

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2021

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HOUSE BILL 331

Short Title: 2021 Unemployment Insurance Reform. (Public)

Sponsors: Representatives Alston, Gailliard, and Harris (Primary Sponsors).

For a complete list of sponsors, refer to the North Carolina General Assembly web site.

Referred to: Rules, Calendar, and Operations of the House

March 22, 2021

A BILL TO BE ENTITLED

AN ACT REFORMING THE EMPLOYMENT SECURITY LAWS BY INCREASING
BENEFIT ELIGIBILITY TO A TWENTY-SIX WEEK PERIOD AND THE MAXIMUM
WEEKLY BENEFIT AMOUNT TO THE SUM EQUAL TO FIVE HUNDRED DOLLARS
ADJUSTED ANNUALLY FOR INFLATION, BASING THE CALCULATION OF THE
BENEFIT AMOUNT ON THE HIGHEST PAID QUARTER, INCREASING BENEFITS
ALLOWED FOR PARTIAL UNEMPLOYMENT, PROVIDING BENEFITS IN CASES
WHERE AN INDIVIDUAL LEAVES EMPLOYMENT FOR SPOUSAL RELOCATION
OR HEALTH REASONS OR DUE TO AN UNDUE HARDSHIP, AUTHORIZING THE
FORGIVENESS OF NONFRAUDULENT OVERPAYMENTS CAUSED BY AGENCY
ERROR, AND ESTABLISHING A SHORT-TERM COMPENSATION PROGRAM TO
BENEFIT EMPLOYERS AND EMPLOYEES.

The General Assembly of North Carolina enacts:

SECTION 1.1.(a) Increase Weekly Benefit Amount. – G.S. 96-14.2(a) reads as rewritten:

"(a) Weekly Benefit Amount. – The weekly benefit amount for an individual who is totally unemployed is an amount equal to the wages paid to the individual in the ~~last two completed quarters~~ highest paid quarter of the individual's base period divided by ~~52~~ 26 and rounded to the next lower whole dollar. If this amount is less than fifteen dollars (\$15.00), the individual is not eligible for benefits. The weekly benefit amount may not exceed ~~three hundred fifty dollars (\$350.00)~~ five hundred dollars (\$500.00), adjusted annually for increases in the consumer price index. This adjustment shall be made on January 1 of each year and calculated as the percentage of change between the October Consumer Price Index in the calendar year prior and the December Consumer Price Index in the year most recently ended, calculated to the nearest tenth of one percent (1/10 of 1%), provided that this percentage change is positive. For the purposes of this subsection, the term "consumer price index" means the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, all items, not seasonally adjusted, standard reference base, as published by the Bureau of Labor Statistics of the U.S. Department of Labor."

SECTION 1.1.(b) Reform Partial Weekly Benefit. – G.S. 96-14.2(b) reads as rewritten:

"(b) Partial Weekly Benefit Amount. – ~~The weekly benefit amount for an individual who is partially unemployed or part-totally employed is the amount the individual would receive under subsection (a) of this section if the individual were totally unemployed, reduced by the amount of any wages the individual receives in the benefit week in excess of twenty percent (20%) of the benefit amount applicable to total unemployment. If the total wages payable to an~~



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1 individual for less than full-time work performed in a week claimed exceed one-half of the
 2 individual's weekly benefit amount, the amount of wages that exceed one-half of the weekly
 3 benefit amount shall be deducted from the benefits payable to the claimant. If the amount so
 4 calculated is not a whole dollar, the amount must be rounded to the next lower whole dollar.
 5 Payments received by an individual under a supplemental benefit plan do not affect the
 6 computation of the individual's partial weekly benefit."

7 **SECTION 2.1.** Increase Duration of Benefits. – G.S. 96-14.3 reads as rewritten:

8 "**§ 96-14.3. Duration of benefits.**

9 (a) ~~Duration.—The number of weeks an individual is allowed to receive unemployment~~
 10 ~~benefits depends on the seasonal adjusted statewide unemployment rate that applies to the~~
 11 ~~six month base period in which the claim is filed. One six month base period begins on January~~
 12 ~~1 and one six month base period begins on July 1. For the base period that begins January 1, the~~
 13 ~~average of the seasonal adjusted unemployment rates for the State for the preceding months of~~
 14 ~~July, August, and September applies. For the base period that begins July 1, the average of the~~
 15 ~~seasonal adjusted unemployment rates for the State for the preceding months of January,~~
 16 ~~February, and March applies. The Division must use the most recent seasonal adjusted~~
 17 ~~unemployment rate determined by the U.S. Department of Labor, Bureau of Labor Statistics, and~~
 18 ~~not the rate as revised in the annual benchmark.~~

19 Seasonal Adjusted	20 Number
21 Unemployment Rate	22 of Weeks
23 Less than or equal to 5.5%	24 12
25 Greater than 5.5% up to 6%	26 13
27 Greater than 6% up to 6.5%	28 14
29 Greater than 6.5% up to 7%	30 15
31 Greater than 7% up to 7.5%	32 16
33 Greater than 7.5% up to 8%	34 17
35 Greater than 8% up to 8.5%	36 18
37 Greater than 8.5% up to 9%	38 19
39 Greater than 9%	40 20

41 (a1) Maximum Duration. – An eligible individual is entitled to receive unemployment
 42 benefits for a maximum period of 26 weeks, unless the benefit period is extended expressly by
 43 State or federal law.

44 (b) Total Benefits. – The total benefits paid to an individual equals the individual's
 45 weekly benefit amount allowed under G.S. 96-14.2 multiplied by ~~the number of weeks allowed~~
 46 ~~under subsection (a) of this section.26."~~

47 **SECTION 3.1.** Recognize Spousal Relocation and Undue Hardships. – G.S. 96-14.8
 48 reads as rewritten:

49 "**§ 96-14.8. ~~Military spouse relocation~~ Spousal relocation, undue family hardship, health**
 50 **reasons, and domestic violence are good causes for leaving.**

An individual is not disqualified for benefits for leaving work for one of the reasons listed in
 this section. Benefits paid on the basis of this section are not chargeable to the employer's
 account:

- 51 (1) Military spouse relocation. – Leaving work to accompany the individual's
 52 spouse to a new place of residence because the spouse has been reassigned
 53 from one military assignment to another.
- 54 (2) Domestic violence. – Leaving work for reasons of domestic violence if the
 55 individual reasonably believes that the individual's continued employment
 56 would jeopardize the safety of the individual or of any member of the
 57 individual's immediate family. For purposes of this subdivision, an individual
 58 is a victim of domestic violence if one or more of the following applies:

- 1 a. The individual has been adjudged an aggrieved party as set forth by
- 2 Chapter 50B of the General Statutes.
- 3 b. There is evidence of domestic violence, sexual offense, or stalking.
- 4 Evidence of domestic violence, sexual offense, or stalking may
- 5 include any one or more of the following:
- 6 1. Law enforcement, court, or federal agency records or files.
- 7 2. Documentation from a domestic violence or sexual assault
- 8 program if the individual is alleged to be a victim of domestic
- 9 violence or sexual assault.
- 10 3. Documentation from a religious, medical, or other professional
- 11 from whom the individual has sought assistance in dealing
- 12 with the alleged domestic violence, sexual abuse, or stalking.
- 13 c. The individual has been granted program participant status pursuant to
- 14 G.S. 15C-4 as the result of domestic violence committed upon the
- 15 individual or upon a minor child with or in the custody of the
- 16 individual by another individual who has or has had a familial
- 17 relationship with the individual or minor child.

18 (3) Health reasons. – Where an individual leaves work due solely to a disability
 19 incurred or other health condition, whether or not related to the work, and the
 20 individual shows:

- 21 a. That, at the time of leaving, an adequate disability or health condition
 22 of the employee, of a minor child who is in the legally recognized
 23 custody of the individual, of an aged or disabled parent of the
 24 individual, or of a disabled member of the individual's immediate
 25 family, either medically diagnosed or otherwise shown by competent
 26 evidence, existed to justify the leaving and prevented the employee
 27 from doing other alternative work offered by the employer which pays
 28 the minimum wage or eighty-five percent (85%) of the individual's
 29 regular wage, whichever is greater; and
- 30 b. That, at a reasonable time prior to leaving, the individual gave the
 31 employer notice of the disability or health condition.

32 (4) Undue family hardship. – Arises when an individual is unable to accept a
 33 particular shift because the individual is unable to obtain (i) child care during
 34 the shift for a minor child under 14 years of age who is in the legally
 35 recognized custody of the individual, (ii) elder care during that shift for an
 36 aged or disabled parent of the individual, or (iii) care for any disabled member
 37 of that individual's immediate family.

38 (5) Spousal relocation. – Leaving work to accompany the claimant's spouse to a
 39 new place of residence where the spouse has secured work in a location that
 40 is too far removed for the claimant reasonably to continue to work."

41 **SECTION 4.1.(a)** Forgive Overpayment Through Division Error. – G.S. 96-18(g)(2)

42 reads as rewritten:

43 "(g) ...

44 (2) Any person who has received any sum as benefits under this Chapter by reason
 45 of the nondisclosure or misrepresentation by ~~him~~the person or by another of
 46 a material fact (irrespective of whether ~~such~~the nondisclosure or
 47 misrepresentation was known or fraudulent) or has been paid benefits to which
 48 ~~he~~the person was not entitled for any reason (~~including~~except errors on the
 49 part of any representative of the Division) shall be liable to repay such sum to
 50 the Division as provided in subdivision (3) of this subsection."

51 **SECTION 4.1.(b)** Noncharge Overpayment. – G.S. 96-18.1 reads as rewritten:

1 **"§ 96-18.1. Attachment and garnishment of fraudulent ~~overpayment~~overpayment;**
2 **noncharging and forgiveness of nonfraudulent overpayment.**

3 (a) ~~Applicability. – This section applies.~~ Subsections (a) through (d) of this section apply
4 to an individual who has been provided notice of a determination or an appeals decision finding
5 that the individual, or another individual acting in the individual's behalf and with the individual's
6 knowledge, has knowingly done one or more of the following to obtain or increase a benefit or
7 other payment under this Chapter:

8 ...

9 (e) Nonfraudulent Overpayment. – No benefit charges shall be made to the account of
10 any employer where benefits are paid as the result of a decision by the Division if the decision
11 to pay benefits is ultimately reversed; nor shall the benefits paid be deemed to constitute an
12 overpayment under G.S. 96-18(g)(2)."

13 **SECTION 5.1.** Chapter 96 of the General Statutes is amended by adding a new
14 Article to read:

15 "Article 6.

16 "Short-Time Compensation Program.

17 **"§ 96-45. Definitions.**

18 The following definitions apply in this Article:

- 19 (1) Affected unit. – A specific plant, department, shift, or other definable unit of
20 an employing unit that has at least two employees to which an approved
21 short-time compensation plan applies.
- 22 (2) Approved short-time compensation plan. – A plan that is approved by the
23 Division as provided by this Article.
- 24 (3) Health and retirement benefits. – Employer-provided health benefits and
25 retirement benefits under a defined benefit pension plan as defined in section
26 414(j) of the Internal Revenue Code, contributions under a defined
27 contribution plan as defined in section 414(i) of the Internal Revenue Code,
28 or that are incidents of employment in addition to the cash remuneration
29 earned.
- 30 (4) Program. – Short-time compensation program established pursuant to this
31 Article.
- 32 (5) Short-time compensation. – The unemployment benefits payable to
33 employees in an affected unit under an approved short-time compensation
34 plan, as distinguished from the unemployment benefits otherwise payable
35 under the unemployment compensation provisions of State law.
- 36 (6) Short-time compensation plan. – A plan submitted by an employer for
37 approval by an affected unit of the employer to avert layoffs.
- 38 (7) Unemployment compensation. – The unemployment benefits payable under
39 this Article other than short-time compensation and includes any amounts
40 payable pursuant to an agreement under any federal law providing for
41 compensation, assistance, or allowances with respect to unemployment.
- 42 (8) Usual weekly hours of work. – The usual hours of work for full-time or
43 part-time employees in the affected unit when that unit is operating on its
44 regular basis, not to exceed 40 hours and not including hours of overtime
45 work.

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

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

- 1 (1) The affected unit or units covered by the plan, including the number of
2 full-time or part-time workers in the unit, identification of each individual
3 employee in the affected unit by name, social security number, and the
4 employer's unemployment tax account number, and any other information
5 required by the Division to identify plan participants.
- 6 (2) A description of how workers in the affected unit will be notified of the
7 employer's participation in the plan if the application is approved, including
8 how the employer will notify those workers in a collective bargaining unit, as
9 well as any workers in the affected unit who are not in a collective bargaining
10 unit. If the employer will not provide advance notice to workers in the affected
11 unit, the employer shall explain in a statement in the application why it is not
12 feasible to provide the notice.
- 13 (3) A requirement that the employer identify the usual weekly hours of work for
14 employees in the affected unit and the specific percentage by which their
15 hours will be reduced during all weeks covered by the plan. An application
16 shall specify the overall work reduction for which a short-time compensation
17 application may be approved, which shall be not less than ten percent (10%)
18 and not more than sixty percent (60%) of the usual work hours during that
19 period. If the plan includes any week for which the employer regularly
20 provides no work due to a holiday or other plant closing, then the week shall
21 be identified in the application. Notwithstanding the other provisions of this
22 subdivision, an employer shall be allowed some weeks of complete plant
23 shutdown in appropriate industries or given certain modes of operation.
- 24 (4) Certification by the employer that, if the employer provides health benefits
25 and retirement benefits to any employee whose usual weekly hours of work
26 are reduced under the Program, the benefits will continue to be provided to
27 employees participating in the Program under the same terms and conditions
28 as though the usual weekly hours of the employee had not been reduced or to
29 the same extent as other employees not participating in the Program. For
30 defined benefit retirement plans, the hours that are reduced under the plan
31 shall be credited for purposes of participation, vesting, and accrual of benefits
32 as though the usual weekly hours of work had not been reduced. The dollar
33 amount of employer contributions to a defined contribution plan that are based
34 on a percentage of compensation may be less due to the reduction in the
35 employee's compensation. However, an application may contain the required
36 certification when a reduction in health and retirement benefits scheduled to
37 occur during the duration of the plan will be applicable equally to employees
38 who are not participating in the Program and to those employees who are
39 participating.
- 40 (5) Certification by the employer that the aggregate reduction in work hours is in
41 lieu of layoffs, whether temporary or permanent layoffs or both.
- 42 (6) Agreement by the employer to (i) furnish reports to the Division relating to
43 the proper conduct of the plan, (ii) allow the Division access to all records
44 necessary to approve or disapprove the plan application and, after approval of
45 the plan, monitor and evaluate the plan, and (iii) follow any other directives
46 the Division deems necessary for the agency to implement the plan and that
47 are consistent with the requirements for plan applications.
- 48 (7) Certification by the employer that participation in the plan and its
49 implementation is consistent with the employer's obligations under applicable
50 federal and State laws.

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

3 (9) Any other provision added to the application by the Division that the U.S.
4 Secretary of Labor determines to be appropriate for the purpose of this
5 Program.

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

10 **"§ 96-47. Approval and disapproval of plan.**

11 The Division shall approve or disapprove a short-time compensation plan in writing within
12 30 days of its receipt and promptly communicate the decision to the employer. A decision
13 disapproving the plan shall clearly identify the reasons for the disapproval. The disapproval shall
14 be final, but the employer shall be allowed to submit another plan for approval not earlier than
15 90 days from the date of the disapproval.

16 **"§ 96-48. Effective date and duration of plan.**

17 A short-time compensation plan shall be effective on the date that is mutually agreed upon
18 by the employer and the Division, which shall be specified in the notice of approval to the
19 employer. The plan shall expire on the date specified in the notice of approval, which shall be
20 either the date at the end of the twelfth full calendar month after its effective date or an earlier
21 date mutually agreed upon by the employer and the Division. However, if a short-time
22 compensation plan is revoked under G.S. 96-44, the plan shall terminate on the date specified in
23 the Division's written order of revocation. An employer may terminate a plan at any time upon
24 written notice to the Division. Upon receipt of notice from the employer, the Division shall
25 promptly notify each member of the affected unit of the termination date. An employer may
26 submit a new application to participate in another plan at any time after the expiration or
27 termination date.

28 **"§ 96-49. Revocation of approval of plan.**

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

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

39 **"§ 96-50. Modification of approved plan.**

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

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

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

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

9 **"§ 96-51. Eligibility for short-time compensation.**

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

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

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

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

28 **"§ 96-52. Benefits.**

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

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

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

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

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

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

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

48 (1) If combined hours of work in a week for both employers do not result in a
49 reduction of at least ten percent (10%) or, if higher, the minimum percentage
50 of reduction required to be eligible for a short-time compensation benefit as
51 provided in this Article, of the usual weekly hours of work with the short-time

1 employer, the individual shall not be entitled to benefits under these short-time
2 compensation provisions.

3 (2) If the combined hours of work for both employers results in a reduction equal
4 to or greater than ten percent (10%) or, if higher, the minimum percentage
5 reduction required to be eligible for a short-time compensation employer, the
6 short-time compensation benefit amount payable to the individual is reduced
7 for that week and is determined by multiplying the weekly unemployment
8 benefit amount for a week of total unemployment by the percentage by which
9 the combined hours of work have been reduced by ten percent (10%) or, if
10 higher, the minimum percentage reduction required to be eligible for a
11 short-time compensation benefit as provided in this Article, or more of the
12 individual's usual weekly hours of work. A week for which benefits are paid
13 under this subdivision shall be reported as a week of short-time compensation.

14 (3) If an individual worked the reduced percentage of the usual weekly hours of
15 work for the short-time compensation employer and is available for all his or
16 her usual hours of work with the short-time compensation employer, and the
17 individual did not work any hours for the other employer, either because of
18 the lack of work with that employer or because the individual is excused from
19 work with the other employer, the individual shall be eligible for short-time
20 compensation for that week. The benefit amount for the week shall be
21 calculated as provided in subsection (a) of this section.

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

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

30 **"§ 96-53. Charging short-time compensation benefits.**

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

35 **"§ 96-54. Extended benefits.**

36 An individual who has received all of the short-time compensation or combined
37 unemployment compensation and short-time compensation available in a benefit year shall be
38 considered an exhaustee for purposes of extended benefits, and if otherwise eligible under those
39 provisions, shall be eligible to receive extended benefits.

40 **"§ 96-55. Severability.**

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

45 **SECTION 6.1.** Effective Dates. – Unless otherwise provided, this act is effective
46 when it becomes law, with:

- 47 (1) Sections 1.1, 2.1, and 3.1 applying to claims for unemployment insurance
48 benefits filed on or after that date.
49 (2) Section 4.1 applying to nonfraudulent overpayments pending before, or
50 accruing on or after, that date.

- 1 (3) Section 5.1 of this act becoming effective 60 days from the effective date of
2 this act and applying retroactively to claims arising, and to plans submitted,
3 on or after February 15, 2021.