

Robin Huffman

Charter Behavioral Health System of NC

Sandra Long

Hospice of the Carolinas

VISITOR REGISTRATION SHEET

Name of Committee

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

Don Willis	DMHDDSSAS
Mike Eddinger	DHR/DFS
Bob Bailey	DHR/DFS
Lois B. Wilson	N.C.A.L.T.C.
Roger Bone	Bone & Assoc - N.C.A.L.T.C.
Alvin Baker	MH/DO/SAS
Robert Illmore	()
Ann Marie Williams	Bone Assoc
Patricia Rander	NAACE
Karen Chester	NC Interagency Coordinating Council
Daphne Lann	DMA-DHR
Philip H. Hines	DMHDDSSAS
Keith Letchworth	Community Living Assn.
Mary Nell	NASW-NC
Will Edgerton	MHA/NC
Tom V. Chelone	DEHNR-MCH
Barry GOSTEN	DEHNR-DMCH
Mary Martine	DHR-OEO
Don Sturges	OSPL
Chuck Harris	DHR/DSS
Sydney Atkinson	DHR/DSS

AGENDA

SENATE APPROPRIATIONS SUBCOMMITTEE ON HUMAN RESOURCES

MONDAY - JUNE 2, 1997

Afternoon Meeting

SENATOR WILLIAM MARTIN, COCHAIRMAN - PRESIDED

HOUSE AND SENATE BUDGET BILL - CAROL SHAW

MINUTES

SENATE APPROPRIATION SUBCOMMITTEE ON

HUMAN RESOURCES

June 2, 1997

The Senate Appropriation Subcommittee on Human Resources met on Monday afternoon, June 2, 1997, at 3:20 p.m.. Senator William Martin presided with six Senators present.

Senator Martin said the purpose of the meeting is two fold: 1) staff will give an update of where the committee stands and, 2) plans will be discussed dealing with welfare reforms.

Carol Shaw, Fiscal Research Staff discussed the fiscal aspects of the major differences between the House and Senate versions of the budget bill.

- (a) Whether or not to block grant cash assistance.
- (b) Whether or not to transfer TANF.
- (c) Difference in counties maintenance of effort.
- (d) Whether or not to have a reserve.

Dianna Jessup addressed policy procedural differences.

- (a) S.B. 1015 on House side became a special provision of Budget bill S.B. 352
Senate version has state eligibility,
Senate version says equal maintenance of effort between county and state.
The House says 80% for state.
Children of Work First parents get priority in Smart Start.

Senator Martin asked that the Welfare Reform piece be looked at as a separate item.

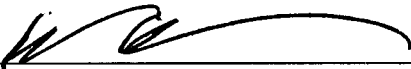
Senator Martin wants to have a round table discussion similar to the one held across the state.

It was proposed to have the next meeting on Thursday from around 3:00 until 6:00 p.m. and follow up with a public hearing the following week to be held in the late afternoon.

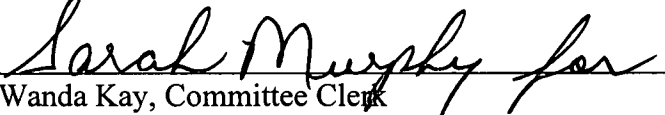
The purpose of the public hearing hopefully will be to focus in on major points of differences and ask the people to speak to it.

Public Hearing will be held in the Legislative auditorium.

The meeting adjourned at 4:40 p.m.



Senator William Martin, Chairman
Senate Subcommittee on Human Resources



Wanda Kay, Committee Clerk
Senate Subcommittee on Human Resources

AGENDA

SENATE APPROPRIATIONS SUBCOMMITTEE ON HUMAN RESOURCES

WEDNESDAY - JUNE 11, 1997

Afternoon Meeting

SENATOR WILLIAM MARTIN, COCHAIRMAN - PRESIDED

FISCAL ASPECTS OF WELFARE REFORM - CAROL SHAW

MINUTES

SENATE APPROPRIATIONS SUBCOMMITTEE

ON HUMAN RESOURCES

June 11, 1997

The Senate Appropriations Subcommittee on Human Resources met on Wednesday, June 11, 1997, at 3:20 p.m.. Senator Bill Martin presided with seven Senators present. Senator Martin opened with an explanation for the meeting which was two-fold. The first of which was for staff to give an update of where we are in the budget process as it pertained to welfare reform and the second being to apprise people of what direction we would be going with regard to welfare reform.

Carol Shaw, Fiscal Staff, discussed the fiscal aspects of welfare reform. Carol cited four major differences in the House and Senate's plan. They were as follows: a) Whether or not to Block Grant cash assistance., b) Whether or not to transfer TANF, c) The differences in counties maintenance of effort, and d) The House proposed that children of Work First parents get priority in Smart Start.

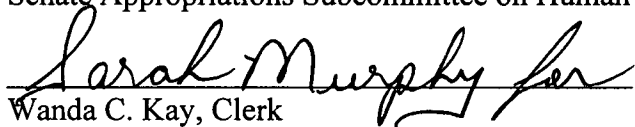
Senator Martin asked that the welfare reform piece be looked at separately from the rest of the committee's work. He further suggested that the committee schedule a roundtable discussion to encompass folks who are directly affected by or involved with welfare reform. Additionally, Senator Martin suggested a second meeting, which would be a public hearing the week following the roundtable discussion for a follow-up. It was determined that we would schedule the roundtable discussion on Thursday, June 19, 1997 and the public hearing was to be scheduled for the following Wednesday, June 25, 1997.

It was determined that the public hearing should focus upon the major points of difference between the House and the Senate's plan and to ask the public to speak to such.

The meeting adjourned at 4:40 p.m..



Senator William N. Martin, Chairman
Senate Appropriations Subcommittee on Human Resources



Wanda C. Kay, Clerk
Senate Appropriations Subcommittee on Human Resources

COMPARISON OF PART XI-A OF SB 352V4 WITH SB 1015V3

1. Title of Part 2, Art. 2, Chapter 108A same - "Work First Program"
2. Definitions - House G.S. 108A-24 adds the following terms:

"Attainment"	"Full-time employment"
"Biometric"	"FICA"
"Child Development Agreement"	"Mutual Responsibility Agreement"
"Community Service"	"Parent"
"County block grant"	"Temporary"
"County plan "	"Under employment"
"Employment"	"Unemployment"
"First Stop Employment Assistance"	"Work"

and deletes "Dependent child", "Work Activities" and changes "Family", "State Plan", "Work First Family Assistance", "Work First Services", "Work First" (is "Work First Program" in House)

3. G.S. 108A-25: House adds administration by boards of county commissioners-directs Department to accept federal grants-in-aid
4. G.S. 108A-27: House directs counties to develop plans to reduce unemployment and underemployment and directs the Department to adopt flexible rules for counties.
5. G.S. 108A-27.1: No (b) in House version (24- month limit)
6. G.S. 108A-27.2:
 - (a) "eligible" families and "lawful" employment in House
 - (b) House adds First Stop Employment Assistance
 - (c) different
 - (d) in different place and in a different form - in State Plan in House at 108A-27.7(c)
7. G.S. 108A-27.3 through G.S. 108A-27.8, 27.10, 27.11
 - (a) Senate version puts duties of the Department first - House puts duties of county board of commissioners first.
 - (b) House version directs counties to develop and establish eligibility criteria and the method of calculating benefits and actually make the payments of benefits; also directs county boards of commissioners to enter into Personal Responsibility

Agreements and Child Development Agreements. Senate directs Department to set eligibility/benefits criteria and make payments to recipients and directs county departments of social services to enter into personal responsibility contracts. House directs Department to develop and establish a biometric system of identifying Work First, food stamp, and Medicaid recipients, and provide technical assistance to counties in developing county plans, pay counties at beginning of quarter ¼ of block grant, establish Work First Reserve Fund.

- (c) County Plans to have 5 parts, including funding requirements
 - (d) Performance Standards - G.S. 108A-27.11 in Senate and G.S. 108A-27.6 in House. House puts in expectation that adult recipients be able to read, county performance judged by its ability to attain outcomes and goals; (c) similar, except no provision for Department takeover in House bill
 - (e) State Plan - G.S. 108A-27.5 in Senate and G.S. 108A-27.7 in House items similar or same: (9), (10), (11) of Senate similar to (1) in House, (3) in Senate similar to (4) in House, (13), (14), (15) in Senate is same as (6), (7), (8) in House, (5) in Senate same as (9) in House G.S. 108A-27.9
- 8. G.S. 108A-27.9: Maintenance of Effort: Senate says MOE State/Co. equal - House says State 100% MOE and counties 80% MOE
 - 9. G.S. 108A-27.10: Exemption from limitations for individuals convicted of certain drug-related felonies - Senate allows just I, House H and I
 - 10. G.S. 108A-27.12: Appeals - same
 - 11. G.S. 108A-29: House adds the First Stop Employment Assistance Program and study of working poor
 - 12. House adds G.S. 126.7.1 (Work First Hiring)
 - 13. House adds G.S. 108A-29.1 (Requiring Substance Abuse Treatment for Work First recipients)
 - 14. G.S. 108A-35: redlined in Senate, repealed in House
 - 15. G.S. 108A-38: same
 - 16. G.S. 108A-39.1: Senate, repealed in House
 - 17. G.S. 108A-49: same
 - 18. G.S. 108A-58: same
 - 19. G.S. 108A-80: same
 - 20. House adds the following:

- (a) changes to Smart Start (adds G.S. 143B-168.17)
- (b) G.S.153A-255 (county duty to provide temporary assistance to its poor residents)
- (c) repeals G.S. 108A-92
- (d) repeals Commission on the Family and conforming changes to statutes
- (e) establishes pilot IDA project
- (f) states General Assembly intent to sit in special session
- (g) keeps State Plan in submitted 10/16/96 in effect until first State Plan developed is approved
- (h) no diversion/commingling of Work First funds
- (i) administrative cost cap
- (j) no reversion of county block grants
- (k) AFDC Fraud provision
- (l) establishment of Joint Legislative Public Assistance Commission
- (m) LRC study of Medicaid/State-County Special Assistance
- (n) establish office of Inspector General in DHR/designate Inspector General as SLEB for food stamps.
- (o) appropriate funds for biometric imaging/program
- (p) directs \$20,000,000 to Work First Reserve Fund

21. Senate version has the following:

- (a) directs the Department to seek a waiver from the federal government to expand transition Medicaid from 12 to 24 months
- (b) directs the Department to designate a pilot county for the purpose of conducting a demonstration work-study project
- (c) directs DHR, Dept. Commerce (including ESC), Office of State Budget, and FRD to develop a forecasting methodology to predict trends that may impact Work First
- (d) transitional language - proposed State Plan to go to House and Senate Appropriations Subcommittees on Human Resources for subsequent approval by General Assembly - if GA fails to act, the plan submitted becomes the State Plan for FY 97-98
- (e) directs DHR to provide a report every April 20 to Governmental Operations and FRD regarding use of TANF funds transferred for child care development, reducing out-of-wedlock births and substance abuse treatment

**PART XI-A OF HOUSE COMMITTEE SUBSTITUTE
FOR SENATE BILL 352**

INTRODUCTION

This House welfare reform initiative proposes to reduce poverty among North Carolina families. Part XI-A of the HCS for SB 352 proposes two simultaneous strategies, one immediate and the other long term.

The immediate strategy deals with the adults in poor families and is based upon two principles: training those adults for work who are voluntarily unemployed or finding employment for those adults who are involuntarily unemployed. Included in this immediate strategy is employee skills improvement which addresses the twin issues of consistent or accrued unemployment.

The long-term strategy focuses upon children-at-risk in families with unemployed or underemployed parents. This strategy is based upon a foundation of early childhood development and education intended to give these children the skills demanded in the market place and the skills to be good citizens when they become adults.

A fundamental assumption under-girding strategies embedded in Part XI-A is that the divergence encouraged in the enabling federal legislation should also be encouraged among North Carolina's one hundred counties.

This fundamental assumption -- to encourage unique but appropriate county solutions to poverty requires a bottom-up rather than a top-down organization and administration. Thus the initiatives required by Part XI-A begin at the county level. Each county is encouraged to reduce unemployment and to provide services for children in the most appropriate way given the particular conditions within that county.

In order to financially support each county's individual efforts, Part XI-A proposes to co-mingle federal and state appropriations into non-reverting block grants which match the requirements of each county's unique plan.

The role of the State is to put all our available resources at the disposal of the several counties to ensure, to the extent possible, the successful outcome of each county's plan. Our task is to define what needs to be done, not prescribe how to do it. The State's chore is to keep the several counties focused on the real problems and to require that each county's adopted outcomes and goals are achieved. To do this, the State must give each county the flexibility required to succeed and must hold each county responsible for success.

Part XI-A does not contain an entitlement. The premise of Part XI-A requires work for temporary assistance. The kinds of acceptable work are spelled out and the definition of temporary is clear.

"Work First" is an accurate title. Work First is an ethically and morally correct program. Its essence is that it is better to teach a hungry person to fish than to merely give that person a fish for supper. Pragmatically, Work First is on solid ground. It seeks to reduce many of the outcomes of poverty through full-time employment, but it does not propose to accomplish these things immediately or perfectly. It focuses our money and our efforts on very specific problems and stays on task. County plans are based upon facts, not assumptions. They are based upon knowledge, not opinions.

The heart of Part XI-A is appropriate, evolutionary improvement in every county through consistent application and reliable financing. We intend to work our way out of the poverty that grips one out of ten North Carolinians.

SUMMARY

PART XI-A SUBPART A-WELFARE REFORM INITIATIVES

Section 11A.2

(G.S. 108A-24) Definitions of words used in Chapter 108A.

Section 11A.3

(G.S. 108A-25) Creates the Work First Program and adds the county board of commissioners to the list of those who shall administer the programs of public assistance.

Section 11A.4

(G.S. 108A-27) Requires that each county to develop, implement, and administer a biennial County Plan that begins to reduce unemployment in that county and requires that the DHR shall adopt rules for the biennial plan that are the most flexible and least restrictive while still ensuring State and federal law and regulation compliance.

Section 11A.5

(G.S. 108A-27.1) Programs established under this Part (Welfare Reform Initiatives) are not entitlements nor do they establish a property right.

(G.S. 108A-27.2) The purpose of the Work First Program is to provide eligible families with short-term assistance to facilitate their self-sufficiency through employment and shall include four categories of assistance: (1) First Stop Employment Assistance; (2) Work First Diversion Assistance; (3) Work First Family Assistance; and (4) Work First Services.

(G.S.) 108A-27.3) Establishes twelve duties of the county boards of commissioners. Nine of the duties may be delegated but three may not be delegated which are the requirements to: (1) establish county outcome and performance goals based on county economic, educational, and employment factors and adopt criteria for determining the progress of the county in moving persons and families to self-sufficiency; (2) ensure compliance with state and federal law; and (3) adopt and submit to DHR a biennial plan.

(G.S. 108A-27.4) Establishes fifteen duties of the Department of Human Resources and includes the duties to: (1) establish and maintain a uniform system of identifying Work First, Food Stamp and Medicaid Program recipients which shall provide security and portability throughout

the State that uses multiple biometrics to ensure greater than ninety-nine percent accuracy; (2) provide technical assistance to counties developing and implementing their county plans; (3) prepare and submit, by April 1 of each even-numbered calendar year, a biennial State Plan to the Director of the Budget; and (4) establish a Work First Reserve Fund.

(G.S. 108A-27.5) Requires that the County Plan have the following five parts: (1) conditions within the County; (2) outcomes and goals for the county; (3) plans to achieve the outcomes and goals; (4) administration; and (5) funding requirements. The county's plan must also have a description of the county's priorities for serving families who need child care based on the needs of the community and the availability of services and funding.

(G.S. 108A-27.6) Establishes performance standards for both the recipients and the counties.

(G.S. 108A-27.7) Requires DHR to prepare and submit to the Director of the Budget a biennial State Plan based upon the aggregate of the county plans and it shall include the allocation of federal funds and State funds for the Work First Program.

(G.S. 108A-27.8) Specifies the duties of the Director of the Budget/ Governor including the requirement that the Director of the Budget, at the beginning of every fiscal year, shall report to the General Assembly the number of permanent State Employees who have been Work First Program recipients during the previous calendar year.

(G.S. 108A-27.9) Sets the State's maintenance of effort at 100% and the county's maintenance of effort shall be no less than 80%.

(G. S.108A-27.10) Specifies the conditions by which individuals convicted of Class H and I drug-related felonies may be eligible for the Work First Program and the food stamp program. A county department of Social Services shall require individuals who are eligible under this provision to undergo substance abuse treatment as a condition for receiving benefits, if funds and programs are available.

Section 11A.6

(G.S. 108A-29 [a]-[c]) Establishes the First Stop Employment Assistance to assist Work First Program and food stamp recipients with employment through job registration, job search, job preparedness, and community service. Persons applying or reapplying for Work First or food stamps, if unemployed, must go through the program. Each county shall organize a Job Service Employer Committee and one of its duties shall be to develop a study of the unemployed and underemployed. Each committee shall prepare and submit a report on the findings for the county by May 1, 1998 to the Joint Legislative Public Assistance Commission.

(G.S. 126-7.1) Each State agency, department, and institution is encouraged to hire into State government employment qualified applicants who are current or former Work First program participants.

Section 11A.7

(G.S. 108A-29.1) Requires substance abuse treatment for those determined to be addicted but the children of any applicant or current recipient shall remain eligible for benefits, and these benefits shall be paid to a protective payee. Area mental health authorities shall be responsible for administering the provisions of this section.

Sections 11A.8 through 11A.11

Technical Changes

Section 11A.12

(G.S. 143B-168.17) Gives priority in the Smart Start program to children in Work First families. Counties may use funds provided for Smart Start for Work First Services but shall not use funds provided for Work First Services for Smart Start.

Section 11A.13

(G.S. 153A-255) In accordance with court decisions, underscored by the federal legislation, imposes the duty upon the counties to provide temporary assistance to its poor residents.

Section 11A.14

Repeals the following statutes: G.S. 108A-28 (Eligibility requirements; certain contributions to be disregarded); G.S. 108A-28.1 (Limitation of restrictions); G.S. 108A-30 (Job Opportunities and Basic Skills Training Program adopted); G.S. 108A-31 (Application for assistance); G.S. 108A-32 (Investigation of applicant); G.S. 108A-33 (Granting or denial of assistance); G.S. 108A-34 (Reconsideration of public assistance); G.S. 108A-35 (Removal to another county); G.S. 108A-39.1 (AFDC Emergency Assistance Program); and G.S. 108A-92 (State Public Assistance Equalization Program).

Section 11A.15

Article 12G of Chapter 120 repeals the Commission on the Family.

Section 11A.16

Requires the Department of Labor to establish a pilot project creating Individual Development Accounts (IDA) and appropriates \$300,000 each fiscal year for that purpose.

Section 11A.17

States the intent of the General Assembly to sit in Special Session to enact the first State Plan. Until the counties have prepared their county plans and the State has prepared the State Plan in accordance with this act and

the State Plan has been enacted by the General Assembly and it becomes law, the provisions of the State Plan submitted to the federal government dated October 16, 1996 shall remain in effect. State Plans submitted after the 1997-98 fiscal year shall be enacted by the General Assembly in order to be effective.

Section 11A.18

Federal, State, and county funding for the Work First program shall be commingled and shall not be separated to frustrate the purpose of the Work First Program. The commingled block grants paid quarterly to counties shall not be reverted.

Section 11A.19

Requires each county to use 75% of the monies recovered from fraud and error pursuant to the AFDC Fraud Control Program for enhanced and improved program integrity.

Section 11A.20

Establishes the Joint Legislative Public Assistance Commission to monitor and oversee the implementation of the provisions of the act and shall make any necessary recommendations to the General Assembly regarding any changes in law or rule.

Section 11A.21

Allows the Legislative Research Commission to establish a study on issues relating to the Medicaid Program and the State-County Special Assistance Program.

Section 11A.22

Establishes the Office of Inspector General within DHR to provide a central point for coordination of and responsibility for activities that promote accountability, integrity, and efficiency within DHR and for means-tested public assistance programs. The Office is designated as the State law enforcement Bureau (SLEB) to take custody and control of food stamps from the federal Food and Consumer Service to make them available to nonfederal law enforcement and investigative agencies to conduct criminal and food stamp program violation and investigation.

SUBPART B and C - STATUTORY TECHNICAL AND CONFORMING CHANGES

Sections 11.A.24 through 11.A.31, 11A.76, 11A.79

Technical and conforming changes relating to Work First, and the establishment of the Commission on the Family.

Section 11A.86

Appropriates \$6,750,000 for FY 1997-98 and \$2,900,000 for FY 1998-99 to establish the Biometric Program and to fundone program integrity worker per county.

Section 11A.86A

Directs the Department to place \$20,000,000 in the Work First Reserve Fund established in G.S. 108A-27.4

Section 11A.87

Effective date clause.

6-11-07

6/2/97 4:37 PM

House/Senate Comparison of Welfare Reform Business Plans for 1997-98

Item Number	Title	House Federal TANF Funding	Senate Federal TANF Funding	House State Work First Funding	Senate State Work First Funding	House Other State Funds	Senate Other State Funds	House Total Funding	Senate Total Funding
1	Work First Cash Assistance	\$0	\$262,747,194	\$0	\$0	\$0	\$0	\$0	\$262,747,194
2	Block Grants to County Departments of Social Services	\$302,029,076	\$19,281,882	\$42,277,257	\$62,277,257	\$0	\$0	\$344,306,333	\$81,559,139
3	Transfer to the Child Care & Development Fund for Work First Day Care Subsidies (1)	\$5,599,759	\$3,758,011	\$0	\$0	\$0	\$0	\$5,599,759	\$3,758,011
4	Transfer to Child Care & Development Fund For Day Care Subsidies to replace state funds used for Smart Start and other expansion	\$0	\$23,276,545	\$0	\$0	\$0	\$0	\$0	\$23,276,545
5	Transfer to the Child Care & Development Fund for the Development of Child Care Centers at Community Colleges	\$600,000	\$0	\$0	\$0	\$0	\$0	\$600,000	\$0
6	Allocation to the Division of Mental Health for Work First Substance Abuse Treatment and Testing Services	\$3,000,000	\$1,000,000	\$0	\$0	\$0	\$0	\$3,000,000	\$1,000,000
7	Allocation to the Division of Social Services for Evaluation	\$300,000	\$700,000	\$0	\$0	\$0	\$0	\$300,000	\$700,000
8	Allocation to the Division of Social Services for Community College Collaboration	\$0	\$500,000	\$0	\$0	\$0	\$0	\$0	\$500,000
9	Allocation to the Division of Social Services for County and State Staff Development	\$500,000	\$500,000	\$0	\$0	\$0	\$0	\$500,000	\$500,000
10	Allocation to the Department of Environment, Health, and Natural Resources for the reduction of Out-of-Wedlock Births	\$1,600,000	\$1,600,000	\$0	\$0	\$0	\$0	\$1,600,000	\$1,600,000
11	Allocation to the Division of Mental Health for screening, diagnostic, and counseling services related to substance abuse for Work First participants	\$2,300,000	\$2,300,000	\$0	\$0	\$0	\$0	\$2,300,000	\$2,300,000
12	Transfer to the Social Service Block Grant for DHR/AOC juvenile substance abuse pilots	\$1,182,280	\$1,182,280	\$0	\$0	\$0	\$0	\$1,182,280	\$1,182,280
13	Transfer to the Social Services Block Grant for the Special Children Adoption Fund	\$300,000	\$0	\$0	\$0	\$0	\$0	\$300,000	\$0
14	Carry-forward to FY 1998-99	\$0	\$565,203	\$0	\$0	\$0	\$0	\$0	\$565,203
15	TANF Reserve Fund	\$0	\$0	\$20,000,000	\$0	\$0	\$0	\$20,000,000	\$0
16	State DSS Administration	\$0	\$0	\$10,199,622	\$10,199,622	\$0	\$0	\$10,199,622	\$10,199,622

16-21 House & Senate in total agreement.

House/Senate Comparison of Welfare Reform Business Plans for 1997-98

Item Number	Title	House Federal IVANF Funding	Senate Federal IVANF Funding	House State Work First Funding	Senate State Work First Funding	House Other State Funds	Senate Other State Funds	House Total Funding	Senate Total Funding
17	State Child Support Enforcement (HB 301)	\$0	\$0	\$351,696	\$351,696	\$0	\$0	\$351,696	\$351,696
18	State DSS Contracts related to IVA-EA Funding	\$0	\$0	\$219,310	\$219,310	\$0	\$0	\$219,310	\$219,310
19	State Foster Care Contracts	\$0	\$0	\$1,800,508	\$1,800,508	\$0	\$0	\$1,800,508	\$1,800,508
20	Mental Health IVA-EA Funding	\$0	\$0	\$23,078,000	\$23,078,000	\$0	\$0	\$23,078,000	\$23,078,000
21	State Automation for Welfare Reform	\$0	\$0	\$16,886,206	\$16,886,206	\$0	\$0	\$16,886,206	\$16,886,206
22	Department of Labor Individual Development Account Pilot (3)	\$0	\$0	\$0	\$0	\$300,000	\$0	\$300,000	\$0
23	ESC First Stop Employment Assistance Program (2)	\$0	\$0	\$0	\$0	\$850,000	\$0	\$850,000	\$0
	Uniform System of Work First, Food Stamp, and Medicaid Recipient Information including biometrics imaging work stations in each county and one program integrity worker in each county. (3)	\$0	\$0	\$0	\$0	\$6,750,000	\$0	\$6,750,000	\$0
24		\$0	\$0	\$0	\$0	\$100,000	\$0	\$100,000	\$0
25	Joint Legislative Public Assistance Commission (3)	\$0	\$0	\$0	\$0	\$8,000,000	\$0	\$8,000,000	\$0
	Total Expenditures	\$317,411,115	\$317,411,115	\$114,812,599	\$114,812,599	\$8,000,000	\$0	\$440,223,714	\$432,223,714

Notes:

- (1) Funded through the Worker Training Trust Fund.
- (2) Funded through the General Fund.
- (3) County funding is not included in this chart since it is retained by the counties. County funding will range from \$78,461,208 to \$98,077,401 depending on whether counties drop their funding to 80% as allowed in the House legislation. County funding will be \$98,077,401 under the Senate legislation.

VISITOR REGISTRATION SHEET

Human Res.

Name of Committee

6-11-97

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

Jim Egerton
Lisa Upchurch
Sharnelle Ransome
Jane Smith

DHR
DHR-DSS

AGENDA

SENATE APPROPRIATIONS SUBCOMMITTEE ON HUMAN RESOURCES

THURSDAY - JUNE 19, 1997

Afternoon Meeting

SENATOR WILLIAM MARTIN, COCHAIRMAN - PRESIDED

OVERVIEW OF HOUSE AND SENATE BUDGET BILL - DIANNE JESSUP

ROUND TABLE DISCUSSION PANEL:

Billy King, President, NCACC Cumberland

Sandra Neveret - IBM

Pat Smith - Recipient IVF

Maureen Evans - Work First

Rheon Beale - DHR Division of S.S.

Calvin Underwood

Mr. Barry Reed - Person County

Sorian Schmidt - Attorney

Dr. Alton Anderson - Director of Gov. Affairs/Relations Employment Security
Commission

David Clegg

MINUTES
SENATE APPROPRIATIONS SUBCOMMITTEE
ON HUMAN RESOURCES

June 19, 1997

The Senate Appropriations Subcommittee on Human Resources met on Thursday afternoon, June 19, 1997, at 2:20 p.m.. Senator Martin presided with six Senators present.

Dianna Jessup, staff presented an overview of the House and Senate versions of the bill.

After citing the differences in the bills Carol Shaw, staff, cited the fiscal differences at which point the round table was opened for discussion.

The following people served on the panel:

- Billy King, President, NCACC Cumberland
- Sandra Neveret - IBM
- Pat Smith - Recipient IVF
- Maureen Evans - Work First
- Rheon Beale - DHR Division of S.S.
- Calvin Underwood
- Mr. Barry Reed - Person County
- Sorian Schmidt - Attorney
- Dr. Alton Anderson - Director Gov. Affairs/Relations Employment Security Commission
- David Clegg

Senator Phillips asked if any thought had been given to a pilot program and it was determined that it had not.

Maureen Evans spoke to the issue of moving SS Division. She feels extremely important to maintain line of communication between social worker and recipient to continue effectiveness of the program.

Pheon Beale expressed that DHR was certainly county driven, but feels flexibility on county level of both bills.

Chip Modlin, suspects that increase in benefits would draw folks from other areas.

Billy King suggests that the overall prospective should be to make plans more collectively and painless as possible.

Ms. Pat Smith - Recipient Work First, wanted to know as a grandmother taking care of her grandchildren, where does the plan put her in the scheme of things. She suggested that she is not the A - typical recipient. Prior to having to raise her grandchildren she was not an WFDC recipient.

Resident from Cumberland Work First responded to questions stating how this does/does not effect her as a payee recipient.

There was a suggestion that there is room for compromise. Maximize local initiative, local vision and give county charge to administrative cash benefits.

Senator Martin asked Cochairman to give us flexibility measures that should assist in making bill more condensed.

Mr. Reed suggested that when a recipient doesn't fill out an application correctly DHR comes crumbling down on them. The State DHR office gives program directions which discourages locals from innovation.

Differences cited by Calvin Underwood:

- House has made county responsible for everything excluding cash assistance.
- Senate suggested the opposite (see handout a copy of Welfare Reform proposals - Work First Services.
- Accountability Key Factor on local level.

Sorian Schmidt spoke on legal aspects from the federal point of view. The Senate version suggests to share responsibility so as not to lose federal sanctions.

Senator Dannelly wanted to know how directors will avoid unfunded mandates.

Henrietta expounded on her point of view relative to flexibility/accountability suggesting that it needs to have more of a local decision.

Senator Martin asked what impact provisions will have on ability to generate funds from private industry. Mr. Reed suggested that it would be disastrous because Smart Start was not designed as a social services program. It was designed for everybody. (Provision suggests that Work First families' children would have first priority on Smart Start program.)

Billy King asked if any serious thought has been given to the pilot notion as someone else suggested earlier.

Transportation is a problem for rural areas. This is a major challenge and will require a local solution.

Sorian Schmidt suggested that both bills need a plan to use the rainy day fund when Work First has a need and also how to determine at what point to use it.

Peel off approach allows counties time to prepare for future rather than immediate approach.

DSS directors will find that they will need to ask how do we prevent Work First recipients from ending up at courthouse door as these jobs run out?

Calvin Underwood agrees with Sorian Schmidt and also piloting with an evaluation inclusive of family well being as well as children's well being.

Chip Modlin would like to see flexibility in the cash diversion to use on county level without restrictive mandates.

Need to eliminate duplication of services.

Evaluation is a critical need to insure success. It was the consensus to allow as much flexibility outside of cash assistance as possible. Need for programmatic changes for long term.

If there was system with flexibility and guidelines relative to that flexibility, is it something which we ought to embrace? The suggestions was made to have this based on economic and job conditions that exist in each county.

Senator Martin asked for ideas relative to time limit in terms of staggering Senate -2 yr./5yr.

- Pheon Beale suggested 2 year limit is not a lifetime limitation.
- No federal penalty attached to 2 year time limit.
- Calvin suggested an extension of just cause is language relative to the 2 year limit.
- If done, the definition of just cause should be left up to county.
- Current time frames are working; changing them will throw folks off.

Inspector General issue:

- Not penalized for additional services
- Streamline system - one intake process
- As State Auditor - Inspector General issue clearly as internal audit.

Issue: auditor's office encourages accountability.

- They concur w/DHR that it shouldn't be in their office or DHR's to police, but rather in the hands of the Attorney General's office where it is already in place.
- Changes in language to separate out responsibility of investigative portion of things.
- Auditor's office encourages a centralized area relative to investigation issues.

Pheon stated a concern that if we prohibit and continue to keep complex system, it will allow for fraud.

Sandra Neveret, IBM Biometrics expert, told the committee that several other states are already using Biometrics to ensure client I.D..

- Savings to states great.
- Would only add about 5 minutes to S.S. process, ensures person is in your system only once.

Senator Martin initially thought that expense would be far greater than worth putting in place, however, we have since learned that this is not necessarily the case. Sandra expounded on the issue.

Senator Martin suggested various options and asked Sandra to explain the benefit of using Iris, finger print process.

- One to one match is key to the success.
- Finger image stored, if enrolled as Jane Doe in one county and another name in ten different counties, much more intense process as opposed to one-to-one most used, technology very complex.
- Overhead issue and should be standardized if undertaken in both benefit standards and technology.
- Public relations issues involved with use of this technology.
- Time limits - stick with 2 year - 5 year with contention if just cause definition, eventually statewide but beginning county wide (already in state plan, but worded differently.)
- Need to prepare for future down turn by raising reserve.
- Pilots need same standards of evaluation if allowed.
- More flexibly relative to benefit home conversion.
- Let Smart Start operate as is.
- Inspector General separate investment function but DHR maintains its internal audit.
- Built in privacy protection relative Biometrics - outside governmental agencies.
- State dollars.

- County incentives.
- House - every county to do study on poverty. Legislation already doing study.



Senator William Martin, Cochairman

Senate Appropriations Subcommittee on Human Resources



Wanda Kay, Committee Clerk

Senate Appropriations Subcommittee on Human Resources

NC Association of County Directors of Social Services

Position Statements on Welfare Reform Proposals (SB 1015 and House Appropriations Bill)

June 4, 1997

Both SB 1015 and the House Substitute have good and bad points. However, many of the bad ideas in SB 1015 were amended as a result of public input. The House Substitute that has been added to the House Budget bill has not had any opportunity for public input and there have been no opportunities to make changes in the proposal. We strongly urge the General Assembly to invite public comment into the deliberations on welfare reform.

The following outlines our Association's major concerns about both welfare reform proposals and points to the positive aspects of both plans (not in priority order).

Authority to Provide Social Services Programs

Counties have traditionally worked in partnership with State government to provide for poor residents. The SB 1015 would continue the partnership. The House substitute states "Each county shall have the duty to provide temporary assistance to its poor residents." We oppose the House language that places the burden of responsibility solely on the counties as an unfunded mandate. Further the language could be interpreted as an entitlement that the counties must provide.

Statewide Eligibility Criteria, Benefit Levels and Core Services

SB 1015 maintains statewide rules and payment system for cash benefits and provides flexibility to counties in how they administer supportive services. The House substitute eliminates statewide cash assistance and rules and empowers each board of county commissioners to "establish eligibility criteria for recipients" and "prescribe the method of calculating benefits for recipients" and creates a new mandate for First Stop to be administered by the State Employment Security Commission and each individual applying for Work First Assistance must make ESC their first stop in applying for assistance and provides flexibility to counties for everything else.

We support a statewide cash assistance program and maximum county flexibility for non-cash services (employment, training, day care, transportation, substance abuse counseling). There are a number of critical and costly problems associated with allowing each county to set its own eligibility criteria and benefit levels including:

- a. Automatic eligibility for Food Stamps and Medicaid will no longer be available when counties change their eligibility criteria and benefit levels. This will result in a step backwards to three separate applications for these publicly funded, means-tested assistance programs. It also virtually guarantees that the application process cannot be automated and save the taxpayers millions of dollars in administrative costs.
- b. Counties will have to establish their own systems for writing and distributing Work First cash assistance checks - a system currently centralized within DHR. Duplicating this system 100 times is a waste of tax payer dollars.
- c. It will be a difficult and costly process for the State to track the 100 systems. Not only will it be costly to the state to set up automated systems to track the counties, but the state is in real jeopardy of losing federal funds.
- d. Counties will need additional staff to write policies and procedures for the 100 new systems.
- e. The apparent chaos of 100 systems that will be difficult for the state to track will make each county more vulnerable to fraud and abuse as people learn how to manipulate the various eligibility criteria and services provided.

(06/11/97

Welfare Reform Positions

NC Association of County Directors of Social Services

Page 1

- f. The Employment Security Commission is a State agency and the County Commissioners cannot hold them accountable for meeting local goals.
- g. The Employment Security Commission does not have offices in all 100 counties, making access for many Work First clients in rural counties nearly impossible.
- h. Only \$750,000 was appropriated for the Employment Security Commission to run the First Stop Program statewide - only \$7,500 per county to help 90,000+ Work First recipients gain employment. That does not provide enough to allow 1/2 worker per county to help people get jobs!

Applicant/Agency Expectations

Both the Senate and House proposals provide for "contracts" or "agreements" between the local department of social services and Work First clients. We support any clear "up front" agreement regarding expectations of the agency and clients, whether it is a contract or agreement is not important.

Time Limits

SB 1015 has a cumulative 24 month time limit and then can reapply after 36 months and a 5 year lifetime limit. The House substitute has a "temporary" time period not to exceed 60 cumulative months" with each county board of commissioners free to set any limits less than the 60 month maximum. We support a uniform statewide limit with provision for extension for just cause.

Child Only Cases

Both the Senate and House versions provide for child-only cases, but the House version does not address whether child-only cases are subject to the time limit. The Senate version exempts child-only cases from time limits. We support child only cases with no time limit.

Role of Local Officials

The Senate version requires boards of commissioners to approve the local plan, for the county DSS to serve as the lead agency and for county social services boards to review plans. The House version requires county boards of commissioner to approve local plan and allows flexibility for which agencies are responsible in each county for providing services.

We support the Senate provisions. The existing system of local DSS responsibility, accountability and resource allocation makes sense. Re-creating another bureaucracy would be costly.

Maintenance of Effort

SB 1015 requires the State and Counties to maintain the same proportionate maintenance of effort and requires it be 100% for the first year. The House substitute requires 100% state maintenance of effort and 80% at the county level.

We support 100% maintenance of effort for the State and Counties in this fiscal year. We believe it is critical to leave all the funding on the table until we see the needs of this population as we move them from welfare to work. 80% Maintenance of effort is not enough to meet service needs in some counties today (day care requests are growing).

Continued Funding of Children's Protective Services

Neither proposal addresses this critical issue.

The counties in state fiscal year 1996 were expected to draw down \$29,682,371 from the former AFDC-Emergency Assistance program to pay for child protective services. This is the single largest funding source for CPS in North Carolina. It is critical that this funding source remains dedicated to CPS. It would be tragic if counties were forced to decide to spend the funding on programs to reduce their welfare caseload (because that is what they are measured on) rather than serving our most abused and neglected children. Today, more than 300 additional personnel are needed statewide to meet *minimum CPS caseload standards*.

06/11/97

Welfare Reform Positions

NC Association of County Directors of Social Services

Page 2

Contingency

The Senate bill has no plans for dealing with an economic downturn. The House proposal sets up a \$20 million contingency fund to be used in case of an economic downturn.

We support contingency funding for an inevitable economic downturn.

Administrative Reimbursement

The Senate follows the federal requirement of a 15% cap on administrative costs. The House substitute sets the cap at 8% with one-time expenditures for equipment and support capped at 10%.

We support state rules that are no more restrictive than federal rules.

Automated Single Application for all Publicly Funded, Means Tested Programs for Families in Need

The Senate's business plan, not statutes, would fund a statewide system enhancement for eligibility determination. The Senate business plan also utilizes other funding for the automated system, including Medicaid and Food Stamps. The House plan provides for a biometrics system to identify clients for program integrity purposes, but not for eligibility determination.

We support a statewide computer network to support unduplicated input of data to support a single application for all publicly funded, means-tested programs for families.

Program Integrity

The Senate bill does not address this issue. The House proposes to give counties 75% of fraud recoveries to enhance and improve program integrity and provides one program integrity worker per county.

We support efforts to improve program integrity.

Transferring TANF funds to other Block Grants

The Senate proposal transfers \$24 million from TANF to the Child Care and Development Block Grant to free up state funding for Smart Start. The House proposal fully funds Smart Start with existing state funds and does not transfer TANF money to other programs.

We support fully funding welfare reform with TANF funding and fully funding Smart Start with state funding.

06/11/97

Welfare Reform Positions

NC Association of County Directors of Social Services

Page 3

6-19-97

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1997

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3

SENATE BILL 1015

Children & Human Resources Committee Substitute Adopted 4/30/97
Third Edition Engrossed 5/1/97

Short Title: Welfare Reform Act of 1997.

(Public)

Sponsors:

Referred to:

April 21, 1997

1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH THE WELFARE REFORM ACT OF 1997.
3 The General Assembly of North Carolina enacts:

4 **PART 1. WORK FIRST PROGRAM.**

5 Section 1. The title of Part 2 of Article 2 of Chapter 108A of the
6 General Statutes reads as rewritten:

7 "Part 2. ~~Aid to Families with Dependent Children.~~ Work First Program."

8 Section 2. G.S. 108A-24 reads as rewritten:

9 **"§ 108A-24. Definitions.**

10 As used in Chapter 108A:

11 (1) 'Applicant' is any person who requests assistance or on whose
12 behalf assistance is requested.

13 (1a) 'County department of social services' means a county department
14 of social services, consolidated human services agency, or other
15 local agency designated to administer or provide services pursuant
16 to this Article.

17 (2) 'Department' is the Department of Human Resources, unless the
18 context clearly indicates otherwise.

19 (3) 'Dependent child' is a person under 18 years of age who is living
20 with a ~~natural~~ biological parent, adoptive parent, stepparent, or
21 any other person related by blood, marriage, or legal adoption, in a
22 place of residence maintained by one or more of such persons as

his or their own home, and who is deprived of parental support or care; it shall also include a minor who has been eligible for AFDC who is now living in a foster-care facility or child-caring institution; it shall also include a dependent child in school under 21 years of age as provided by Titles IV-A and XIX of the Social Security Act.

(3a) 'Family' consists of a minor child or children and one or more of their biological parents, adoptive parents, or stepparents living together.

(3b) 'Federal TANF funds' means the Temporary Assistance for Needy Families block grant funds provided for in Title IV-A of the Social Security Act.

(4) Repealed by Session Laws 1983, c. 14, s. 3.

(5) 'Recipient' is a person to whom, or on whose behalf, assistance is granted under this Article.

(6) 'Resident,' unless otherwise defined by federal regulation, is a person who is living in North Carolina at the time of application with the intent to remain permanently or for an indefinite period; or who is a person who enters North Carolina seeking employment or with a job commitment.

(7) 'Secretary' is the Secretary of Human Resources, unless the context clearly indicates otherwise.

(8) 'State Plan' is the plan prepared by the Department for the State's Work First Program pursuant to this Article.

(9) 'Title IV-A' means the Social Security Act, 42 U.S.C. § 601, et seq., as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, P.L. 104-193, and to other provisions of federal law as may apply to services provided in this Article.

(10) 'Work activities' shall include 'federal work activities' and 'State work activities'.

a. 'Federal work activities' are those activities that count toward the State's fulfillment of the work participation rate required by Title IV-A.

b. 'State work activities' are other activities authorized by the Department for receipt of Work First Family Assistance.

(11) 'Work First' is the temporary assistance to needy families program established in this Article.

(12) 'Work First Diversion Assistance' is a short-term cash payment that is intended to produce a substantial reduction in the likelihood of a family requiring Work First Family Assistance.

(13) 'Work First Family Assistance' is a program of time-limited periodic cash payments to assist in maintaining the children of eligible families while the adult family members engage in activities to prepare for entering and to enter the workplace.

(14) 'Work First Services' are services funded from appropriations made pursuant to this Article and designed to facilitate the purposes of the Work First Program. These services may include eligibility determination, child care, transportation, substance abuse treatment and counseling, education, job placement assistance, employment counseling, prevention of out-of-wedlock births, case management, emergency cash assistance, and other activities designed to help families become self-sufficient."

Section 3. G.S. 108A-25(a) reads as rewritten:

"(a) The following programs of public assistance are hereby established, and shall be administered by the county department of social services under supervision of the Department of Human Resources or the Department of Human Resources under pursuant to federal regulations or under rules and regulations adopted by the Social Services Commission and under the supervision of the Department of Human Resources or the Secretary of Human Resources:

- (1) ~~Aid to families with dependent children;~~ Work First Program;
- (2) State-county special assistance for adults;
- (3) Food stamp program;
- (4) Foster care and adoption assistance payments;
- (5) Low income energy assistance program."

Section 4. G.S. 108A-27 reads as rewritten:

"§ 108A-27. Authorization of ~~Aid to Families with Dependent Children Program.~~ Work First Program.

~~The (a) The Department is authorized to~~ shall establish and supervise ~~an Aid to Families with Dependent Children Program.~~ the Work First Program to provide temporary assistance to eligible children and families. This program ~~is to~~ shall be administered by county departments of social services ~~under federal regulations and rules and regulations of the Social Services Commission.~~ in accordance with:

- (1) This Article;
- (2) The State Plan as defined in G.S. 108A-27.5; and
- (3) Rules adopted pursuant to this Article by the Secretary or the Social Services Commission.

(b) The Department shall ensure that the Work First Program is established, supervised, and administered in compliance with federal law. The Department shall maximize federal receipts for the Work First Program.

(c) Whenever feasible, the Department shall ensure that as persons and families are moved to self-sufficiency, assistance shall be reduced and ended on a graduated basis rather than ending abruptly upon reaching the time limits established in State law for receiving assistance."

Section 5. Part 2 of Article 2 of Chapter 108A of the General Statutes is amended by adding the following new sections:

"§ 108A-27.1. Assistance not an entitlement; State time limit on cash assistance.

(a) Any assistance programs established under this Part are not entitlements, and nothing in this Part shall create any property right.

(b) Unless an extension or an exemption is provided pursuant to the provisions of the State Plan, any cash assistance under this Part that is provided to a person or a family in the employment program shall only be provided for a cumulative total of 24 months. After having received cash assistance for 24 months, the person or the family may reapply for cash assistance, but not until after 36 months from the last month the person or the family received cash assistance. This subsection does not apply to child-only cases.

"§ 108A-27.2. Purpose; program description.

(a) The purpose of the Work First Program is to provide short-term assistance in the form of cash and services to help persons and families move from public assistance to self-sufficiency through gainful employment.

(b) The Work First Program shall include program administration and three categories of assistance to participants:

- (1) Work First Family Assistance;
- (2) Work First Diversion Assistance; and
- (3) Work First Services.

(c) Work First Family Assistance may be paid to eligible families or as 'child-only' benefits, as established in the State Plan, based on availability of funds, State and federal law, and Work First Program objectives.

(d) The Department may distinguish among potential groups of recipients on whatever basis necessary to enhance program purposes and to maximize federal revenues so long as the rights, including the constitutional rights of equal protection and due process, of individuals are protected. The Department may, however, deny Work First Program assistance to legal immigrants only on the same basis that federal law denies the use of federal TANF funds to legal immigrants.

"§ 108A-27.3. Duties of Department.

(a) The Department shall supervise the Work First Program. In supervising the Work First Program, the Department shall have the following duties:

- (1) Prepare the State Plan in accordance with G.S. 108A-27.5 to submit to the Governor for approval;
- (2) Submit the State Plan, as approved by the Governor, to the General Assembly for approval in accordance with G.S. 108A-27.5;
- (3) Submit the State Plan, as approved by the Governor and the General Assembly, to the appropriate federal officials as required by federal law or regulation;
- (4) Establish the requirements for content and a schedule for submission by counties of local block grant plans for Work First and review and approve the block grant plans submitted by the counties;
- (5) Advise and assist the Social Services Commission in adopting rules necessary to implement the provisions of this Article;
- (6) Supervise disbursement of local block grant funds to counties for Work First Diversion Assistance and Work First Services;

- 1 (7) Make payments of Work First Family Assistance and Work First
2 Diversion Assistance;
- 3 (8) Establish outcome and performance goals, in consultation with the
4 county department of social services and county board of
5 commissioners, based on economic factors and conditions for
6 determining the performance of State and county agencies in the
7 Work First Program and considering the well-being of children;
- 8 (9) Coordinate activities of other State and county agencies in meeting
9 the goals of the Work First Program;
- 10 (10) Work with State and county agencies and with private sector
11 organizations and individuals to develop programs and methods to
12 meet the goals of the Work First Program;
- 13 (11) Monitor and evaluate the impact of the Work First Program on
14 children and families, including the impact of the Program on the
15 economic security and health of children and families, child abuse
16 and neglect, school attendance, and academic and behavioral
17 performance; and
- 18 (12) Monitor the performance of counties in achieving Work First
19 Program expectations and provide monthly progress reports to the
20 county department of social services and county board of
21 commissioners.

22 (b) The Secretary may adopt temporary rules or delegate authority to the Social
23 Services Commission to adopt temporary rules when necessary to:

- 24 (1) Implement provisions of the State Plan;
- 25 (2) Maximize federal revenues to prevent the loss of federal funds;
- 26 (3) Reduce State and county expenditures in current budgets;
- 27 (4) Enhance the ability of the Department to prevent fraud and abuse
28 in the Work First Program;
- 29 (5) Modify the State Plan as necessary to meet changed circumstances
30 after approval of the State Plan; and
- 31 (6) Respond to any of the circumstances enumerated in G.S. 150B-
32 21.1.

33 (c) The Social Services Commission may adopt rules in accordance with G.S.
34 143B-153 when necessary to implement this Article and subject to delegation by the
35 Secretary of any rule-making authority as set forth in subsection (b).
36 "§ 108A-27.4. Duties of county departments of social services and county boards of
37 commissioners.

38 (a) Except as otherwise provided in this Article, the Work First Program shall be
39 administered by the county departments of social services. The county departments
40 of social services shall:

- 41 (1) Determine eligibility of persons and families for the Work First
42 Program;
- 43 (2) Enter into Personal Responsibility Contracts with participants
44 pursuant to the State Plan and ensure that the services and

resources that are needed to assist participants to comply with their obligations under their Personal Responsibility Contracts are available;

(3) Comply with State and federal law relating to Work First and Title IV-A;

(4) Develop the local block grant plans for submission by the counties to the Department;

(5) Ensure that participants engage in the minimum hours of work activities required by the State Plan and Title IV-A; and

(6) Ensure that the components of the Work First Program are funded solely from authorized sources and that federal TANF funds are used only for purposes and programs authorized by federal and State law.

(b) Upon the prior approval of the Department and in consultation with the county board of commissioners, a county department of social services may delegate any of its duties under this Article to another public agency or private contractor. Prior to delegating any duty, a county department of social services shall submit its proposed delegation to the Department as the Department may provide. Notwithstanding any delegation of duty, a county department of social services shall remain accountable for its duties under the Work First Program.

(c) The county board of commissioners shall appoint a committee of individuals to identify the needs of the population to be served to review and assist in developing the county block grant plan to respond to the needs. The committee membership shall include, but is not limited to, representatives of the county board of social services, the board of the area mental health authority, the local public health board, the local school systems, the business community, the board of county commissioners and community-based organizations representative of the population to be served.

(d) The county board of commissioners shall review and approve the county block grant plan for submission to the Department.

"§ 108A-27.5. State Plan.

(a) The Department shall prepare and submit to the General Assembly for its review and approval every fiscal year, in accordance with the procedures established in G.S. 143-16.1 for federal block grant funds, a State Plan that proposes the terms of the Work First Program. Prior to submitting a State Plan to the General Assembly, the Department shall consult with local governments and private sector organizations regarding the design of the State Plan and allow 45 days to receive comments from them. The State Plan shall include:

(1) Benefit levels, limitations, and payments and the method for calculating benefit levels and payments;

(2) Eligibility criteria, including asset and income standards;

(3) A description of eligible federal and State work activities and work activity requirements for recipients and any exceptions or exemptions proposed to those requirements;

- 1 (4) Provisions for when extensions may be granted to a person or
2 family who reaches the time limit for receipt of benefits;
- 3 (5) Requirements for assignment of child support income and
4 compliance with child support enforcement activities;
- 5 (6) Provisions for exceptions and exemptions to criteria, time limits,
6 and standards;
- 7 (7) Provisions for sanctions for recipient failure to comply with
8 program requirements;
- 9 (8) Terms and conditions for repayment of Work First Diversion
10 Assistance by recipients who subsequently receive Work First
11 Family Assistance;
- 12 (9) Allocations of federal, State, and county funds for the Work First
13 Program, including block grants to the counties for Work First
14 Diversion Assistance and Work First Services;
- 15 (10) Levels of State and county funding for the Work First Program;
- 16 (11) Allocation for funding for administration at the State and local
17 level not to exceed the federally established limitations on use of
18 federal TANF funds for program administration;
- 19 (12) A description of the Department's consultation with local
20 governments and private sector organizations and a summary of
21 any comments received during the 45-day public comment period;
- 22 (13) Provisions to ensure that no Work First Program recipients,
23 required to participate in work activities, shall be employed or
24 assigned when:
 - 25 a. Any regular employee is on layoff from the same or
26 substantially equivalent job;
 - 27 b. An employer terminates any regular employee or otherwise
28 causes an involuntary reduction in the employer's workforce
29 in order to hire Work First recipients; or
 - 30 c. An employer otherwise causes the displacement of any
31 currently employed worker or positions, including partial
32 displacements such as reductions in hours of nonovertime
33 work, wages, or employment benefits, in order to hire Work
34 First recipients;
- 35 (14) Provisions to ensure the establishment and maintenance of
36 grievance procedures to resolve complaints by regular employees
37 who allege that the employment or assignment of a Work First
38 Program recipient is in violation of subdivision (13) of this section;
- 39 (15) Provisions to ensure that Work First Program participants, required
40 to participate in work activities, shall be subject to and have the
41 same rights under federal, State, or local laws applicable to non-
42 Work First Program employees in similarly situated work activities,
43 including, but not limited to, health and safety standards and
44 nondiscrimination laws, provided that nothing in this subdivision

1 shall be construed to prohibit Work First Program participants
2 from receiving State or county services designed to assist Work
3 First Program participants achieve job stability and self-sufficiency;
4 and

5 (16) Any additional provisions required by federal law to be included
6 in the State Plan.

7 (b) In addition to those items required to be included pursuant to subsection (a)
8 of this section, the State Plan may include proposals to establish the following:

9 (1) Demonstration projects in one or more counties to assess the value
10 of any proposed changes in State policy or to test ways to improve
11 programs;

12 (2) Individual Development Accounts as authorized by Title IV-A;

13 (3) Automatic Medicaid eligibility or Medicaid benefit expansion for
14 Work First Program participants;

15 (4) Incentives for high-performing counties, contingency plans for
16 counties unable to meet financial commitments during the term of
17 the State Plan, and sanctions against counties failing to meet
18 performance expectations, including allocation of any federal
19 penalties that may be assessed against the State as a result of a
20 county's failure to perform.

21 (c) The State Plan may provide that in cases where benefits are paid only for a
22 child, the case is considered a family case.

23 (d) The State Plan may provide that recipients shall be required to enter into and
24 comply with Personal Responsibility Contracts as a condition of receiving benefits. If
25 provided for in the State Plan, the terms and conditions of Personal Responsibility
26 Contracts shall be consistent with program purposes, federal law, and availability of
27 funds.

28 **"§ 108A-27.6. Work First Family Assistance; program changes.**

29 The Department may change the Work First Family Assistance Program when
30 required to comply with federal law. Any changes in federal law that necessitate a
31 change in the Work First Program shall be effected by temporary rule until the next
32 State Plan is approved by the General Assembly. Any change effected by the
33 Department to comply with federal law shall be included in the State Plan submitted
34 during the next session of the General Assembly following the change.

35 **"§ 108A-27.7. Exemption from federal limitations for individuals convicted of certain**
36 **drug-related felonies.**

37 Individuals convicted of Class I controlled substance felony offenses in this State
38 shall be eligible to participate in the Work First Program and food stamp program:

39 (1) Six months after release from custody if no additional controlled
40 substance felony offense is committed during that period and
41 successful completion of a required substance abuse treatment
42 program determined appropriate by the county department of
43 social services; or

1 (2) If not in custody, six months after the date of conviction if no
2 additional controlled substance felony offense is committed during
3 that period and successful completion of a required substance
4 abuse treatment program determined appropriate by the county
5 department of social services.

6 A county department of social services may, and is encouraged to, require substance
7 abuse treatment as a condition for receiving Work First Program or food stamp
8 benefits as appropriate.

9 **"§ 108A-27.8. Work First Program funding.**

10 (a) The Department shall provide in its State Plan a formula for determining the
11 amount of local block grants.

12 (b) Counties shall be reimbursed for Work First Family Assistance by the
13 Department, subject to the availability of federal, State, and county funds and
14 appropriations by the General Assembly.

15 (c) Work First Diversion Assistance and Work First Services shall be funded
16 through federal funds, county funds, and the county block grant from the State
17 pursuant to the State Plan.

18 **"§ 108A-27.9. Maintenance of effort.**

19 (a) Using the preceding fiscal year as the base year, counties shall maintain a
20 financial commitment to the Work First Program equal to the proportion of State
21 funds allocated to the Work First Program.

22 (b) The Department shall define in the State Plan or by rule the term
23 'maintenance of effort' based on that term as defined in Title IV-A and shall provide
24 to counties a list of activities that qualify for maintenance of effort requirements.

25 (c) If a county fails to comply with the maintenance of effort requirement in
26 subsection (a) of this section, the Director of the Budget may withhold State moneys
27 appropriated to the county pursuant to G.S. 108A-93.

28 **"§ 108A-27.10. County block grants.**

29 (a) Each county shall submit annually to the Department for approval a local
30 block grant plan that describes the Work First Diversion Assistance and Work First
31 Services the county proposes to offer.

32 (b) Prior to submitting its local block grant plan to the Department, a county shall
33 provide the public with an opportunity to review and comment upon its local block
34 grant plan.

35 (c) A county local block grant plan shall include a description of how the county
36 will:

37 (1) Utilize both public and private resources to assist in moving
38 persons and families to self-sufficiency; and

39 (2) Address the needs of persons and families in areas specified by the
40 Department, including transportation, housing, child care, and
41 skills training.

42 (d) The local block grant plan shall also include a description of the county's
43 priorities for serving families who need child care based on the needs of the
44 community and the availability of services and funding.

1 (e) The local block grant plan shall be adopted by the county commissioners prior
2 to its submission to the State.

3 **"§ 108A-27.11. Performance standards; corrective action.**

4 (a) The Department, in consultation with the county department of social services
5 and county board of commissioners, shall establish acceptable levels of performance
6 by counties in meeting Work First expectations, measured by outcome and
7 performance goals contained in the State Plan. Economic factors and conditions and
8 the well-being of children shall be considered in establishing the goals.

9 (b) The Department shall establish monitoring mechanisms and reporting
10 requirements to measure the goals.

11 (c) When a county fails to meet acceptable levels of performance, the Department
12 may take one or more of the following actions to assist the county in meeting its
13 Work First goals:

14 (1) Notify the county of the deficiencies and add additional monitoring
15 and reporting requirements.

16 (2) Require the county to develop and submit for approval by the
17 Department a corrective action plan.

18 If a county fails to meet acceptable levels of performance for two consecutive
19 years, or fails to comply with a corrective action plan developed pursuant to this
20 section, the Department may assume control of the county's Work First Program,
21 appoint an administrator to administer the county's Work First Program, and exercise
22 the powers assumed to administer the Work First Program either directly or through
23 contract with private or public agencies. County funding shall continue at levels
24 established by the State Plan when the State has assumed control of a county Work
25 First Program. At no time after the State has assumed this control shall a county
26 withdraw funds previously obligated or appropriated to the Work First Program.

27 **"§ 108A-27.12. Appeals.**

28 The Work First Program is a program of public assistance for purpose of an appeal
29 under G.S. 108A-79."

30 Section 6. G.S. 108A-29 reads as rewritten:

31 **"§ 108A-29. Limitations on eligibility. Preference for employment services.**

32 ~~(a) The Social Services Commission shall adopt such administrative rules~~
33 ~~concerning work requirements as conditions of eligibility for Aid to Families with~~
34 ~~Dependent Children in order to be in compliance with federal regulations, but such~~
35 ~~rules shall not be more restrictive than the work requirements applicable to the Job~~
36 ~~Opportunities and Basic Skills Training Program provided for in G.S. 108A-30.~~

37 (b) Members of families with dependent children and with aggregate family
38 income at or below the level required for eligibility for Aid to Families with
39 Dependent Children assistance, Work First Family Assistance, regardless of whether
40 or not they have applied for such assistance, shall be given priority in obtaining
41 manpower employment services including training and public service employment
42 provided by or through State agencies or with funds which are allocated to the State
43 of North Carolina directly or indirectly through prime sponsors or otherwise for the
44 purpose of employment of unemployed persons.

1 (c) [Repealed.]"

2 Section 6.1. G.S. 108A-35 reads as rewritten:

3 **"§ 108A-35. Removal to another county.**

4 Any recipient who moves from one county to another county of this State shall
5 continue to receive public assistance if eligible. The county director in the county
6 from which he has moved shall transfer all necessary records relating to the recipient
7 to the county director of the county to which the recipient has moved. ~~The county~~
8 ~~from which the recipient moves shall pay the amount of assistance to which the~~
9 ~~recipient is entitled for a period of one month following his move, and thereafter the~~
10 ~~county to which the recipient has moved shall pay such assistance."~~

11 Section 7. G.S. 108A-38 reads as rewritten:

12 **"§ 108A-38. Protective and vendor payments.**

13 ~~Instead of the use of personal representatives provided for by G.S. 108A-37, when~~
14 When necessary to comply with any present or future federal law or regulation in
15 order to obtain federal participation in public assistance payments, the payments may
16 be made direct to vendors to reimburse them for goods and services provided the
17 applicants or recipients, and may be made to protective payees who shall act for the
18 applicant or recipient for receiving and managing assistance. Payments to vendors
19 and protective payees shall be made to the extent provided in, and in accordance
20 with, rules and regulations of the Social Services Commission or the Department,
21 which rules and regulations shall be subject to applicable federal laws and
22 regulations."

23 Section 7.1. (a) G.S. 108A-39.1 reads as rewritten:

24 **"§ 108A-39.1. AFDC Emergency Assistance Cash Program.**

25 The Social Services Commission shall adopt rules to implement ~~cash assistance~~
26 ~~and services components of the Aid to Families with Dependent Children Emergency~~
27 ~~Assistance (AFDC-EA) the Emergency Assistance Cash Program.~~ Effective ~~November~~
28 ~~1, 1986, July 1, 1997,~~ the Department of Human Resources, Division of Social
29 Services, shall provide cash assistance to families whose family income does not
30 exceed one hundred ten percent (110%) of the current federal poverty level as
31 established by the U. S. Secretary of Health and Human Services and published
32 annually in the Federal Register. Annual cash assistance shall not exceed three
33 hundred dollars (\$300.00). ~~State appropriations made for the nonfederal share of~~
34 ~~Emergency Assistance services and cash benefits shall not exceed a rate of fifty~~
35 ~~percent (50%) of the nonfederal share. For cash benefits authorized by any agency,~~
36 ~~the nonfederal share of the benefit shall be paid at a rate of fifty percent (50%) State~~
37 ~~funds and fifty percent (50%) county or other local funds. For cash benefits~~
38 ~~authorized by any State or local agency other than a county department of social~~
39 ~~services, the Department of Human Resources may assess the county for fifty percent~~
40 ~~(50%) of the nonfederal share of cash benefits authorized. For services benefits~~
41 ~~authorized by any agency, the nonfederal share of the benefit shall be paid by that~~
42 ~~agency entirely from county appropriations or other available public or private funds.~~
43 ~~Federal reimbursements earned through participation in this Program shall be paid to~~
44 ~~the participants in proportion to their payment of the nonfederal share. Time limits~~

1 and work requirements shall not apply to families due to the receipt of Emergency
2 Assistance Cash, and those families shall not be counted as part of the federal work
3 requirements quotient, except to the extent required by federal law, rule, or
4 regulation."

5 (b) Funding for the Emergency Assistance Cash Program annually shall
6 equal the total amount spent by federal, State, and local governments for the Title IV
7 Emergency Assistance-Cash program in the 1996-97 fiscal year. The Department
8 shall distribute the funds for this program to county departments of social services in
9 an amount equal to the total federal, State, and local funds expended for this purpose
10 in each county for the 1996-97 fiscal year.

11 Section 8. G.S. 108A-49(a) reads as rewritten:

12 "(a) Benefits in the form of foster care assistance shall be granted in accordance
13 with the rules and regulations of the Social Services Commission to any dependent
14 child who ~~is~~ would have been eligible to receive ~~AFDC~~ Aid to Families with
15 Dependent Children (as that program was in effect on June 1, 1995), but for his or
16 her removal from the home of a specified relative for placement in a foster care
17 facility; provided, that the child's placement and care is the responsibility of a county
18 department of social services."

19 Section 9. G.S. 108A-58 reads as rewritten:

20 "**§ 108A-58. Transfer of property for purposes of qualifying for medical assistance;**
21 **periods of ineligibility.**

22 (a) Any person, otherwise eligible, who, either while receiving medical assistance
23 benefits or within one year prior to the date of applying for medical assistance
24 benefits, unless some other time period is mandated by controlling federal law, sells,
25 gives, assigns or transfers countable real or personal property or an interest ~~therein,~~
26 ~~either by himself or through his legal representative,~~ in real or personal property for
27 the purpose of retaining or establishing eligibility for medical assistance benefits, shall
28 be ineligible to receive medical assistance benefits ~~thereafter~~ as set forth in subsection
29 (c) of this section.

30 Countable real and personal property includes real property, excluding a homesite,
31 intangible personal property, nonessential motor and recreational vehicles,
32 nonincome producing business equipment, boats and motors. The provisions of this
33 act shall not apply to the sale, gift, assignment or transfer of real or personal property
34 if and to the extent that the person applying for medical assistance would have been
35 eligible for such assistance notwithstanding ownership of such property or an interest
36 therein.

37 (b) Any sale, gift, assignment or transfer of real or personal property or an interest
38 ~~therein,~~ in real or personal property, as provided in subsection (a) of this section,
39 shall be presumed to have been made for the purpose of retaining or establishing
40 eligibility for medical assistance benefits unless the person, or ~~his~~ the person's legal
41 representative, who sells, gives, assigns or transfers the property or interest, receives
42 valuable consideration at least equal to the fair market value, less encumbrances, of
43 the property or interest.

1 (c) Any person ~~who, by himself or through his legal representative, who~~ sells,
2 gives, assigns or transfers real or personal property or an interest ~~therein in real or~~
3 personal property for the purpose of retaining or establishing eligibility for medical
4 assistance benefits, as provided in subsection (a) of this section, ~~shall~~ shall, after the
5 time of transfer, be ineligible to receive these benefits ~~thereafter~~ until an amount
6 equal to the uncompensated value of the property or interest has been expended by
7 or on behalf of the person for ~~his~~ the person's maintenance and support, including
8 medical expenses, paid or incurred, or shall be ineligible in accordance with the
9 following schedule, whichever is sooner:

- 10 (1) For uncompensated value of at least one thousand dollars (\$1,000)
11 but not more than six thousand dollars (\$6,000), a one-year period
12 of ineligibility from date of sale, gift, assignment or transfer;
13 (2) For uncompensated value of more than six thousand dollars
14 (\$6,000) but not more than twelve thousand dollars (\$12,000), a
15 two-year period of ineligibility from date of sale, gift, assignment or
16 transfer;
17 (3) For uncompensated value of more than twelve thousand dollars
18 (\$12,000), a two-year period of ineligibility from date of sale, gift,
19 assignment or transfer, plus one additional month of ineligibility
20 for each five hundred dollar (\$500.00) increment or portion
21 thereof by which the uncompensated value exceeds twelve
22 thousand dollars (\$12,000), but in no event to exceed three years.

23 (d) The sale, gift, assignment or transfer for a consideration less than fair market
24 value, less encumbrances, of any tangible personal property which was acquired with
25 the proceeds of sale, assignment or transfer of real or intangible personal property
26 described in subsection (a) of this section or in exchange for such real or intangible
27 personal property shall be presumed to have been for the purpose of evading the
28 provisions of this section if the acquisition and sale, gift, assignment or transfer of the
29 tangible personal property is by or on behalf of a person receiving medical assistance
30 or within one year of making application for such assistance and the consequences of
31 the sale, gift, assignment or transfer of such tangible personal property shall be
32 determined under the provisions of subsections (c), (f) and (g) of this section.

33 (e) The presumptions created by subsections (b) and (d) may be overcome if the
34 person receiving or applying for medical assistance, or ~~his~~ the person's legal
35 representative, establishes by the greater weight of the evidence that the sale, gift,
36 assignment or transfer was exclusively for some purpose other than retaining or
37 establishing eligibility for medical assistance benefits.

38 (f) For the purpose of establishing uncompensated value under subsection (c), the
39 value of property or an interest therein shall be the fair market value of the property
40 or interest at the time of the sale, gift, assignment or transfer, less the amount of
41 compensation, if any, received for the property or interest. There shall be a rebuttable
42 presumption that the fair market value of real property is the most recent property
43 tax value of the property, as ascertained according to Subchapter II of Chapter 105 of
44 the General Statutes. Fair market value for purpose of this subsection shall be such

1 value, determined as above set out, less any legally enforceable encumbrances to
2 which the property is subject.

3 (g) In the event that there is more than one sale, gift, assignment or transfer of
4 property or an interest therein by a person receiving medical assistance or within one
5 year of the date of an application for medical assistance, unless some other time
6 period is mandated by controlling federal law, the uncompensated value, for the
7 purposes of subsection (c), shall be the aggregate uncompensated value of all sales,
8 gifts, assignments and transfers. The date which is the midpoint between the date of
9 the first and last sale, gift, assignment or transfer shall be the date from which the
10 period of ineligibility shall be determined under subsection (c).

11 (h) This section shall not apply to applicants for or recipients of ~~aid to families~~
12 ~~with dependent children~~ Work First Family Assistance or to persons entitled to
13 medical assistance by virtue of their eligibility for ~~aid to families with dependent~~
14 ~~children.~~ Work First Family Assistance.

15 (i) This section shall apply only to transfers made before July 1, 1988."

16 Section 10. G.S. 108A-80 reads as rewritten:

17 "**§ 108A-80. Confidentiality of records.**

18 (a) Except as provided in (b) below, it shall be unlawful for any person to obtain,
19 disclose or use, or to authorize, permit, or acquiesce in the use of any list of names or
20 other information concerning persons applying for or receiving public assistance or
21 social services that may be directly or indirectly derived from the records, files or
22 communications of the Department or the county boards of social services, or county
23 departments of social services or acquired in the course of performing official duties
24 except for the purposes directly connected with the administration of the programs of
25 public assistance and social services in accordance with federal law, rules and
26 ~~regulations and~~ regulations, the Work First Program State Plan, and the rules and
27 regulations of the Social Services Commission or the Department.

28 (b) The Department shall furnish a copy of the recipient check register monthly to
29 each county auditor showing a complete list of all recipients of ~~Aid To Families with~~
30 ~~Dependent Children~~ Work First Family Assistance and State-County Special
31 Assistance for Adults, their addresses, and the amounts of the monthly grants. This
32 register shall be a public record open to public inspection during the regular office
33 hours of the county auditor, but said register or the information contained therein
34 may not be used for any commercial or political purpose. Any violation of this
35 section shall constitute a Class 1 misdemeanor.

36 (c) Any listing of recipients of benefits under any public assistance or social
37 services program compiled by or used for official purposes by a county board of
38 social services or a county department of social services shall not be used as a mailing
39 list for political purposes. This prohibition shall apply to any list of recipients of
40 benefits of any federal, State, county or mixed public assistance or social services
41 program. Further, this prohibition shall apply to the use of such listing by any
42 person, organization, corporation, or business, including but not limited to public
43 officers or employees of federal, State, county, or other local governments, as a

1 mailing list for political purposes. Any violation of this section shall be punishable as
2 a Class 1 misdemeanor.

3 (d) The Social Services Commission shall have the authority to adopt rules and
4 regulations governing access to case files for social services and public assistance
5 programs, except the Medical Assistance Program. The Secretary of the Department
6 of Human Resources shall have the authority to adopt rules and regulations
7 governing access to medical assistance case files."

8 Section 11. G.S. 108A-28, 108A-28.1, 108A-30, 108A-31, 108A-32, 108A-
9 33, and 108A-34 are repealed.

10 **PART 2. STATUTORY TECHNICAL AND CONFORMING CHANGES.**

11 Section 12. G.S. 1-110(a) reads as rewritten:

12 "(a) Subject to the provisions of subsection (b) of this section with respect to
13 prison inmates, any superior or district court judge or clerk of the superior court may
14 authorize a person to sue as an indigent in their respective courts when the person
15 makes affidavit that he or she is unable to advance the required court costs. The clerk
16 of superior court shall authorize a person to sue as an indigent if the person makes
17 the required affidavit and meets one or more of the following criteria:

- 18 (1) Receives food stamps.
- 19 (2) Receives ~~Aid to Families with Dependent Children (AFDC)~~. Work
20 First Family Assistance.
- 21 (3) Receives Supplemental Security Income (SSI).
- 22 (4) Is represented by a legal services organization that has as its
23 primary purpose the furnishing of legal services to indigent
24 persons.
- 25 (5) Is represented by private counsel working on the behalf of or
26 under the auspices of a legal services organization under
27 subdivision (4) of this section.
- 28 (6) Is seeking to obtain a domestic violence protective order pursuant
29 to G.S. 50B-2.

30 A superior or district court judge or clerk of superior court may authorize a person
31 who does not meet one or more of these criteria to sue as an indigent if the person is
32 unable to advance the required court costs. The court to which the summons is
33 returnable may dismiss the case and charge the court costs to the person suing as an
34 indigent if the allegations contained in the affidavit are determined to be untrue or if
35 the court is satisfied that the action is frivolous or malicious."

36 Section 13. G.S. 15-155.1 reads as rewritten:

37 "**§ 15-155.1. Reports to district attorneys of aid to dependent children and illegitimate**
38 **out-of-wedlock births.**

39 The Department of Human Resources, by and through the Secretary of Human
40 Resources, shall promptly after June 19, 1959, make a report to each district attorney,
41 setting out the names and addresses of all mothers who reside in his prosecutorial
42 district as defined in G.S. 7A-60 and are recipients of ~~aid to dependent children~~
43 assistance under the provisions of Part 2, Article 2, Chapter 108A of the General
44 Statutes. Such report shall in some manner show the identity of the unwed mothers

1 and shall set forth the number of children born to each said mother. Such a report
2 shall also be made monthly thereafter setting out the names and addresses of all such
3 mothers who reside in the district and who may have become recipients of aid to
4 dependent children since the date of the last report."

5 Section 14. G.S. 15-155.2(a) reads as rewritten:

6 "(a) Upon receipt of such reports as are provided for in G.S. 15-155.1, the district
7 attorney of superior court may make an investigation to determine whether the
8 mother of an ~~illegitimate out-of-wedlock~~ child or who is a recipient of ~~aid to a~~
9 ~~dependent child or children~~, Work First Family Assistance, has abandoned, is
10 willfully neglecting or is refusing to support and maintain the child within the
11 meaning of G.S. 14-326 or 49-2 or is diverting any part of the funds received as ~~aid to~~
12 ~~a dependent child~~ Work First Family Assistance to any purpose other than for the
13 support and maintenance of ~~such dependent a~~ child in violation of G.S. 108-76.1. In
14 making this investigation the district attorney is authorized to call upon:

- 15 (1) Any county board of social services or the Department of Human
16 Resources for personal, clerical or investigative assistance and for
17 access to any records kept by either such board and relating to the
18 matter under investigation and such boards are hereby directed to
19 assist in all investigations hereunder and to furnish all records
20 relating thereto when so requested by the district attorney;
- 21 (2) The board of county commissioners of any county within his
22 district for legal or clerical assistance in making any investigation
23 or investigations in such county and such boards are hereby
24 authorized to furnish such assistance in their discretion; and
- 25 (3) The district attorney of any inferior court in his district for
26 personal assistance in making any investigation or investigations in
27 the county in which the court is located and any district attorney
28 so called upon is hereby authorized to furnish such assistance by
29 and with the consent of the board of county commissioners of the
30 county in which the court is located, which board shall provide
31 and fix his compensation for assistance furnished."

32 Section 15. G.S. 95-25.3(d) reads as rewritten:

33 "(d) The Commissioner, in order to prevent curtailment of opportunities for
34 employment of the economically disadvantaged and the unemployed, may, by
35 regulation, establish a wage rate not less than eighty-five percent (85%) of the
36 otherwise applicable wage rate in effect under subsection (a) which shall apply to all
37 persons (i) who have been unemployed for at least 15 weeks and who are
38 economically disadvantaged, or (ii) who are, or whose families are, receiving ~~aid to~~
39 ~~families with dependent children provided under Part A of Title IV of the Social~~
40 ~~Security Act~~, Work First Family Assistance or who are receiving supplemental
41 security benefits under Title XVI of the Social Security Act.

42 Pursuant to regulations issued by the Commissioner, certificates establishing
43 eligibility for such subminimum wage shall be issued by the Employment Security
44 Commission.

1 The regulation issued by the Commissioner shall not permit employment at the
2 subminimum rate for a period in excess of 52 weeks."

3 Section 16. G.S. 105A-2(1) reads as rewritten:

4 "(1) 'Claimant agency' means and includes:

- 5 a. The State Education Assistance Authority as enabled by
6 Article 23 of Chapter 116 of the General Statutes;
- 7 b. The North Carolina Department of Human Resources when
8 in the exercise of its authority to collect health profession
9 student loans made pursuant to G.S. 131-121;
- 10 c. The North Carolina Department of Human Resources when
11 in the performance of its duties under the Medical
12 Assistance Program enabled by Chapter 108A, Article 2,
13 Part 6, and any county operating the same Program at the
14 local level, when and only to the extent such a county is in
15 the performance of Medical Assistance Program collection
16 functions;
- 17 d. The North Carolina Department of Human Resources when
18 in the performance of its duties, under the Child Support
19 Enforcement Program as enabled by Chapter 110, Article 9
20 and Title IV, Part D of the Social Security Act to obtain
21 indemnification for past paid public assistance or to collect
22 child support arrearages owed to an individual receiving
23 program services and any county operating the program at
24 the local level, when and only to the extent that the county
25 is engaged in the performance of those same duties;
- 26 e. The University of North Carolina, including its constituent
27 institutions as specified by G.S. 116-2(4);
- 28 f. The University of North Carolina Hospitals at Chapel Hill
29 in the conduct of its financial affairs and operations
30 pursuant to G.S. 116-37;
- 31 g. The Board of Governors of the University of North Carolina
32 and the State Board of Education through the College
33 Scholarship Loan Committee when in the performance of its
34 duties of administering the Scholarship Loan Fund for
35 Prospective College Teachers enabled by Chapter 116,
36 Article 5;
- 37 h. The Office of the North Carolina Attorney General on
38 behalf of any State agency when the claim has been reduced
39 to a judgment;
- 40 i. The State Board of Community Colleges through
41 community colleges as enabled by Chapter 115D in the
42 conduct of their financial affairs and operations;
- 43 j. State facilities as listed in G.S. 122C-181(a), School for the
44 Deaf at Morganton, North Carolina Sanatorium at McCain,

1 Western Carolina Sanatorium at Black Mountain, Eastern
2 North Carolina Sanatorium at Wilson, and Gravelly
3 Sanatorium at Chapel Hill under Chapter 143, Article 7;
4 Governor Morehead School under Chapter 115, Article 40;
5 Central North Carolina School for the Deaf under Chapter
6 115, Article 41; Wright School for Treatment and Education
7 of Emotionally Disturbed Children under Chapter 122C;
8 and these same institutions by any other names by which
9 they may be known in the future;

- 10 k. The North Carolina Department of Revenue;
11 l. The Administrative Office of the Courts;
12 m. The Division of Forest Resources of the Department of
13 Environment, Health, and Natural Resources;
14 n. The Administrator of the Teachers' and State Employees'
15 Comprehensive Major Medical Plan, established in Article 3
16 of General Statutes Chapter 135;
17 o. The State Board of Education through the Superintendent
18 of Public Instruction when in the performance of his duties
19 of administering the Scholarship Loan Fund for Prospective
20 Teachers enabled by Chapter 115C, Article 32A and the
21 scholarship loan and grant programs enabled by Chapter
22 115C, Article 24C, Part 1;
23 p. The Board of Trustees of the Teachers' and State
24 Employees' Retirement System and the Board of Trustees of
25 the Local Governmental Employees' Retirement System in
26 the performance of their duties pursuant to Chapters 120,
27 128, 135 and 143 of the General Statutes;
28 q. The North Carolina Teaching Fellows Commission in the
29 performance of its duties pursuant to Chapter 115C, Article
30 24C, Part 2;
31 r. The North Carolina Department of Human Resources when
32 in the performance of its collection duties for intentional
33 program violations and violations due to inadvertent
34 household error under the Food Stamp Program enabled by
35 Chapter 108A, Article 2, Part 5, and any county operating
36 the same Program at the local level, when and only to the
37 extent such a county is in the performance of Food Stamp
38 Program collection functions.

39 The North Carolina Department of Human Resources
40 when, in the performance of its duties under the ~~Aid to~~
41 ~~Families with Dependent Children Program or the Aid to~~
42 ~~Families with Dependent Children Emergency Assistance~~
43 ~~Program provided in Part 2 of Article 2 of Chapter 108A or~~
44 ~~the Work First Cash Assistance Program established~~

pursuant to the federal waivers received by the Department on February 5, 1996, Work First Program provided in Part 2 of Article 2 of Chapter 108A, or under the State-County Special Assistance for Adults Program provided in Part 3 of Article 2 of Chapter 108A, it seeks to collect public assistance payments obtained through an intentional false statement, intentional misrepresentation, intentional failure to disclose a material fact, or inadvertent household error;

- s. The Employment Security Commission of North Carolina.
- t. Any State agency in the collection of salary overpayments from former employees.
- u. The State Board of Education through the Superintendent of Public Instruction when in the performance of his duties of administering the program under which the State encourages participation in the National Board for Professional Teaching Standards (NBPTS) Program, enabled by Section 19.28 of Chapter 769 of the 1993 Session Laws."

Section 17. G.S. 110-129(6) reads as rewritten:

"(6) 'Disposable income' means any form of periodic payment to an individual, regardless of sources, including but not limited to wages, salary, commission, self-employment income, bonus pay, severance pay, sick pay, incentive pay, vacation pay, compensation as an independent contractor, worker's compensation, unemployment compensation benefits, disability, annuity, survivor's benefits, pension and retirement benefits, interest, dividends, rents, royalties, trust income and other similar payments, which remain after the deduction of amounts for federal, State, and local taxes, Social Security, and involuntary retirement contributions. However, Supplemental Security Income, ~~Aid for Dependent Children~~, Work First Family Assistance, and other public assistance payments shall be excluded from disposable income. For employers, disposable income means 'wage' as it is defined by G.S. 95-25.2(16). Unemployment compensation benefits shall be treated as disposable income only for the purposes of income withholding under the provisions of G.S. 110-136.4, and the amount withheld shall not exceed twenty-five percent (25%) of the unemployment compensation benefits."

Section 18. G.S. 110-130.1 reads as rewritten:

"§ 110-130.1. ~~Non-AFDC~~ Non-Work First services.

(a) All child support collection and paternity determination services provided under this Article to recipients of public assistance shall be made available to any individual not receiving public assistance in accordance with federal law and as contractually authorized by the nonrecipient, upon proper application and payment of a nonrefundable application fee of ten dollars (\$10.00).

1 (b) Repealed by Session Laws 1989, c. 490.

2 (b1) In cases in which a public assistance debt which accrued pursuant to G.S.
3 110-135 remains unrecovered, support payments shall be transmitted to the
4 Department of Human Resources for appropriate distribution. When services are
5 terminated and all costs and any public assistance debts have been satisfied, the
6 support payment shall be redirected to the client.

7 (c) Actions or proceedings to establish, enforce, or modify a duty of support or
8 establish paternity as initiated under this Article shall be brought in the name of the
9 county or State agency on behalf of the public assistance recipient or nonrecipient
10 client. Collateral disputes between a custodial parent and noncustodial parent,
11 involving visitation, custody and similar issues, shall be considered only in separate
12 proceedings from actions initiated under this Article. The attorney representing the
13 designated representative of programs under Title IV-D of the Social Security Act
14 shall be deemed attorney of record only for proceedings under this Article, and not
15 for the separate proceedings. No attorney/client relationship shall be considered to
16 have been created between the attorney who represents the child support
17 enforcement agency and any person by virtue of the action of the attorney in
18 providing the services required.

19 (c1) The Department is hereby authorized to use the electronic and print media
20 in attempting to locate absent and deserting parents. Due diligence must be taken to
21 ensure that the information used is accurate or has been verified. Print media shall be
22 under no obligation or duty, except that of good faith, to anyone to verify the
23 correctness of any information furnished to it by the Department or county
24 departments of social services.

25 (d) Any fee imposed by the North Carolina Department of Revenue or the
26 Secretary of the Treasury to cover their costs of withholding for ~~non-AFDC~~ non-
27 Work First arrearages certified for the collection of past due support from State or
28 federal income tax refunds shall be borne by the client by deducting the fee from the
29 amount collected.

30 Any income tax refund offset amounts which are subsequently determined to have
31 been incorrectly withheld and distributed to a client, and which must be refunded by
32 the State to a responsible parent or the nondebtor spouse, shall constitute a debt to
33 the State owed by the client."

34 Section 19. G.S. 111-21 reads as rewritten:

35 "**§ 111-21. Disqualifications for relief.**

36 No aid to needy blind persons shall be given under the provisions of this Article to
37 any individual for any period with respect to which he is receiving aid under the laws
38 of North Carolina providing aid ~~for dependent children~~ Work First Family
39 Assistance and/or relief for the aged, and/or aid for the permanently and totally
40 disabled."

41 Section 20. G.S. 120-70.71 reads as rewritten:

42 "**§ 120-70.71. Powers and duties.**

43 The Commission shall study State government policy and programs affecting the
44 family, specifically addressing family issues from the point of existing laws,

1 governmental programs needed or already functioning, and current family life issues.
2 The Commission shall work in close collaboration with various agencies and
3 programs dealing with the family. Among the issues the Commission may consider
4 studying are the following:

5 (1) The feasibility of establishing model projects that would be located
6 primarily in low-income, high dropout rate communities in North
7 Carolina:

8 a. To teach adults in the family to read; and

9 b. To provide after school care for school-aged children using
10 volunteers who could be retirees in the provision of services;

11 (2) The fiscal impact of a cash stipend created by a tax deduction or
12 by industry dollars to promote literacy or the obtainment of a
13 General Education Development Degree for persons who are
14 presently illiterate or outside the school system;

15 (3) The need for day care for children and senior citizens, ~~an increase~~
16 ~~in Aid to Families with Dependent Children~~ changes in Work First
17 Family Assistance payments and eligibility requirements,
18 coordination of State law with federal welfare reform programs, in-
19 home services for the elderly, additional funding for adult day
20 care, and incentives for industries to develop day care programs;

21 (4) The relationship between the decline of real income and the tax
22 structure, college tax credits, the minimum wage, and welfare
23 support systems;

24 (5) The State's efforts in the areas of adolescent pregnancy and
25 teaching about adolescent sexuality;

26 (6) A comprehensive review of State and federal programs
27 encouraging business and industry to provide adequate child care
28 for their employees;

29 (7) An analysis of what the State is currently doing to encourage
30 North Carolina businesses and industry to provide adequate child
31 care for their employees;

32 (8) A survey of North Carolina employers that presently provide child
33 care options for their employees and what types of options they
34 provide;

35 (9) A comprehensive study of the types of tax incentives and other
36 incentives that would encourage North Carolina businesses --
37 especially those that have 50 or more employees -- to either
38 provide on-site child care facilities or provide other child care
39 options and the cost to the State of these tax incentives;

40 (10) Recommendations of what the State could be doing to encourage
41 North Carolina businesses to provide on-site child care facilities or
42 other child care options for their employees;

- 1 (11) Recommendations of a comprehensive policy for North Carolina to
2 encourage businesses within the State to provide on-site child care
3 facilities or other child care options for their employees;
4 (12) The concept of requiring coverage of child health supervision
5 services in all health insurance policies sold or delivered within the
6 State;
7 (13) The issue of domestic violence; and
8 (14) The problem of suicide among the youth of the State."

9 Section 21. Within 60 days of the effective date of this act, the
10 Department of Human Resources is directed to apply for a waiver from the Health
11 Care Finance Administration of the U.S. Department of Health and Human Services
12 to expand transitional Medicaid benefits from 12 months to 24 months for recipients
13 who are otherwise eligible for Medicaid. Prior to implementing expanded
14 transitional Medicaid benefits pursuant to federal waiver, the Department shall
15 determine the cost, if any, to expand transitional Medicaid benefits and report their
16 findings to the General Assembly.

17 Section 22. Notwithstanding any law to the contrary, the Department of
18 Human Resources may designate a pilot county for the purpose of conducting a
19 demonstration work-study project for Work First Program participants in the county
20 that will provide participants with the option to attend community college paid with
21 Work First funds while continuing to require the participants to meet work
22 requirements. This pilot shall be funded by the pilot county using the federal and
23 State funding allocated to the pilot county for the Work First Program. The
24 Department shall evaluate the work-study project and report to the General
25 Assembly on or before March 1, 1999.

26 Section 23. The Department of Human Resources, the Department of
27 Commerce, including the Employment Security Commission, the Office of State
28 Budget and Management and the Fiscal Research Division of the General Assembly
29 shall develop forecasting methodology to predict trends that may impact Work First
30 Program recipients arising from the imposition of program limitations and restrictions
31 prior to recipients achieving self-sufficiency. The forecasting methodology shall be
32 designed to predict, to the extent possible, the economic impact and societal
33 consequences that may be experienced in the State or by a significant number of
34 recipient families prior to the emergence of a crisis.

35 Section 24. The requirement that the Department prepare and submit
36 the State Plan to the General Assembly for approval in accordance with the
37 procedures set forth in G.S. 143-16.1 shall not be applicable for fiscal year 1997-98.
38 Not later than May 1, 1997, the Department of Human Resources shall submit a final
39 draft of the proposed State Plan to the Fiscal Research Division of the General
40 Assembly. Fiscal Research shall submit the proposed plan to the House and Senate
41 Appropriations Subcommittees on Human Resources for subsequent approval by the
42 General Assembly. The House and Senate Appropriations Subcommittees on
43 Human Resources shall conduct public hearings or a joint hearing on the proposed
44 State Plan not earlier than five business days after its submission. If the General

1 Assembly fails to act upon the proposed State Plan, the plan as submitted shall
2 become the State Plan for fiscal year 1997-98.

3 Section 25. Not later than April 20 of each fiscal year and more
4 frequently as requested, the Department of Human Resources shall report to the Joint
5 Legislative Commission on Governmental Operations and the Fiscal Research
6 Division on use of funds transferred from federal TANF funds to State departments
7 or divisions for purposes of child care development, reducing out-of-wedlock births
8 and substance abuse treatment. The report shall include information on program
9 activities, objectives, accomplishments, including actual results, and itemized
10 expenditures.

11 Section 26. This act is effective when it becomes law.

1 PART XI-A. WELFARE REFORM INITIATIVES AND CONFORMING CHANGES

2
3 Requested by: Representatives Berry, Howard

4 SUBPART A. WELFARE REFORM INITIATIVES.

5
6 Section 11A.1. The title of Part 2 of Article 2 of Chapter 108A of the
7 General Statutes reads as rewritten:

8 "Part 2. ~~Aid to Families with Dependent Children.~~ Work First Program."

9 Section 11A.2. G.S. 108A-24 reads as rewritten:

10 "§ 108A-24. Definitions.

11 As used in Chapter 108A:

- 12 (1) 'Applicant' is any person who requests assistance or on whose
13 behalf assistance is requested.
- 14 (1a) 'Attainment' means to equal or exceed the outcomes and goals set
15 forth in a County Plan or the State Plan.
- 16 (1b) 'Biometric' means a digitized image of selected features of an
17 individual encoded and processed in a manner that ensures an
18 extraordinarily high correlation between the digital data and the
19 actual characteristics of an individual.
- 20 (1c) 'Child Development Agreement' ('CDA') means an agreement
21 between a county and a recipient of Work First Program assistance
22 which describes the parental responsibilities and child development
23 goals required to maintain eligibility for qualification for Work
24 First Family Assistance and Work First Services, and what the
25 county will provide to assist the recipient in achieving those child
26 development goals.
- 27 (1d) 'Community service' means work exchanged for temporary public
28 assistance.
- 29 (1e) 'County block grant' means nonreverting federal and State money
30 appropriated to implement and maintain a county's Work First
31 Program.
- 32 (1f) 'County department of social services' means a county department
33 of social services, consolidated human services agency, or other
34 local agency designated to administer or provide services pursuant
35 to this Article.
- 36 (1g) 'County Plan' is the biennial Work First Program plan prepared by
37 each county pursuant to this Article and submitted to the
38 Department for incorporation into the State Plan.
- 39 (2) 'Department' is the Department of Human Resources, unless the
40 context clearly indicates otherwise.
- 41 (3) ~~'Dependent child' is a person under 18 years of age who is living~~
42 ~~with a natural parent, adoptive parent, stepparent, or any other~~
43 ~~person related by blood, marriage, or legal adoption, in a place of~~
44 ~~residence maintained by one or more of such persons as his or~~
45 ~~their own home; and who is deprived of parental support or care;~~
46 ~~it shall also include a minor who has been eligible for AFDC who~~
47 ~~is now living in a foster care facility or child caring institution; it~~
48 ~~shall also include a dependent child in school under 21 years of~~
49 ~~age as provided by Titles IV-A and XIX of the Social Security Act.~~
- 50 (3a) 'Employment' means work that requires either a contribution to
51 FICA or the filing of a State N.C. Form D-400, or the equivalent.

- 1 (3b) 'Family' means a unit consisting of a minor child or children and
2 one or more of their biological parents, adoptive parents, or
3 grandparents living together and in which one or more of the
4 parents is employed or performing community service.
5 (3c) 'Federal TANF funds' means the Temporary Assistance for Needy
6 Families block grant funds provided for in Title IV-A of the Social
7 Security Act.
8 (3d) 'First Stop Employment Assistance' is the program established to
9 assist recipients of Work First Program assistance or food stamps
10 with employment through job registration, job search, job
11 preparedness, and community service.
12 (3e) 'Full-time employment' means employment averaging over 30
13 hours a week for at least 50 consecutive weeks and which either
14 requires a contribution to FICA for four consecutive quarters or
15 the filing of a State N.C. Form D-400.
16 (3f) 'FICA' means the taxes imposed by the Federal Insurance
17 Contribution Act, 26 U.S.C. § 3101, et seq.
18 (4) Repealed by Session Laws 1983, c. 14, s. 3.
19 (4a) 'Mutual Responsibility Agreement' ('MRA') is an agreement
20 between a county and a recipient of Work First Program assistance
21 which describes the conditions for eligibility for the assistance and
22 what the county will provide to assist the recipient in moving from
23 assistance to self-sufficiency. Improvement in literacy shall be a
24 part of a MRA with persons who cannot read above the eighth
25 grade level. A MRA is a prerequisite for any temporary Work
26 First Program assistance under this Article.
27 (4b) 'Parent' means biological parent, adoptive parent, or grandparent.
28 (5) 'Recipient' is a person to whom, or on whose behalf, assistance is
29 granted under this Article.
30 (6) 'Resident,' unless otherwise defined by federal regulation, is a
31 person who is living in North Carolina at the time of application
32 with the intent to remain permanently or for an indefinite period;
33 or who is a person who enters North Carolina seeking employment
34 or with a job commitment.
35 (7) 'Secretary' is the Secretary of Human Resources, unless the
36 context clearly indicates otherwise.
37 (8) 'State Plan' is the biennial Work First Program plan, based upon
38 the aggregate of the County Plans, prepared by the Department for
39 the State's Work First Program pursuant to this Article, and
40 submitted sequentially to the Budget Director, to the General
41 Assembly, to the Governor, and to the appropriate federal officials.
42 (9) 'Temporary' is a time period, not to exceed 60 cumulative months,
43 which meets the federal requirement of Title IV-A.
44 (10) 'Title IV-A' means the Social Security Act, 42 U.S.C. § 601, et
45 seq., as amended by the Personal Responsibility and Work
46 Opportunity Reconciliation Act of 1996, P.L. 104-193, and to other
47 provisions of federal law as may apply to assistance provided in
48 this Article.
49 (11) 'Underemployment' means anything less than full-time
50 employment except unemployment.
51 (12) 'Unemployment' means no FICA contributions for four
52 consecutive quarters or earnings less than those required for filing
53 a State N.C. Form D-400.

- (13) 'Work' is lawful activity exchanged for cash, goods, uses, or services.
- (14) 'Work First Diversion Assistance' is a short-term cash payment that is intended to produce a substantial reduction in the likelihood of a family requiring Work First Family Assistance.
- (15) 'Work First Family Assistance' is a program of time-limited periodic payments to assist in maintaining the children of eligible families while the adult family members engage in activities to prepare for entering and to enter the workplace.
- (16) 'Work First Program' is the temporary assistance to needy families program established in this Article.
- (17) 'Work First Program assistance' means the goods, uses, or services provided under the Work First Program.
- (18) 'Work First Services' are services funded from appropriations made pursuant to this Article and designed to facilitate the purposes of the Work First Program."

Section 11A.3. G.S. 108A-25 reads as rewritten:

"§ 108A-25. Creation of programs.

(a) The following programs of public assistance are hereby established, and shall be administered by the county department of social services or board of commissioners or the Department of Human Resources under federal regulations or under rules ~~and regulations~~ adopted by the Social Services Commission and under the supervision of the Department of Human Resources:

- (1) ~~Aid to families with dependent children;~~ Work First Program;
- (2) State-county special assistance for adults;
- (3) Food stamp program;
- (4) Foster care and adoption assistance payments;
- (5) Low income energy assistance program.

(b) The program of medical assistance is hereby established as a program of public assistance and shall be administered by the county departments of social services under rules ~~and regulations~~ adopted by the Department of Human Resources.

(c) The Department of Human Resources ~~is hereby authorized to~~ shall accept all grants-in-aid for programs of public assistance which may be available to the State by the federal government. The provisions of this Article shall be liberally construed in order that the State and its citizens may benefit fully from ~~such~~ the federal grants-in-aid."

Section 11A.4. G.S. 108A-27 reads as rewritten:

"§ 108A-27. Authorization of ~~Aid to Families with Dependent Children Program.~~ Work First Program.

~~The (a) Each county Department is authorized to shall establish and supervise an Aid to Families with Dependent Children Program. develop, implement, and administer a biennial County Plan that begins to reduce unemployment and underemployment in that county. This program is to County Plan shall be administered by county departments of social services under federal regulations and rules and regulations of the Social Services Commission. in accordance with:~~

- (1) This Article;
- (2) Applicable federal, State, and local laws; and
- (3) Rules adopted pursuant to this Article by the Department.

(b) The Department shall adopt rules regarding the biennial County Plans that shall be the most flexible and least restrictive while ensuring that federal and State laws, regulations, and goals for the State are met or achieved.

1 (c) The Department shall establish, administer, and supervise the Work First
2 Program in accordance with:

- 3 (1) This Article;
- 4 (2) The State Plan;
- 5 (3) Rules adopted pursuant to this Article by the Department; and
- 6 (4) Applicable federal and State laws."

7 Section 11A.5. Part 2 of Article 2 of Chapter 108A of the General
8 Statutes is amended by adding the following new sections:

9 **"§ 108A-27.1. Assistance not an entitlement.**

10 Any assistance programs established under this Part are not entitlements, and
11 nothing in this Part shall create any property right.

12 **"§ 108A-27.2. Purpose; program description.**

13 (a) The purpose of the Work First Program is to provide eligible families with
14 short-term assistance to facilitate their movement to self-sufficiency through lawful
15 employment.

16 (b) The Work First Program shall include program administration and four
17 categories of assistance to participants:

- 18 (1) First Stop Employment Assistance;
- 19 (2) Work First Diversion Assistance;
- 20 (3) Work First Family Assistance; and
- 21 (4) Work First Services.

22 (c) A case in which benefits are paid only for a child may be considered a family
23 for the Work First Program.

24 **"§ 108A-27.3. Duties of county boards of commissioners.**

25 (a) The duties of the county boards of commissioners under the Work First
26 Program are as follows:

- 27 (1) Establish county outcome and performance goals based on county
28 economic, educational, and employment factors and adopt criteria
29 for determining the progress of the county in moving persons and
30 families to self-sufficiency.
- 31 (2) Establish eligibility criteria for recipients.
- 32 (3) Prescribe the method of calculating benefits for recipients.
- 33 (4) Determine and list individuals and families eligible for the Work
34 First Program.
- 35 (5) Develop and enter into Mutual Responsibility Agreements with
36 Work First Program recipients.
- 37 (6) Develop and enter into Child Development Agreements with every
38 eligible parent who has a MRA.
- 39 (7) Provide community service work for any recipient who cannot find
40 employment.
- 41 (8) Make payments of Work First Diversion Assistance and Work First
42 Family Assistance to recipients having MRAs and CDAs.
- 43 (9) Monitor compliance with Mutual Responsibility Agreements and
44 enforce the agreement provisions.
- 45 (10) Monitor compliance with Child Development Agreements and
46 enforce the agreement provisions.
- 47 (11) Ensure compliance with State and federal law, rules, and
48 regulations for the Work First Program.
- 49 (12) Adopt and submit to the Department a biennial County Plan.

50 (b) County boards of commissioners shall not delegate the responsibilities
51 described in subdivisions (a)(1), (a)(11), and (a)(12) of this section but may delegate
52 other duties to public or private entities.

53 **"§ 108A-27.4. Duties of the Department.**

1 The Department shall have the following duties:

- 2 (1) Establish and maintain a uniform system of identifying Work First
3 Program, food stamp, and Medicaid recipients. This system shall
4 provide security and portability throughout the State and between
5 the departments within the State involved in the Work First
6 Program, the food stamp program, and the Medicaid program.
7 The system shall use multiple biometrics to ensure greater than
8 ninety-nine percent (99%) accuracy for interdepartmental
9 identification. The Department shall ensure that the biometric
10 identification system will be able to interface with any existing
11 departmental biometric identification system.
- 12 (2) Provide technical assistance to counties developing and
13 implementing their County Plans, including providing information
14 concerning applicable federal law and regulations and changes to
15 federal law and regulations that effect the permissible use of
16 federal funds and scope of the Work First Program in a county.
- 17 (3) Adopt necessary rules, terms of funding, and promulgate criteria
18 that allows counties maximum flexibility in designing and
19 implementing County Plans.
- 20 (4) Ensure that County Plans comply with federal and State laws,
21 rules, and regulations.
- 22 (5) Establish schedules for counties to submit their County Plans to
23 ensure that all County Plans are adopted by the counties by the
24 first day of February of each even-numbered calendar year.
- 25 (6) Accept County Plans after ensuring that the aggregate of the
26 County Plans is in compliance with federal law and regulations for
27 receipt of federal funds and maximizes federal receipts for the
28 Work First Program.
- 29 (7) Coordinate activities of other State agencies providing technical
30 support to counties developing their County Plans.
- 31 (8) At the request of the counties, provide assistance to counties in
32 their activities with private sector individuals and organizations
33 relative to County Plans.
- 34 (9) Transmit federal annual block grant funds to the counties as soon
35 as they become available to the State and in accordance with
36 federal cash management laws and regulations. The Department
37 shall transmit one-fourth of the counties' annual block grant funds
38 funded by the General Fund to the counties at the beginning of
39 each quarter. Once paid, these funds shall be nonreverting.
- 40 (10) Provide for exceptions to criteria and standards for federal
41 programs.
- 42 (11) Describe authorized federal and State work activities.
- 43 (12) Define requirements for assignment of child support income and
44 compliance with child support enforcement activities.
- 45 (13) Monitor the performance of counties on a quarterly basis relative
46 to their County Plans and report quarterly to the Director of the
47 Budget and to the Joint Legislative Public Assistance Commission
48 and annually to the General Assembly on the counties' attainment
49 of the outcomes and goals specified in Part II of each County Plan.
- 50 (14) Prepare and submit, by April 1 of each even-numbered calendar
51 year, a biennial State Plan to the Director of the Budget in
52 accordance with federal laws and regulations and State laws and
53 rules.

- 1 (15) Establish the baseline for the State maintenance of effort.
2 (16) Establish a Work First Reserve Fund to provide for future needs of
3 the Work First Program. Funds placed in this reserve shall not be
4 expended until the Department notifies the Joint Legislative Public
5 Assistance Commission, submits a request for expenditure of these
6 funds to the House and Senate Appropriations Subcommittees on
7 Human Resources, and funds are appropriated by the General
8 Assembly for the expenditure.

9 **"§ 108A-27.5. County Plan.**

10 (a) Each county shall submit to the Department, according to the schedule
11 established by the Department and in compliance with all federal and State laws,
12 rules and regulations, a County Plan.

13 (b) A County Plan shall have the following five parts:

- 14 (1) Part I. Conditions Within the County;
15 (2) Part II. Outcomes and Goals for the County;
16 (3) Part III. Plans to Achieve the Outcomes and Goals;
17 (4) Part IV. Administration; and
18 (5) Part V. Funding Requirements.

19 (c) Funding requirements shall, at least, identify the amount of a county block
20 grant for Work First Diversion Assistance, a county block grant for Work First
21 Family Assistance, a county block grant for Work First Services, and the county's
22 maintenance of effort contribution. A county may establish a reserve.

23 (d) Each county shall include in its County Plan the following:

- 24 (1) The number of MRAs and CDAs entered into by the county;
25 (2) A description of the county's priorities for serving families who
26 need child care based on the needs of the community and the
27 availability of services and funding;
28 (3) A list of the community service programs equivalent to full-time
29 employment that are being offered to Work First Program
30 recipients who are unable to find full-time employment; and
31 (4) Any request from the Department for waivers to rules or any
32 proposals for statutory changes to remove any impediments to
33 implementation of the County's Plan.

34 (e) Each county shall provide to the general public an opportunity to review and
35 comment upon its County Plan prior to its submission to the Department.

36 (f) A county may modify its County Plan once each biennium but not at any other
37 time except by special request to the Joint Legislative Public Assistance Commission.

38 **"§ 108A-27.6. Performance standards; corrective action.**

39 (a) All adult recipients of Work First Program assistance are expected to achieve
40 full-time employment and at least eighth grade literacy. Adult recipients of Work
41 First Program assistance shall comply with the provisions and requirements in their
42 MRAs and CDAs. Failure to comply shall be cause to terminate Work First Program
43 assistance.

44 (b) County performance shall be judged solely upon its ability to attain the
45 outcomes and goals established in that county's County Plan.

46 (c) When a county fails to achieve its Work First Program goals, the Department
47 may take one or more of the following actions to assist the county in meeting its
48 goals:

- 49 (1) Notify the county of the deficiencies and add additional monitoring
50 and reporting requirements.
51 (2) Require the county to develop and submit for approval by the
52 Department a corrective action plan.

1 If a county fails to achieve its Work First Program goals for two consecutive years,
2 or fails to comply with a corrective action plan developed pursuant to this section,
3 the county shall lose an appropriate portion of the State's block grant to the county
4 in the subsequent State Plan.

5 "§ 108A-27.7. State Plan.

6 (a) The Department shall prepare and submit to the Director of the Budget, in
7 accordance with the procedures established in G.S. 143-16.1 for federal block grant
8 funds, a biennial State Plan that proposes the terms of the Work First Program for
9 each fiscal year. The State Plan shall be based upon the aggregate of the County
10 Plans. The State Plan shall include the following:

- 11 (1) Allocations of federal and State funds for the Work First Program,
12 including block grants to counties and the allocation of funding for
13 administration not to exceed the federally established limitations
14 on the use of federal TANF funds and the limits imposed under
15 this Article;
- 16 (2) Maintenance of effort and levels of State and county funding for
17 the Work First Program;
- 18 (3) Federal eligibility requirements and a description of the eligibility
19 requirements in each county;
- 20 (4) A description of eligible federal and State work activities;
- 21 (5) A description of the federal, State, and each county's financial
22 participation in the Work First Program;
- 23 (6) Provisions to ensure that no Work First Program recipients,
24 required to participate in work activities, shall be employed or
25 assigned when:
 - 26 a. Any regular employee is on layoff from the same or
27 substantially equivalent job;
 - 28 b. An employer terminates any regular employee or otherwise
29 causes an involuntary reduction in the employer's workforce
30 in order to hire Work First recipients; or
 - 31 c. An employer otherwise causes the displacement of any
32 currently employed worker or positions, including partial
33 displacements such as reductions in hours of nonovertime
34 work, wages, or employment benefits, in order to hire Work
35 First recipients;
- 36 (7) Provisions to ensure the establishment and maintenance of
37 grievance procedures to resolve complaints by regular employees
38 who allege that the employment or assignment of a Work First
39 Program recipient is in violation of subdivision (6) of this section;
- 40 (8) Provisions to ensure that Work First Program participants, required
41 to participate in work activities, shall be subject to and have the
42 same rights under federal, State, or local laws applicable to non-
43 Work First Program employees in similarly situated work activities,
44 including, but not limited to, health and safety standards and
45 nondiscrimination laws, provided that nothing in this subdivision
46 shall be construed to prohibit Work First Program participants
47 from receiving State or county services designed to assist Work
48 First Program participants achieve job stability and self-sufficiency;
- 49 (9) Requirements for assignment of child support income and
50 compliance with child support enforcement activities; and
- 51 (10) Anything else required by federal or State law, rule, or regulation
52 to be included in the State Plan.

1 (b) The State Plan may provide for automatic Medicaid eligibility for Work First
2 Program recipients.

3 (c) The State Plan may distinguish among potential groups of recipients on
4 whatever basis necessary to enhance program purposes and to increase federal
5 revenues.

6 (d) The Department may modify the State Plan once a biennium but at no other
7 time except by special request to the Joint Legislative Public Assistance Commission.
8 Any changes to the State Plan shall be reported to the General Assembly during the
9 next session following the changes.

10 **"§ 108A-27.8. Duties of the Director of the Budget/Governor.**

11 (a) The Director of the Budget shall, by April 15 of each even-numbered calendar
12 year, approve and recommend adoption by the General Assembly of the State Plan.

13 (b) At the beginning of every fiscal year, the Director of the Budget shall report to
14 the General Assembly the number of permanent State employees who have been
15 Work First Program recipients during the previous calendar year.

16 (c) After the State Plan has become law, the Governor shall sign it and cause it to
17 be submitted to federal officials in accordance with federal law.

18 **"§ 108A-27.9. Maintenance of effort.**

19 (a) The Department shall maintain the State's maintenance of effort at one
20 hundred percent (100%) of the amount the State budgeted for programs under this
21 Part during fiscal year 1996-97. A county's maintenance of effort shall be no less
22 than eighty percent (80%) of the amount the county budgeted for programs under
23 this Part during fiscal year 1996-97.

24 (b) The Department shall provide to counties a list of activities that qualify for
25 maintenance of effort requirements.

26 **"§ 108A-27.10. Exemption from limitations for individuals convicted of certain drug-**
27 **related felonies.**

28 Individuals convicted of Class H or I controlled substance felony offenses in this
29 State shall be eligible to participate in the Work First Program and food stamp
30 program:

31 (1) Six months after release from custody if no additional controlled
32 substance felony offense is committed during that period and
33 successful completion of a required substance abuse treatment
34 program determined appropriate by the area mental health
35 authority; or

36 (2) If not in custody, six months after the date of conviction if no
37 additional controlled substance felony offense is committed during
38 that period and successful completion of a required substance
39 abuse treatment program determined appropriate by the area
40 mental health authority.

41 A county department of social services shall require individuals who are eligible for
42 Work First Program assistance and food stamp benefits pursuant to this section to
43 undergo substance abuse treatment as a condition for receiving Work First Program
44 or food stamp benefits, if funds and programs are available.

45 **"§ 108A-27.11. Appeals.**

46 The Work First Program is a program of temporary public assistance for the
47 purpose of an appeal under G.S. 108A-79."

48 Section 11A.6. (a) G.S. 108A-29 reads as rewritten:

49 **"§ 108A-29. Limitations on eligibility. First Stop Employment Assistance; priority for**
50 **employment services.**

51 (a) ~~The Social Services Commission shall adopt such administrative rules~~
52 ~~concerning work requirements as conditions of eligibility for Aid to Families with~~
53 ~~Dependent Children in order to be in compliance with federal regulations, but such~~

1 ~~rules shall not be more restrictive than the work requirements applicable to the Job~~
2 ~~Opportunities and Basic Skills Training Program provided for in G.S. 108A-30.~~

3 (a1) There is established in the Employment Security Commission, Department of
4 Commerce, a program to be called First Stop Employment Assistance. The
5 Chairman of the Employment Security Commission shall administer the program
6 with the participation and cooperation of county boards of commissioners, the
7 Department of Human Resources, the Department of Labor, the Department of
8 Crime Control and Public Safety, and the community college system.

9 (a2) Individuals seeking to apply or reapply for Work First Program assistance or
10 food stamps who are unemployed or underemployed shall make their 'first stop' in
11 the application process for assistance the Employment Security Commission, where
12 they shall register for a job, unless exempt either temporarily or permanently from
13 participating in a work program by federal or State law, rules, or regulations.

14 (a3) Individuals who are not otherwise exempt shall present verification of
15 registration with the Employment Security Commission at the time of applying for
16 public assistance. Unless exempt, the individual shall not be approved for Work First
17 Program assistance or food stamps until verification is received. Child-only cases are
18 exempt from this requirement.

19 (a4) The Employment Security Commission shall expand its Labor Market
20 Information System. The expansion shall at least include: statistical information on
21 unemployment rates and other labor trends by county; and publications dealing with
22 licensing requirements, economic development, and career projections, and
23 information technology systems which can be used to track participants through the
24 employment and training process.

25 (a5) The First Stop Employment Program shall assist Work First Program and
26 food stamp recipients with employment through job registration, job search, job
27 preparedness, and community service.

28 (a6) The Employment Security Commission shall offer a continuum of services to
29 individuals seeking employment and training assistance ranging from self-help options
30 to labor-intensive case management approaches. The Employment Security
31 Commission shall provide an intense program of employment or reemployment
32 services such as job seeking skills, workshops, employment counseling, and testing to
33 move individuals into the workforce as quickly as possible.

34 (a7) If after evaluation of an individual the Employment Security Commission
35 believes it necessary, the Employment Security Commission also may refer an
36 individual placed in the Job Preparedness component of the First Stop Employment
37 Program to a local community college for enrollment in General Education
38 Development, Adult Basic Education, or Human Resources Development programs
39 which are already in existence. Additionally, the Commission may refer an
40 individual to a literacy council. Whenever an individual is referred to a community
41 college or to a literacy council, the Employment Security Commission shall monitor
42 the individual's progress through close communications with those agencies. The
43 Employment Security Commission shall adopt rules to accomplish this subsection.

44 (a8) The Job Preparedness component of the Program shall last a maximum of 12
45 weeks unless the recipient is registered and is satisfactorily progressing in a program
46 that requires additional time to complete. Every effort shall be made to place the
47 recipient in part-time employment or part-time community service if the time
48 required exceeds the 12-week maximum.

49 (a9) An individual placed in the Job Search component of the First Stop
50 Employment Program shall look for work and shall accept any suitable employment.
51 The Employment Security Commission shall refer individuals to current job openings
52 and shall make job development contacts for individuals. Individuals shall be
53 required to keep a record of their job search activities on a job search record form

1 provided by the Commission, and the Employment Security Commission will monitor
2 these activities. A 'job search record' means a written list of dates, times, places,
3 addresses, telephone numbers, names, and circumstances of job interviews. The Job
4 Search component shall include at least one weekly contact with the Employment
5 Security Commission. The Employment Security Commission shall adopt rules to
6 accomplish this subsection.

7 (a10) The Employment Security Commission shall work with the Private
8 Personnel Service Division of the Department of Labor to develop a relationship with
9 these private employment agencies to utilize their services and make referrals of
10 individuals registered with the Employment Security Commission.

11 (a11) The Employment Security Commission shall notify all employers in the
12 State of the 'Exclusive No-Fault' Referral Service available through the Employment
13 Security Commission to employers who hire personnel through Job Service referrals.

14 (a12) All individuals referred to jobs through the Employment Security
15 Commission shall be instructed in the procedures for applying for the Federal Earned
16 Income Credit (FEIC). All individuals referred to jobs through the Employment
17 Security Commission who qualify for the FEIC shall apply for the FEIC by filing a
18 W-5 form with their employers.

19 (a13) The FEIC shall not be counted as income when eligibility is determined for
20 Work First Program assistance, Medicaid, food stamps, subsidies, public housing, or
21 Supplemental Security Income.

22 (a14) An individual who has not found a job within 12 weeks of being placed in
23 the Job Search component of the Program may also be placed in the Community
24 Service component at the county's option.

25 (a15) Once an individual has registered with the Employment Security
26 Commission and upon verification of the registration by the agency or contractor
27 providing the Work First Program assistance, the individual's eligibility for Work
28 First Program assistance may be evaluated and the application completed. The
29 individual then may be eligible for all the benefits for which the individual is eligible
30 under the county's County Plan. Continued receipt of Work First Program benefits is
31 contingent upon successful participation in the First Stop Employment Program, and
32 lack of cooperation and participation in the First Stop Employment Program may
33 result in the termination of benefits to the individual.

34 (a16) The county board of commissioners shall determine which agencies or
35 nonprofit or private contractors will participate with the Employment Security
36 Commission in developing the rules to implement the First Stop Employment
37 Program. The rules and operations of the program shall be reviewed by the Joint
38 Legislative Public Assistance Commission before implementation.

39 (a17) Each county shall organize a Job Service Employer Committee, based on
40 the membership makeup of the Job Service Employer Committees in existence at the
41 time this act becomes law. Each Job Service Employer Committee shall oversee the
42 operation of the First Stop Employment Program in that county. The Committee
43 shall report to the local Employment Security Commission quarterly on its
44 recommendations to improve the First Stop Employment Program. The Employment
45 Security Commission shall develop the reporting method and time frame and shall
46 coordinate a full report to be presented to the Joint Legislative Public Assistance
47 Commission by the end of each calendar year.

48 (b) Members of families with dependent children and with aggregate family
49 income at or below the level required for eligibility for ~~Aid to Families with~~
50 ~~Dependent Children~~ assistance, Work First Family Assistance, regardless of whether
51 or not they have applied for such assistance, shall be given priority in obtaining
52 manpower employment services including training and ~~public service employment~~
53 community service provided by or through State agencies or counties or with funds

1 which are allocated to the State of North Carolina directly or indirectly through
2 prime sponsors or otherwise for the purpose of employment of unemployed persons.

3 (c) [Repealed.]"

4 (b) Each county's Job Service Employer Committee shall develop a
5 study of the "working poor" in their respective counties and shall include the
6 following in the study:

- 7 (1) Determine the extent to which current labor market participation
8 enables individuals and families to earn the amount of disposable
9 income necessary to meet their basic needs;
- 10 (2) Determine how many North Carolinians work and earn wages
11 below one hundred fifty percent (150%) of the Federal Poverty
12 Guideline and study trends in the size and demographic profiles of
13 this underemployed group within the respective county;
- 14 (3) Examine job market factors that contribute to any changes in the
15 composition and numbers of the working poor including, but not
16 limited to, shifts from manufacturing to service, from full-time to
17 part-time work, from permanent to temporary or their contingent
18 employment;
- 19 (4) Consider and determine the respective responsibilities of the public
20 and private sectors in ensuring that working families and
21 individuals have disposable income adequate to meet their basic
22 needs;
- 23 (5) Evaluate the effectiveness of the unemployment insurance system
24 in meeting the needs of low-wage workers when they become
25 unemployed;
- 26 (6) Examine the efficacy of a State earned income tax credit that
27 would enable working families to meet the requirements of the
28 basic needs budget;
- 29 (7) Examine the wages, benefits, and protections available to part-time
30 and temporary workers, leased employees, independent
31 contractors, and other contingent workers as compared to regular
32 full-time workers;
- 33 (8) Solicit, receive, and accept grants or other funds from any person
34 or entity and enter into agreements with respect to these grants or
35 other funds regarding the undertaking of studies or plans necessary
36 to carry out the purposes of the committee; and
- 37 (9) Request any necessary data from either public or private entities
38 that relate to the needs of the committee.

39 Each committee shall prepare and submit a report on the finding for the
40 county which it represents by May 1, 1998, to the Joint Legislative Public Assistance
41 Commission.

42 (c) The First Stop Employment Assistance program becomes effective
43 beginning July 1, 1997. Funds shall be allocated from the Work First Program to
44 establish the First Stop Employment Program and to assist the Job Service Employer
45 Committees in their completion of the study of the working poor.

46 (d) G.S. 126-7.1 reads as rewritten:

47 **"§ 126-7.1. Posting requirement; State employees receive priority consideration;
48 reduction-in-force rights; rights; Work First hiring.**

49 (a) All vacancies for which any State agency, department, or institution openly
50 recruit shall be posted within at least the following:

- 51 (1) The personnel office of the agency, department, or institution
52 having the vacancy; and

1 (2) The particular work unit of the agency, department, or institution
2 having the vacancy

3 in a location readily accessible to employees. If the decision is made, initially or at
4 any time while the vacancy remains open, to receive applicants from outside the
5 recruiting agency, department, or institution, the vacancy shall be listed with the
6 Office of State Personnel for the purpose of informing current State employees of
7 such vacancy. The State agency, department, or institution may not receive approval
8 from the Office of State Personnel to fill a job vacancy if the agency, department, or
9 institution cannot prove to the satisfaction of the Office of State Personnel that it
10 complied with these posting requirements. The agency, department, or institution
11 which hires any person in violation of these posting requirements shall pay such
12 person when employment is discontinued as a result of such violation for the work
13 performed during the period of time between his initial employment and separation.

14 (a1) State employees to be affected by a reduction in force shall be notified of the
15 reduction in force as soon as practicable, and in any event, no less than 30 days prior
16 to the effective date of the reduction in force.

17 (a2) The State Personnel Commission shall adopt rules to provide that priority
18 consideration for State employees separated from State employment as the result of
19 reductions in force is to enable a State employee's return to career service at a salary
20 grade and salary rate equal to that held in the most recent position. The State
21 Personnel Commission shall provide that a State employee who:

22 (1) Accepts a position at the same salary grade shall be paid at the
23 same salary rate as the employee's previous position.

24 (2) Accepts a position at a lower salary grade than the employee's
25 previous position shall be paid at the same rate as the previous
26 position unless the salary rate exceeds the maximum of the new
27 salary grade. When the salary rate exceeds the maximum of the
28 salary grade, the employee's new salary rate shall be reduced to
29 the maximum of the new salary grade.

30 (b) Subsection (a) of this section does not apply to vacancies which must be filled
31 immediately to prevent work stoppage or the protection of the public health, safety,
32 or security.

33 (c) If a State employee subject to this section:

34 (1) Applies for another position of State employment that would
35 constitute a promotion and;

36 (2) Has substantially equal qualifications as an applicant who is not a
37 State employee

38 then the State employee shall receive priority consideration over the applicant who is
39 not a State employee. This priority consideration shall not apply when the only
40 applicants considered for the vacancy are current State employees.

41 (c1) If a State employee who has been separated due to reduction in force or who
42 has been given notice of imminent separation due to reduction in force:

43 (1) Applies for another position of State employment equal to or
44 lower in salary grade than the position held by the employee at the
45 time of notification or separation; and

46 (2) Is determined qualified for that position

47 then within all State agencies, the State employee shall receive priority consideration
48 over all other applicants but shall receive equal consideration with other applicants
49 who are current State employees not affected by the reduction in force. This priority
50 shall remain in effect for a period of 12 months from the date the employee receives
51 notification of separation by reduction in force. State employees separated due to
52 reduction in force shall receive higher priority than other applicants with
53 employment or reemployment priorities, except that the reemployment priority

1 created by G.S. 126-5(e)(1) shall be considered as equal. The reduction-in-force
2 priority created by this subsection shall be administered in accordance with rules
3 promulgated by the State Personnel Commission.

4 (c2) If the applicants for reemployment for a position include current State
5 employees, a State employee with more than 10 years of service shall receive priority
6 consideration over a State employee having less than 10 years of service in the same
7 or related position classification. This reemployment priority shall be given by all
8 State departments, agencies, and institutions with regard to positions subject to this
9 Chapter.

10 (d) 'Qualifications' within the meaning of subsection (c) of this section shall
11 consist of:

- 12 (1) Training or education;
- 13 (2) Years of experience; and
- 14 (3) Other skills, knowledge, and abilities that bear a reasonable
15 functional relationship to the abilities and skills required in the job
16 vacancy applied for.

17 (e) Each State agency, department, and institution is encouraged to hire into State
18 government employment qualified applicants who are current or former Work First
19 program participants."

20 Section 11A.7. Chapter 108A of the General Statutes is amended by
21 adding a new section to read:

22 "**§ 108A-29.1. Substance abuse treatment required; drug testing for Work First**
23 **Program recipients.**

24 (a) Each applicant or current recipient of Work First Program benefits,
25 determined by a Qualified Substance Abuse Professional (OSAP) or by a physician
26 certified by the American Society of Addiction Medicine (ASAM) to be addicted to
27 alcohol or drugs and to be in need of professional substance abuse treatment services
28 shall be required, as part of the person's MRA and as a condition to receiving Work
29 First Program benefits, to participate satisfactorily in an individualized plan of
30 treatment in an appropriate treatment program. As a mandatory program component
31 of participation in an addiction treatment program, each applicant or current
32 recipient shall be required to submit to an approved, reliable, and professionally
33 administered regime of testing for presence of alcohol or drugs, without advance
34 notice, during and after participation, in accordance with the addiction treatment
35 program's individualized plan of treatment, follow-up, and continuing care services
36 for the applicant or current recipient.

37 (b) An applicant or current recipient who fails to comply with any requirement
38 imposed pursuant to this section shall not be eligible for benefits or shall be subject to
39 the termination of benefits, but shall be considered to be receiving benefits for
40 purposes of determining eligibility for medical assistance.

41 (c) The children of any applicant or current recipient shall remain eligible for
42 benefits, and these benefits shall be paid to a protective payee pursuant to G.S. 108A-
43 38.

44 (d) An applicant or current recipient shall not be regarded as failing to comply
45 with the requirements of this section if an appropriate drug or alcohol treatment
46 program is unavailable.

47 (e) Area mental health authorities organized pursuant to Article 4 of Chapter
48 122C of the General Statutes shall be responsible for administering the provisions of
49 this section."

50 Section 11A.8. G.S. 108A-38 reads as rewritten:

51 "**§ 108A-38. Protective and vendor payments.**

52 ~~Instead of the use of personal representatives provided for by G.S. 108A-37, when~~
53 When necessary to comply with any present or future federal law or regulation in

1 order to obtain federal participation in public assistance payments, the payments may
2 be made direct to vendors to reimburse them for goods and services provided the
3 applicants or recipients, and may be made to protective payees who shall act for the
4 applicant or recipient for receiving and managing assistance. Payments to vendors
5 and protective payees shall be made to the extent provided in, and in accordance
6 with, rules ~~and regulations~~ of the Social Services Commission or the Department,
7 which rules ~~and regulations~~ shall be subject to applicable federal laws and
8 regulations."

9 Section 11A.9. G.S. 108A-49 reads as rewritten:

10 **"§ 108A-49. Foster care and adoption assistance payments.**

11 (a) Benefits in the form of foster care assistance shall be granted in accordance
12 with the rules ~~and regulations~~ of the Social Services Commission to any dependent
13 child who ~~is~~ would have been eligible to receive AFDC Aid to Families with
14 Dependent Children (as that program was in effect on June 1, 1995), but for his or
15 her removal from the home of a specified relative for placement in a foster care
16 facility; provided, that the child's placement and care is the responsibility of a county
17 department of social services.

18 (b) Adoption assistance payments for certain adoptive children shall be granted in
19 accordance with the rules ~~and regulations~~ of the Social Services Commission to
20 adoptive parents who adopt a child eligible to receive foster care maintenance
21 payments or supplemental security income benefits; provided, that the child cannot
22 be returned to his or her parents; and provided, that the child has special needs
23 which create a financial barrier to adoption.

24 (c) The Department is authorized to use available federal payments to states under
25 Title IV-E of the Social Security Act for foster care and adoption assistance
26 payments."

27 Section 11A.10. G.S. 108A-58 reads as rewritten:

28 **"§ 108A-58. Transfer of property for purposes of qualifying for medical assistance;
29 periods of ineligibility.**

30 (a) Any person, otherwise eligible, who, either while receiving medical assistance
31 benefits or within one year prior to the date of applying for medical assistance
32 benefits, unless some other time period is mandated by controlling federal law, sells,
33 gives, assigns or transfers countable real or personal property or an interest ~~therein,~~
34 ~~either by himself or through his legal representative,~~ in real or personal property for
35 the purpose of retaining or establishing eligibility for medical assistance benefits, shall
36 be ineligible to receive medical assistance benefits ~~thereafter~~ as set forth in subsection
37 (c) of this section.

38 Countable real and personal property includes real property, excluding a homesite,
39 intangible personal property, nonessential motor and recreational vehicles,
40 nonincome producing business equipment, boats and motors. The provisions of this
41 act shall not apply to the sale, gift, assignment or transfer of real or personal property
42 if and to the extent that the person applying for medical assistance would have been
43 eligible for such assistance notwithstanding ownership of such property or an interest
44 therein.

45 (b) Any sale, gift, assignment or transfer of real or personal property or an interest
46 ~~therein,~~ in real or personal property, as provided in subsection (a) of this section,
47 shall be presumed to have been made for the purpose of retaining or establishing
48 eligibility for medical assistance benefits unless the person, or ~~his~~ the person's legal
49 representative, who sells, gives, assigns or transfers the property or interest, receives
50 valuable consideration at least equal to the fair market value, less encumbrances, of
51 the property or interest.

52 (c) Any person ~~who, by himself or through his legal representative,~~ who sells,
53 gives, assigns or transfers real or personal property or an interest ~~therein~~ in real or

1 personal property for the purpose of retaining or establishing eligibility for medical
2 assistance benefits, as provided in subsection (a) of this section, ~~shall~~ shall, after the
3 time of transfer, be ineligible to receive these benefits ~~thereafter~~ until an amount
4 equal to the uncompensated value of the property or interest has been expended by
5 or on behalf of the person for ~~his~~ the person's maintenance and support, including
6 medical expenses, paid or incurred, or shall be ineligible in accordance with the
7 following schedule, whichever is sooner:

- 8 (1) For uncompensated value of at least one thousand dollars (\$1,000)
9 but not more than six thousand dollars (\$6,000), a one-year period
10 of ineligibility from date of sale, gift, assignment or transfer;
- 11 (2) For uncompensated value of more than six thousand dollars
12 (\$6,000) but not more than twelve thousand dollars (\$12,000), a
13 two-year period of ineligibility from date of sale, gift, assignment or
14 transfer;
- 15 (3) For uncompensated value of more than twelve thousand dollars
16 (\$12,000), a two-year period of ineligibility from date of sale, gift,
17 assignment or transfer, plus one additional month of ineligibility
18 for each five hundred dollar (\$500.00) increment or portion
19 thereof by which the uncompensated value exceeds twelve
20 thousand dollars (\$12,000), but in no event to exceed three years.

21 (d) The sale, gift, assignment or transfer for a consideration less than fair market
22 value, less encumbrances, of any tangible personal property which was acquired with
23 the proceeds of sale, assignment or transfer of real or intangible personal property
24 described in subsection (a) of this section or in exchange for such real or intangible
25 personal property shall be presumed to have been for the purpose of evading the
26 provisions of this section if the acquisition and sale, gift, assignment or transfer of the
27 tangible personal property is by or on behalf of a person receiving medical assistance
28 or within one year of making application for such assistance and the consequences of
29 the sale, gift, assignment or transfer of such tangible personal property shall be
30 determined under the provisions of subsections (c), (f) and (g) of this section.

31 (e) The presumptions created by subsections (b) and (d) may be overcome if the
32 person receiving or applying for medical assistance, or ~~his~~ the person's legal
33 representative, establishes by the greater weight of the evidence that the sale, gift,
34 assignment or transfer was exclusively for some purpose other than retaining or
35 establishing eligibility for medical assistance benefits.

36 (f) For the purpose of establishing uncompensated value under subsection (c), the
37 value of property or an interest therein shall be the fair market value of the property
38 or interest at the time of the sale, gift, assignment or transfer, less the amount of
39 compensation, if any, received for the property or interest. There shall be a rebuttable
40 presumption that the fair market value of real property is the most recent property
41 tax value of the property, as ascertained according to Subchapter II of Chapter 105 of
42 the General Statutes. Fair market value for purpose of this subsection shall be such
43 value, determined as above set out, less any legally enforceable encumbrances to
44 which the property is subject.

45 (g) In the event that there is more than one sale, gift, assignment or transfer of
46 property or an interest therein by a person receiving medical assistance or within one
47 year of the date of an application for medical assistance, unless some other time
48 period is mandated by controlling federal law, the uncompensated value, for the
49 purposes of subsection (c), shall be the aggregate uncompensated value of all sales,
50 gifts, assignments and transfers. The date which is the midpoint between the date of
51 the first and last sale, gift, assignment or transfer shall be the date from which the
52 period of ineligibility shall be determined under subsection (c).

1 (h) This section shall not apply to applicants for or recipients of ~~aid to families~~
2 ~~with dependent children~~ Work First Family Assistance or to persons entitled to
3 medical assistance by virtue of their eligibility for ~~aid to families with dependent~~
4 ~~children~~ Work First Family Assistance.

5 (i) This section shall apply only to transfers made before July 1, 1988."

6 Section 11A.11. G.S. 108A-80 reads as rewritten:

7 "**§ 108A-80. Confidentiality of records.**

8 (a) Except as provided in (b) below, it shall be unlawful for any person to obtain,
9 disclose or use, or to authorize, permit, or acquiesce in the use of any list of names or
10 other information concerning persons applying for or receiving public assistance or
11 social services that may be directly or indirectly derived from the records, files or
12 communications of the Department or the county boards of social services, or county
13 departments of social services or acquired in the course of performing official duties
14 except for the purposes directly connected with the administration of the programs of
15 public assistance and social services in accordance with federal law, rules and
16 ~~regulations and regulations~~, and the rules and ~~regulations~~ of the Social Services
17 Commission or the Department.

18 (b) ~~The Department~~ Each county shall furnish a copy of the recipient check
19 register monthly to ~~each its~~ county auditor showing a complete list of all recipients of
20 ~~Aid To Families with Dependent Children~~ Work First Family Assistance and
21 State-County Special Assistance for Adults, their addresses, and the amounts of the
22 monthly grants. This register shall be a public record open to public inspection
23 during the regular office hours of the county auditor, but said register or the
24 information contained therein may not be used for any commercial or political
25 purpose. Any violation of this section shall constitute a Class 1 misdemeanor.

26 (c) Any listing of recipients of benefits under any public assistance or social
27 services program compiled by or used for official purposes by a county board of
28 social services or a county department of social services shall not be used as a mailing
29 list for political purposes. This prohibition shall apply to any list of recipients of
30 benefits of any federal, State, county or mixed public assistance or social services
31 program. Further, this prohibition shall apply to the use of such listing by any
32 person, organization, corporation, or business, including but not limited to public
33 officers or employees of federal, State, county, or other local governments, as a
34 mailing list for political purposes. Any violation of this section shall be punishable as
35 a Class 1 misdemeanor.

36 (d) The Social Services Commission ~~shall have the authority to~~ may adopt rules
37 ~~and regulations~~ governing access to case files for social services and public assistance
38 programs, except the Medical Assistance Program. The Secretary of the Department
39 of Human Resources shall have the authority to adopt rules ~~and regulations~~
40 governing access to medical assistance case files."

41 Section 11A.12. Part 10B of Article 3 of Chapter 143B of the General
42 Statutes is amended by adding a new section to read:

43 "**§ 143B-168.17. Priority/programs for children in Work First families.**

44 (a) All programs authorized and funded in whole or in part under this Part shall
45 give the children in Work First Program families priority in appropriate programs or
46 services.

47 (b) Counties which do not have programs funded in whole or in part under this
48 Part shall develop programs which first address the needs of children in participating
49 Work First Program families whenever funds under this Part become available.

50 (c) Counties may use funds provided under this Part for Work First Services but
51 shall not use funds provided for Work First Services for programs authorized under
52 this Part."

53 Section 11A.13. G.S. 153A-255 reads as rewritten:

1 **"§ 153A-255. Authority to provide social service programs.**

2 (a) Each county shall have the duty to provide temporary assistance to its poor
3 residents.

4 (b) Each county shall provide social service programs pursuant to Chapter 108A
5 and Chapter 111 and may otherwise undertake, sponsor, organize, engage in, and
6 support other social service programs intended to further the health, welfare,
7 education, employment, safety, comfort, and convenience of its citizens."

8 Section 11A.14. G.S. 108A-28, 108A-28.1, 108A-30, 108A-31, 108A-32,
9 108A-33, 108A-34, 108A-35, 108A-39.1, and 108A-92 are repealed.

10 Section 11A.15. Article 12G of Chapter 120 of the General Statutes is
11 repealed.

12 Section 11A.16. (a) The Department of Labor shall establish a pilot
13 project creating Individual Development Accounts (IDA) to assist working families.

14 (b) Of the funds appropriated in this act to the Department of Labor, the
15 sum of three hundred thousand dollars (\$300,000) for the 1997-98 fiscal year and the
16 sum of three hundred thousand dollars (\$300,000) for the 1998-99 fiscal year shall be
17 used to establish a pilot project creating Individual Development Accounts (IDA) to:

18 (1) Provide individuals and families, especially the underemployed, an
19 opportunity and an incentive to accumulate assets.

20 (2) Promote investments in education, homeownership, and
21 microenterprise development.

22 (3) Demonstrate that household savings strategies, such as the
23 development of IDAs, can be a powerful strategy for assisting
24 working persons and families to achieve long-term self-sufficiency.

25 (4) Utilize and build comprehensive community partnerships that
26 support asset building in low-wealth communities.

27 (c) The funds allocated in this section shall be made available to serve as
28 matching funds for personal savings of qualified participants selected to participate in
29 a multiyear demonstration to last not more than five years. Other expenses of the
30 demonstration, including training, technical assistance, evaluation, and other program
31 and administrative expenses, shall be covered from other public and private sources.
32 Matching funds provided from the funds allocated in this section may be used by
33 qualified participants for home purchase, investment in a business or self-employment
34 venture owned by the participant, or costs of postsecondary education or training for
35 the participant. Participants shall not be restricted as to the amounts or sources of
36 funds deposited in the account, but in order to create the incentive for continued
37 savings, only savings from earned income will qualify for State matching funds. Tax
38 return reports of earned income shall be used to verify compliance.

39 (d) This section becomes effective July 1, 1997.

40 Section 11A.17. (a) In order to ensure that the intent of the people is
41 carried out, it is the intent of the General Assembly to sit in Special Session to enact
42 the first State Plan developed pursuant to this Part. Thereafter, the State Plan shall
43 be adopted as part of the Current Operations Appropriations Act.

44 (b) While sitting in Special Session, the General Assembly shall entertain
45 requests by counties for proposed changes to statutory requirements or rules which a
46 county considers an impediment to its County Plan. In subsequent regular sessions,
47 county requests for changes shall be in the form of local bills.

48 (c) The requirement that the Department prepare and submit the State
49 Plan to the General Assembly for approval in accordance with the procedures set
50 forth in G.S. 143-16.1 shall not be applicable for fiscal year 1997-98. Until the
51 counties have prepared their County Plans and the State has prepared its State Plan
52 in accordance with this Part and that State Plan has been enacted by the General
53 Assembly and it becomes law, either during its Regular Session 1998, or by Special

1 Session, the provisions of the State Plan submitted to the federal government on
2 October 16, 1996, shall remain in effect. State Plans submitted after the 1997-98
3 fiscal year shall be enacted by the General Assembly in order to be effective.

4 Section 11A.18. (a) All funds intended for the Work First Program shall
5 be appropriated to that Program through the 1997-99 biennium. No Work First
6 Program funds shall be diverted into other programs during the 1997-99 biennium.

7 (b) The administrative costs of the Work First Program, at any level,
8 shall not exceed eight percent (8%) of the State's federal TANF block grant funds,
9 and one-time expenditures for equipment and support shall not exceed ten percent
10 (10%) of the State's federal TANF block grant funds.

11 (c) Federal, State, and county funding for the Work First Program shall
12 be commingled and shall not be separated to frustrate the purposes of the Work First
13 Program.

14 (d) The commingled block grants paid quarterly to counties shall not be
15 reverted.

16 Section 11A.19. Notwithstanding any other provision of law, beginning
17 July 1, 1997, each county shall dedicate seventy-five percent (75%) of the total
18 AFDC and Work First Cash Assistance benefit amount that was determined
19 fraudulent or erroneous and recovered by that county pursuant to the AFDC Fraud
20 Control Program to enhance and improve program integrity.

21 Section 11A.20. (a) There is established a Joint Legislative Public
22 Assistance Commission. The Joint Legislative Public Assistance Commission shall
23 monitor and oversee the implementation of the provisions of this Part and shall make
24 any necessary recommendations to the General Assembly regarding any further
25 changes to law or rule. The Speaker of the House of Representatives shall appoint
26 10 members, two of whom shall be cochair, and the President Pro Tempore of the
27 Senate shall appoint 10 members, two of whom shall be cochair. The Joint
28 Legislative Public Assistance Commission shall first convene within 30 days after this
29 act becomes law.

30 (b) Of the funds appropriated in this act to the General Assembly, the
31 sum of one hundred thousand dollars (\$100,000) for the 1997-98 fiscal year and the
32 sum of one hundred thousand dollars (\$100,000) for the 1998-99 fiscal year shall be
33 used for the Joint Legislative Public Assistance Commission.

34 (c) This section becomes effective July 1, 1997.

35 Section 11A.21. The Legislative Research Commission may study issues
36 relating to the Medical Assistance Program and the State-County Special Assistance
37 Program, including the following: the need for further restrictions and longer periods
38 of disqualification for the transfer of property for purposes of qualifying for medical
39 assistance and State-County Special Assistance, and appropriate recovery from
40 recipient estates of benefits paid by the Medical Assistance Program and the State-
41 County Special Assistance Program. The Legislative Research Commission may
42 report the results of its study, along with any legislative proposals and cost analyses,
43 to the 1998 General Assembly.

44 Section 11A.22. (a) Article 3 of Chapter 143B of the General Statutes is
45 amended by adding a new Part to read:

46 "Part 31. Office of Inspector General.

47 **"§ 143B-216.50. Department of Human Resources Inspector General.**

48 **(a) The Office of Inspector General is established in the Department of Human**
49 **Resources to provide a central point for coordination of and responsibility for**
50 **activities that promote accountability, integrity, and efficiency in the Department and**
51 **in means-tested public assistance programs. The Office of Inspector General is**
52 **designated as the State Law Enforcement Bureau (SLEB) to take custody and control**
53 **of food stamps from the federal Food and Consumer Service to make them available**

1 to nonfederal law enforcement and investigative agencies to conduct criminal and
2 food stamp program violation investigations.

3 (b) It shall be the duty and responsibility of the Inspector General to:

- 4 (1) Advise in the development of performance measures, standards,
5 and procedures for the evaluation of the Department.
- 6 (2) Assess the reliability and validity of the information provided by
7 the Department on performance measures and standards and make
8 recommendations for improvement, if necessary.
- 9 (3) Review the actions taken by the Department to improve program
10 performance and meet program standards and make
11 recommendations for improvement, if necessary.
- 12 (4) Provide direction for, supervise, and coordinate audits,
13 investigations, and management reviews relating to the programs
14 and operations of the Department.
- 15 (5) Conduct, supervise, or coordinate other activities and programs
16 carried out or financed by the Department for the purpose of
17 promoting economy and efficiency in the administration of, or
18 preventing and detecting fraud and abuse in, its programs and
19 operations, including coordinating activities between local program
20 integrity workers and the State.
- 21 (6) Keep the Secretary of Human Resources informed concerning
22 fraud, abuses, and deficiencies relating to programs and operations
23 administered or financed by the Department, recommend
24 corrective action concerning fraud, abuses, and deficiencies, and
25 report on the progress made in implementing corrective action.
- 26 (7) Ensure effective coordination and cooperation between the State
27 Auditor, federal auditors, and other governmental bodies with a
28 view toward avoiding duplication.
- 29 (8) Review, as appropriate, rules relating to the programs and
30 operations of the Department and make recommendations
31 concerning their impact.
- 32 (9) Ensure that an appropriate balance is maintained between audit,
33 investigative, and other accountability activities.

34 (c) The Inspector General shall be appointed by the Secretary. The appointment
35 shall be made after notifying the Governor in writing, at least seven days prior to an
36 offer of employment, of the Secretary's intention to hire the Inspector General.

37 (d) The Inspector General shall report to and be under the general supervision of
38 the Secretary and shall not be subject to supervision by any other employee of the
39 Department. The Inspector General shall be appointed without regard to political
40 affiliation.

41 (e) The Inspector General may be removed from office by the Secretary. The
42 Secretary shall notify the Governor, in writing, of the intention to terminate the
43 Inspector General at least seven days prior to the removal.

44 (f) The Secretary shall not prevent or prohibit the Inspector General from
45 initiating, carrying out, or completing any audit or investigation.

46 (g) The Inspector General shall have access to any records, data, and other
47 information of the Department the Inspector General believes necessary to carry out
48 the Inspector General's duties. The Inspector General is also authorized to request
49 such information or assistance as may be necessary from the Department or from any
50 federal, State, or local government entity.

51 **"§ 143B-216.51. Inspector General -- Department audits.**

52 (a) To ensure that Department audits are performed in accordance with applicable
53 auditing standards, the Inspector General shall possess the following qualifications:

- 1 (1) A bachelors degree from an accredited college or university with a
2 major in accounting, or with a major in business which includes
3 five courses in accounting, and five years of experience as an
4 internal auditor or independent postauditor, electronic data
5 processing auditor, accountant, or any combination thereof. The
6 experience shall at a minimum consist of audits of units of
7 government or private business enterprises operating for profit or
8 not for profit;
9 (2) A masters degree in accounting, business administration, or public
10 administration from an accredited college or university and four
11 years of experience as required in subdivision (1) of this
12 subsection; or
13 (3) A certified public accountant license issued pursuant to law or a
14 certified internal audit certificate issued by the Institute of Internal
15 Auditors or earned by examination, and four years of experience
16 as required in subdivision (1) of this subsection.

17 The Inspector General shall, to the extent both necessary and practicable, include
18 on the Inspector General's staff individuals with electronic data processing auditing
19 experience.

20 (b) In carrying out the auditing duties and responsibilities of this Part, the
21 Inspector General shall review and evaluate internal controls necessary to ensure the
22 fiscal accountability of the Department. The Inspector General shall conduct
23 financial, compliance, electronic data processing, and performance audits of the
24 Department and prepare audit reports of the findings. The scope and assignment of
25 the audits shall be determined by the Inspector General; however, the Secretary may
26 at any time direct the Inspector General to perform an audit of a special program,
27 function, or organizational unit. The performance of the audit shall be under the
28 direction of the Inspector General.

29 (c) Audits undertaken pursuant to this Part shall be conducted in accordance with
30 the current Standards for the Professional Practice of Internal Auditing and
31 subsequent Internal Auditing Standards or Statements on Internal Auditing Standards
32 published by the Institute of Internal Auditors, Inc., or, where appropriate, in
33 accordance with generally accepted governmental auditing standards. All audit
34 reports issued by internal audit staff shall include a statement that the audit was
35 conducted pursuant to the appropriate standards.

36 (d) Audit workpapers and reports shall be public records to the extent that they
37 do not include information which, under the laws of the State, is confidential and
38 exempt from Chapter 132 of the General Statutes.

39 (e) At the conclusion of each audit, the Inspector General shall submit tentative
40 findings and recommendations to the person responsible for supervision of the
41 program function or operational unit who shall respond to any adverse findings
42 within 20 working days after receipt of the tentative findings. The response and the
43 Inspector General's rebuttal to the response shall be included in the final audit
44 report.

45 (f) The Inspector General shall submit the final report to the Secretary and to the
46 State Auditor.

47 (g) The State Auditor, in connection with any audit of the Department pursuant
48 to law, shall give appropriate consideration to internal audit reports and the
49 resolution of findings therein. The Joint Legislative Commission on Governmental
50 Operations may inquire into the reasons or justifications for failure of the Secretary
51 to correct the deficiencies reported in internal audits that are also reported by the
52 State Auditor and shall take appropriate action. The State Auditor shall also review a
53 sample of the Department's internal audit reports at least once every three years to

1 determine compliance with current Standards for the Professional Practice of Internal
2 Auditing or, if appropriate, generally accepted governmental auditing standards. If
3 the State Auditor finds that these standards have not been complied with, the State
4 Auditor shall include a statement of this finding in the audit report of the
5 Department.

6 (h) The Inspector General shall monitor the implementation of the Department's
7 response to any audit of the Department conducted by the State Auditor pursuant to
8 law. No later than six months after the State Auditor publishes a report of the audit
9 of the Department, the Inspector General shall report to the Secretary on the status
10 of corrective actions taken. A copy of the report shall be filed with the Joint
11 Legislative Commission on Governmental Operations.

12 (i) The Inspector General shall develop long-term and annual audit plans based
13 on the findings of periodic risk assessments. The plan, where appropriate, should
14 include postaudit samplings of payments and accounts. The plan shall show the
15 individual audits to be conducted during each year and related resources to be
16 devoted to the respective audits. The State Controller may utilize audits performed
17 by the Inspector General. The plan shall be submitted to the Secretary for approval.
18 A copy of the approved plan shall be submitted to the State Auditor.

19 **"§ 143B-216.52. Inspector General -- investigations.**

20 (a) In carrying out the investigative duties and responsibilities specified in this
21 section, the Inspector General shall initiate, conduct, supervise, and coordinate
22 investigations designed to detect, deter, prevent, and eradicate fraud, waste,
23 mismanagement, misconduct, and other abuses in the Department and in means-
24 tested public assistance programs. For these purposes, the Inspector General shall:

- 25 (1) Receive and consider complaints and conduct, supervise, or
26 coordinate such inquiries, investigations, or reviews as the
27 Inspector General deems appropriate.
- 28 (2) Establish policies and standards for the investigation, detection,
29 and elimination of fraud, abuse, waste, and mismanagement in the
30 Department and in means-tested public assistance programs.
- 31 (3) Establish and conduct training programs for local and State
32 program integrity workers to improve detection of fraud and abuse.
- 33 (4) Conduct, supervise, and coordinate a program aimed at eliminating
34 food stamp violations, enter into any agreements with the federal
35 government necessary to establish this program, and serve as the
36 official authorized to accept food stamps from the federal Food
37 and Consumer Service for this purpose.
- 38 (5) Report expeditiously to the State Bureau of Investigation or other
39 law enforcement agencies, as appropriate, whenever the Inspector
40 General has reasonable grounds to believe there has been a
41 violation of criminal law.
- 42 (6) Conduct investigations and other inquiries free of actual or
43 perceived impairment to the independence of the Inspector
44 General or the Inspector General's office. This shall include
45 freedom from any interference with investigations and timely
46 access to records and other sources of information.
- 47 (7) Submit in a timely fashion final reports on investigations
48 conducted by the Inspector General to the Secretary.

49 (b) The Inspector General shall, not later than September 30 of each year, prepare
50 an annual report summarizing the activities of the office during the immediately
51 preceding State fiscal year. The final report shall be furnished to the Secretary. Such
52 report shall include, but need not be limited to:

- (1) A description of activities relating to the development, assessment, and validation of performance measures.
- (2) A description of significant abuses and deficiencies relating to programs and to operations of the Department disclosed by investigations, audits, reviews, or other activities during the reporting period.
- (3) A description of the recommendations for corrective action made by the Inspector General during the reporting period with respect to significant problems, abuses, or deficiencies identified.
- (4) The identification of each significant recommendation described in previous annual reports on which corrective action has not been completed.
- (5) A summary of each audit and investigation completed during the reporting period."

(b) The Department shall immediately proceed with the implementation of this section, including proceeding with all actions necessary to establish a State Law Enforcement Bureau (SLEB) program for food stamps in this State.

SUBPART B. STATUTORY TECHNICAL AND CONFORMING CHANGES RELATING TO ENACTMENT OF THE WORK FIRST PROGRAM.

Section 11A.24. G.S. 1-110(a) reads as rewritten:

"(a) Subject to the provisions of subsection (b) of this section with respect to prison inmates, any superior or district court judge or clerk of the superior court may authorize a person to sue as an indigent in their respective courts when the person makes affidavit that he or she is unable to advance the required court costs. The clerk of superior court shall authorize a person to sue as an indigent if the person makes the required affidavit and meets one or more of the following criteria:

- (1) Receives food stamps.
- (2) Receives ~~Aid to Families with Dependent Children (AFDC)~~. Work First Family Assistance.
- (3) Receives Supplemental Security Income (SSI).
- (4) Is represented by a legal services organization that has as its primary purpose the furnishing of legal services to indigent persons.
- (5) Is represented by private counsel working on the behalf of or under the auspices of a legal services organization under subdivision (4) of this section.
- (6) Is seeking to obtain a domestic violence protective order pursuant to G.S. 50B-2.

A superior or district court judge or clerk of superior court may authorize a person who does not meet one or more of these criteria to sue as an indigent if the person is unable to advance the required court costs. The court to which the summons is returnable may dismiss the case and charge the court costs to the person suing as an indigent if the allegations contained in the affidavit are determined to be untrue or if the court is satisfied that the action is frivolous or malicious."

Section 11A.25. G.S. 15-155.1 reads as rewritten:

"§ 15-155.1. Reports to district attorneys of ~~aid to dependent children~~ Work First Family Assistance and illegitimate out-of-wedlock births.

The Department of Human Resources, by and through the Secretary of Human Resources, shall promptly after June 19, 1959, make a report to each district attorney, setting out the names and addresses of all mothers who reside in his prosecutorial district as defined in G.S. 7A-60 and are recipients of ~~aid to dependent children~~

1 assistance under the provisions of Part 2, Article 2, Chapter 108A of the General
2 Statutes. Such report shall in some manner show the identity of the unwed mothers
3 and shall set forth the number of children born to each said mother. Such a report
4 shall also be made monthly thereafter setting out the names and addresses of all such
5 mothers who reside in the district and who may have become recipients of ~~aid to~~
6 ~~dependent children~~ assistance under the provisions of Part 2, Article 2, Chapter 108A
7 of the General Statutes since the date of the last report."

8 Section 11A.26. G.S. 15-155.2(a) reads as rewritten:

9 "(a) Upon receipt of such reports as are provided for in G.S. 15-155.1, the district
10 attorney of superior court may make an investigation to determine whether the
11 mother of an ~~illegitimate out-of-wedlock~~ child or who is a recipient of ~~aid to a~~
12 ~~dependent child or children~~, Work First Family Assistance, has abandoned, is
13 willfully neglecting or is refusing to support and maintain the child within the
14 meaning of G.S. 14-326 or 49-2 or is diverting any part of the funds received as ~~aid to~~
15 ~~a dependent child~~ Work First Family Assistance to any purpose other than for the
16 support and maintenance of ~~such dependent~~ a child in violation of G.S. 108-76.1. In
17 making this investigation the district attorney is authorized to call upon:

- 18 (1) Any county board of social services or the Department of Human
19 Resources for personal, clerical or investigative assistance and for
20 access to any records kept by either such board and relating to the
21 matter under investigation and such boards are hereby directed to
22 assist in all investigations hereunder and to furnish all records
23 relating thereto when so requested by the district attorney;
- 24 (2) The board of county commissioners of any county within his
25 district for legal or clerical assistance in making any investigation
26 or investigations in such county and such boards are hereby
27 authorized to furnish such assistance in their discretion; and
- 28 (3) The district attorney of any inferior court in his district for
29 personal assistance in making any investigation or investigations in
30 the county in which the court is located and any district attorney
31 so called upon is hereby authorized to furnish such assistance by
32 and with the consent of the board of county commissioners of the
33 county in which the court is located, which board shall provide
34 and fix his compensation for assistance furnished."

35 Section 11A.27. G.S. 95-25.3(d) reads as rewritten:

36 "(d) The Commissioner, in order to prevent curtailment of opportunities for
37 employment of the economically disadvantaged and the unemployed, may, by
38 regulation, establish a wage rate not less than eighty-five percent (85%) of the
39 otherwise applicable wage rate in effect under subsection (a) which shall apply to all
40 persons (i) who have been unemployed for at least 15 weeks and who are
41 economically disadvantaged, or (ii) who are, or whose families are, receiving ~~aid to~~
42 ~~families with dependent children provided under Part A of Title IV of the Social~~
43 ~~Security Act~~, Work First Family Assistance or who are receiving supplemental
44 security benefits under Title XVI of the Social Security Act.

45 Pursuant to regulations issued by the Commissioner, certificates establishing
46 eligibility for such subminimum wage shall be issued by the Employment Security
47 Commission.

48 The regulation issued by the Commissioner shall not permit employment at the
49 subminimum rate for a period in excess of 52 weeks."

50 Section 11A.28. G.S. 105A-2(1) reads as rewritten:

51 "(1) 'Claimant agency' means and includes:

- 52 a. The State Education Assistance Authority as enabled by
53 Article 23 of Chapter 116 of the General Statutes;

- b. The North Carolina Department of Human Resources when in the exercise of its authority to collect health profession student loans made pursuant to G.S. 131-121;
- c. The North Carolina Department of Human Resources when in the performance of its duties under the Medical Assistance Program enabled by Chapter 108A, Article 2, Part 6, and any county operating the same Program at the local level, when and only to the extent such a county is in the performance of Medical Assistance Program collection functions;
- d. The North Carolina Department of Human Resources when in the performance of its duties, under the Child Support Enforcement Program as enabled by Chapter 110, Article 9 and Title IV, Part D of the Social Security Act to obtain indemnification for past paid public assistance or to collect child support arrearages owed to an individual receiving program services and any county operating the program at the local level, when and only to the extent that the county is engaged in the performance of those same duties;
- e. The University of North Carolina, including its constituent institutions as specified by G.S. 116-2(4);
- f. The University of North Carolina Hospitals at Chapel Hill in the conduct of its financial affairs and operations pursuant to G.S. 116-37;
- g. The Board of Governors of the University of North Carolina and the State Board of Education through the College Scholarship Loan Committee when in the performance of its duties of administering the Scholarship Loan Fund for Prospective College Teachers enabled by Chapter 116, Article 5;
- h. The Office of the North Carolina Attorney General on behalf of any State agency when the claim has been reduced to a judgment;
- i. The State Board of Community Colleges through community colleges as enabled by Chapter 115D in the conduct of their financial affairs and operations;
- j. State facilities as listed in G.S. 122C-181(a), School for the Deaf at Morganton, North Carolina Sanatorium at McCain, Western Carolina Sanatorium at Black Mountain, Eastern North Carolina Sanatorium at Wilson, and Gravelly Sanatorium at Chapel Hill under Chapter 143, Article 7; Governor Morehead School under Chapter 115, Article 40; Central North Carolina School for the Deaf under Chapter 115, Article 41; Wright School for Treatment and Education of Emotionally Disturbed Children under Chapter 122C; and these same institutions by any other names by which they may be known in the future;
- k. The North Carolina Department of Revenue;
- l. The Administrative Office of the Courts;
- m. The Division of Forest Resources of the Department of Environment, Health, and Natural Resources;

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- n. The Administrator of the Teachers' and State Employees' Comprehensive Major Medical Plan, established in Article 3 of General Statutes Chapter 135;
 - o. The State Board of Education through the Superintendent of Public Instruction when in the performance of his duties of administering the Scholarship Loan Fund for Prospective Teachers enabled by Chapter 115C, Article 32A and the scholarship loan and grant programs enabled by Chapter 115C, Article 24C, Part 1;
 - p. The Board of Trustees of the Teachers' and State Employees' Retirement System and the Board of Trustees of the Local Governmental Employees' Retirement System in the performance of their duties pursuant to Chapters 120, 128, 135 and 143 of the General Statutes;
 - q. The North Carolina Teaching Fellows Commission in the performance of its duties pursuant to Chapter 115C, Article 24C, Part 2;
 - r. The North Carolina Department of Human Resources when in the performance of its collection duties for intentional program violations and violations due to inadvertent household error under the Food Stamp Program enabled by Chapter 108A, Article 2, Part 5, and any county operating the same Program at the local level, when and only to the extent such a county is in the performance of Food Stamp Program collection functions.
The North Carolina Department of Human Resources when, in the performance of its duties under the ~~Aid to Families with Dependent Children Program or the Aid to Families with Dependent Children - Emergency Assistance Program provided in Part 2 of Article 2 of Chapter 108A or the Work First Cash Assistance Program established pursuant to the federal waivers received by the Department on February 5, 1996, Work First Program provided in Part 2 of Article 2 of Chapter 108A of the General Statutes,~~ or under the State-County Special Assistance for Adults Program provided in Part 3 of Article 2 of Chapter 108A, it seeks to collect public assistance payments obtained through an intentional false statement, intentional misrepresentation, intentional failure to disclose a material fact, or inadvertent household error;
 - s. The Employment Security Commission of North ~~Carolina~~ Carolina;
 - t. Any State agency in the collection of salary overpayments from former ~~employees~~ employees; or
 - u. The State Board of Education through the Superintendent of Public Instruction when in the performance of his duties of administering the program under which the State encourages participation in the National Board for Professional Teaching Standards (NBPTS) Program, enabled by Section 19.28 of Chapter 769 of the 1993 Session Laws."

Section 11A.29. G.S. 110-129(6) reads as rewritten:

- "(6) 'Disposable income' means any form of periodic payment to an individual, regardless of sources, including but not limited to

1 wages, salary, commission, self-employment income, bonus pay,
2 severance pay, sick pay, incentive pay, vacation pay, compensation
3 as an independent contractor, worker's compensation,
4 unemployment compensation benefits, disability, annuity,
5 survivor's benefits, pension and retirement benefits, interest,
6 dividends, rents, royalties, trust income and other similar payments,
7 which remain after the deduction of amounts for federal, State,
8 and local taxes, Social Security, and involuntary retirement
9 contributions. However, Supplemental Security Income, ~~Aid for~~
10 ~~Dependent Children~~, Work First Family Assistance, and other
11 public assistance payments shall be excluded from disposable
12 income. For employers, disposable income means 'wage' as it is
13 defined by G.S. 95-25.2(16). Unemployment compensation benefits
14 shall be treated as disposable income only for the purposes of
15 income withholding under the provisions of G.S. 110-136.4, and
16 the amount withheld shall not exceed twenty-five percent (25%) of
17 the unemployment compensation benefits."

18 Section 11A.30. G.S. 110-130.1 reads as rewritten:

19 "**§ 110-130.1. ~~Non-AFDC Non-Work First~~ services.**

20 (a) All child support collection and paternity determination services provided
21 under this Article to recipients of public assistance shall be made available to any
22 individual not receiving public assistance in accordance with federal law and as
23 contractually authorized by the nonrecipient, upon proper application and payment
24 of a nonrefundable application fee of ten dollars (\$10.00).

25 (b) Repealed by Session Laws 1989, c. 490.

26 (b1) In cases in which a public assistance debt which accrued pursuant to G.S.
27 110-135 remains unrecovered, support payments shall be transmitted to the
28 Department of Human Resources for appropriate distribution. When services are
29 terminated and all costs and any public assistance debts have been satisfied, the
30 support payment shall be redirected to the client.

31 (c) Actions or proceedings to establish, enforce, or modify a duty of support or
32 establish paternity as initiated under this Article shall be brought in the name of the
33 county or State agency on behalf of the public assistance recipient or nonrecipient
34 client. Collateral disputes between a custodial parent and noncustodial parent,
35 involving visitation, custody and similar issues, shall be considered only in separate
36 proceedings from actions initiated under this Article. The attorney representing the
37 designated representative of programs under Title IV-D of the Social Security Act
38 shall be deemed attorney of record only for proceedings under this Article, and not
39 for the separate proceedings. No attorney/client relationship shall be considered to
40 have been created between the attorney who represents the child support
41 enforcement agency and any person by virtue of the action of the attorney in
42 providing the services required.

43 (c1) The Department is hereby authorized to use the electronic and print media
44 in attempting to locate absent and deserting parents. Due diligence must be taken to
45 ensure that the information used is accurate or has been verified. Print media shall be
46 under no obligation or duty, except that of good faith, to anyone to verify the
47 correctness of any information furnished to it by the Department or county
48 departments of social services.

49 (d) Any fee imposed by the North Carolina Department of Revenue or the
50 Secretary of the Treasury to cover their costs of withholding for ~~non-AFDC non-~~
51 Work First arrearages certified for the collection of past due support from State or
52 federal income tax refunds shall be borne by the client by deducting the fee from the
53 amount collected.

1 Any income tax refund offset amounts which are subsequently determined to have
2 been incorrectly withheld and distributed to a client, and which must be refunded by
3 the State to a responsible parent or the nondebtor spouse, shall constitute a debt to
4 the State owed by the client."

5 Section 11A.31. G.S. 111-21 reads as rewritten:

6 "**§ 111-21. Disqualifications for relief.**

7 No aid to needy blind persons shall be given under the provisions of this Article to
8 any individual for any period with respect to which he is receiving aid under the laws
9 of North Carolina providing ~~aid for dependent children~~ Work First Family
10 Assistance and/or relief for the aged, and/or aid for the permanently and totally
11 disabled."

12
13 **SUBPART C. STATUTORY TECHNICAL AND CONFORMING CHANGES**
14 **RELATING TO THE ABOLISHMENT OF THE COMMISSION ON THE FAMILY.**

15
16 Section 11A.76. G.S. 143-318.14A(a) reads as rewritten:

17 "(a) Except as provided in subsection (e) below, all official meetings of
18 commissions, committees, and standing subcommittees of the General Assembly
19 (including, without limitation, joint committees and study committees), shall be held
20 in open session. For the purpose of this section, the following also shall be considered
21 to be 'commissions, committees, and standing subcommittees of the General
22 Assembly':

- 23 (1) The Legislative Research Commission;
- 24 (2) The Legislative Services Commission;
- 25 (3) The Advisory Budget Commission;
- 26 (4) The Joint Legislative Utility Review Committee;
- 27 (5) The Joint Legislative Commission on Governmental Operations;
- 28 (6) The Joint Legislative Commission on Municipal Incorporations;
- 29 ~~(7) The Commission on the Family;~~
- 30 (8) The Joint Select Committee on Low-Level Radioactive Waste;
- 31 (9) The Environmental Review Commission;
- 32 (10) The Joint Legislative Transportation Oversight Committee;
- 33 (11) The Joint Legislative Education Oversight Committee;
- 34 (12) The Joint Legislative Commission on Future Strategies for North
35 Carolina;
- 36 (13) The Commission on Children with Special Needs;
- 37 (14) The Legislative Committee on New Licensing Boards;
- 38 (15) The Agriculture and Forestry Awareness Study Commission;
- 39 (16) The North Carolina Study Commission on Aging; and
- 40 (17) The standing Committees on Pensions and Retirement."

41 Section 11A.79. G.S. 143B-150.8 reads as rewritten:

42 "**§ 143B-150.8. Advisory Committee on Family-Centered Services; responsibilities.**

43 (a) The Advisory Committee on Family-Centered Services shall have the following
44 responsibilities:

- 45 (1) Provide guidance and advice to the Secretary in the development
46 of a plan for the statewide implementation of an inter-agency
47 family preservation services program whereby family-centered
48 preservation services are available to all counties by July 1, 1995,
49 through the coordinated efforts of the Division of Social Services,
50 Division of Youth Services, and Division of Mental Health,
51 Developmental Disabilities, and Substance Abuse Services.
- 52 (2) Recommend standards for:

- a. Oversight and development of family-centered preservation services;
 - b. Development and maintenance of inter-agency training and technical assistance in the provision of family-centered services;
 - c. Professional staff qualifications, program monitoring, and data collection;
 - d. Statewide evaluation of locally-based family preservation programs;
 - e. Coordination of funding sources for family preservation programs;
 - f. Procedures for awarding grants to local agencies providing family-centered services; and
 - g. Annual reports to the Governor and the General Assembly on the services provided and achievements of the Family Preservation Services Program.
- (3) The Committee shall submit a written report not later than May 1, 1992, and not later than October 1 of each year thereafter, to the Governor, to the Joint Legislative Commission on Governmental ~~Operations, and to the Commission on the Family. Operations.~~ The report shall address the progress in implementation of the Family Preservation Services Program. The report shall include an accounting of funds expended and anticipated funding needs for full implementation of the program. The report shall also include the following information for each county participating in the Program and for the Program as a whole:
- a. The number of families receiving service through the Program;
 - b. The number of children at risk of placement prior to initiation of service in families receiving Program services;
 - c. Among those children in sub-subdivision b., the number of children placed in foster care, in group homes, and in other facilities outside their homes and families;
 - d. The average cost of the service provided to families under the Program;
 - e. The estimated cost of out-of-home placement, through foster care, group homes, or other facilities, which would otherwise have been expended on behalf of children at risk of placement who successfully remain united with their families as a result of services provided through the Program. Cost estimates should be based on average length of stay and average cost of such out-of-home placements;
 - f. The number of children who remain unified with their families for one, two, and three years after receiving services under the Program; and
 - g. An overall statement of the progress of the Program and local projects during the preceding year, along with recommendations for improvements.

(b) The Committee may use funds allocated to it to contract for services to monitor local projects and for an independent evaluation of the Family Preservation Services Program."

Section 11A.86. (a) Of the funds appropriated in this act to the Department of Human Resources, the sum of six million seven hundred fifty

1 thousand dollars (\$6,750,000) for the 1997-98 fiscal year and the sum of two mill
2 nine hundred thousand dollars (\$2,900,000) for the 1998-99 fiscal year shall be u
3 as follows:

- 4 (1) To establish the uniform system of Work First Program, f
5 stamp, and Medicaid recipient identification;
- 6 (2) To provide counties with workstations for biometric imaging; an
- 7 (3) To fund one program integrity worker in each county.
- 8 (b) This section becomes effective July 1, 1997.

9 Section 11A.86A. (a) Of the funds appropriated in this act to
10 Department of Human Resources, the sum of twenty million dollars (\$20,000,0
11 shall be placed in the Work First Reserve Fund established pursuant to G.S. 10
12 27.4.

- 13 (b) This section becomes effective July 1, 1997.

14 Section 11A.87. The Department of Human Resources shall have
15 uniform system of Work First Program, food stamp, and Medicaid recipi
16 identification in place and operating before June 1, 1998. Except as otherv
17 provided in this Part, this Part is effective when it becomes law.

6-19-97

County of Buncombe

DEPARTMENT OF SOCIAL SERVICES
P.O. BOX 7408
ASHEVILLE, NC 28802

Calvin E. Underwood, Jr.
Director

Memorandum

DATE: June 19, 1997
TO: Senate and House Appropriations Conferees
FROM: Calvin Underwood, Buncombe DSS
RE: Welfare Reform Input

Welfare Reform Will Be Most Successful If Planned Within the Context of All Human Services and of Our Vision for the Future:

DSS Service Inventory (#1): Local DSSs or equivalents are responsible and accountable for the provision of a wide array of services to citizens in need. Work First is actually a small, yet significant, part of all services, dollars and clients for which your local DSS is responsible. (See Buncombe County **Total Public Assistance Clients (#2)** (duplicated) showing Work First as part of the whole).

Vision: One interview, one application , one automated eligibility determination process, one assessment, and one explanation of rights, responsibilities and expectations for a family in need to access all publicly funded, means tested programs for which they may qualify (see **DSS Umbrella (#3)**). **Advantage:** Saves taxpaid administrative time by eliminating redundant data collection, data entry, data storage and eligibility determinations. Enables citizens more convenient access to needed services. Better service at less cost to the taxpayer.

Needed: Simple and consistent Statewide rules across programs and Statewide automation.

Top Three Reasons to Maintain Statewide Uniform Rules and Payment System for Cash Assistance (AFDC):

- ◆ Citizens, regardless of the county in which they live, should have equitable access to assistance (with the authority to determine who gets what and how much, Counties would have incentive to provide a "less attractive" set of services and assistance or risk the perception of becoming a so-called "welfare magnet".)
- ◆ Taxpayers should only pay for a function to be performed ONE time rather than 100 times. Administratively it will cost the taxpayers more to do 100 times what DHR does once: i.e., collecting eligibility information, storing it, writing checks, preparing registers for county auditors, data reports, developing computer systems, etc.
- ◆ Taxpayers should only pay for an eligibility determination process ONE time for ONE family rather than multiple times. Automatic Medicaid and Food Stamp eligibility that currently simplifies and saves time will no longer be available. Also, it would kill the

VISION of statewide automated single application for publicly funded, means tested program which, with TANF flexibility, is now more possible than ever.

However, in maintaining Statewideness, the General Assembly should direct DHR to keep rules simple with input from counties and communities and to produce an automated single application for all publicly funded, means tested programs within the next year. **We have the best chance at the most cost effective administration of cash assistance if we maintain a Statewide approach.**

Work First is working to make clear our expectations that parents are responsible for providing for their children through work to the greatest extent possible and is working to help parent connect with the workforce. In Buncombe County, the average entry level job pays \$6/hr. and has no benefits. For a typical mom with two preschool children, this produces \$872 income to cover \$1,600 of expenses (#4). Clearly No Win, unless she has a little help from her friends, that's all of us. With subsidized child day care, Food Stamps, earned income tax credit, and child support, she has a chance to make it. If her situation is more complicated, other support services may be needed.

This is where the County DSS and the community use their creativity and strengths to assure a safety net to support families in the successful transition from welfare to work. (See **Partnership for Working Families - Asset Inventory- #5**). This is the strength of local communities, not promulgating rules and administering a payment system.

The basic differences between SB 1015 and the House special provision are:

- ♦ The Scope of Welfare Reform relative to Services (See **Scope of Welfare Reform Proposals - #6**)
- ♦ The Division of Responsibility and Accountability
 - The House places responsibility and accountability with Boards of Commissioners for all functions except direct provision of employment and training. GS153A-255, as proposed, sums it up: "Each county shall have the duty to provide temporary assistance to its poor residents." DHR is the liaison to the federal government for 100 different programs.
 - The Senate places ultimate responsibility with DHR, supported by a division of labor: Local Boards of Commissioners appointing a planning body and approving a Local Work First Plan; and, the Local DSS administering Work First as the lead agency.
 - We support the Senate division of labor to take full advantage of existing strengths within our state.
 - Please see **The State Role In Welfare Reform - #7** which summarizes the position developed by a **Buncombe County Community Task Force** this past year concerning the functions which ought to be performed by our State partner.

A major concern of local DSS directors is that our Children Protective Services programs are dependent upon \$30 million of TANF funds. We urge you to recognize this important purpose and assure that legal language does not preclude local communities from using TANF funds for this purpose, at least to the extent that it is currently being used.

Please support SB 1015 with strong consideration for the House provisions for a contingency fund, enhancing program integrity and non-reverting block grants. Please see the attached **Resolution of the Buncombe County Board of Commissioners** who concur with the positions which I have presented.

Thank you for your consideration.

BUNCOMBE COUNTY
DEPARTMENT OF SOCIAL SERVICES

SERVICE INVENTORY

SOCIAL WORK/RELATED SERVICES

ADULT

Adult Care Homes:

Supervision

Placement

Case Management

Guardianship & Representative Payee

Long Term Care Screening

In-Home Services:

Adult Day Care (contract)

In-Home Aide Services (contract)

Meals-on-Wheels (contract)

Information and Referral

Protective Svcs for Disabled Adults

Services for the Blind

Transportation

FAMILY AND CHILDREN

Adoption

recruitment

placement

Court Appointed Custodian

Family Permanency Case Mgmt

Family Planning

Intensive Family Preservation Svcs

Prevention Services

Problem Pregnancy Counseling

Protective Services for children:

investigation

family support

Substitute care of children

recruitment, training,

supervision of foster homes

emergency shelter (contract)

group care (contracts)

transportation

ECONOMIC RELATED SERVICES

Adoption Assistance

Carolina Access

Child Support Enforcement

Children's Day Care Certification

(contract)

Emergency Assistance:

County General Assistance

Crisis Intervention Program

Project SHARE (CP&L)

Work First - Emergency Assistance

Food Stamps

Foster Care Assistance

Fraud Investigations

Low Income Energy Assistance

Medicaid Transportation

Certification

Contract (BOOST)

Medicaid

CAP (Community Alternatives)

M-QB (Medicare Aid)

Prenatal Clinic

Certifications (contract w/Health Dept)

Special Assistance to Adults

Veteran Services

Work First Family Assistance

Work First Employment Services

Work Permits for Minors

OTHER

Community Education about

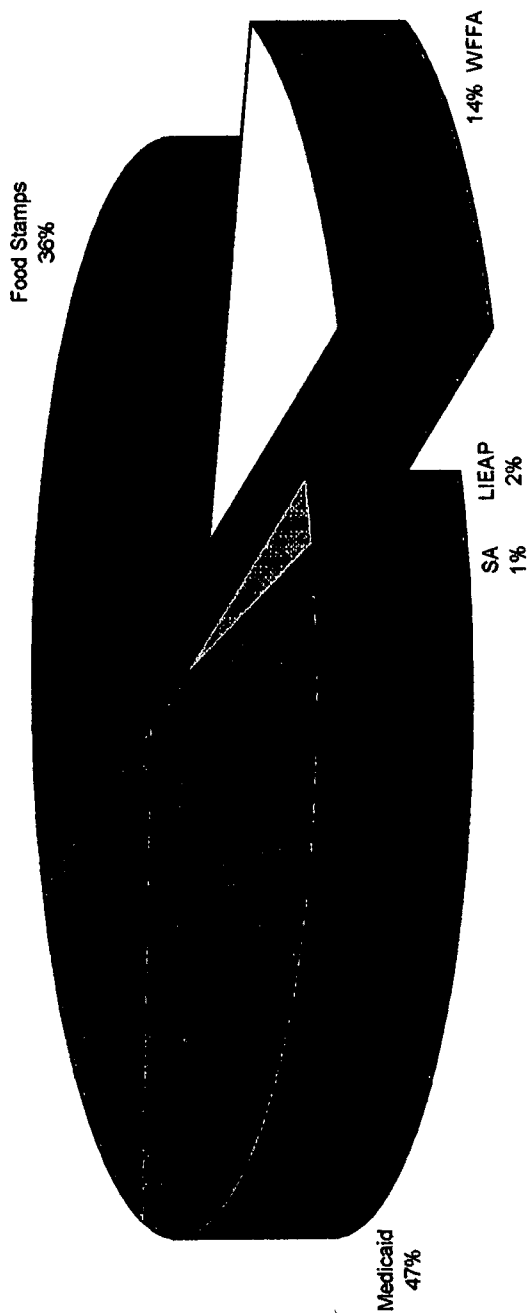
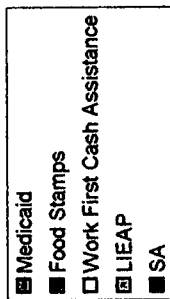
Social Problems

Unclaimed Bodies

Voter Registration

09/10/96

PUBLIC ASSISTANCE RECIPIENTS BUNCOMBE COUNTY DSS FY 96



3



II. No Public Assistance

MONTHLY RESOURCES	WORK	HELP	MONTHLY BASIC NEEDS	
Net Income (4 wks)	\$872			
Housing Subsidy			Rent for 2-B	\$403
Child Care Subsidy			Child Care	\$624
Food Stamps			Food	\$360
			Clothes	\$ 50
			Bus/Transportation	\$ 90
			Electric	\$ 90
			Heat/Fuel	\$ 30
			Water	\$ 30
After Taxes	\$872		Total	\$1677

III. Low wages supplemented by subsidized child day care and food stamps.

MONTHLY RESOURCES	WORK	HELP	TOTAL RESOURCES	DIFFERENCE FROM BASIC NEEDS
Net Income (4 wks)	\$872			
Housing Subsidy				
Child Care Subsidy		\$568		
Food Stamps		\$157		
Child Support	\$ 50			
EITC		\$100		
Total Inflow	\$922	\$825	\$1,747	+\$70

As family earned income is less than \$1,396, assume the pre-school children are eligible for Medicaid.

OTHER POSSIBLE EXPENSES NOT REFLECTED

Phone Bill
Car Payment and Repair
Entertainment
Home Cleaning Supplies

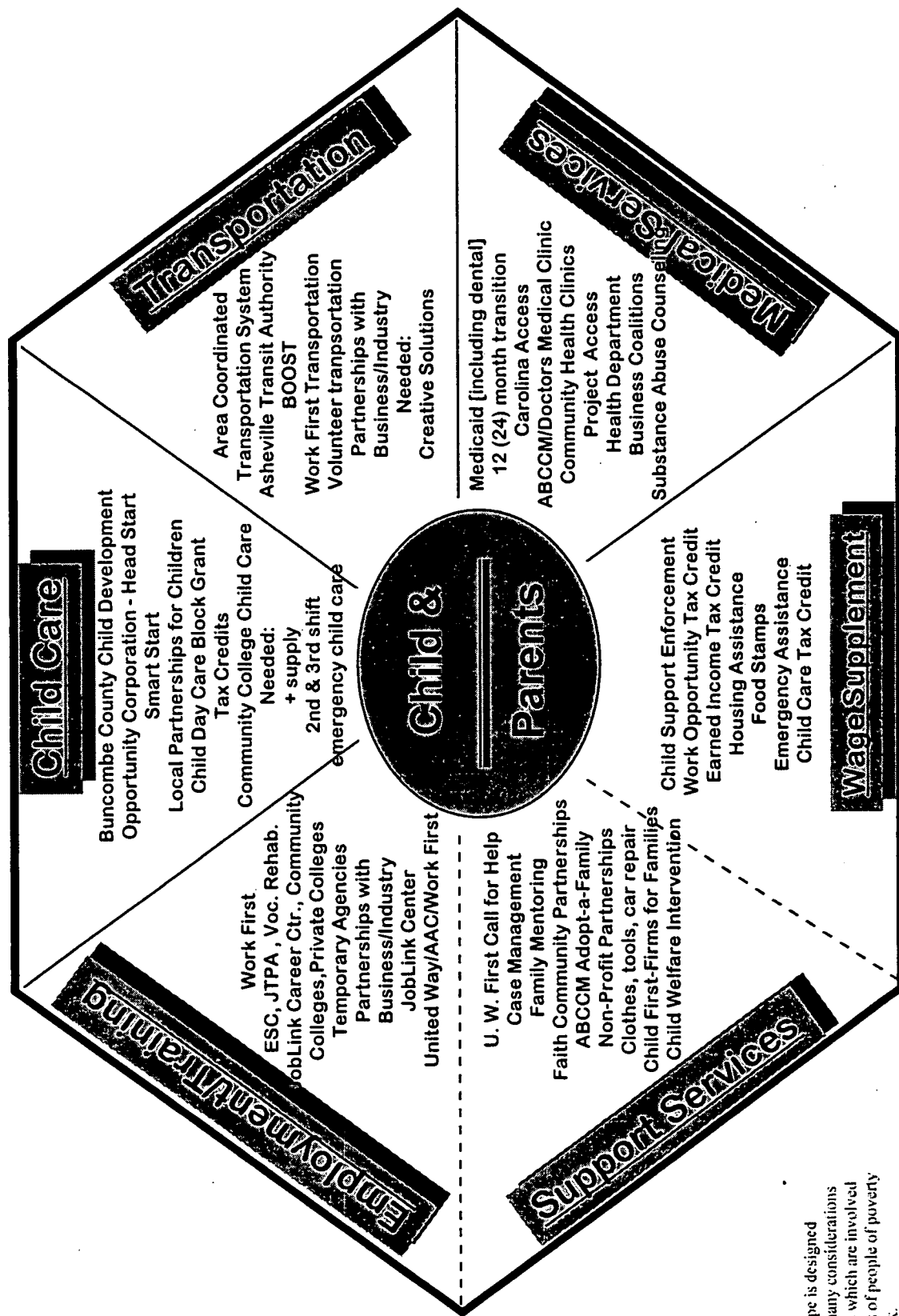
Mom's Medical Bills
Funerals
Medical/Auto/Renters Insurance
Personal Hygiene Supplies

School Supplies
Christmas, Birthdays
Cosmetics

*Keep in mind that these figures are estimates, and would vary from family to family and from community to community.

Partnerships for Working Families

Mission: To help families provide for their needs through work.

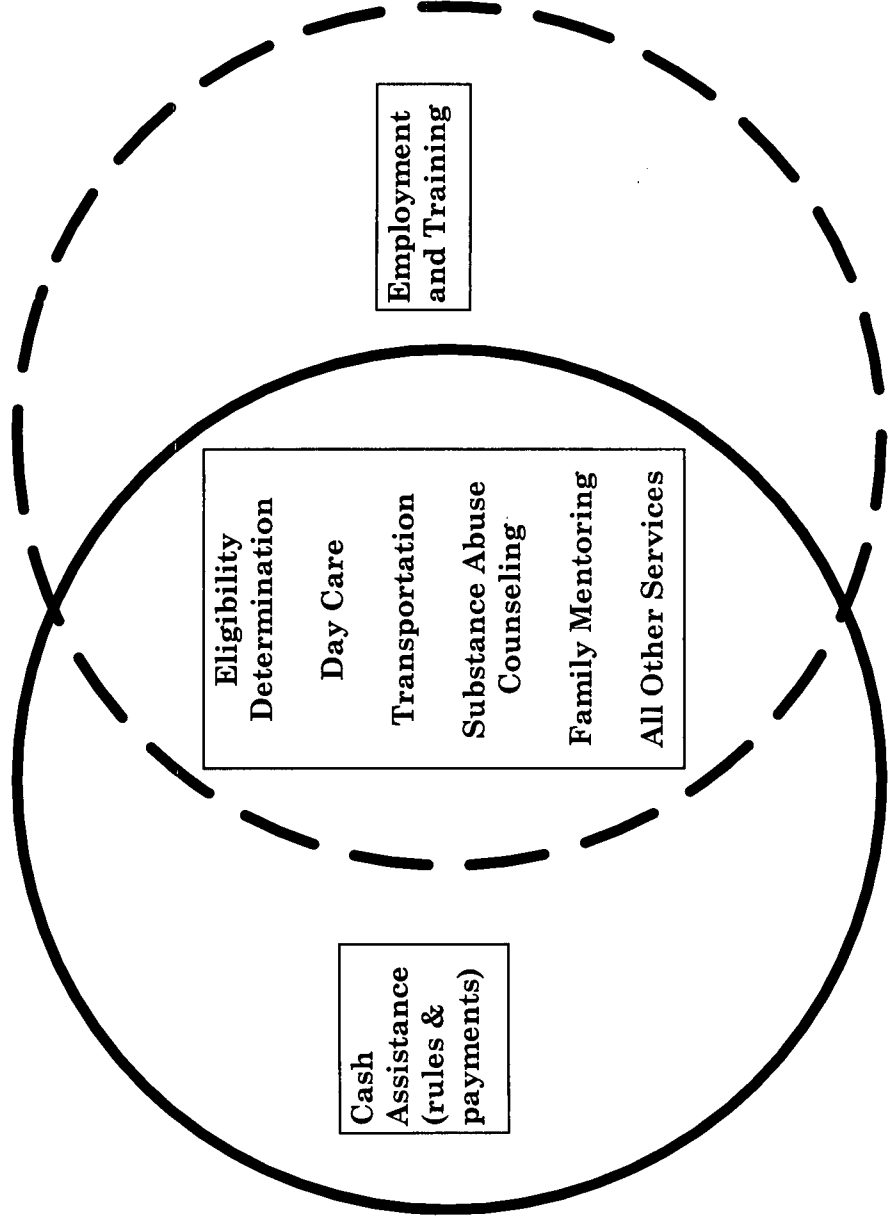


This Landscape is designed to show the many considerations and resources which are involved in the process of people of poverty going to work.

5/28/97

SCOPE OF WELFARE REFORM PROPOSALS

WORK FIRST SERVICES



HOUSE PLAN

Solid Line = County Responsibility
All Other = State Responsibility

SENATE PLAN

Broken Line = County Responsibility
All Other = State Responsibility

State Role in Welfare Reform

Statewide Core Services

Statewide Rules

State Leadership in Automation

Block Grants to Counties

1/21/97

Statewide Core Services

- Core Services are those services that assure basic necessities are provided to citizens in need and that protect the vulnerable from abuse/neglect.
- Available to citizens regardless of the county in which he/she lives
- Are grounded in General Statute

Statewide Rules

- Rules assure consistent, fair and equitable treatment of citizens throughout the State
- Describe who gets what and how much
- Must be simple and as consistent as possible across publicly funded , means tested programs
- Must Aim to Help Families Succeed

Statewide Automation

- **Provide a 'One Interview for All Means Tested Program' in all counties and a statewide central database**
- **Taxpayers should only pay for data collection and storage one time, rather than multiple times for the same family needing help**
- **Avoid duplicative develop costs by taxpayers**
- **Block Grant limitation demands the use of automation to assure efficiency in administration**

RESOLUTION # 97-6-6

**RESOLUTION CONCERNING WELFARE REFORM LEGISLATION
AND DIVISION OF RESPONSIBILITY**

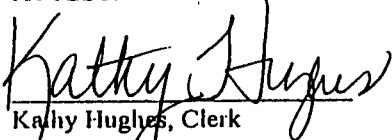
- WHEREAS, parents are responsible for nurturing, protecting and providing for their children; and
- WHEREAS, children, regardless of the county in which they live, should have access to certain basic services when, despite their parents best efforts, lack basic necessities; and
- WHEREAS, our state and local government and local communities share the responsibility to provide temporary assistance to families in need; and
- WHEREAS, there must be a division of responsibility and accountability based upon the strengths of each party; and
- WHEREAS, the State government is in the best position to centrally maintain a statewide uniform rules and payments system for cash assistance and provide technical assistance to local communities in designing services to support helping families move from welfare to work; and
- WHEREAS, local Departments of Social Services, Social Services Boards, Boards of Commissioners and their communities are in the best position to establish and implement a plan for all non-cash assistance services targeting the welfare dependent population; and
- WHEREAS, the State government must involve local governments in simplifying and automating all publicly funded, means-tested programs to provide for the most cost-effective use of taxpayer administrative time and for the most convenient access to the citizen in need; and
- WHEREAS, any reform must be carefully and continuously evaluated to monitor the impact on the well-being of children and families.

NOW, THEREFORE, BE IT RESOLVED, that the Buncombe County Board of Commissioners

1. supports maintaining statewide cash assistance and emergency assistance while providing counties with flexibility for non-cash services. (Senate proposal) (opposes eliminating statewide cash assistance).
2. supports maintaining statewide benefit levels that are set by the General Assembly and statewide benefit calculations that are proposed by DHR with county and community input and approved by the General Assembly.
3. supports maintaining statewide eligibility criterion proposed by DHR with county and community input and approved by the General Assembly.
4. supports maintaining 100% maintenance of effort by both State and County for a period of two years until the impact of Work First on families is evaluated.
5. supports developing a contingency fund and a plan for using it. The contingency fund should not take so many funds from the program that it would diminish its ability to function, but should be sufficient to address future increases in need during a recession.
6. supports assurance that Children's Protective Services funding from the Work First Block Grant be protected.
7. supports the role of the local Social Service Board and Department of Social Services in leading the development and implementation of a County Work First Plan;
8. supports flexibility for local Department of Social Services to contract non-cash service functions as identified in the County Work First Plan.
9. supports a statewide automation system which provides for one application for all publicly funded, means tested programs to eliminate redundant taxpayer administrative expense and for the convenience of the citizen in need.
10. supports a Legislative Research Commission to conduct a statewide study of the impacts of welfare reform on children and families in poverty.
11. opposes State takeover as a means of corrective action for a county not meeting goals; rather, supports State assistance in responding to the needs Work First families in the struggling county.
12. opposes ANY new state mandate for Work First services (the House mandate for First Stop);
13. opposes House language devolving state responsibility for or mandating exclusive county responsibility for temporary assistance to the county level.

ADOPTED this the 17th day of June, 1997.

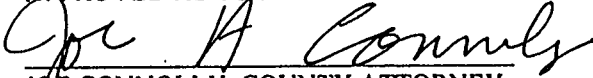
ATTEST:


Kathy Hughes, Clerk

BOARD OF COMMISSIONERS
FOR BUNCOMBE COUNTY

BY: 
C. T. Sobol, Jr., Chairman

APPROVED AS TO FORM:


JOE CONNOLLY, COUNTY ATTORNEY

VISITOR REGISTRATION SHEET

Name of Committee

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

Gerry Cobb

NC Part For Children

Carol Hunt

Durham DSS - work first

PO Box 810
Durham

Jant Simonsen

NCARE

Jesse Graham

NCCCS

GEORGE HOERR

SPS

Bart Benflood

Gov. Policy Office for Children, Families, & Non-Profit

Paul Robinson

OSPL

NECS ROSBLAND

OSBM

Brenda Summers

NC Equity

Pam Seamans

United Way of NC / Covenant w/ NC's Children

Doug Blum

United Way / Covenant

Paula Wolf

Covenant w/ NC's Children

Helen

SAS

Shirleen Scott Robbins

MH/ND/SAS

Whitney Craig

DMHDPSTS

Frank Fisher

Jordan Rice Wall Gray Jones

Don Grunden

Vance County Social Services

VISITOR REGISTRATION SHEET

Name of Committee

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME

FIRM OR STATE AGENCY AND ADDRESS

Anne Smith

NCDSS

Therese Ransome

NCDSS

Barbara

NCDSS

Farrell Johnson

ESC

Tom Whitaker

ESC

Charles McNeil

ESC

David Clegg

ESC

John Haver

NFO

Beverly Smith

FBM

Dorothy Heald

VAIO

Elizabeth Scirell

Pam Heandorff

Dept. of Admin.

Vicky Church

DSS

Drew Cook

Intern

B. Fought

GA

Stephanie Gibbs

Charlotte Observer

Mike Dasher

Econ. Policy Office

Heather Fair

OSHA

Elizabeth Fuller

NABW - NC

Rep. Cynthia Watson

N.C. General Assembly

Rep. Charlotte Lindner

NC General Assembly

Robert Fason

N.C. Community Action

AGENDA

SENATE APPROPRIATIONS SUBCOMMITTEE ON HUMAN RESOURCES

WEDNESDAY - JUNE 25, 1997

Afternoon Meeting

SENATOR WILLIAM MARTIN, COCHAIRMAN - PRESIDED

COMMITTEE DISCUSSION ON THE ROUND TABLE
AND PUBLIC HEARING

MINUTES

SENATE APPROPRIATIONS SUBCOMMITTEE ON

HUMAN RESOURCES

June 25, 1997

The Senate Appropriations Subcommittee on Human Resources met on Wednesday, June 25, 1997 at 1:40 p.m.. Senator William Martin presided with six Senators present. Senator Martin introduced the pages for the meeting: Aaron Thiel from Greenville, sponsored by Senator Warren, Katy Myers from Fairview, sponsored by Senator Basnight and Scott Sharp from Salisbury, sponsored by Senator Phillips.

Senator Martin said the plan for the meeting today is to discuss the outcome of the round table and public hearing and which issues seemed to consistently surface as concerns of those participating.

A particular concern was what happens to Laotians even under the Senate proposal in welfare reform. These individuals fought to defend South Vietnam with the United States and were war heroes but are not privy to any benefits.

Explore possibilities of creating a reserve, monies that would ordinarily divert from DHR. Money needs to be specified that it is for TANF purposes or they will defeat maintenance of effort.

40-42% going into subsidized care. Is the need in this area being substantially met.?

Parity between county and state on maintenance of effort.

Avoid transfer of TANF dollars.

Allow as much flexibility as possible with exception of eligibility.

Possibility of pilot without it being a part of this bill. It will have to be done on trial basis.

Senator Forrester suggested that we meet with the House and discuss the aforementioned process; do it in part.

Senator Martin suggested that we wait until we have our position/strategy together before doing so.

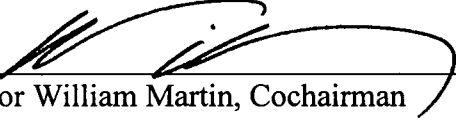
Concern for how small counties could or could not handle additional responsibility due to lack of funds and personnel.

Changes needed but not suddenly.


What the processes would be to determine the pilots and what the components would be so that there is uniformity.

Let the House have fraud position if we can have some of our positions.

The meeting was adjourned at 2:40 p.m.



Senator William Martin, Cochairman
Senate Subcommittee on Human Resources



Wanda Kay, Committee Clerk
Senate Subcommittee on Human Resources

AGENDA

SENATE APPROPRIATIONS SUBCOMMITTEE ON HUMAN RESOURCES

WEDNESDAY - JULY 30, 1997

Afternoon Meeting

SENATOR WILLIAM MARTIN, COCHAIRMAN - PRESIDED

WELFARE REFORM - DISCUSSION BY COMMITTEE

MINUTES

SENATE APPROPRIATIONS SUBCOMMITTEE ON

HUMAN RESOURCES

July 30, 1997

The Senate Appropriations Subcommittee on Human Resources met on Wednesday, July 30, 1997 at 2:05 p.m.. Senator William Martin presided with five members present.

Senator Martin opened the meeting and explained that this meeting was for the purpose of discussing welfare reform. Proposal from the Senate perspective (see attached handout.) Senate proposal was discussed and differences between the House and Senate's plan was point out.

Allowing reduction of maintenance of effort from 100% to 80% - if reduction, half of amount would be applied to children from a preventative standpoint.

Twelve pilots of which they can decide which method (fingerprint, iris, hand print) will be used.

Internal auditor was built into Senate.

Dianne Jessup reviewed the proposal with the committee.

Basic changes are:

- instead of allowing 100 counties there would be 3 collectively elective.
- picked up concept of Biometrics imaging in the 12 counties elected.
- Plan does not prescribe a care set of services.

Senator Phillips had concerns for what recourse the people have if the needs are not being met.

Senator Forrester moved that the Committee recommend proposal be submitted to Senate Conferee Committee. Motion carried subject to amendment adding page 36, line 23 "fund not utilized". (Dianne will fill in language.)

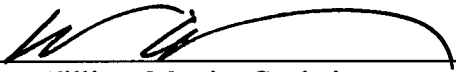
- Approval Block Grant - line 3
- Approval of Changes in Senate Proposal:

- 9 pilot counties not to 10% case load statewide.
- Biometrics had 12 pilots in last proposal rather than making statewide.
- Language to apply to adult recipients and work first—food, home and medical recipients.
- In terms of counties—relative to duties—spells out process of county plan—2/3 Senate for special provision.

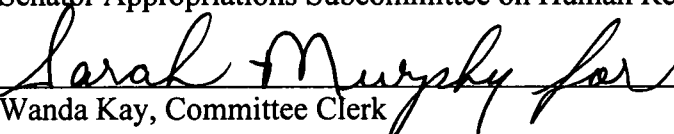
HOUSE - No opportunity for observation of implementation with House version.

- Not open to 9 counties—want to leave it up to counties to decide
- Maintenance support—differs 80%
- Smart Start funds—differs—Work-First recipient children get priority.

The Committee recessed and upon reconvening unanimously accepted the House provision.



Senator William Martin, Cochairman
Senator Appropriations Subcommittee on Human Resources



Wanda Kay, Committee Clerk
Senate Appropriations Subcommittee on Human Resources

7/30/97

2:05pm

SENATE WELFARE REFORM INITIATIVES PROPOSAL

Part XI-A-01D combines the House and Senate welfare reform proposals by allowing counties to apply to become Electing Counties that would develop and administer their own Work First Programs, but with monitoring and reporting requirements that would provide the State with the status of the operation of Work First in those counties. The proposal allows the Department to select three counties as Electing Counties. As was in the House proposal, boards of county commissioners in Electing Counties would have the responsibility for developing, administering, and implementing Work First. The board of county commissioners in Electing Counties would have the duty to set the eligibility criteria, time limits, outcome and performance goals, method of calculating benefits, to develop their own Mutual Responsibility Agreements, provide community service work, make payments for cash assistance, adopt a County Plan, and monitor and evaluate the Work First Program and report to the Department on a monthly basis. The provisions relating to the responsibilities of Electing Counties and the contents of the Electing County Plans are found in G.S. 108A-27.3 (p. 6) and G.S. 108A-27.4 (p. 7).

Counties not selected as "Electing Counties" would be known as "Standard Program Counties" and would operate under the Standard Work First Program developed by the Department. Under the Standard Work First Program, the Department would set eligibility criteria, the method for calculating benefits, outcome and performance goals, develop the Mutual Responsibility Agreement, make payments for cash assistance, and monitor the program and provide quarterly progress reports to county departments of social services and boards of commissioners. County departments of social services in Standard Program Counties would be responsible for administering Work First in the county and would have the duty to establish outcome and performance goals, determine eligibility of persons and families for Work First, enter into Mutual Responsibility Agreements, develop County Plans, and provide monthly progress reports to the Department. The provisions relating to the responsibilities of Standard Program Counties and the contents of Standard Program County Plans are found in G.S. 108A-27.6 (p. 8) and G.S. 108A-27.7 (p. 9).

The proposal outlines duties that the Department would have generally and specifically with respect to Electing and Standard Program Counties. These provisions are found in G.S. 108A-27.2 (p. 5), G.S. 108A-27.5 (p. 8), and G.S. 108A-27.8 (p. 9). The Department would generally be charged with providing technical assistance to counties in developing and implementing their County Plans, describing authorized federal and State work activities, defining requirements for assignment of child support income, establishing a schedule for submission of County Plans, ensuring that County Plans comply with federal and State law, preparing and submitting the State Plan, developing and implementing a system to monitor and evaluate the impact of Work First, and monitoring the performance of counties relative to their County Plans and the overall goals of Work First.

Under the proposal, the State Plan would consist of generally applicable provisions and two separate sections, one proposing the terms of the Work First Program in Electing Counties, and the other proposing the terms for the Standard Work First Program. This provision is found in G.S. 108A-27.9 (pp. 10-12). The Department would be required to set out the goals and requirements for Work First in the State in the State Plan.

Work First Program funding, maintenance of effort, and performance standards for a county would depend upon a county's status as Electing or Standard Program. Electing Counties would be allowed to maintain their maintenance of effort at 80%, but one-half of any reduction would have to be used for child protective services or for prevention programs aimed at reducing the need for Work First Program assistance. The corrective action the Department may take against any county, however, would be uniform for all counties and provides for a takeover by the Department if a county does not follow through with a corrective action plan. These provisions are found at G.S. 108A-27.11, G.S. 108A-27.12, and G.S. 108A-27.13 (pp. 12-13).

The proposal contains the House's proposal relative to establishment of the Work First Reserve Fund, but language was added to specify under what circumstances the funds in the reserve may be used. The provisions relating to the Reserve Fund are G.S. 108A-27.16 (p. 14) and G.S. 143-15.3C (p. 23).

The First Stop Employment Assistance program in the proposal is optional for Electing Counties and the Department in the case of the Standard Work First Program instead of being mandatory as was in the House's original proposal. (p. 14)

Other provisions in the House plan that are contained in the proposal are as follows:

- Work First Hiring (G.S. 126-7.1) (p. 17)
- Substance abuse treatment requirement (G.S. 108A-29.1) (p. 19)
- establishment of the Individual Development Account Pilot (p. 24)
- 75% retention by county of recovery for AFDC/Work First fraud (p. 24)
- establishment of Joint Legislative Public Assistance Commission (p. 24)
- Legislative Research Commission study of medical assistance program and State-county public assistance program (p. 25)
- repeal of the Commission on the Family (p. 23)

The recipient identification (biometric imaging) program is established in the proposal as a pilot in 12 counties. (G.S. 108A-25.1, p. 3-4)

The proposal establishes an Inspector General in the Department of Justice (was Department of Human Resources in the House plan) and the Office of Internal Auditor in the Department of Human Resources. (pp. 26-29)

In addition to the provisions outlined above, the proposal contains the following:

- requirement that counties record inquiries for assistance (G.S. 108A-31, pp. 19-20)
- retention of the statewide Emergency Assistance Cash Program (G.S. 108A-39.1, p. 20)
- an independent evaluation of the operation of the Work First Program with a report to the General Assembly in the year 2000 (p. 25)
- a study by the Department of Human Resources of movement of recipients between counties to determine whether differences in eligibility criteria and payment of benefits drive recipients to move between counties with a report in the year 2000 (p. 26)

7/30/97
2:05pm

Part XI-A.
Senate Welfare Reform Initiatives Proposal
Index of Substantive Provisions

Draft 01D- 7/30/97

Section 11A.2.	Definitions (108A-24), p1
Section 11A.4.	Recipient Identification System (108A-25.1), p3
	Drug Related Felonies Exemption (108A-25.2), p8
Section 11A.5.	Authorization/Description of Work First Program; Work First Program Changes; Designation of Electing/Standard Counties (108A-27), p4
Section 11A.6.	Time Limits on Assistance (108A-27.1), p5
	General Duties of the Department (108A-27.2), p5
	Electing Counties/County Commissioners Duties (108A-27.3), p6
	Electing Counties/County Plan (108A-27.4), p7
	Electing Counties/Duties of Department (108A-27.5), p8
	Standard Counties/Duties of County DSS and Commissioners (108A-27.6), p8
	Standard Counties/County Plan (108A-27.7), p9
	Standard Counties/Duties of Department (108A-27.8), p9
	State Plan (108A-27.9), p10
	Duties of Budget Director/Governor (108A-27.10), p12
	Work First Program Funding (108A-27.11), p12
	Maintenance of Effort (108A-27.12), p12
	Performance Standards (108A-27.13), p13

	Corrective Action (108A-27.14), p13
	Assistance Not Entitlement; Appeals (108A-27.15). p14
	Use of Work First Reserve Fund (108A-27.16), p14
Section 11A.7.	First Stop Employment Assistance; Priority for Employment Services (108A-29); Work First Hiring (126-7.1), p14
Section 11A.8.	Substance Abuse Treatment Required; Drug Testing for Work First Recipients (108A-29.1), p19
Section 11A.8.1	Application for Assistance (108A-31), p19
Section 11A.9.1.	Emergency Assistance Cash Program (108A-39.1), p20
Section 11A-12.1.	Work First Reserve Fund (143-15.3C), p23
Section 11A.16.	Individual Development Accounts Pilot Project, p24
Section 11A.18.	Joint Legislative Public Assistance Commission, p24
Section 11A.20	Procedures, Evaluations and Study Required, p25
Section 11A.21	Inspector General (114-40, -41), p26
	DHR Internal Auditor (143B-216.50, -51), p27

7/30/97

1 PART XI-A-01D

2
3 PART XI-A. WELFARE REFORM INITIATIVES AND CONFORMING CHANGES

4
5 Requested by:

6 SUBPART A. WELFARE REFORM INITIATIVES.

7
8 Section 11A.1. The title of Part 2 of Article 2 of Chapter 108A of the
9 General Statutes reads as rewritten:

10 "Part 2. ~~Aid to Families with Dependent Children. Work First Program.~~"

11 Section 11A.2. G.S. 108A-24 reads as rewritten:

12 "§ 108A-24. Definitions.

13 As used in Chapter 108A:

- 14 (1) 'Applicant' is any person who requests assistance or on whose
15 behalf assistance is requested.
- 16 (1a) 'Biometric' means a digitized image of selected features of an
17 individual encoded and processed in a manner that ensures an
18 extraordinarily high correlation between the digital data and the
19 actual characteristics of an individual.
- 20 (1b) 'Community service' means work exchanged for temporary public
21 assistance.
- 22 (1c) 'County block grant' means federal and State money appropriated
23 to implement and maintain a county's Work First Program.
- 24 (1d) 'County department of social services' means a county department
25 of social services, consolidated human services agency, or other
26 local agency designated to administer services pursuant to this
27 Article.
- 28 (1e) 'County Plan' is the biennial Work First Program plan prepared by
29 each county pursuant to this Article and submitted to the
30 Department for incorporation into the State Plan.
- 31 (2) 'Department' is the Department of Human Resources, unless the
32 context clearly indicates otherwise.
- 33 (3) 'Dependent child' is a person under 18 years of age who is living
34 with a natural parent, adoptive parent, stepparent, or any other
35 person related by blood, marriage, or legal adoption, in a place of
36 residence maintained by one or more of such persons as his or
37 their own home, and who is deprived of parental support or care;
38 it shall also include a minor who has been eligible for AFDC who
39 is now living in a foster care facility or child caring institution; it
40 shall also include a dependent child in school under 21 years of
41 age as provided by Titles IV-A and XIX of the Social Security Act.
42 or, in the medical assistance program, a person under 19 years of
43 age.
- 44 (3a) 'Electing County' means a county that requests and is selected by
45 the Department to develop and administer a local Work First
46 program.
- 47 (3b) 'Family' means a unit consisting of a minor child or children and
48 one or more of their biological parents, adoptive parents,
49 stepparents, or grandparents living together.
- 50 (3c) 'Federal TANF funds' means the Temporary Assistance for Needy
51 Families block grant funds provided for in Title IV-A of the Social
52 Security Act.

- (3d) 'First Stop Employment Assistance' is the program established to assist recipients of Work First Program assistance with employment through job registration, job search, job preparedness, and community service.
- (3e) 'Full-time employment' means employment averaging over 30 hours a week.
- (4) Repealed by Session Laws 1983, c. 14, s. 3.
- (4a) 'Mutual Responsibility Agreement' ('MRA') is an agreement between a county and a recipient of Work First Program assistance which describes the conditions for eligibility for the assistance and what the county will provide to assist the recipient in moving from assistance to self-sufficiency. A MRA may provide for recipient parental responsibilities and child development goals and what a county or the State will provide to assist the recipient in achieving those child development goals. A MRA is a prerequisite for any Work First Program assistance under this Article.
- (4b) 'Parent' means biological parent or adoptive parent.
- (5) 'Recipient' is a person to whom, or on whose behalf, assistance is granted under this Article.
- (6) 'Resident,' unless otherwise defined by federal regulation, is a person who is living in North Carolina at the time of application with the intent to remain permanently or for an indefinite period; or who is a person who enters North Carolina seeking employment or with a job commitment.
- (7) 'Secretary' is the Secretary of Human Resources, unless the context clearly indicates otherwise.
- (8) 'Standard Program County' means a county that participates in the Standard Work First Program.
- (9) 'Standard Work First Program' means the Work First Program developed by the Department.
- (10) 'State Plan' is the biennial Work First Program plan, based upon the aggregate of the Electing County Plans and the Standard Work First Program, prepared by the Department for the State's Work First Program pursuant to this Article, and submitted sequentially to the Budget Director, to the General Assembly, to the Governor, and to the appropriate federal officials for approval.
- (11) 'Title IV-A' means the Social Security Act, 42 U.S.C. § 601, et seq., as amended by the Personal Responsibility and Work Opportunity Reconciliation Act of 1996, P.L. 104-193, and to other provisions of federal law as may apply to assistance provided in this Article.
- (12) 'Work First Diversion Assistance' is a short-term cash payment that is intended to substantially reduce the likelihood of a family requiring Work First Family Assistance.
- (13) 'Work First Family Assistance' is a program of time-limited periodic cash payments to assist in maintaining the children of eligible families while the adult family members engage in activities to prepare for entering and to enter the workplace.
- (14) 'Work First Program' is the temporary assistance to needy families program established in this Article.
- (15) 'Work First Program assistance' means the goods or services provided under the Work First Program.

(16) 'Work First Services' are services funded from appropriations made pursuant to this Article and designed to facilitate the purposes of the Work First Program."

Section 11A.3. G.S. 108A-25 reads as rewritten.

"§ 108A-25. Creation of programs.

(a) The following programs of public assistance are hereby established, and shall be administered by the county department of social services or the Department of Human Resources under federal regulations or under rules and regulations adopted by the Social Services Commission and under the supervision of the Department of Human Resources:

- (1) ~~Aid to families with dependent children;~~
- (2) State-county special assistance for adults;
- (3) Food stamp program;
- (4) Foster care and adoption assistance payments;
- (5) Low income energy assistance program.

(b) The program of medical assistance is hereby established as a program of public assistance and shall be administered by the county departments of social services under rules and regulations adopted by the Department of Human Resources.

(b1) The Work First Program is established as a program of public assistance and shall be supervised and administered as provided in Part 2 of this Article.

(c) The Department of Human Resources is hereby authorized to may accept all grants-in-aid for programs of public assistance which may be available to the State by the federal government. The provisions of this Article shall be liberally construed in order that the State and its citizens may benefit fully from ~~such~~ the federal grants-in-aid."

Section 11A.4. (a) Part 1 of Article 2 of Chapter 108A of the General Statutes is amended by adding the following new sections to read:

"§108A-25.1. Public assistance recipient identification system.

(a) The Department shall establish and maintain a uniform system of identifying Work First Program, food stamp, and medical assistance recipients. This system shall provide security and portability throughout the State and between the departments within the State involved in the Work First Program, the food stamp program, and the medical assistance program.

(b) The identification system established in this section shall use multiple biometrics to ensure greater than ninety-nine percent (99%) accuracy for interdepartmental identification.

(c) The Department shall ensure that the biometric identification system will be compatible with any existing or planned departmental biometric identification system.

"§108A-25.2. Exemption from limitations for individuals convicted of certain drug-related felonies.

Individuals convicted of Class H or I controlled substance felony offenses in this State shall be eligible to participate in the Work First Program and food stamp program:

- (1) Six months after release from custody if no additional controlled substance felony offense is committed during that period and successful completion of or continuous active participation in a required substance abuse treatment program determined appropriate by the area mental health authority; or
- (2) If not committed to custody, six months after the date of conviction if no additional controlled substance felony offense is committed during that period and successful completion of or continuous active participation in a required substance abuse treatment

1 program determined appropriate by the area mental health
2 authority.

3 A county department of social services shall require individuals who are eligible
4 for Work First Program assistance and food stamp benefits pursuant to this section to
5 undergo substance abuse treatment as a condition for receiving Work First Program
6 or food stamp benefits, if funds and programs are available and to the extent allowed
7 by federal law."

8 (b) The Department of Human Resources may designate up to 12
9 counties as pilot counties to implement the public assistance recipient identification
10 system established in this section. Counties shall apply to the Department, in a form
11 and manner determined by the Department, to be designated. The Department shall
12 monitor and evaluate the implementation of the system. On or before February 1
13 after the first full year the system has been implemented within a county, the
14 Department shall report to the House and Senate Appropriations Subcommittees on
15 Human Resources, the Joint Legislative Public Assistance Commission, and the
16 Information Resources Management Commission, including a recommendation as to
17 whether the system should be continued, expanded, or modified.

18 Section 11A.5. G.S. 108A-27 reads as rewritten:

19 ~~"§108A-27. Authorization of Aid to Families with Dependent Children Program.~~
20 ~~Authorization and description of Work First Program; Work First Program changes;~~
21 ~~designation of Electing and Standard Program Counties.~~

22 (a) ~~The Department is authorized to shall establish and establish, supervise an Aid~~
23 ~~to Families with Dependent Children supervise, and monitor the Work First Program.~~
24 ~~Program. The purpose of the Work First Program is to provide eligible families with~~
25 ~~short-term assistance to facilitate their movement to self-sufficiency through~~
26 ~~employment. This program is to be administered by county departments of social~~
27 ~~services under federal regulations and rules and regulations of the Social Services~~
28 ~~Commission.~~

29 (b) The Work First Program in all counties shall include program administration
30 and three categories of assistance to participants:

- 31 (1) Work First Diversion Assistance;
32 (2) Work First Family Assistance; and
33 (3) Work First Services.

34 (c) The Department may change the Work First Program when required to
35 comply with federal law. Any changes in federal law that necessitate a change in the
36 Work First Program shall be effected by temporary rule until the next State Plan is
37 approved by the General Assembly. Any change effected by the Department to
38 comply with federal law shall be included in the State Plan submitted during the next
39 session of the General Assembly following the change.

40 (d) The Department shall allow counties maximum flexibility in the Work First
41 Program while ensuring that the counties comply with federal and State laws and
42 regulations and the goals for the State are achieved. Subject to any limitations
43 imposed by law, the Department shall allow counties to request to be designated as
44 either Electing Counties or Standard Program Counties in the Work First Program.

45 (e) Not more than every two years, the Department shall establish a date by which
46 counties desiring to be designated as Electing Counties shall notify the Department of
47 their request. The Department may select up to three counties to be Electing
48 Counties. The Department shall not designate a county to become an Electing
49 County unless the county demonstrates to the Department that two-thirds of its
50 county commissioners supports the selection. Prior to making the request, the county
51 board of commissioners shall solicit and consider comments from the legislative
52 delegation representing the county on whether to seek Electing County status. Once
53 selected as an Electing County, a county shall continue that status until it notifies the

1 Department in writing at least six months prior to the effective date of the next State
2 Plan that it desires to be designated as a Standard Program County or unless the
3 Department, as a component of corrective action taken pursuant to G.S. 108A-
4 27.14(b), requires a change in status. A county's status as Electing or Standard
5 Program shall become effective on the effective date of the next State Plan following
6 the designation.

7 (f) The board of county commissioners in an Electing County shall be responsible
8 for development, administration, and implementation of the Work First Program in
9 that county and shall indemnify the State for any losses suffered as a result of an act
10 or omission of an Electing County relating to the Work First Program in that county.

11 (g) The county department of social services in a Standard Program County shall
12 be responsible for administering and implementing the Standard Work First Program
13 in that county.

14 (h) The Department or Electing Counties may include the First Stop Employment
15 Assistance Program as part of a local Work First Program or the Standard Work First
16 Program.

17 (i) The Department and Electing Counties, in developing an Electing County
18 Work First Program or the Standard Work First Program, may distinguish among
19 potential groups of recipients on whatever basis necessary to enhance program
20 purposes and to maximize federal revenues, so long as the rights, including the
21 constitutional rights of equal protection and due process, of individuals are protected.
22 The Department and Electing Counties shall provide Work First Program assistance
23 to legal immigrants on the same basis as citizens to the extent permitted by federal
24 law."

25 Section 11A.6. Part 2 of Article 2 of Chapter 108A of the General
26 Statutes is amended by adding the following new sections:

27 "**§108A-27.1. Time limitations on assistance.**

28 (a) Under the Standard Work First Program, unless an extension or an exemption
29 is provided pursuant to the provisions of this Part or the State Plan, any cash
30 assistance provided to a person or family in the employment program shall only be
31 provided for a cumulative total of 24 months. After having received cash assistance
32 for 24 months, the person or the family may reapply for cash assistance, but not until
33 after 36 months from the last month the person or the family received cash assistance.
34 This subsection shall not apply to child-only cases.

35 (b) Electing Counties may set any time limitations on assistance it finds
36 appropriate, so long as the time limitations do not conflict or exceed any federal time
37 limitations.

38 "**§ 108A-27.2. General duties of the Department.**

39 The Department shall have the following general duties with respect to the Work
40 First Program:

- 41 (1) Provide technical assistance to counties developing and
42 implementing their County Plans, including providing information
43 concerning applicable federal law and regulations and changes to
44 federal law and regulations that affect the permissible use of
45 federal funds and scope of the Work First Program in a county;
- 46 (2) Describe authorized federal and State work activities;
- 47 (3) Define requirements for assignment of child support income and
48 compliance with child support activities;
- 49 (4) Establish a schedule for counties to submit their County Plans to
50 ensure that all County Plans are adopted by the counties by
51 February 1 of each even-numbered year and review and accept the
52 County Plans;

- (5) Ensure that the County Plans comply with federal and State laws, rules, and regulations, are consistent with the overall purposes and goals of the Work First Program, and maximize federal receipts for the Work First Program;
- (6) Prepare the State Plan in accordance with G.S. 108A-27.9 and federal laws and regulations and submit it to the Budget Director for approval;
- (7) Submit the State Plan, as approved by the Budget Director, to the General Assembly for approval;
- (8) Develop and implement a system to monitor and evaluate the impact of the Work First Program on children and families, including the impact of the Work First Program on the economic security and health of children and families, child abuse and neglect, caseloads for child protective services and foster care, school attendance, and academic and behavioral performance. State and county agencies shall cooperate in providing information needed to conduct these evaluations, sharing data and information except where prohibited specifically by federal law or regulation; and
- (10) Monitor the performance of counties relative to their County Plans and the overall goals of the Work First Program.

"§ 108A-27.3. Electing Counties -- Duties of county boards of commissioners.

(a) The duties of the county boards of commissioners in Electing Counties under the Work First Program are as follows:

- (1) Establish county outcome and performance goals based on county economic, educational, and employment factors and adopt criteria for determining the progress of the county in moving persons and families to self-sufficiency;
- (2) Establish eligibility criteria for recipients;
- (3) Prescribe the method of calculating benefits for recipients;
- (4) Determine eligibility of persons and families for the Work First Program;
- (5) Develop and enter into Mutual Responsibility Agreements with Work First Program recipients and ensure that the services and resources that are needed to assist participants to comply with the obligations under their Mutual Responsibility Agreements are available;
- (6) Ensure that participants engage in the minimum hours of work activities required by Title IV-A;
- (7) Provide community service work for any recipient who cannot find employment;
- (8) Make payments of Work First Diversion Assistance and Work First Family Assistance to recipients having MRAs;
- (9) Monitor compliance with Mutual Responsibility Agreements and enforce the agreement provisions;
- (10) Ensure compliance with applicable State and federal law, rules, and regulations for the Work First Program;
- (11) Develop, adopt and submit to the Department a biennial County Plan;
- (12) Monitor and evaluate the impact of the Work First Program on children and families, including the impact of the Program in the economic security and health of children and families, child abuse and neglect, caseloads for child protective services and foster care,

1 school attendance, and academic and behavioral performance, and
2 report the findings to the Department quarterly;
3 (13) Provide monthly progress reports to the Department in a format to
4 be determined by the Department; and
5 (14) Develop and implement an appeals process for the county's Work
6 First Program that substantially complies with G.S. 108A-79.
7 (b) County boards of commissioners shall not delegate the responsibilities
8 described in subdivisions (a)(1), (a)(10), and (a)(11) of this section but may delegate
9 other duties to public or private entities. Notwithstanding any delegation of duty, the
10 county board of commissioners shall remain accountable for its duties under the
11 Work First Program.
12 (c) The county board of commissioners shall appoint a committee of individuals
13 to identify the needs of the population to be served and to review and assist in
14 developing the County Plan to respond to the needs. The committee membership
15 shall include, but is not limited to, representatives of the county board of social
16 services, the board of the area mental health authority, the local public health board,
17 the local school systems, the business community, the board of county commissioners
18 and community-based organizations representative of the population to be served.
19 (d) The county board of commissioners shall review and approve the County Plan
20 for submission to the Department.
21 **"§ 108A-27.4. Electing Counties -- County Plan.**
22 (a) Each Electing County shall submit to the Department, according to the
23 schedule established by the Department and in compliance with all federal and State
24 laws, rules, and regulations, a biennial County Plan.
25 (b) An Electing County's County Plan shall have at least the following five parts:
26 (1) Part I. Conditions Within the County;
27 (2) Part II. Outcomes and Goals for the County;
28 (3) Part III. Plans to Achieve and Measure the Outcomes and Goals;
29 (4) Part IV. Administration; and
30 (5) Part V. Funding Requirements.
31 (c) Funding requirements shall, at least, identify the amount of a county block
32 grant for Work First Diversion Assistance, a county block grant for Work First
33 Family Assistance, a county block grant for Work First Services, and the county's
34 maintenance of effort contribution.
35 (d) The County Plans in Electing Counties may provide that in cases where
36 benefits are paid only for a child, the case is considered a family case.
37 (e) Each county shall include in its County Plan the following:
38 (1) A description of the county's eligibility criteria, benefit calculation,
39 and any other policies adopted by the county relating to eligibility,
40 terms, and conditions for receiving Work First Program assistance,
41 including sanctions, asset and income requirements, time limits and
42 extensions, rewards, exemptions, and exceptions to requirements;
43 (2) If the benefits, including the level of cash assistance, adopted by
44 the county are less than would be available to recipients under the
45 Standard Work First Program, a finding that the lower benefits
46 level will not adversely impact upon recipients' ability to move
47 themselves and their families toward economic independence;
48 (3) A description of how the county plans to utilize public and private
49 resources to assist in moving persons and families to self-
50 sufficiency;
51 (4) The number of MRAs entered into by the county;
52 (5) A description of the county's plans for serving families who need
53 child care, transportation, substance abuse services, and

employment support based on the needs of the community and the availability of services and funding;

(6) A list of the community service programs equivalent to full-time employment that are being offered to Work First Program recipients who are unable to find full-time employment; and

(7) Any request to the Department for waivers to rules or any proposals for statutory changes to remove any impediments to implementation of the County's Plan.

(f) Each county shall provide to the general public an opportunity to review and comment upon its County Plan prior to its submission to the Department.

(g) A county may modify its County Plan once each biennium but not at any other time unless the county notifies the Department of the proposed modification and the Department determines that the proposed modification is consistent with State and federal law and the goals for the Work First Program.

"§ 108A-27.5. Electing Counties -- Duties of the Department.

In addition to the general duties prescribed in G.S. 108A-27.3, the Department shall have the following duties with respect to establishing, supervising, and monitoring the Work First Program in Electing Counties while allowing Electing Counties maximum flexibility in designing and implementing County Plans:

(1) Coordinate activities of other State agencies providing technical support to counties developing their County Plans;

(2) At the request of the counties, provide assistance to counties in their activities with private sector individuals and organizations relative to County Plans;

(3) Report every six months to the Director of the Budget annually to the General Assembly on the counties' attainment of the outcomes and goals specified in Part II of each County Plan; and

(4) Establish the baseline for the State maintenance of effort.

"§ 108A-27.6. Standard Program Counties -- Duties of county departments of social services and county boards of commissioners.

(a) Except as otherwise provided in this Article, the Standard Work First Program shall be administered by the county departments of social services. The county departments of social services in Standard Program Counties shall:

(1) In consultation with the Department and the county board of commissioners, establish outcome and performance goals for each Standard Program County, based on economic factors and conditions in that county, aimed at reducing child poverty by means of goals that measure the increased numbers of persons employed, the increased numbers of hours worked by and wages earned by recipients, and other measures of child well being;

(2) Determine eligibility of persons and families for the Work First Program;

(3) Enter into Mutual Responsibility Agreements with participants if required under the State Plan and ensure that the services and resources that are needed to assist participants to comply with their obligations under their Mutual Responsibility Agreements are available;

(4) Comply with State and federal law relating to Work First and Title IV-A;

(5) Develop the County Plans for submission by the counties to the Department;

(6) Ensure that participants engage in the minimum hours of work activities required by the State Plan and Title IV-A;

1 (7) Ensure that the components of the Work First Program are funded
2 solely from authorized sources and that federal TANF funds are
3 used only for purposes and programs authorized by federal and
4 State law; and
5 (8) Provide monthly progress reports to the Department, in a format to
6 be determined by the Department.
7 (b) In consultation with the Department, a county department of social services
8 may delegate any of its duties under this Article to another public agency or private
9 contractor. Prior to delegating any duty, a county department of social services shall
10 submit its proposed delegation to the Department as the Department may provide.
11 Notwithstanding any delegation of duty, a county department of social services shall
12 remain accountable for its duties under the Work First Program.
13 (c) The county board of commissioners shall appoint a committee of individuals
14 to identify the needs of the population to be served and to review and assist in
15 developing the County Plan to respond to the needs. The committee membership
16 shall include, but is not limited to, representatives of the county board of social
17 services, the board of the area mental health authority, the local public health board,
18 the local school systems, the business community, the board of county commissioners
19 and community-based organizations representative of the population to be served.
20 (d) The county board of commissioners shall review and approve the County Plan
21 for submission to the Department.
22 **"§ 108A-27.7. Standard Program County Plan.**
23 (a) Each Standard Program County shall submit to the Department for approval a
24 biennial County Plan that describes the Work First Diversion Assistance and Work
25 First Services the county proposes to offer.
26 (b) Prior to submitting its County Plan to the Department, a county shall provide
27 the public with an opportunity to review and comment upon it.
28 (c) The County Plan of a Standard Program County shall include a description of
29 how the county will:
30 (1) Utilize both public and private resources to assist in moving
31 persons and families to self-sufficiency;
32 (2) Serve families who need child care, transportation, substance abuse
33 services, and employment support based on the needs of the
34 community and the availability of services and funding; and
35 (3) Address the needs of persons and families in any other areas
36 specified by the Department.
37 **"§ 108A-27.8. Standard Program Counties -- Duties of Department.**
38 (a) The Department shall establish, develop, supervise, and monitor the Standard
39 Work First Program. In addition to its general duties prescribed in G.S. 108A-27.2,
40 the Department shall have the following duties with respect to the Standard Work
41 First Program and the Standard Program Counties:
42 (1) Establish the requirements for the content of County Plans and
43 review and approve the County Plans submitted by the Standard
44 Program Counties;
45 (2) Advise and assist the Social Services Commission in adopting rules
46 necessary to implement the provisions of this Article;
47 (3) Supervise disbursement of county block grants to the Standard
48 Program Counties for Work First Services;
49 (4) Make payments of Work First Family Assistance and Work First
50 Diversion Assistance;
51 (5) Coordinate activities of other State and county agencies in meeting
52 the goals of the Work First Program;

- 1 (6) Work with State and county agencies and with private sector
2 organizations and individuals to develop programs and methods to
3 meet the goals of the Work First Program;
4 (7) Develop a Mutual Responsibility Agreement for use by Standard
5 Program Counties; and
6 (8) Provide quarterly progress reports to the county department of
7 social services and county board of commissioners on the
8 performance of counties in achieving Work First Program
9 expectations.
- 10 (b) The Secretary, in consultation with the Office of State Budget, may adopt
11 temporary rules when necessary to:
12 (1) Implement provisions of the State Plan;
13 (2) Maximize federal revenues to prevent the loss of federal funds;
14 (3) Reduce State and county expenditures in current budgets;
15 (4) Enhance the ability of the Department to prevent fraud and abuse
16 in the Work First Program; and
17 (5) Modify the State Plan as necessary to meet changed circumstances
18 after approval of the State Plan.
- 19 (c) The Social Services Commission may adopt rules in accordance with G.S.
20 143B-153 when necessary to implement this Article and subject to delegation by the
21 Secretary of any rule-making authority to implement the provisions of the State Plan.
22 "§ 108A-27.9. State Plan.
- 23 (a) The Department shall prepare and submit to the Director of the Budget, in
24 accordance with the procedures established in G.S. 143-16.1 for federal block grant
25 funds, a biennial State Plan that proposes the goals and requirements for the State
26 and the terms of the Work First Program for each fiscal year. Prior to submitting a
27 State Plan to the General Assembly, the Department shall consult with local
28 governments and private sector organizations regarding the design of the State Plan
29 and allow 45 days to receive comments from them.
- 30 (b) The State Plan shall consist of generally applicable provisions and two
31 separate sections, one proposing the terms of the Work First Program in Electing
32 Counties, and the other proposing the terms for the Standard Work First Program.
- 33 (c) The State Plan shall include the following generally applicable provisions:
34 (1) Provisions to ensure that no Work First Program recipients,
35 required to participate in work activities, shall be employed or
36 assigned when:
37 a. Any regular employee is on layoff from the same or
38 substantially equivalent job;
39 b. An employer terminates any regular employee or otherwise
40 causes an involuntary reduction in the employer's workforce
41 in order to hire Work First recipients; or
42 c. An employer otherwise causes the displacement of any
43 currently employed worker or positions, including partial
44 displacements such as reductions in hours of nonovertime
45 work, wages, or employment benefits, in order to hire Work
46 First recipients;
- 47 (2) Provisions to ensure the establishment and maintenance of
48 grievance procedures to resolve complaints by regular employees
49 who allege that the employment or assignment of a Work First
50 Program recipient is in violation of subdivision (3) of this
51 subsection;
- 52 (3) Provisions to ensure that Work First Program participants, required
53 to participate in work activities, shall be subject to and have the

1 same rights under federal, State, or local laws applicable to non-
2 Work First Program employees in similarly situated work activities,
3 including, but not limited to, wage and hour laws, health and
4 safety standards and nondiscrimination laws, provided that nothing
5 in this subdivision shall be construed to prohibit Work First
6 Program participants from receiving additional State or county
7 services designed to assist Work First Program participants achieve
8 job stability and self-sufficiency;

9 (4) A description of eligible federal and State work activities;

10 (5) Requirements for assignment of child support income and
11 compliance with child support activities; and

12 (6) Anything else required by federal or State law, rule, or regulation
13 to be included in the State Plan.

14 (d) The section of the State Plan proposing the terms of the Work First Program
15 in Electing Counties shall be based upon the aggregate of the Electing County Plans
16 and shall include the following:

17 (1) Allocations of federal and State funds for Electing Counties in the
18 Work First Program including block grants to counties and the
19 allocation of funding for administration not to exceed the federally
20 established limitations on the use of federal TANF funds and the
21 limits imposed under this Article;

22 (2) Maintenance of effort and levels of State and county funding for
23 Electing Counties in the Work First Program;

24 (3) Federal eligibility requirements and a description of the eligibility
25 requirements and benefit calculation in each Electing County; and

26 (4) A description of the federal, State, and each Electing County's
27 financial participation in the Work First Program.

28 The Department may modify the section in the State Plan regarding Electing
29 Counties once a biennium or except as necessary to reflect any modifications made
30 by an Electing County. Any changes to the section of the State Plan regarding
31 Electing Counties shall be reported to the General Assembly during the next session
32 following the changes.

33 (e) The section of State Plan describing the Standard Work First Program shall
34 include:

35 (1) Benefit levels, limitations, and payments and the method for
36 calculating benefit levels and payments;

37 (2) Eligibility criteria, including asset and income standards;

38 (3) Any exceptions or exemptions proposed to work requirements;

39 (4) Provisions for when extensions may be granted to a person or
40 family who reaches the time limit for receipt of benefits;

41 (5) Provisions for exceptions and exemptions to criteria, time limits,
42 and standards;

43 (6) Provisions for sanctions for recipient failure to comply with
44 program requirements;

45 (7) Terms and conditions for repayment of Work First Diversion
46 Assistance by recipients who subsequently receive Work First
47 Family Assistance;

48 (8) Allocations of federal, State, and county funds for the Standard
49 Work First Program, including county block grants to the counties
50 for Work First Services;

51 (9) Levels of State and county funding for the Standard Work First
52 Program;

1 (10) Allocation for funding for administration at the State and local
2 level not to exceed the federally established limitations on use of
3 federal TANF funds for program administration; and
4 (11) A description of the Department's consultation with local
5 governments and private sector organizations and a summary of
6 any comments received during the 45-day public comment period.
7 (f) In addition to those items required to be included pursuant to subsection (e) of
8 this section, the State Plan may include proposals to establish the following as part of
9 the Standard Work First Program:
10 (1) Demonstration projects in one or more counties to assess the value
11 of any proposed changes in State policy or to test ways to improve
12 programs; and
13 (2) Requirement that recipients shall be required to enter into and
14 comply with Mutual Responsibility Agreements as a condition of
15 receiving benefits. If provided for in the State Plan, the terms and
16 conditions of Mutual Responsibility Agreements shall be consistent
17 with program purposes, federal law, and availability of funds; and
18 (3) Incentives for high-performing counties, contingency plans for
19 counties unable to meet financial commitments during the term of
20 the State Plan, and sanctions against counties failing to meet
21 performance expectations, including allocation of any federal
22 penalties that may be assessed against the State as a result of a
23 county's failure to perform.
24 (g) The State Plan may provide for automatic Medicaid eligibility for all Work
25 First Program recipients.
26 (h) The State Plan may provide that in cases where benefits are paid only for a
27 child, the case is considered a family case.
28 **"§ 108A-27.10. Duties of the Director of the Budget/Governor.**
29 (a) The Director of the Budget shall, by April 15 of each even-numbered calendar
30 year, approve and recommend adoption by the General Assembly of the State Plan.
31 (b) At the beginning of every fiscal year, the Director of the Budget shall report to
32 the General Assembly the number of permanent State employees who have been
33 Work First Program recipients during the previous calendar year.
34 (c) After the State Plan has become law, the Governor shall sign it and cause it to
35 be submitted to federal officials in accordance with federal law.
36 **"§ 108A-27.11. Work First Program funding.**
37 (a) The Department shall provide in the State Plan a formula for determining the
38 amount of county block grants.
39 (b) The following shall apply to funding for Standard Program Counties:
40 (1) The Department shall make payments of Work First Family
41 Assistance and Work First Diversion Assistance subject to the
42 availability of federal, State, and county funds.
43 (2) The Department shall reimburse counties for county expenditures
44 under the Work First Program subject to the availability of federal,
45 State, and county funds.
46 (b) The Department shall transmit the federal funds contained in county block
47 grants to Electing Counties as soon as practicable after they become available to the
48 State and in accordance with federal cash management laws and regulations. The
49 Department shall transmit one-fourth of the State funds contained in county block
50 grants to Electing Counties at the beginning of each quarter. Once paid, the State
51 funds shall not revert.
52 **"§ 108A-27.12. Maintenance of effort.**

1 (a) The Department shall define in the State Plan or by rule the term
2 'maintenance of effort' based on that term as defined in Title IV-A and shall provide
3 to counties a list of activities that qualify for federal maintenance of effort
4 requirements.

5 (b) If a county fails to comply with the maintenance of effort requirement in
6 subsection (a) of this section, the Director of the Budget may withhold State moneys
7 appropriated to the county pursuant to G.S. 108A-93.

8 (c) For Standard Program Counties, using the preceding fiscal year as the base
9 year, counties shall maintain a financial commitment to the Work First Program
10 equal to the proportion of State funds allocated to the Work First Program.

11 (d) The Department shall maintain the State's maintenance of effort in Electing
12 Counties at one hundred percent (100%) of the amount the State budgeted for
13 programs under this Part during fiscal year 1996-97. An Electing County's
14 maintenance of effort shall be no less than eighty percent (80%) of the amount the
15 county budgeted for programs under this Part during fiscal year 1996-97. At least
16 one-half of any Electing County maintenance of effort reduction shall be used for
17 child protective services, except where the county determines the funds may be used
18 more appropriately for prevention programs targeted either at the general population
19 to prevent the need for Work First related services or at at-risk populations to
20 alleviate conditions that impact negatively on the functioning of families. At no time
21 shall a county use State funds to supplant county funds previously obligated or
22 appropriated for child welfare services.

23 **"§ 108A-27.13. Performance standards.**

24 (a) The Department, in consultation with the county department of social services
25 and county board of commissioners, shall establish acceptable levels of performance
26 for Standard Program Counties in meeting Work First expectations, measured by
27 outcome and performance goals contained in the State Plan. The Department shall
28 establish monitoring mechanisms and reporting requirements to assess progress
29 toward the goals. The well being of children and economic factors and conditions
30 within the counties, including the increased numbers of persons employed and
31 increased numbers of hours worked by and wages earned by recipients, shall be
32 considered by the Department.

33 (b) Electing County performance shall be judged upon the county's ability to
34 attain the outcomes and goals established in that county's County Plan.

35 (c) All adult recipients of Work First Program assistance are expected to achieve
36 full-time employment, subject to appropriate exceptions set by the Electing County.
37 Adult recipients of Work First Program assistance shall comply with the provisions
38 and requirements in their MRAs.

39 **"§108A-27.14. Corrective action.**

40 (a) When any county fails to meet acceptable levels of performance, the
41 Department may take one or more of the following actions to assist the county in
42 meeting its Work First goals:

43 (1) Notify the county of the deficiencies and add additional monitoring
44 and reporting requirements.

45 (2) Require the county to develop and submit for approval by the
46 Department a corrective action plan.

47 (b) If any county fails to meet acceptable levels of performance for two consecutive
48 years, or fails to comply with a corrective action plan developed pursuant to this
49 section, the Department may assume control of the county's Work First Program,
50 appoint an administrator to administer the county's Work First Program, and exercise
51 the powers assumed to administer the Work First Program either directly or through
52 contract with private or public agencies. If the Department assumes control of an
53 Electing County pursuant to this subsection, the Department may operate the

1 Standard Work First Program in that county. County funding shall continue at levels
2 established by the State Plan when the State has assumed control of a county Work
3 First Program. At no time after the State has assumed control of a Work First
4 Program shall a county withdraw funds previously obligated or appropriated to the
5 Work First Program.

6 "§ 108A-27.15. Assistance not an entitlement; appeals.

7 (a) Any assistance programs established under this Part, whether administered by
8 the Department or the counties, are not entitlements, and nothing in this Part shall
9 create any property right.

10 (b) The Standard Work First Program is a program of temporary public assistance
11 for the purpose of an appeal under G.S. 108A-79.

12 "§ 108A-27.16. Use of Work First Reserve Fund.

13 (a) By the fifteenth of each month, the Secretary shall certify to the Director of
14 the Budget and the Fiscal Research Division of the General Assembly the actual
15 expenditures for Work First Family Assistance for the fiscal year up until the
16 beginning of that month and the projected expenditures for the remainder of the
17 fiscal year. If on March 1 the actual expenditures for the fiscal year exceeds two-
18 thirds of the total amount of expenditures expected for the entire fiscal year, then the
19 Secretary shall attempt to access any available federal funds. If federal funds are
20 unavailable, the Director of the Budget may, in the order below:

21 (1) Use funds available from the Work First Reserve Fund established
22 pursuant to G.S. 143-15.3C;

23 (2) Use funds available to the Department;

24 (3) Notwithstanding G.S. 143-23, use funds available from other
25 departments, institutions, or other spending agencies of the State;
26 or

27 (4) Use funds available from the Savings Reserve Account established
28 pursuant to G.S. 143-15.3.

29 (b) The Director of the Budget shall report to the Joint Legislative Commission
30 on Governmental Operations prior to making any transfer pursuant to this section."

31 Section 11A.7. (a) G.S. 108A-29 reads as rewritten:

32 "§ 108A-29. Limitations on eligibility: First Stop Employment Assistance; priority for
33 employment services.

34 (a) ~~The Social Services Commission shall adopt such administrative rules~~
35 ~~concerning work requirements as conditions of eligibility for Aid to Families with~~
36 ~~Dependent Children in order to be in compliance with federal regulations, but such~~
37 ~~rules shall not be more restrictive than the work requirements applicable to the Job~~
38 ~~Opportunities and Basic Skills Training Program provided for in G.S. 108A-30.~~

39 (a1) There is established in the Employment Security Commission, Department of
40 Commerce, a program to be called First Stop Employment Assistance. The
41 Chairman of the Employment Security Commission shall administer the program
42 with the participation and cooperation of county boards of commissioners, the
43 Department of Human Resources, the Department of Labor, the Department of
44 Crime Control and Public Safety, and the community college system.

45 (a2) Individuals seeking to apply or reapply for Work First Program assistance
46 who are unemployed or underemployed shall if required by an Electing County or
47 the Department in the case of the Standard Work First Program, make their 'first
48 stop' in the application process for assistance the Employment Security Commission,
49 where they shall register for a job, unless exempt either temporarily or permanently
50 from participating in a work program by federal or State law, rules, or regulations.

51 (a3) Individuals who are not otherwise exempt shall present verification of
52 registration with the Employment Security Commission at the time of applying for
53 Work First Program assistance. Unless exempt, the individual shall not be approved

1 for Work First Program assistance until verification is received. Child-only cases are
2 exempt from this requirement.

3 (a4) The Employment Security Commission shall expand its Labor Market
4 Information System. The expansion shall at least include: statistical information on
5 unemployment rates and other labor trends by county; and publications dealing with
6 licensing requirements, economic development, and career projections, and
7 information technology systems which can be used to track participants through the
8 employment and training process.

9 (a5) The First Stop Employment Program shall assist Work First Program
10 recipients with employment through job registration, job search, job preparedness,
11 and community service.

12 (a6) The Employment Security Commission shall offer a continuum of services to
13 individuals seeking employment and training assistance ranging from self-help options
14 to labor-intensive case management approaches. The Employment Security
15 Commission shall provide an intense program of employment or reemployment
16 services such as job seeking skills, workshops, employment counseling, and testing to
17 move individuals into the workforce as quickly as possible.

18 (a7) If after evaluation of an individual the Employment Security Commission, in
19 consultation with the agency responsible for administering the county's Work First
20 Program, believes it necessary, the Employment Security Commission also may refer
21 an individual placed in the Job Preparedness component of the First Stop
22 Employment Program to a local community college for enrollment in General
23 Education Development, Adult Basic Education, or Human Resources Development
24 programs which are already in existence. Additionally, the Commission may refer an
25 individual to a literacy council. Whenever an individual is referred to a community
26 college or to a literacy council, the Employment Security Commission shall monitor
27 the individual's progress through close communications with those agencies. The
28 Employment Security Commission shall adopt rules to accomplish this subsection.

29 (a8) The Job Preparedness component of the Program shall last a maximum of 12
30 weeks unless the recipient is registered and is satisfactorily progressing in a program
31 that requires additional time to complete. Every effort shall be made to place the
32 recipient in part-time employment or part-time community service if the time
33 required exceeds the 12-week maximum.

34 (a9) An individual placed in the Job Search component of the First Stop
35 Employment Program shall look for work and shall accept any suitable employment.
36 The Employment Security Commission shall refer individuals to current job openings
37 and shall make job development contacts for individuals. Individuals shall be
38 required to keep a record of their job search activities on a job search record form
39 provided by the Commission, and the Employment Security Commission will monitor
40 these activities. A 'job search record' means a written list of dates, times, places,
41 addresses, telephone numbers, names, and circumstances of job interviews. The Job
42 Search component shall include at least one weekly contact with the Employment
43 Security Commission. The Employment Security Commission shall adopt rules to
44 accomplish this subsection.

45 (a10) The Employment Security Commission shall work with the Private
46 Personnel Service Division of the Department of Labor to develop a relationship with
47 these private employment agencies to utilize their services and make referrals of
48 individuals registered with the Employment Security Commission.

49 (a11) The Employment Security Commission shall notify all employers in the
50 State of the 'Exclusive No-Fault' Referral Service available through the Employment
51 Security Commission to employers who hire personnel through Job Service referrals.

52 (a12) All individuals referred to jobs through the Employment Security
53 Commission shall be instructed in the procedures for applying for the Federal Earned

1 Income Credit (FEIC). All individuals referred to jobs through the Employment
2 Security Commission who qualify for the FEIC shall apply for the FEIC by filing a
3 W-5 form with their employers.

4 (a13) The FEIC shall not be counted as income when eligibility is determined for
5 Work First Program assistance, Medicaid, food stamps, subsidies, public housing, or
6 Supplemental Security Income.

7 (a14) An individual who has not found a job within 12 weeks of being placed in
8 the Job Search component of the Program may also be placed in the Community
9 Service component at the county's option.

10 (a15) Once an individual has registered with the Employment Security
11 Commission and upon verification of the registration by the agency or contractor
12 providing the Work First Program assistance, the individual's eligibility for Work
13 First Program assistance may be evaluated and the application completed. The
14 individual then may be eligible for all the benefits for which the individual is eligible
15 under the county's County Plan. Continued receipt of Work First Program benefits is
16 contingent upon successful participation in the First Stop Employment Program, and
17 lack of cooperation and participation in the First Stop Employment Program may
18 result in the termination of benefits to the individual.

19 (a16) The county board of commissioners shall determine which agencies or
20 nonprofit or private contractors will participate with the Employment Security
21 Commission in developing the rules to implement the First Stop Employment
22 Program.

23 (a17) Each county shall organize a Job Service Employer Committee, based on
24 the membership makeup of the Job Service Employer Committees in existence at the
25 time this act becomes law. Each Job Service Employer Committee in counties
26 participating in the First Stop Employment Program shall oversee the operation of
27 the Program in that county and shall report to the local Employment Security
28 Commission quarterly on its recommendations to improve the First Stop Employment
29 Program. The Employment Security Commission shall develop the reporting method
30 and time frame and shall coordinate a full report to be presented to the Joint
31 Legislative Public Assistance Commission by the end of each calendar year. Counties
32 having a Workforce Development Board may designate the Board to perform the
33 duties described in this section rather than organizing a Job Service Employer
34 Committee.

35 (a18) The Secretary of the Department of Human Resources and the Secretary of
36 the Department of Commerce shall enter into a Memorandum of Agreement to
37 implement this section.

38 (b) Members of families with dependent children and with aggregate family
39 income at or below the level required for eligibility for ~~Aid to Families with~~
40 ~~Dependent Children~~ assistance, ~~Work First Family Assistance~~, regardless of whether
41 or not they have applied for such assistance, shall be given priority in obtaining
42 ~~manpower employment~~ services including training and ~~public service employment~~
43 ~~community service~~ provided by or through State agencies or counties or with funds
44 which are allocated to the State of North Carolina directly or indirectly through
45 prime sponsors or otherwise for the purpose of employment of unemployed persons.

46 (c) [Repealed.]"

47 (b) Each county's Job Service Employer Committee or Workforce
48 Development Board, in consultation with the Department of Commerce, shall
49 develop a study of the "working poor" in their respective counties and shall include
50 the following in the study:

- 51 (1) Determine the extent to which current labor market participation
52 enables individuals and families to earn the amount of disposable
53 income necessary to meet their basic needs;

- 1 (2) Determine how many North Carolinians work and earn wages
2 below one hundred fifty percent (150%) of the Federal Poverty
3 Guideline and study trends in the size and demographic profiles of
4 this underemployed group within the respective county;
- 5 (3) Examine job market factors that contribute to any changes in the
6 composition and numbers of the working poor including, but not
7 limited to, shifts from manufacturing to service, from full-time to
8 part-time work, from permanent to temporary or their contingent
9 employment;
- 10 (4) Consider and determine the respective responsibilities of the public
11 and private sectors in ensuring that working families and
12 individuals have disposable income adequate to meet their basic
13 needs;
- 14 (5) Evaluate the effectiveness of the unemployment insurance system
15 in meeting the needs of low-wage workers when they become
16 unemployed;
- 17 (6) Examine the efficacy of a State earned income tax credit that
18 would enable working families to meet the requirements of the
19 basic needs budget;
- 20 (7) Examine the wages, benefits, and protections available to part-time
21 and temporary workers, leased employees, independent
22 contractors, and other contingent workers as compared to regular
23 full-time workers;
- 24 (8) Solicit, receive, and accept grants or other funds from any person
25 or entity and enter into agreements with respect to these grants or
26 other funds regarding the undertaking of studies or plans necessary
27 to carry out the purposes of the committee; and
- 28 (9) Request any necessary data from either public or private entities
29 that relate to the needs of the committee or board.

30 Each committee or board shall prepare and submit a report on the
31 finding for the county which it represents by May 1, 1998, to the Joint Legislative
32 Public Assistance Commission, the House and Senate Appropriations Subcommittees
33 on Human Resources and Natural and Economic Resources. Each committee or
34 board shall involve the Department of Commerce in conducting its study and
35 preparing the report.

36 (c) Funds shall be allocated from the Work First Program to establish the
37 First Stop Employment Program and to assist the Job Service Employer Committees
38 or Workforce Development Boards in their completion of the study of the working
39 poor.

40 (d) G.S. 126-7.1 reads as rewritten:

41 **"§ 126-7.1. Posting requirement; State employees receive priority consideration;
42 reduction-in-force rights; rights; Work First hiring.**

43 (a) All vacancies for which any State agency, department, or institution openly
44 recruit shall be posted within at least the following:

45 (1) The personnel office of the agency, department, or institution
46 having the vacancy; and

47 (2) The particular work unit of the agency, department, or institution
48 having the vacancy

49 in a location readily accessible to employees. If the decision is made, initially or at
50 any time while the vacancy remains open, to receive applicants from outside the
51 recruiting agency, department, or institution, the vacancy shall be listed with the
52 Office of State Personnel for the purpose of informing current State employees of
53 such vacancy. The State agency, department, or institution may not receive approval

1 from the Office of State Personnel to fill a job vacancy if the agency, department, or
2 institution cannot prove to the satisfaction of the Office of State Personnel that it
3 complied with these posting requirements. The agency, department, or institution
4 which hires any person in violation of these posting requirements shall pay such
5 person when employment is discontinued as a result of such violation for the work
6 performed during the period of time between his initial employment and separation.
7 (a1) State employees to be affected by a reduction in force shall be notified of the
8 reduction in force as soon as practicable, and in any event, no less than 30 days prior
9 to the effective date of the reduction in force.
10 (a2) The State Personnel Commission shall adopt rules to provide that priority
11 consideration for State employees separated from State employment as the result of
12 reductions in force is to enable a State employee's return to career service at a salary
13 grade and salary rate equal to that held in the most recent position. The State
14 Personnel Commission shall provide that a State employee who:
15 (1) Accepts a position at the same salary grade shall be paid at the
16 same salary rate as the employee's previous position.
17 (2) Accepts a position at a lower salary grade than the employee's
18 previous position shall be paid at the same rate as the previous
19 position unless the salary rate exceeds the maximum of the new
20 salary grade. When the salary rate exceeds the maximum of the
21 salary grade, the employee's new salary rate shall be reduced to
22 the maximum of the new salary grade.
23 (b) Subsection (a) of this section does not apply to vacancies which must be filled
24 immediately to prevent work stoppage or the protection of the public health, safety,
25 or security.
26 (c) If a State employee subject to this section:
27 (1) Applies for another position of State employment that would
28 constitute a promotion and;
29 (2) Has substantially equal qualifications as an applicant who is not a
30 State employee
31 then the State employee shall receive priority consideration over the applicant who is
32 not a State employee. This priority consideration shall not apply when the only
33 applicants considered for the vacancy are current State employees.
34 (c1) If a State employee who has been separated due to reduction in force or who
35 has been given notice of imminent separation due to reduction in force:
36 (1) Applies for another position of State employment equal to or
37 lower in salary grade than the position held by the employee at the
38 time of notification or separation; and
39 (2) Is determined qualified for that position
40 then within all State agencies, the State employee shall receive priority consideration
41 over all other applicants but shall receive equal consideration with other applicants
42 who are current State employees not affected by the reduction in force. This priority
43 shall remain in effect for a period of 12 months from the date the employee receives
44 notification of separation by reduction in force. State employees separated due to
45 reduction in force shall receive higher priority than other applicants with
46 employment or reemployment priorities, except that the reemployment priority
47 created by G.S. 126-5(e)(1) shall be considered as equal. The reduction-in-force
48 priority created by this subsection shall be administered in accordance with rules
49 promulgated by the State Personnel Commission.
50 (c2) If the applicants for reemployment for a position include current State
51 employees, a State employee with more than 10 years of service shall receive priority
52 consideration over a State employee having less than 10 years of service in the same
53 or related position classification. This reemployment priority shall be given by all

1 State departments, agencies, and institutions with regard to positions subject to this
2 Chapter.

3 (d) 'Qualifications' within the meaning of subsection (c) of this section shall
4 consist of:

- 5 (1) Training or education;
- 6 (2) Years of experience; and
- 7 (3) Other skills, knowledge, and abilities that bear a reasonable
8 functional relationship to the abilities and skills required in the job
9 vacancy applied for.

10 (e) Each State agency, department, and institution is encouraged to hire into State
11 government employment qualified applicants who are current or former Work First
12 program participants."

13 Section 11A.8. Chapter 108A of the General Statutes is amended by
14 adding a new section to read:

15 **"§ 108A-29.1. Substance abuse treatment required; drug testing for Work First**
16 **Program recipients.**

17 (a) Each applicant or current recipient of Work First Program benefits,
18 determined by a Qualified Substance Abuse Professional (QSAP) or by a physician
19 certified by the American Society of Addiction Medicine (ASAM) to be addicted to
20 alcohol or drugs and to be in need of professional substance abuse treatment services
21 shall be required, as part of the person's MRA and as a condition to receiving Work
22 First Program benefits, to participate satisfactorily in an individualized plan of
23 treatment in an appropriate treatment program. As a mandatory program component
24 of participation in an addiction treatment program, each applicant or current
25 recipient shall be required to submit to an approved, reliable, and professionally
26 administered regime of testing for presence of alcohol or drugs, without advance
27 notice, during and after participation, in accordance with the addiction treatment
28 program's individualized plan of treatment, follow-up, and continuing care services
29 for the applicant or current recipient.

30 (b) An applicant or current recipient who fails to comply with any requirement
31 imposed pursuant to this section shall not be eligible for benefits or shall be subject to
32 the termination of benefits, but shall be considered to be receiving benefits for
33 purposes of determining eligibility for medical assistance.

34 (c) The children of any applicant or current recipient shall remain eligible for
35 benefits, and these benefits shall be paid to a protective payee pursuant to G.S. 108A-
36 38.

37 (d) An applicant or current recipient shall not be regarded as failing to comply
38 with the requirements of this section if an appropriate drug or alcohol treatment
39 program is unavailable.

40 (e) Area mental health authorities organized pursuant to Article 4 of Chapter
41 122C of the General Statutes shall be responsible for administering the provisions of
42 this section.

43 (f) The requirements of this section may be waived or modified as necessary in
44 the case of individual applicants or recipients to the degree necessary to comply with
45 Medicaid eligibility provisions."

46 Section 11A.8.1. G.S. 108A-31 reads as rewritten:

47 **"§108A-31. Application for assistance.**

48 Any person or his representative who believes that he or another the person is
49 eligible to receive aid to families with dependent children Work First Program
50 assistance may apply for assistance to the county department of social services in the
51 county in which the applicant person resides; resides, or, in the case of residents of
52 Electing Counties, to the public or private entity designated by the board of county
53 commissioners.

1 ~~It shall be made in such form and shall contain such information as the Social~~
2 ~~Services Commission and federal regulations may require. Counties shall record~~
3 ~~inquiries for and accept applications from all persons requesting to apply for Work~~
4 ~~First Program assistance. Counties shall process applications in a reasonable and~~
5 ~~timely manner."~~

6 Section 11A.9. G.S. 108A-38 reads as rewritten:

7 "**§ 108A-38. Protective and vendor payments.**

8 ~~Instead of the use of personal representatives provided for by G.S. 108A-37, when~~
9 ~~When necessary to comply with any present or future federal law or regulation in~~
10 ~~order to obtain federal participation in public assistance payments, the payments may~~
11 ~~be made direct to vendors to reimburse them for goods and services provided the~~
12 ~~applicants or recipients, and may be made to protective payees who shall act for the~~
13 ~~applicant or recipient for receiving and managing assistance. Payments to vendors~~
14 ~~and protective payees shall be made to the extent provided in, and in accordance~~
15 ~~with, rules and regulations of the Social Services Commission or the Department,~~
16 ~~which rules and regulations shall be subject to applicable federal laws and~~
17 ~~regulations."~~

18 Section 11A.9.1. (a) G.S. 108A-39.1 reads as rewritten:

19 "**§ 108A-39.1. AFDC Emergency Assistance Cash Program.**

20 ~~The Social Services Commission shall adopt rules to implement cash assistance~~
21 ~~and services components of the Aid to Families with Dependent Children Emergency~~
22 ~~Assistance (AFDC-EA) the Emergency Assistance Cash Program. Effective November~~
23 ~~1, 1986, November 1, 1997, the Department of Human Resources, Division of Social~~
24 ~~Services, shall provide cash assistance to families whose family income does not~~
25 ~~exceed one hundred ten percent (110%) of the current federal poverty level as~~
26 ~~established by the U. S. Secretary of Health and Human Services and published~~
27 ~~annually in the Federal Register. Annual cash assistance shall not exceed three~~
28 ~~hundred dollars (\$300.00). State appropriations made for the nonfederal share of~~
29 ~~Emergency Assistance services and cash benefits shall not exceed a rate of fifty~~
30 ~~percent (50%) of the nonfederal share. For cash benefits authorized by any agency,~~
31 ~~the nonfederal share of the benefit shall be paid at a rate of fifty percent (50%) State~~
32 ~~funds and fifty percent (50%) county or other local funds. For cash benefits~~
33 ~~authorized by any State or local agency other than a county department of social~~
34 ~~services, the Department of Human Resources may assess the county for fifty percent~~
35 ~~(50%) of the nonfederal share of cash benefits authorized. For services benefits~~
36 ~~authorized by any agency, the nonfederal share of the benefit shall be paid by that~~
37 ~~agency entirely from county appropriations or other available public or private funds.~~
38 ~~Federal reimbursements earned through participation in this Program shall be paid to~~
39 ~~the participants in proportion to their payment of the nonfederal share. Time limits~~
40 ~~and work requirements shall not apply to families due to the receipt of Emergency~~
41 ~~Assistance Cash, and those families shall not be counted as part of the federal work~~
42 ~~requirements quotient, except to the extent required by federal law, rule, or~~
43 ~~regulation."~~

44 (b) Funding for the Emergency Assistance Cash Program shall be
45 included in the county block grants for the Work First Program.

46 Section 11A.10. G.S. 108A-49 reads as rewritten:

47 "**§ 108A-49. Foster care and adoption assistance payments.**

48 (a) Benefits in the form of foster care assistance shall be granted in accordance
49 with the rules and regulations of the Social Services Commission to any dependent
50 child who is would have been eligible to receive AFDC Aid to Families with
51 Dependent Children (as that program was in effect on June 1, 1995), but for his or
52 her removal from the home of a specified relative for placement in a foster care

1 facility; provided, that the child's placement and care is the responsibility of a county
2 department of social services.

3 (b) Adoption assistance payments for certain adoptive children shall be granted in
4 accordance with the rules ~~and regulations~~ of the Social Services Commission to
5 adoptive parents who adopt a child eligible to receive foster care maintenance
6 payments or supplemental security income benefits; provided, that the child cannot
7 be returned to his or her parents; and provided, that the child has special needs
8 which create a financial barrier to adoption.

9 (c) The Department is authorized to use available federal payments to states under
10 Title IV-E of the Social Security Act for foster care and adoption assistance
11 payments."

12 Section 11A.11. G.S. 108A-58 reads as rewritten:

13 "**§ 108A-58. Transfer of property for purposes of qualifying for medical assistance;**
14 **periods of ineligibility.**

15 (a) Any person, otherwise eligible, who, either while receiving medical assistance
16 benefits or within one year prior to the date of applying for medical assistance
17 benefits, unless some other time period is mandated by controlling federal law, sells,
18 gives, assigns or transfers countable real or personal property or an interest ~~therein,~~
19 ~~either by himself or through his legal representative,~~ in real or personal property
20 for the purpose of retaining or establishing eligibility for medical assistance benefits, shall
21 be ineligible to receive medical assistance benefits ~~thereafter~~ as set forth in subsection
22 (c) of this section.

23 Countable real and personal property includes real property, excluding a homesite,
24 intangible personal property, nonessential motor and recreational vehicles,
25 nonincome producing business equipment, boats and motors. The provisions of this
26 act shall not apply to the sale, gift, assignment or transfer of real or personal property
27 if and to the extent that the person applying for medical assistance would have been
28 eligible for such assistance notwithstanding ownership of such property or an interest
29 therein.

30 (b) Any sale, gift, assignment or transfer of real or personal property or an interest
31 ~~therein, in real or personal property,~~ as provided in subsection (a) of this section,
32 shall be presumed to have been made for the purpose of retaining or establishing
33 eligibility for medical assistance benefits unless the person, or ~~his~~ the person's legal
34 representative, who sells, gives, assigns or transfers the property or interest, receives
35 valuable consideration at least equal to the fair market value, less encumbrances, of
36 the property or interest.

37 (c) Any person ~~who, by himself or through his legal representative,~~ who sells,
38 gives, assigns or transfers real or personal property or an interest ~~therein~~ in real or
39 personal property for the purpose of retaining or establishing eligibility for medical
40 assistance benefits, as provided in subsection (a) of this section, ~~shall~~ shall, after the
41 time of transfer, be ineligible to receive these benefits ~~thereafter~~ until an amount
42 equal to the uncompensated value of the property or interest has been expended by
43 or on behalf of the person for ~~his~~ the person's maintenance and support, including
44 medical expenses, paid or incurred, or shall be ineligible in accordance with the
45 following schedule, whichever is sooner:

- 46 (1) For uncompensated value of at least one thousand dollars (\$1,000)
47 but not more than six thousand dollars (\$6,000), a one-year period
48 of ineligibility from date of sale, gift, assignment or transfer;
49 (2) For uncompensated value of more than six thousand dollars
50 (\$6,000) but not more than twelve thousand dollars (\$12,000), a
51 two-year period of ineligibility from date of sale, gift, assignment or
52 transfer;

(3) For uncompensated value of more than twelve thousand dollars (\$12,000), a two-year period of ineligibility from date of sale, gift, assignment or transfer, plus one additional month of ineligibility for each five hundred dollar (\$500.00) increment or portion thereof by which the uncompensated value exceeds twelve thousand dollars (\$12,000), but in no event to exceed three years.

(d) The sale, gift, assignment or transfer for a consideration less than fair market value, less encumbrances, of any tangible personal property which was acquired with the proceeds of sale, assignment or transfer of real or intangible personal property described in subsection (a) of this section or in exchange for such real or intangible personal property shall be presumed to have been for the purpose of evading the provisions of this section if the acquisition and sale, gift, assignment or transfer of the tangible personal property is by or on behalf of a person receiving medical assistance or within one year of making application for such assistance and the consequences of the sale, gift, assignment or transfer of such tangible personal property shall be determined under the provisions of subsections (c), (f) and (g) of this section.

(e) The presumptions created by subsections (b) and (d) may be overcome if the person receiving or applying for medical assistance, or ~~his~~ the person's legal representative, establishes by the greater weight of the evidence that the sale, gift, assignment or transfer was exclusively for some purpose other than retaining or establishing eligibility for medical assistance benefits.

(f) For the purpose of establishing uncompensated value under subsection (c), the value of property or an interest therein shall be the fair market value of the property or interest at the time of the sale, gift, assignment or transfer, less the amount of compensation, if any, received for the property or interest. There shall be a rebuttable presumption that the fair market value of real property is the most recent property tax value of the property, as ascertained according to Subchapter II of Chapter 105 of the General Statutes. Fair market value for purpose of this subsection shall be such value, determined as above set out, less any legally enforceable encumbrances to which the property is subject.

(g) In the event that there is more than one sale, gift, assignment or transfer of property or an interest therein by a person receiving medical assistance or within one year of the date of an application for medical assistance, unless some other time period is mandated by controlling federal law, the uncompensated value, for the purposes of subsection (c), shall be the aggregate uncompensated value of all sales, gifts, assignments and transfers. The date which is the midpoint between the date of the first and last sale, gift, assignment or transfer shall be the date from which the period of ineligibility shall be determined under subsection (c).

(h) This section shall not apply to applicants for or recipients of ~~aid to families with dependent children~~ Work First Family Assistance or to persons entitled to medical assistance by virtue of their eligibility for ~~aid to families with dependent children~~ Work First Family Assistance.

(i) This section shall apply only to transfers made before July 1, 1988."

Section 11A.12. G.S. 108A-80 reads as rewritten:

"§ 108A-80. Confidentiality of records.

(a) Except as provided in (b) below, it shall be unlawful for any person to obtain, disclose or use, or to authorize, permit, or acquiesce in the use of any list of names or other information concerning persons applying for or receiving public assistance or social services that may be directly or indirectly derived from the records, files or communications of the Department or the county boards of social services, or county departments of social services or acquired in the course of performing official duties except for the purposes directly connected with the administration of the programs of public assistance and social services in accordance with federal law, rules and

1 ~~regulations and regulations, and the rules and regulations~~ of the Social Services
2 Commission or the Department.

3 (b) ~~The Department~~ Each county shall furnish a copy of the recipient check
4 register monthly to ~~each its~~ county auditor showing a complete list of all recipients of
5 ~~Aid To Families with Dependent Children~~ Work First Family Assistance and
6 State-County Special Assistance for Adults, their addresses, and the amounts of the
7 monthly grants. This register shall be a public record open to public inspection
8 during the regular office hours of the county auditor, but said register or the
9 information contained therein may not be used for any commercial or political
10 purpose. Any violation of this section shall constitute a Class 1 misdemeanor.

11 (c) Any listing of recipients of benefits under any public assistance or social
12 services program compiled by or used for official purposes by a county board of
13 social services or a county department of social services shall not be used as a mailing
14 list for political purposes. This prohibition shall apply to any list of recipients of
15 benefits of any federal, State, county or mixed public assistance or social services
16 program. Further, this prohibition shall apply to the use of such listing by any
17 person, organization, corporation, or business, including but not limited to public
18 officers or employees of federal, State, county, or other local governments, as a
19 mailing list for political purposes. Any violation of this section shall be punishable as
20 a Class 1 misdemeanor.

21 (d) The Social Services Commission ~~shall have the authority to~~ may adopt rules
22 ~~and regulations~~ governing access to case files for social services and public assistance
23 programs, except the Medical Assistance Program. The Secretary of the Department
24 of Human Resources shall have the authority to adopt rules ~~and regulations~~
25 governing access to medical assistance case files."

26 Section 11A.12.1. Chapter 143 of the General Statutes is amended by
27 adding a new section to read:

28 "**§ 143-15.3C. Work First Reserve Fund.**

29 (a) The State Controller shall establish a restricted reserve in the General Fund to
30 be known as the Work First Reserve Fund. At the end of each fiscal year, the State
31 Controller shall reserve State funds into this reserve in an amount equalling one-
32 fourth of any Work First Program funds from State General Fund appropriations
33 remaining unexpended at the end of the fiscal year, up to a maximum balance in the
34 account of fifty million dollars (\$50,000,000). The General Assembly may
35 appropriate additional funds into this reserve.

36 (b) Funds in the Work First Reserve Fund shall be used only for the purposes
37 described in Title IV of the Social Security Act.

38 (c) The Director of the Budget shall report to the Joint Legislative Commission on
39 Governmental Operations and the House and Senate Appropriations Subcommittees
40 on Human Resources prior to using the funds described in subsection (a) of this
41 section."

42 Section 11A.13. G.S. 153A-255 reads as rewritten:

43 "**§ 153A-255. Authority to provide social service programs.**

44 Each county shall provide social service programs pursuant to Chapter 108A and
45 Chapter 111 and may otherwise undertake, sponsor, organize, engage in, and support
46 other social service programs intended to further the health, welfare, education,
47 employment, safety, comfort, and convenience of its citizens."

48 Section 11A.14. G.S. 108A-28, 108A-28.1, 108A-30, 108A-32, 108A-33,
49 108A-34, 108A-35, and 108A-92 are repealed.

50 Section 11A.15. Article 12G of Chapter 120 of the General Statutes is
51 repealed.

1 Section 11A.16. (a) The Department of Labor, in conjunction with the
2 Department of Human Resources, shall establish a pilot project creating Individual
3 Development Accounts (IDA) to assist working families.

4 (b) Of the funds appropriated in this act to the Department of Labor, the
5 sum of three hundred thousand dollars (\$300,000) for the 1997-98 fiscal year and the
6 sum of three hundred thousand dollars (\$300,000) for the 1998-99 fiscal year shall be
7 used to establish a pilot project creating Individual Development Accounts (IDA) to:

8 (1) Provide individuals and families, especially the underemployed, an
9 opportunity and an incentive to accumulate assets.

10 (2) Promote investments in education, homeownership, and
11 microenterprise development.

12 (3) Demonstrate that household savings strategies, such as the
13 development of IDAs, can be a powerful strategy for assisting
14 working persons and families to achieve long-term self-sufficiency.

15 (4) Utilize and build comprehensive community partnerships that
16 support asset building in low-wealth communities.

17 (c) The funds allocated in this section shall be made available to serve as
18 matching funds for personal savings of qualified participants selected to participate in
19 a multiyear demonstration to last not more than five years. Other expenses of the
20 demonstration, including training, technical assistance, evaluation, and other program
21 and administrative expenses, shall be covered from other public and private sources.
22 Matching funds provided from the funds allocated in this section may be used by
23 qualified participants for home purchase, investment in a business or self-employment
24 venture owned by the participant, or costs of postsecondary education or training for
25 the participant. Participants shall not be restricted as to the amounts or sources of
26 funds deposited in the account, but in order to create the incentive for continued
27 savings, only savings from earned income will qualify for State matching funds. Tax
28 return reports of earned income shall be used to verify compliance. Funds contained
29 in Individual Development Accounts shall not be counted as assets in the Work First
30 Program.

31 Section 11A.17. (a) Notwithstanding any other provision of law,
32 beginning October 1, 1997, each county shall dedicate the full return to the county
33 for AFDC and Work First Cash Assistance benefit amount that was determined
34 fraudulent and recovered by that county pursuant to the AFDC Fraud Control
35 Program to enhance and improve program integrity.

36 (b) The return to the county shall be determined as follows:

37 (1) For collections relative to AFDC or Work First cash assistance
38 payments made prior to January 1, 1997, the return shall be equal
39 to the county's distributive share and one-half of the State's
40 distributive share of the total AFDC and Work First cash
41 assistance benefits recovered.

42 (2) For collections relative to Work First cash assistance benefits paid
43 on or after January 1, 1997, the return shall be equal to seventy-
44 five percent (75%) of the total amount recovered.

45 Section 11A.18. (a) There is established a Joint Legislative Public
46 Assistance Commission. The Joint Legislative Public Assistance Commission shall
47 perform the duties and functions provided in this Part, shall monitor implementation
48 of the provisions of this Part relating to Electing Counties and shall make any
49 necessary recommendations to the General Assembly regarding any further changes
50 to law or rule for Electing Counties. The Speaker of the House of Representatives
51 shall appoint 10 members, two of whom shall be cochair, and the President Pro
52 Tempore of the Senate shall appoint 10 members, two of whom shall be cochair.

1 The Joint Legislative Public Assistance Commission shall first convene within 30 days
2 after this act becomes law.

3 (b) The Department shall report any changes made to the State Plan to
4 the Joint Legislative Public Assistance Commission within 60 days after the change.

5 (c) Of the funds appropriated in this act to the General Assembly, the
6 sum of forty thousand dollars (\$40,000) for the 1997-98 fiscal year and the sum of
7 forty thousand dollars (\$40,000) for the 1998-99 fiscal year shall be used for the Joint
8 Legislative Public Assistance Commission.

9 Section 11A.19. The Legislative Research Commission may study issues
10 relating to the Medical Assistance Program and the State-County Special Assistance
11 Program, including the following: the need for further restrictions and longer periods
12 of disqualification for the transfer of property for purposes of qualifying for medical
13 assistance and State-County Special Assistance, and appropriate recovery from
14 recipient estates of benefits paid by the Medical Assistance Program and the State-
15 County Special Assistance Program. The Legislative Research Commission may
16 report the results of its study, along with any legislative proposals and cost analyses,
17 to the 1998 General Assembly.

18 Section 11A.20. (a) Counties desiring to be designated as Electing
19 Counties shall submit a request in writing to the Department of Human Resources
20 not later than September 30, 1997. The Department shall notify Electing Counties
21 not later than October 31, 1997. The Department shall establish a timetable for
22 submission of Electing County Plans that will allow Electing Counties to select an
23 effective date for their programs on or after January 1, 1998. The General Assembly
24 may, at its discretion, increase or decrease the number of Electing Counties the
25 Department may designate.

26 (b) The final State Plan submitted to the General Assembly by the Department of
27 Human Resources in the 1997 Regular Session is approved for the 1997-99 biennium
28 for the Standard Work First Program. The Department is authorized and directed to
29 modify the Plan to encompass the Electing County provisions of this Part, and to
30 make such submissions as necessary to federal authorities to implement this Part.

31 (c) Utilizing Government Auditing Standards issued by the Comptroller General
32 of the United States, an independent evaluator shall evaluate the operation of the
33 Work First Program in the Department and in the Electing Counties, based on
34 criteria established by the State Auditor in consultation with the Department and the
35 Electing Counties. The evaluation shall include a review of the Electing Counties'
36 methodologies and the impact of those methodologies upon the Work First Program.
37 The independent evaluator shall present a report of the findings to the 2000 General
38 Assembly. The Department shall select the independent evaluator to perform the
39 evaluation. The report shall include the following:

- 40 (1) Whether the Electing County/Standard Program County system
41 should be continued or modified, and the rational for the
42 recommendation;
- 43 (2) Five year projections as to the impact of continuing the Electing
44 County/Standard Program County system, based on anticipated
45 outcome measures related to child well being, economic data, and
46 other means of measuring the success of the system;
- 47 (3) Whether the numbers of Electing Counties should be expanded
48 and under what conditions.

49 Any Electing County may elect to contract for its own independent evaluation.
50 Any Electing County that elects to contract for its own independent evaluation shall
51 submit a report of its evaluation to the Department for inclusion in the report
52 described in this subsection. The report shall be presented to the House and Senate
53 Appropriations Subcommittees on Human Resources, the Joint Legislative Public

1 Assistance Commission, and the Joint Legislative Commission on Governmental
2 Operations on or before February 1, 2000.

3 (d) The Department of Human Resources shall study the movement of
4 recipients of Work First Program assistance between counties within the State,
5 particularly the movement of recipients into and out of Electing Counties, and the
6 reasons for movement, including differences in eligibility criteria, benefit levels, and
7 time limits. The Department shall report the results of its study to the House and
8 Senate Appropriations Subcommittees on Human Resources, the Joint Legislative
9 Public Assistance Commission, and the Joint Legislative Commission on
10 Governmental Operations on or before February 1, 2000.

11 Section 11A.21. (a) Article 1 of Chapter 114 of the General Statutes is
12 amended by adding the following new sections to read:

13 **"§ 114-40. Inspector General.**

14 (a) The Office of Inspector General is established in the Department of Justice to
15 provide a central point for coordination of and responsibility for activities related to
16 the detection, prosecution, and prevention of fraud, abuse, and waste in means-tested
17 public assistance programs. The Office of Inspector General is designated as the
18 State Law Enforcement Bureau (SLEB) to take custody and control of food stamps
19 from the federal Food and Consumer Service to make them available to nonfederal
20 law enforcement and investigative agencies to conduct criminal and food stamp
21 program violation investigations.

22 (b) It shall be the duty and responsibility of the Inspector General to:

- 23 (1) Receive complaints and information concerning alleged fraud,
24 abuse, and waste in means-tested public assistance programs.
- 25 (2) Investigate complaints and information concerning alleged fraud,
26 abuse, and waste in means-tested public assistance programs.
- 27 (3) Review the activities performed in the Department of Human
28 Resources, Division of Medical Assistance and Division of Social
29 Services relating to fraud, abuse, and waste in means-tested public
30 assistance programs.
- 31 (4) Coordinate fraud, abuse, and waste detection, prosecution, and
32 prevention activities between local program integrity workers, local
33 District Attorney's offices and the State.
- 34 (5) Keep the Secretary of Human Resources informed concerning
35 fraud, abuse, waste, and deficiencies relating to means-tested public
36 assistance programs administered or financed by the Department of
37 Human Resources, recommend corrective action concerning fraud,
38 abuse, waste, and deficiencies, and report on the progress made in
39 implementing corrective action.
- 40 (6) Ensure effective coordination and cooperation between the State
41 Auditor, federal auditors, the Departmental Internal Auditor and
42 other governmental bodies in activities relating to means-tested
43 public assistance programs with a view toward avoiding
44 duplication.

45 (c) The Inspector General shall be appointed by the Attorney General and shall
46 report to a designated official in the Attorney General's Office. The Inspector
47 General shall be appointed without regard to political affiliation.

48 (d) The Inspector General may be removed from office by the Attorney General.

49 (e) The Inspector General shall have access to any records, data, and other
50 information of the Department of Human Resources and local county agencies the
51 Inspector General finds necessary to carry out the Inspector General's duties. The
52 Inspector General may request any information or assistance necessary from the
53 Department or from any federal, State, or local government entity.

1 "§ 114-41. Inspector General -- Investigations.

2 (a) In carrying out the investigative duties and responsibilities specified in this
3 section, the Inspector General may initiate, conduct, supervise, and coordinate
4 investigations designed to detect, prevent, and eradicate fraud, abuse, and waste in
5 means-tested public assistance programs. For these purposes, the Inspector General
6 may:

- 7 (1) Receive and consider complaints and conduct, supervise, or
8 coordinate such inquiries, investigations, or reviews as the
9 Inspector General finds appropriate.
- 10 (2) Establish policies and standards for the investigation, detection,
11 and elimination of fraud and abuse in the means-tested public
12 assistance programs.
- 13 (3) Establish and coordinate training programs for local and State
14 program integrity workers to improve detection, prevention, and
15 elimination of fraud and abuse.
- 16 (4) Provide assistance to the federal government aimed at eliminating
17 food stamp violations.
- 18 (5) Report expeditiously to the State Bureau of Investigation or other
19 law enforcement agencies, as appropriate, whenever the Inspector
20 General has reasonable grounds to believe there has been a
21 violation of criminal law.
- 22 (6) Conduct investigations and other inquiries free of actual or
23 perceived impairment to the independence of the Inspector
24 General or the Inspector General's office. This shall include
25 freedom from any interference with investigations and timely
26 access to records and other sources of information.
- 27 (7) Submit in a timely fashion final reports on investigations
28 conducted by the Inspector General to the Attorney General.

29 (b) The Inspector General shall, not later than September 30 of each year,
30 prepare an annual report summarizing the activities of the Inspector General during
31 the immediately preceding State fiscal year. The final report shall be furnished to the
32 Attorney General. The report shall include, but need not be limited to, a summary
33 of investigation activities.

34 (c) The refusal of a third party to cooperate shall not affect the eligibility of an
35 initial applicant to receive public assistance."

36 "(b) Article 3 of Chapter 143B of the General Statutes is amended by adding a
37 new Part to read:

38 "Part 31. Office of Internal Auditor.

39 "§ 143B-216.50. Department of Human Resources - Office of the Internal Auditor.

40 (a) The Office of Internal Auditor in the Department of Human Resources shall
41 provide independent reviews and analysis of various functions and programs within
42 the Department that will provide management information to promote accountability,
43 integrity and efficiency.

44 (b) It shall be the duty and responsibility of the Internal Auditor to:

- 45 (1) Ensure the reliability and validity of performance measures and the
46 information provided by the Department on performance measures
47 and standards and make recommendations for improvement, if
48 necessary.
- 49 (2) Review the actions taken by the Department of Human Resources
50 to improve program performance and meet program standards and
51 make recommendations for improvement, if necessary.

- (3) Provide direction for, supervise, and coordinate audits, investigations, and management reviews relating to programs and operations of the Department.
- (4) Conduct independent analyses of programs carried out or financed by the Department of Human Resources for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting, waste, mismanagement, misconduct, fraud, and abuse in its programs and operations.
- (5) Keep the Secretary of the Department of Human Resources informed concerning fraud, abuses, and deficiencies relating to programs and operations administered or financed by the Department of Human Resources, recommend corrective action concerning fraud, abuses, and deficiencies, and report on the progress made in implementing corrective action.
- (6) Ensure effective coordination and cooperation between the State Auditor, federal auditors, and other governmental bodies with a view toward avoiding duplication.
- (7) Ensure that an appropriate balance is maintained between audit, investigative, and other accountability activities.

(c) The Internal Auditor shall be appointed by the Secretary and shall report to an official designated by the Secretary. The Internal Auditor shall be appointed without regard to political affiliation.

(d) The Internal Auditor shall have access to any records, data, and other information of the Department the Internal Auditor finds necessary to carry out the Internal Auditor's duties.

"§ 143B-216.51. Department of Human Resources Office of the Internal Auditor -- Department Audits.

(a) To ensure that Department audits are performed in accordance with applicable auditing standards, the Internal Auditor shall possess the qualifications required in State personnel specifications. The Internal Auditor shall, to the extent both necessary and practicable, include on the Internal Auditor's staff individuals with electronic data processing auditing experience.

(b) In carrying out the auditing duties and responsibilities of this Part, the Internal Auditor shall review and evaluate internal controls necessary to ensure the fiscal accountability of the Department. The Internal Auditor shall conduct financial, compliance, electronic data processing, and performance audits of the Department and prepare audit reports of findings. The scope and assignment of the audits shall be determined by the Internal Auditor; however, the Secretary may at any time direct the Internal Auditor to perform an audit of a special program, function, or organizational unit. The performance of the audit shall be under the direction of the Internal Auditor.

(c) Audits undertaken pursuant to this Part shall be conducted in accordance with Government Auditing Standards prescribed by the United States General Accounting Office. All audit reports issued by internal audit staff shall include a statement that the audit was conducted pursuant to these standards.

(d) The Internal Auditor shall maintain for 10 years a complete file of all audit reports and reports and reports of other examinations, investigations, surveys, and reviews issued under the Internal Auditor's authority. Audit work papers and other evidence and related supportive material directly pertaining to the work of the Internal Auditor shall be retained according to an agreement between the Internal Auditor and State Archives. To promote cooperation and avoid unnecessary duplication of audit effort, audit work papers related to issued audit reports shall be, unless otherwise prohibited by law, made available for inspection by duly authorized

1 representatives of the State and federal government in connection with some matter
2 officially before them. Except as provided above, or upon subpoena issued by a duly
3 authorized court or court official, audit work papers shall be kept confidential.
4 Reports shall be public records to the extent that they do not include information
5 which, under the laws of these the State, is confidential and exempt from Chapter
6 132 of the General Statutes or would compromise security systems of the Department.

7 (e) The Internal Auditor shall submit the final report to the Secretary.

8 (f) The State Auditor shall review a sample of the Department's internal audit
9 reports and related work papers when determined by the State Auditor that, when
10 conducting audits, it would be efficient to consider the work of the internal auditors.
11 If the State Auditor finds deficiencies in the work of the internal auditors, the State
12 Auditor shall include a statement of this findings in the audit report of the
13 Department. The Office of the Internal Auditor will cause to be made an external
14 quality control review at least once every three years by a qualified organization not
15 affiliated with the Office of the Internal Auditor. The external quality review should
16 determine whether the Department's internal quality control system is in place and
17 operating effectively to provide reasonable assurance that established policies and
18 procedures and applicable audit standards are being followed.

19 (g) The Internal Auditor shall monitor the implementation of the Department's
20 response to any audit of the Department conducted by the State Auditor pursuant to
21 law. No later than six months after the State Auditor publishes a report of the audit
22 of the Department, the Internal Auditor shall report to the Secretary on the status of
23 corrective actions taken. A copy of the report shall be filed with the Joint Legislative
24 Commission on Governmental Operations.

25 (h) The Internal Auditor shall develop long-term and annual audit plans based on
26 the findings of periodic risk assessments. The plan, where appropriate, should
27 include postaudit samplings of payments and accounts. The plan shall show the
28 individual audits to be conducted during each year and related resources to be
29 devoted to the respective audits. The State Controller may utilized audits performed
30 by the Internal Auditor. The plan shall be submitted to the Secretary for approval.
31 A copy of the approved plan shall be submitted to the State Auditor."

32 (c) The Attorney General and the Department of Human Resources shall
33 immediately proceed with the implementation of this section, including proceeding
34 with all actions necessary to establish a State Law Enforcement Bureau (SLEB)
35 program for food stamps in the State.

36
37 **SUBPART B. STATUTORY TECHNICAL AND CONFORMING CHANGES**
38 **RELATING TO ENACTMENT OF THE WORK FIRST PROGRAM.**
39

40 Section 11A.22. G.S. 1-110(a) reads as rewritten:

41 "(a) Subject to the provisions of subsection (b) of this section with respect to
42 prison inmates, any superior or district court judge or clerk of the superior court may
43 authorize a person to sue as an indigent in their respective courts when the person
44 makes affidavit that he or she is unable to advance the required court costs. The clerk
45 of superior court shall authorize a person to sue as an indigent if the person makes
46 the required affidavit and meets one or more of the following criteria:

- 47 (1) Receives food stamps.
48 (2) Receives ~~Aid to Families with Dependent Children (AFDC)~~. Work
49 First Family Assistance.
50 (3) Receives Supplemental Security Income (SSI).
51 (4) Is represented by a legal services organization that has as its
52 primary purpose the furnishing of legal services to indigent
53 persons.

- 1 i. The State Board of Community Colleges through
2 community colleges as enabled by Chapter 115D in the
3 conduct of their financial affairs and operations;
4 j. State facilities as listed in G.S. 122C-181(a), School for the
5 Deaf at Morganton, North Carolina Sanatorium at McCain,
6 Western Carolina Sanatorium at Black Mountain, Eastern
7 North Carolina Sanatorium at Wilson, and Gravelly
8 Sanatorium at Chapel Hill under Chapter 143, Article 7;
9 Governor Morehead School under Chapter 115, Article 40;
10 Central North Carolina School for the Deaf under Chapter
11 115, Article 41; Wright School for Treatment and Education
12 of Emotionally Disturbed Children under Chapter 122C;
13 and these same institutions by any other names by which
14 they may be known in the future;
15 k. The North Carolina Department of Revenue;
16 l. The Administrative Office of the Courts;
17 m. The Division of Forest Resources of the Department of
18 Environment, Health, and Natural Resources;
19 n. The Administrator of the Teachers' and State Employees'
20 Comprehensive Major Medical Plan, established in Article 3
21 of General Statutes Chapter 135;
22 o. The State Board of Education through the Superintendent
23 of Public Instruction when in the performance of his duties
24 of administering the Scholarship Loan Fund for Prospective
25 Teachers enabled by Chapter 115C, Article 32A and the
26 scholarship loan and grant programs enabled by Chapter
27 115C, Article 24C, Part 1;
28 p. The Board of Trustees of the Teachers' and State
29 Employees' Retirement System and the Board of Trustees of
30 the Local Governmental Employees' Retirement System in
31 the performance of their duties pursuant to Chapters 120,
32 128, 135 and 143 of the General Statutes;
33 q. The North Carolina Teaching Fellows Commission in the
34 performance of its duties pursuant to Chapter 115C, Article
35 24C, Part 2;
36 r. The North Carolina Department of Human Resources when
37 in the performance of its collection duties for intentional
38 program violations and violations due to inadvertent
39 household error under the Food Stamp Program enabled by
40 Chapter 108A, Article 2, Part 5, and any county operating
41 the same Program at the local level, when and only to the
42 extent such a county is in the performance of Food Stamp
43 Program collection functions.
44 The North Carolina Department of Human Resources
45 when, in the performance of its duties under the ~~Aid to~~
46 ~~Families with Dependent Children Program or the Aid to~~
47 ~~Families with Dependent Children -- Emergency Assistance~~
48 ~~Program provided in Part 2 of Article 2 of Chapter 108A or~~
49 ~~the Work First Cash Assistance Program established~~
50 ~~pursuant to the federal waivers received by the Department~~
51 ~~on February 5, 1996, Work First Program provided in Part 2~~
52 ~~of Article 2 of Chapter 108A of the General Statutes, or~~
53 under the State-County Special Assistance for Adults

Program provided in Part 3 of Article 2 of Chapter 108A, it seeks to collect public assistance payments obtained through an intentional false statement, intentional misrepresentation, intentional failure to disclose a material fact, or inadvertent household error;

s. ~~The Employment Security Commission of North Carolina-
Carolina;~~

t. Any State agency in the collection of salary overpayments from former ~~employees~~; employees; or

u. The State Board of Education through the Superintendent of Public Instruction when in the performance of his duties of administering the program under which the State encourages participation in the National Board for Professional Teaching Standards (NBPTS) Program, enabled by Section 19.28 of Chapter 769 of the 1993 Session Laws."

Section 11A.27. G.S. 110-129(6) reads as rewritten:

"(6) 'Disposable income' means any form of periodic payment to an individual, regardless of sources, including but not limited to wages, salary, commission, self-employment income, bonus pay, severance pay, sick pay, incentive pay, vacation pay, compensation as an independent contractor, worker's compensation, unemployment compensation benefits, disability, annuity, survivor's benefits, pension and retirement benefits, interest, dividends, rents, royalties, trust income and other similar payments, which remain after the deduction of amounts for federal, State, and local taxes, Social Security, and involuntary retirement contributions. However, Supplemental Security Income, ~~Aid for Dependent Children~~, Work First Family Assistance, and other public assistance payments shall be excluded from disposable income. For employers, disposable income means 'wage' as it is defined by G.S. 95-25.2(16). Unemployment compensation benefits shall be treated as disposable income only for the purposes of income withholding under the provisions of G.S. 110-136.4, and the amount withheld shall not exceed twenty-five percent (25%) of the unemployment compensation benefits."

Section 11A.28. G.S. 110-130.1 reads as rewritten:

"§ 110-130.1. ~~Non-AFDC~~ Non-Work First services.

(a) All child support collection and paternity determination services provided under this Article to recipients of public assistance shall be made available to any individual not receiving public assistance in accordance with federal law and as contractually authorized by the nonrecipient, upon proper application and payment of a nonrefundable application fee of ten dollars (\$10.00).

(b) Repealed by Session Laws 1989, c. 490.

(b1) In cases in which a public assistance debt which accrued pursuant to G.S. 110-135 remains unrecovered, support payments shall be transmitted to the Department of Human Resources for appropriate distribution. When services are terminated and all costs and any public assistance debts have been satisfied, the support payment shall be redirected to the client.

(c) Actions or proceedings to establish, enforce, or modify a duty of support or establish paternity as initiated under this Article shall be brought in the name of the county or State agency on behalf of the public assistance recipient or nonrecipient client. Collateral disputes between a custodial parent and noncustodial parent, involving visitation, custody and similar issues, shall be considered only in separate

1 proceedings from actions initiated under this Article. The attorney representing the
2 designated representative of programs under Title IV-D of the Social Security Act
3 shall be deemed attorney of record only for proceedings under this Article, and not
4 for the separate proceedings. No attorney/client relationship shall be considered to
5 have been created between the attorney who represents the child support
6 enforcement agency and any person by virtue of the action of the attorney in
7 providing the services required.

8 (c1) The Department is hereby authorized to use the electronic and print media
9 in attempting to locate absent and deserting parents. Due diligence must be taken to
10 ensure that the information used is accurate or has been verified. Print media shall be
11 under no obligation or duty, except that of good faith, to anyone to verify the
12 correctness of any information furnished to it by the Department or county
13 departments of social services.

14 (d) Any fee imposed by the North Carolina Department of Revenue or the
15 Secretary of the Treasury to cover their costs of withholding for ~~non-AFDC non-~~
16 Work First arrearages certified for the collection of past due support from State or
17 federal income tax refunds shall be borne by the client by deducting the fee from the
18 amount collected.

19 Any income tax refund offset amounts which are subsequently determined to have
20 been incorrectly withheld and distributed to a client, and which must be refunded by
21 the State to a responsible parent or the nondebtor spouse, shall constitute a debt to
22 the State owed by the client."

23 Section 11A.29. G.S. 111-21 reads as rewritten: •

24 "§ 111-21. Disqualifications for relief.

25 No aid to needy blind persons shall be given under the provisions of this Article to
26 any individual for any period with respect to which he is receiving aid under the laws
27 of North Carolina providing ~~aid for dependent children~~ Work First Family
28 Assistance and/or relief for the aged, and/or aid for the permanently and totally
29 disabled."

30
31 **SUBPART C. STATUTORY TECHNICAL AND CONFORMING CHANGES**
32 **RELATING TO THE ABOLISHMENT OF THE COMMISSION ON THE FAMILY.**

33
34 Section 11A.30. G.S. 143-318.14A(a) reads as rewritten:

35 "(a) Except as provided in subsection (e) below, all official meetings of
36 commissions, committees, and standing subcommittees of the General Assembly
37 (including, without limitation, joint committees and study committees), shall be held
38 in open session. For the purpose of this section, the following also shall be considered
39 to be 'commissions, committees, and standing subcommittees of the General
40 Assembly':

- 41 (1) The Legislative Research Commission;
- 42 (2) The Legislative Services Commission;
- 43 (3) The Advisory Budget Commission;
- 44 (4) The Joint Legislative Utility Review Committee;
- 45 (5) The Joint Legislative Commission on Governmental Operations;
- 46 (6) The Joint Legislative Commission on Municipal Incorporations;
- 47 (7) ~~The Commission on the Family;~~
- 48 (8) The Joint Select Committee on Low-Level Radioactive Waste;
- 49 (9) The Environmental Review Commission;
- 50 (10) The Joint Legislative Transportation Oversight Committee;
- 51 (11) The Joint Legislative Education Oversight Committee;
- 52 (12) The Joint Legislative Commission on Future Strategies for North
- 53 Carolina;

- (13) The Commission on Children with Special Needs;
- (14) The Legislative Committee on New Licensing Boards;
- (15) The Agriculture and Forestry Awareness Study Commission;
- (16) The North Carolina Study Commission on Aging; and
- (17) The standing Committees on Pensions and Retirement."

Section 11A.31. G.S. 143B-150.8 reads as rewritten:

"§ 143B-150.8. Advisory Committee on Family-Centered Services; responsibilities.

(a) The Advisory Committee on Family-Centered Services shall have the following responsibilities:

- (1) Provide guidance and advice to the Secretary in the development of a plan for the statewide implementation of an inter-agency family preservation services program whereby family-centered preservation services are available to all counties by July 1, 1995, through the coordinated efforts of the Division of Social Services, Division of Youth Services, and Division of Mental Health, Developmental Disabilities, and Substance Abuse Services.
- (2) Recommend standards for:
 - a. Oversight and development of family-centered preservation services;
 - b. Development and maintenance of inter-agency training and technical assistance in the provision of family-centered services;
 - c. Professional staff qualifications, program monitoring, and data collection;
 - d. Statewide evaluation of locally-based family preservation programs;
 - e. Coordination of funding sources for family preservation programs;
 - f. Procedures for awarding grants to local agencies providing family-centered services; and
 - g. Annual reports to the Governor and the General Assembly on the services provided and achievements of the Family Preservation Services Program.
- (3) The Committee shall submit a written report not later than May 1, 1992, and not later than October 1 of each year thereafter, to the Governor, to the Joint Legislative Commission on Governmental ~~Operations, and to the Commission on the Family. Operations.~~ The report shall address the progress in implementation of the Family Preservation Services Program. The report shall include an accounting of funds expended and anticipated funding needs for full implementation of the program. The report shall also include the following information for each county participating in the Program and for the Program as a whole:
 - a. The number of families receiving service through the Program;
 - b. The number of children at risk of placement prior to initiation of service in families receiving Program services;
 - c. Among those children in sub-subdivision b., the number of children placed in foster care, in group homes, and in other facilities outside their homes and families;
 - d. The average cost of the service provided to families under the Program;

- 1 e. The estimated cost of out-of-home placement, through foster
2 care, group homes, or other facilities, which would
3 otherwise have been expended on behalf of children at risk
4 of placement who successfully remain united with their
5 families as a result of services provided through the
6 Program. Cost estimates should be based on average length
7 of stay and average cost of such out-of-home placements;
8 f. The number of children who remain unified with their
9 families for one, two, and three years after receiving services
10 under the Program; and
11 g. An overall statement of the progress of the Program and
12 local projects during the preceding year, along with
13 recommendations for improvements.

14 (b) The Committee may use funds allocated to it to contract for services to
15 monitor local projects and for an independent evaluation of the Family Preservation
16 Services Program."

17 Section 11A.32. Of the funds appropriated in this act to the Department
18 of Human Resources, the sum of six million seven hundred fifty thousand dollars
19 (\$6,750,000) for the 1997-98 fiscal year and the sum of two million nine hundred
20 thousand dollars (\$2,900,000) for the 1998-99 fiscal year shall be used as follows:

- 21 (1) To establish the uniform system of Work First Program, food
22 stamp, and Medicaid recipient identification;
23 (2) To provide counties with workstations for biometric imaging; and
24 (3) To fund one program integrity worker in each county.

25 Section 11A.32A. Of the funds appropriated in this act to the
26 Department of Human Resources, the sum of twenty million dollars (\$20,000,000)
27 shall be placed in the Work First Reserve Fund established pursuant to G.S. 143-
28 15.3C.

29 Section 11A.33. The Department of Human Resources shall have the
30 uniform system of Work First Program, food stamp, and Medicaid recipient
31 identification in place and operating before June 1, 1998. Except as otherwise
32 provided in this Part, this Part is effective when it becomes law.

VISITOR REGISTRATION SHEET

HUMAN RESOURCE7-30-97

Name of Committee

Date

VISITORS: Please sign below and return to Committee Clerk.

NAME	FIRM OR AGENCY AND ADDRESS
<u>Patricia Yancy</u>	<u>ACSL/APPCAC</u>
<u>Soren Schmidt</u>	<u>NEJCDC</u>
<u>Brenda Summers</u>	<u>NC Equity</u>
<u>Sharnese Pansome</u>	<u>DSS</u>
<u>Jane Smith</u>	<u>DSS</u>
<u>Patrice Reesler</u>	<u>DLACC</u>
<u>NEES ROSEBAND</u>	<u>OSBM</u>
<u>MARY GREENE</u>	<u>OSBM</u>
<u>Wayne Williams</u>	<u>OSBM</u>
<u>Johnny Gray</u>	<u>OSBM</u>
<u>Lynne Arnold</u>	<u>DHR-DSS</u>
<u>Be Watt</u>	<u>DSS</u>