

LEGISLATIVE
RESEARCH COMMISSION

WORKER TRAINING TRUST FUND



REPORT TO THE
1991 GENERAL ASSEMBLY
OF NORTH CAROLINA
1991 SESSION

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STATE OF NORTH CAROLINA
LEGISLATIVE RESEARCH COMMISSION
STATE LEGISLATIVE BUILDING
RALEIGH 27611



December 14, 1990

TO THE MEMBERS OF THE 1991 GENERAL ASSEMBLY:

The Legislative Research Commission herewith submits to you for your consideration its final report on the Worker Training Trust Fund. The report was prepared by the Legislative Research Commission's Committee on Worker Training Trust Fund pursuant to Section 2.1(3) of Chapter 802 of the 1989 Session Laws.

Respectfully submitted,

Josephus L. Mavretic
Speaker

Henson P. Barnes
President Pro Tempore

Cochairmen
Legislative Research Commission



1989-1990

LEGISLATIVE RESEARCH COMMISSION

MEMBERSHIP

Speaker of the House of
Representatives
Josephus L. Mavretic, Cochair

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Rep. J. Fred Bowman

Rep. Harold J. Brubaker

Rep. James W. Crawford, Jr.

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Senator Lura S. Tally

Senator Russell G. Walker



PREFACE

The Legislative Research Commission, established by Article 6B of Chapter 120 of the General Statutes, is a general purpose study group. The Commission is co-chaired by the Speaker of the House and the President Pro Tempore of the Senate and has five additional members appointed from each house of the General Assembly. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" (G.S. 120-30.17(1)).

At the direction of the 1989 General Assembly, the Legislative Research Commission has undertaken studies of numerous subjects. These studies were grouped into broad categories and each member of the Commission was given responsibility for one category of study. The Co-chairs of the Legislative Research Commission, under the authority of G.S. 120-30.10(b) and (c), appointed committees consisting of members of the General Assembly and the public to conduct the studies. Co-chairs, one from each house of the General Assembly, were designated for each committee.

The study of the Worker Training Trust Fund was authorized by Section 2.1(3) of Chapter 802 of the 1989 Session Laws (1989 Session). That act states that the Commission may consider Senate Bill 271 in determining the nature, scope and aspects of the study. The relevant portions of Chapter 802 and Senate Bill 271 are included in Appendix A. The Legislative Research Commission grouped this study in its Economic Development and Tourism area under the direction of Senator Donald R. Kincaid. The Committee was chaired by Senator Joe B. Raynor and Representative W. Eugene

Wilson. The full membership of the Committee is listed in Appendix B of this report. A committee notebook containing the committee minutes and all information presented to the committee is filed in the Legislative Library.

COMMITTEE PROCEEDINGS

The Study Committee on the Worker Training Trust Fund was charged with studying uses to which the Fund should be put. The Worker Training Trust Fund (WTF) was created by the 1987 General Assembly as a repository for interest from unemployment-insurance taxes retained by the State rather than forwarded to Washington. The money in the WTF is to be allocated by the General Assembly for (1.) local offices of the Employment Security Commission, (2.) job training to deal with unemployment, or (3.) refunds to employers.

For an account of the Committee's proceedings before the 1990 Short Session of the General Assembly, please see the Committee's Interim Report to that session.

The Committee recommended that the General Assembly in the Short Session appropriate \$10.75 million from the WTF for the 1990-91 fiscal year in the following way:

- * \$5 million to the Employment Security Commission (ESC) to keep local offices open at the 1986-87 level of service;
- * \$1 million to the Department of Community Colleges for the Focused Industrial Training (FIT) program;
- * \$2 million to the Employment and Training Division of the Department of Economic and Community Development to train the working poor and to deliver to a larger segment of the population the basic services of the Job Training Partnership Act (JTPA).
- * \$250,000 to the Department of Public Instruction to use in its Tech Prep program;
- * \$500,000 to the Department of Labor for customized training; and
- * \$2 million to the Social Services Division of the Department of Human Resources for the Job Opportunities and Basic Skills (JOBS) program.

The Committee recommended that the General Assembly appropriate from the WTF for the 1990-91 fiscal year only as much money as was on hand in the WTF at the beginning of that fiscal year.

At the 1990 Short Session, the General Assembly approved all the recommendations of the Study Committee, except that the General Assembly added \$1,459,673 to the \$5 million appropriation for ESC, effective not on July 1, 1990 with the rest of the appropriations, but on October 1, 1990, in anticipation that the money would be available then. This anticipatory appropriation of \$1,459,673 went beyond the Committee's recommendation that appropriations from the WTF be limited to cash on hand at the beginning of the fiscal year.

On November 8, the Committee held the first of its two meetings after the Short Session. Ms. Ruth Sappie of the Fiscal Research Division gave the Committee her estimate of the amount of money that will be in the WTF at the beginning of next fiscal year: \$10,671,783 on June 30, 1991. She arrived at that figure in consultation with ESC, she said, by taking the balance predicted to be earned during the current

fiscal year, and accounting for the \$1,459,673 appropriation to ESC that was to be paid out October 1.

At the beginning of the second year of the biennium, June 30, 1992, Ms. Sappie said, the WTTF was expected to have \$15 million or \$16 million on hand.

The Committee heard brief reports from the 1990-91 grantees of the WTTF, most of whom were not far enough along in the development of their programs to report results. Chairman Ann Q. Duncan of ESC indicated that, although ESC's federal-funding picture is cloudy, ESC feels it will need at least a continuation in FY 1991-92 of its current funding level of \$6.4 million from the WTTF (plus its current \$2 million from the Special Employment Security Administration Fund) to keep local offices open at the 1986-87 level of service. That adds up to \$8.4 million for 1991-92. For 1992-93, she said, the projected figure is \$8.7 million.

Mr. Joel New, director of the Employment and Training Division, said he was not prepared to ask the Committee for a specific appropriation from the WTTF, and urged the members to heed the recommendations of the Commission on Workplace Preparedness, which is studying his program among others.

After hearing the grantees' reports, the members of the Committee voted to recommend in their Final Report to the 1991 General Assembly the same distribution of the WTTF's money for 1991-92 as the Committee recommended in its Interim Report to the 1990 Session for 1990-91, except for a \$40,000 reduction in both the \$2 million appropriations--to DHR and to Employment and Training--to stay within the \$10,671,783 first-of-the-fiscal-year figure. The Committee voted to use \$10,671,783 as its bottom line for 1991-92; it did not recommend appropriating an additional amount for ESC using revenues anticipated to materialize during the fiscal year, as the General Assembly voted to do in 1990. It was mentioned during the debate that the General Assembly could resort to anticipatory financing if, during the appropriations process in 1991, it deemed that device necessary.

For the 1992-93 fiscal year, the Committee recommended using a bottom line of approximately \$12.1 million for appropriations. That figure is the \$10.67 million of the first year plus the \$1.45 million mid-year appropriation for ESC. Senator Howard Bryan, who made the motion to use such a figure rather than the \$15 million or \$16 million now being projected, said he felt the Committee should take a conservative approach in projecting revenues.

The Committee also recommended that the General Assembly clear up a dispute over how unused WTTF appropriations are to revert by stating in the appropriations bill that unused WTTF appropriations shall revert to the WTTF and not to the General Fund.

The Committee recommended that the 1991 General Assembly authorize another study committee for the WTTF.

In its final meeting on December 5, 1990, the Committee voted to approve this Final Report.

FINDINGS AND RECOMMENDATIONS

FINDING I: The Committee finds that no new information is available to cause the Committee to change its basic recommendation, made to the General Assembly last May, of how the money in the WTTF should be distributed. If additional information surfaces that does warrant a change, the General Assembly will be able to make that change during the appropriations process. The Committee finds that budgeting in the current uncertain economic environment is wisely done with restraint, building a cushion into every projection where it is feasible to do so.

RECOMMENDATION I: The Committee recommends that the 1991 General Assembly make the following distribution of the \$10,671,783 that is expected to be in the WTTF at the beginning of the 1991-92 fiscal year:

- * \$5 million to ESC to keep local offices open at the 1986-87 level of service;
- * \$1 million to the Department of Community Colleges for the FIT program;
- * \$1,960,000 to the Employment and Training Division of the Department of Economic and Community Development to train the working poor and to deliver to a larger segment of the population the basic services of the JTPA.
- * \$1,960,000 to the Social Services Division of the Department of Human Resources for the JOBS program;
- * \$225,000 to the Department of Public Instruction for the Tech Prep program;
- * \$500,000 to the Department of Labor for customized training.

The Committee is aware that ESC has received \$6.45 million, not \$5 million, from the WTTF during the 1990-91 fiscal year and that ESC feels it will need at least that much during the next fiscal year to keep local offices open at the 1986-87 level of service. The Committee prefers, however, to leave to the General Assembly during its budget deliberations the decision of whether and how any additional money should be found for ESC beyond the \$5 million. The later date of those budget deliberations will give the General Assembly the advantage of knowing such things as how much federal funding ESC will lose and whether current WTTF grantees will return unused portions of their 1990-91 appropriation or will decline to seek WTTF appropriations for 1991-93.

For the second year of the biennium, the Committee recommends that the General Assembly base its appropriations from the WTTF on the conservative figure of \$12.1 million.

FINDING II: The Committee finds that, although it intended for the unused portion of any appropriation from the WTTF to revert to the WTTF, the Office

of State Budget has contended that the law is unclear as to whether unused funds should revert to WTTF or the General Fund.

RECOMMENDATION II: The Committee recommends that the General Assembly, in all legislation appropriating money from the WTTF, specify that any unused portion of the appropriation revert to the WTTF rather than to the General Fund.

FINDING III: The Committee finds that the WTTF will continue to be a resource of the State that is certain to generate competing demands, and that the General Assembly will need to be advised on the use of the WTTF.

RECOMMENDATION III: The Committee recommends that the 1991 General Assembly authorize a continued study on the WTTF.

APPENDIX A

GENERAL ASSEMBLY OF NORTH CAROLINA
1989 SESSION
RATIFIED BILL

CHAPTER 802
SENATE BILL 231

AN ACT TO AUTHORIZE STUDIES BY THE LEGISLATIVE RESEARCH COMMISSION, TO CREATE AND CONTINUE VARIOUS COMMITTEES AND COMMISSIONS, TO MAKE APPROPRIATIONS THEREFOR, AND TO DIRECT VARIOUS STATE AGENCIES TO STUDY SPECIFIED ISSUES.

The General Assembly of North Carolina enacts:

PART I. TITLE

Section 1. This act shall be known as "The Studies Act of 1989."

...

PART II.-----LEGISLATIVE RESEARCH COMMISSION

Sec. 2.1. The Legislative Research Commission may study the topics listed below. Listed with each topic is the 1989 bill or resolution that originally proposed the issue or study and the name of the sponsor. The Commission may consider the original bill or resolution in determining the nature, scope and aspects of the study. The topics are:

...

(3) Worker Training Trust Fund (S.B. 271 - Parnell),

...

Sec. 2.4. Committee Membership. For each Legislative Research Commission Committee created during the 1989-1991 biennium, the Cochairmen of the Commission each shall appoint a minimum of seven members.

Sec. 2.5. Reporting Dates. For each of the topics the Legislative Research Commission decides to study under this act or pursuant to G.S. 120-30.17(1), the Commission may report its findings, together with any recommended legislation, to the 1990 Session of the 1989 General Assembly or the 1991 General Assembly, or both.

Sec. 2.6. Bills and Resolution References. The listing of the original bill or resolution in this Part is for reference purposes only and shall not be deemed to have incorporated by reference any of the substantive provisions contained in the original bill or resolution.

APPENDIX A

Sec. 2.7. Funding. From the funds available to the General Assembly, the Legislative Services Commission may allocate additional monies to fund the work of the Legislative Research Commission.

...

PART XXV.-----EFFECTIVE DATE

Sec. 25.1. This act shall become effective July 1, 1989.

In the General Assembly read three times and ratified this the 12th day of August, 1989.

APPENDIX A
GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

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1
SENATE BILL 271

Short Title: Worker Training Study.

(Public)

Sponsors: Senator Parnell.

Referred to: Rules.

February 23, 1989

- 1 A BILL TO BE ENTITLED
2 AN ACT TO ESTABLISH THE WORKER TRAINING TRUST FUND STUDY
3 COMMISSION AND TO DIRECT THAT COMMISSION TO CONDUCT A
4 STUDY.
5 The General Assembly of North Carolina enacts:
6 Section 1. The North Carolina Worker Training Trust Fund Study
7 Commission is created. The Commission shall consist of 10 members. The President
8 Pro Tempore of the Senate shall appoint five members, at least one of whom shall
9 not be a Senator. The Speaker of the House shall appoint five members, at least one
10 of whom shall not be a Representative. All initial appointments shall be made no
11 later than September 15, 1989. Vacancies on the Commission shall be filled in the
12 same manner as the initial appointments. The President Pro Tempore of the Senate
13 and the Speaker of the House shall appoint cochairmen from among the membership
14 of the Commission.
15 Sec. 2. The Commission shall:
16 (1) Study and document the needs of displaced and dislocated workers
17 for education and training;
18 (2) Recommend viable training programs directed toward enhancing
19 the employability of workers;

- 1 (3) Study and document the needs for school-to-work transition
2 activities and programs;
- 3 (4) Study the coordination of industry's needs and the job training
4 curriculum available in the State;
- 5 (5) Design a plan for the distribution of any refunds to employers that
6 it finds warranted;
- 7 (6) Study the need of the Employment Security Commission for
8 continued and stable funding to maintain the operation of its local
9 offices; and
- 10 (7) Recommend to the 1990 Session of the 1989 General Assembly
11 and to the 1991 General Assembly the ways in which the money in
12 the Worker Training Trust Fund should be used.

13 Sec. 3. The Worker Training Trust Fund Study Commission shall submit
14 a written report to the 1990 Session of the 1989 General Assembly and to the 1991
15 General Assembly.

16 Sec. 4. From the funds available to the General Assembly, the Legislative
17 Services Commission shall allocate monies to fund the work of the Worker Training
18 Trust Fund Study Commission.

19 Sec. 5. This act shall become effective July 1, 1989.

APPENDIX B

MEMBERSHIP OF LRC COMMITTEE ON WORKER TRAINING TRUST FUND.

LRC Member in Charge:

Sen. Donald R. Kincaid
P.O. Box 988, Lenoir, NC 28645
(704)758-5181

President Pro Tem's Appointments

Sen. Joe B. Raynor
Co-Chairman
345 Winslow Street
Fayetteville, NC 28301
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Sen. Howard F. Bryan
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Statesville, NC 28677
(704)873-0501

Mr. Glenn Jernigan
P.O. Box 1863
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(919)323-0415

Sen. David R. Parnell
P.O. Box 100
Parkton, NC 28371
(919)858-3521

Mr. Christopher Scott
N.C. AFL-CIO
P.O. Box 10805
Raleigh, NC 27605
(919)833-6678

Sen. R. C. Soles, Jr.
P.O. Box 6
Tabor City, NC 28463
(919)653-2015

Sen. Russell G. Walker
1004 Westmont Drive
Asheboro, NC 27203
(919)625-2574

Staff:

William R. Gilkeson, Counsel
(919)733-2578
Carol Shaw, Fiscal Analyst
(919)733-4910

Speaker's Appointments

Rep. W. Eugene Wilson
Co-Chairman
704 Queen Street
Boone, NC 28607
(704)264-8657

Rep. Howard B. Chapin
212 Smaw Road
Washington, NC 27889
(919)946-3480

Rep. Billy J. Creech
P.O. Box 148
Wilson's Mills, NC 27593
(919)934-6586

Rep. Ruth M. Easterling
811 Bromley Road, Apt. #1
Charlotte, NC 28207
(704)377-6555

Rep. Vernon G. James
Route 4, Box 251
Elizabeth City, NC 27909
(919)330-5561

Rep. Albert S. Lineberry
P.O. Box 630
Greensboro, NC 27402
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Ms. Deborah B. Warren
Legal Services of N.C., Inc.
112 S. Blount Street
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Raleigh, NC 27611
(919)832-2046

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Nancy Pulley
Legislative Building, Room 2005
O: (919)733-5623
H: (919)851-3241



126-1 et seq.). All moneys in this fund shall be deposited, administered, and disbursed in the same manner and under the same conditions and requirements as is provided by law for other special funds in the State treasury, and shall be maintained in a separate account on the books of the State treasury. The State Treasurer shall be liable on his official bond for the faithful performance of his duties in connection with the Special Employment Security Administration Fund provided for under this Chapter. Such liability on the official bond shall be effective immediately upon the enactment of this provision, and such liability shall exist in addition to any liability upon any separate bond existent on the effective date of this provision, or which may be given in the future. All sums recovered on any surety bond for losses sustained by the Special Employment Security Administration Fund shall be deposited in said fund. The moneys in the Special Employment Security Administration Fund shall be continuously available to the Commission for expenditure in accordance with the provisions of this section.

(d) The other provisions of this section and G.S. 96-6, to the contrary notwithstanding, the Commission is authorized to requisition and receive from its account in the unemployment trust fund in the treasury of the United States of America, in the manner permitted by federal law, such moneys standing to its credit in such fund, as are permitted by federal law to be used for expense of administering this Chapter and to expend such moneys for such purpose, without regard to a determination of necessity by a federal agency. The State Treasurer shall be treasurer and custodian of the amounts of money so requisitioned. Such moneys shall be deposited, administered, and disbursed in the same manner and under the same conditions and requirements as are provided by law for other special funds in the State treasury.

(e) Reed Bill Fund Authorization. — Subject to a specific appropriation by the General Assembly of North Carolina to the Employment Security Commission out of funds credited to and held in this State's account in the Unemployment Trust Fund by the Secretary of the Treasury of the United States pursuant to and in accordance with section 903 of the Social Security Act, the Commission is authorized to utilize such funds for the administration of the Employment Security Law, including personal services, operating and other expenses incurred in the administration of said law, as well as for the purchase or rental, either or both, of offices, lands, buildings or parts of buildings, fixtures, furnishings, equipment, supplies and the construction of buildings or parts of buildings, suitable for use in this State by the Employment Security Commission, and for the payment of expenses incurred for the construction, maintenance, improvements or repair of, or alterations to, such real or personal property. Provided, that any such funds appropriated by the General Assembly shall not exceed the amount in the Unemployment Trust Fund which may be obligated for expenditure for such purposes; and provided that said funds shall not be obligated for expenditure, as herein provided, after the close of the two-year period which begins on the effective date of the appropriation.

(f) Employment Security Commission Reserve Fund. — There is created in the State treasury a special trust fund, separate and apart from all other public moneys or funds of this State, to be known as the Employment Security Commission Reserve Fund, hereinafter "Reserve Fund". Except as provided herein and in G.S.

APPENDIX C

§96-5

CH. 96. EMPLOYMENT SECURITY

§96-5

96-9(b)(3)j, all proceeds from the tax as defined in G.S. 96-9(b)(3)j and collected pursuant to G.S. 96-10 shall be paid into the Reserve Fund. The moneys in the Reserve Fund may be used by the Commission for loans to the Unemployment Insurance Fund, as security for loans from the federal Unemployment Insurance Trust Fund, and to pay any interest required on advances under Title XII of the Social Security Act as required by G.S. 96-6(f), and shall be continuously available to the Commission for expenditure in accordance with the provisions of this section. The State Treasurer shall be ex officio the treasurer and custodian and shall invest said moneys in accordance with existing law as well as rules and regulations promulgated pursuant thereto. Furthermore, the State Treasurer shall disburse the moneys in accordance with the directions of the Commission and in accordance with such regulations as the Commission may prescribe.

Administrative costs for the collection of the tax and interest payable to the Reserve Fund shall be borne by the Special Employment Administration Fund. Refunds of interest and tax allowable under G.S. 96-9(b)(3)j shall be made from the Reserve Fund. No taxes shall be collected or paid into this fund during a calendar year when, as of the computation date (August 1) of the preceding calendar year, the balance of the fund equals to or exceeds one percent (1%) of the taxable wages.

The interest earned from investment of the Reserve Fund moneys shall be deposited in a fund hereby established in the State Treasurer's Office, to be known as the "Worker Training Trust Fund". These moneys shall be used to:

- (1) Fund programs, specifically for the benefit of unemployed workers or workers who have received notice of long-term layoff or permanent unemployment, which will enhance the employability of workers, including, but not limited to, adult basic education, adult high school or equivalency programs, occupational skills training programs, assessment, job counseling and placement programs;
- (2) Continue operation of local Employment Security Commission offices throughout the State; or
- (3) Provide refunds to employers.

The use of funds from the Worker Training Trust Fund, for the purposes set out in the above paragraph, shall be pursuant to appropriations in the Current Operations Appropriations Act. Funds deposited in the Worker Training Trust Fund prior to July 1, 1987, shall be used as provided in the Current Operations Appropriations Act for 1987-89. (Ex. Sess. 1936, c. 1, s. 13; 1941, c. 108, ss. 12, 13; 1947, c. 326, s. 5; c. 598, s. 1; 1949, c. 424, s. 2; 1951, c. 332, s. 18; 1953, c. 401, ss. 1, 5; 1977, c. 727, ss. 11-13; 1981, c. 160, s. 2; 1987, c. 17, ss. 1, 2.)

Editor's Note. — Section 2 of Session Laws 1989, c. 500 provides that c. 500 shall be known as "The Current Operation Appropriations Act of 1989."

Session Laws 1989, c. 500, s. 111(b), as amended by Session Laws 1989 (Reg. Sess., 1990), c. 1066, s. 58(b), notwithstanding G.S. 96-5(c), appropriates from the Special Employment Security Administration Fund to the Employment

Security Commission \$1,000,000 for the 1989-90 fiscal year and \$2,000,000 for the 1990-91 fiscal year for administration of the Veterans Employment Program, Employment Services Program, and Unemployment Insurance Program.

Session Laws 1989, c. 752, s. 82, notwithstanding G.S. 96-5(f), appropriates from the Worker Training Trust Fund to the Department of Community Colleges

§96-6

ART. 1. EMPLOYMENT SECURITY COMMISSION

§96-6

\$500,000 for the 1989-90 fiscal year and \$500,000 for the 1990-91 fiscal year to continue the Focused Industrial Training Program administered by the Department of Community Colleges.

Session Laws 1989, c. 754, s. 14, notwithstanding G.S. 96-5(f), appropriates from the Worker Training Trust Fund to the Department of Community Colleges \$350,000 for the 1989-90 fiscal year and \$500,000 for the 1990-91 fiscal year to expand the Focused Industrial Training Program administered by the Department of Community Colleges.

Session Laws 1989 (Reg. Sess., 1990), c. 1066, s. 58(c), notwithstanding G.S. 96-5(f), appropriates from the Worker Training Trust Fund the following sums for the 1990-91 fiscal year:

(1) \$2,000,000, less the sum reallocated in Session Laws 1989 (Reg. Sess., 1990), c. 1066, s. 58(a), to the North Carolina Department of Economic and Community Development for a State job training program to be administered through the Job Training Partnership Act system aimed at the unemployed and the working poor;

(2) \$250,000 to the North Carolina Department of Public Education for local implementation grants to establish five new Tech Prep programs in the public schools;

(3) \$500,000 to the North Carolina Department of Labor for customized training of the unemployed and the

working poor for specific jobs needed by employers through the Department's Pre-Apprenticeship Division; and

(4) \$2,000,000 to the North Carolina Department of Human Resources to assist welfare recipients in gaining employment through the federally funded Job Opportunities and Basic Skills program in such a way as to gain the maximum match of federal funds for the State dollars appropriated.

Session Laws 1989 (Reg. Sess., 1990), c. 1066, s. 58(e), notwithstanding G.S. 96-5(f), appropriates from the Worker Training Trust Fund to the Employment Security Commission for the 1990-91 fiscal year \$1,459,673 for operation of local offices.

Session Laws 1989, c. 500, s. 127 and c. 752, s. 166, provide: "Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 1989-91 biennium, the textual provisions of this act shall apply only to funds appropriated for and activities occurring during the 1989-91 biennium."

Session Laws 1989 (Reg. Sess., 1990), c. 1066, s. 149 provides: "Except for statutory changes or other provisions that clearly indicate an intention to have effects beyond the 1990-91 fiscal year, the textual provisions of this act apply only to funds appropriated for, and activities occurring during, the 1990-91 fiscal year."



APPENDIX D

APPROPRIATIONS FROM THE WORKER TRAINING TRUST FUND
 FY 1989 - FY 1991

<u>Agency/Program</u>	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>
Employment Security Commission -			
1. Maintain Services at 1986-87 levels	\$1,642,685	\$4,537,708	\$6,459,673 ¹
2. Worker Readjustment Program	-	493,025 ²	-
Department of Community Colleges -			
Focused Industrial Training Program	500,000	850,000	1,000,000
Department of Economic and Community			
Development - Job Training Program			
through JTPA	-	-	2,000,000
Department of Human Resources-			
JOBS Program	-	-	2,000,000
Department of Labor - Customized			
Job Training	-	-	500,000
Department of Public Education -			
Tech. Prep. Program	-	-	250,000
TOTALS	<u>\$2,142,685</u>	<u>\$5,880,733</u>	<u>\$12,209,673</u>

¹ Includes appropriation of \$1,459,673 from the 1990-91 earnings of the WITF.

² The original 1989-90 appropriations for the Worker Readjustment Program was \$1,200,000, but the 1990 General Assembly reallocated unused program funds for 1989-90 to other job training programs funded in 1990-91.

APPENDIX D

MEMORANDUM

NOVEMBER 2, 1990

TO: Members of the Worker Training Trust Fund
Study Commission

FROM: Ruth Sappie, Fiscal Research Division

RE: Balance in Working Training Trust Fund as of 6/30/91

As of June 30, 1991, the balance in the Worker Training Trust Fund that will be available for appropriation by the General Assembly is estimated at \$10,671,783. This number accounts for the \$1.4 million appropriation made during FY1990-91 that directed FY91 first quarter receipts to be appropriated to the Employment Security Commission to keep local offices operating at 1987 service levels.

APPENDIX E

(to Gov Ops)

EMPLOYMENT SECURITY SPECIAL FUNDS REPORT

Period Covered: 10-01-90 to 12-31-90

1. Balance in Fund <u>10-01-90</u>	<u>\$4,345,038</u>
2. Estimated Receipts For <u>Oct. - Dec. 1990</u>	<u>651,000</u>
3. Total (1+ 2)	<u>4,996,038</u>
4. Less: Outstanding Obligations <u>0</u>	
Estimated Expenditures <u>0</u>	<u>0</u>
5. Estimated Balance as of <u>12-31-90</u>	<u>\$4,996,038</u>

Schedule of Expenditures (Special Admin. & WTTF)	Estimate 1/ <u>10/1 - 12/31/90</u>	Actual 2/ To: <u>09/30/90</u>
EMPLOYMENT SERVICES	\$1,682,000	\$ 1,350,000
UNEMPLOYMENT INSURANCE	150,000	138,000
UI TAX COLLECTION	116,000	106,500
BUILDING RENOVATIONS	15,000	0
COURT AWARDS	0	0
AUDIT/CONTRACT EXCESS	<u>0</u>	<u>0</u>
TOTAL	\$1,963,000	\$ 1,594,500

Federal funds or other additional funds which will reduce the amount of funds required from the special appropriation of \$8,459,673 is \$ -0-

Signature: *Glenn F. Smyre*Title: Director, Finance & BudgetDate: 09-30-90

1/ Employment Service and Unemployment Insurance funds for the operation of local offices at the 1986-87 level of service, UI Tax Collection to collect State Tax Reserve.

2/ Prior month's expenditures are not available by the date of this report, YTD figures therefore include an estimate for month of report.

OFB
B&A Unit
10/01/90



APPENDIX E

QUARTERLY REPORT TO THE
JOINT LEGISLATIVE COMMISSION ON GOVERNMENTAL OPERATIONS

USE OF WORKER TRAINING TRUST FUNDS FOR JOB TRAINING

PREPARED BY
DEPARTMENT OF ECONOMIC AND COMMUNITY DEVELOPMENT
DIVISION OF EMPLOYMENT AND TRAINING



Quarterly Report
October, 1990

SUMMARY OF LOCAL JOB TRAINING PLANS - WORKER TRAINING TRUST FUNDS
FOR JOB TRAINING

Submitted by the Division of Employment and Training
Department of Economic and Community Development

The Worker Training Trust Funds for job training have been incorporated into the local Job Training Plans developed by the Private Industry Councils. Funds were allocated to twenty-seven local service delivery areas using the same formula dictated by law for Job Training Partnership Act Title IIA (78%) funds, programs for economically disadvantaged youth and adults and individuals with barriers to employment. (See Attachment) Two-thirds of this allocation formula is based on unemployment factors for a local area relative to state unemployment factors, and one-third is based on relative number of economically disadvantaged individuals.

Program guidelines were modeled on the federal and state guidelines for the Title II-A 78% activities, and the majority of the Private Industry Councils have used these funds to supplement Title II-A 78% activities.

Thirty-six percent of the planned funds are supporting institutional skills training which provides approved course instruction in locally identified skill demand occupations. Twenty-one percent of the funds will provide services programs such as assessment services, job counseling, job search assistance, job clubs, job referral and supportive services designed to aid job retention. Another seventeen percent is planned for various skills programs, including on-the-job training through the private or public sector and work experience to develop job skills and work habits. Fifteen percent of the funds is planned to support youth programs designed primarily for persons sixteen to twenty-one years of age, who have not attained a high school diploma or who have educational deficiencies despite the attainment of a diploma. The remaining eleven percent is planned for various activities including adult basic education.

Plans indicate that we will serve a total of 1,265 individuals using these funds. Actual expenditures and participant data will be provided in the quarterly report due in December. The participant data will include outcomes for individuals who have exited the program. In keeping with the JTPA philosophy of an outcome based system, performance standards will be applied to the end of year performance.

APPENDIX E

ATTACHMENT

NORTH CAROLINA WORKER TRAINING TRUST FUND
ALLOCATIONS FOR PROGRAM YEAR 1990

SERVICE DELIVERY AREA NAME	SDA NUMBER	TRUST FUND ALLOCATION AMOUNT
Buncombe County	02	\$39,946
Centralina	03	\$104,756
Central Piedmont	04	\$26,056
Charlotte/Mecklenburg	05	\$87,128
Cumberland County	06	\$68,066
Davidson County	07	\$40,106
Gaston County	08	\$41,338
Greensboro/High Point/Guilford	09	\$79,499
Rural	10	\$111,742
Capital Area	11	\$90,244
Winston-Salem/Forsyth	12	\$59,895
Southwestern	13	\$90,816
Land-of-Sky	14	\$29,685
Region C	15	\$73,452
Region D	16	\$51,130
Western Piedmont	17	\$39,239
Region H	18	\$52,954
Northwest Piedmont	19	\$40,960
Kerr-Tar	20	\$66,143
Region L	21	\$173,696
Region M	22	\$58,967
Lumber River	23	\$169,767
Cape Fear	24	\$129,018
Neuse River	25	\$125,901
Albemarle	26	\$37,610
Burke County	27	\$11,789
Region Q	28	\$100,097
		\$2,000,000

(to Gov Ops)

DEPARTMENT OF PUBLIC INSTRUCTION
Worker Training Trust Funds
Tech Prep Programs Quarterly Report
October 1, 1990

INTRODUCTION/BACKGROUND

The Tech Prep (Technical Preparation) program is a course of study designed to meet the need for high school graduates to have more technically-oriented educational backgrounds and, at the same time, meet the need for higher-level academic courses. A blending of higher-level academic and vocational courses prepares students for the advanced courses required by the two-year technical and community college programs, and, consequently, prepares them to be more successful in all endeavors. Tech Prep is a college prep parallel course of study developed to serve the middle fifty percent of secondary students who may pursue a two-year trade, technical or community college program or employment rather than a four-year degree.

The Tech Prep program was developed to give students courses which form a firm academic and technological foundation on which to build their futures. Administrators and staff from public schools and postsecondary educational agencies jointly plan and implement the program.

The Tech Prep program started in Richmond County four years ago as a joint venture between Richmond County Schools and Richmond Community College. That program now serves as a model for North Carolina and the nation, and it has been the impetus for the development of other Tech Prep programs throughout the state.

Currently, there are approximately 17 Tech Prep programs in operation in the state's public schools. During the 1990 Session, the General Assembly appropriated \$250,000 from Worker Training Trust Funds to the Department of Public Education for local implementation grants to establish five new Tech Prep programs in the public schools. These grants will be provided on a competitive basis to local school units that have a plan meeting the standards of the State Board of Education and the State Board of Community Colleges.

DPI Action

To implement the grants, the Department of Public Instruction has taken the following action:

In anticipation of receiving Worker Training Trust Funds for the implementation of Tech Prep programs, the Office of Program Services in the Department of Public Instruction in the spring of 1990 developed a plan of action. This plan included steps to be taken in the process for working with local school systems and technical/community colleges. One step involved the organization and training of a departmental Tech Prep Technical Assistance Team. This team will work with school systems interested in implementing Tech Prep programs. A second critical step in the plan called for the creation of a Tech Prep Triad composed of the Departments of Public Instruction and

Tech Prep Programs Quarterly Report
Page 2

Community Colleges and the NC Tech Prep Leadership Development Center. This step was enhanced by the support from the General Assembly directing that the two departments each allocate \$50,000 to the support of the Center for 1990-91. With the receipt of the Worker Training Trust Funds, the remaining steps in the action plan can be implemented, including one dealing with evaluation of progress.

During July and August, the Division of Vocational Education Services, utilizing the legislation and experiences gained through involvement with Richmond County School's Tech Prep program, prepared a Request for Proposal (RFP) packet for the Tech Prep program. During the middle of August, RFPs were sent to all local school systems. Completed proposals are to be returned to the Department no later than October 1.

An evaluation instrument designed to effectively evaluate the proposals has been developed.

"Proposal review teams" have been identified and trained in the use of the evaluation instrument.

Second Quarter Plans

After the proposals have been submitted on October 1, the following actions will be taken:

The "proposal review teams" will have 15 days to review and rank proposals and submit recommendations to the Superintendent of Public Instruction. The State Superintendent will review the recommendations and suggest appropriate action to the State Board of Education for consideration at the Board's November 1990 meeting.

Local school systems will be notified as to the status of their proposal no later than November 15.

The Department of Public Instruction staff and the NC Tech Prep Leadership Development Center (located at Richmond Community College) staff will provide technical assistance in implementing the Tech Prep program in those local school systems whose proposals were approved for a grant award.

Number of Grants to be Awarded

Up to 10 local proposals are projected to be funded at a maximum of \$25,000 each. This deviates from the law to establish five new Tech Prep programs. The reason for this is as follows. When the initial request was made to the Worker Training Trust Fund committee, it was estimated that an average of \$50,000 would be needed at each site to implement a Tech Prep program. In the interim, however, between the initial submission of the request and its approval by the General Assembly, the NC Tech Prep Leadership Development Center advised the Department of Public Instruction that, based upon their experience, \$25,000 was sufficient for initial efforts. A later cost for equipment and materials is usually required to have programs up and running to maximum efficiency. Based upon this information and the interpretation by the Department of Public Instruction that the Worker Training Trust Fund committee and the General Assembly wanted to implement as many Tech Prep programs as possible, the decision was made to fund up to 10 proposals at \$25,000 each for \$250,000.

Tech Prep Programs Quarterly Report
Page 2

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Tech Prep Programs Quarterly Report
Page 3

To receive a grant from the \$250,000 appropriation, a local school system's Tech Prep Program must include the following:

- 1) Commitment to Tech Prep by secondary and postsecondary education administrators;
- 2) Staff training and general staff orientation on the changing needs in the workplace and resultant educational needs for the majority of students;
- 3) Tech Prep course of study that include "at grade level or above" prerequisites in English, Math, Science, Social Studies; emphasis on Algebra and Science; additional technical courses such as Principles of Technology and Electronics;
- 4) Comprehensive career guidance program;
- 5) Extensive internal and external marketing by educators, students, parents, employers, and the entire community; and
- 6) Process to monitor the results.

NORTH CAROLINA DEPARTMENT OF LABOR**WORKER TRAINING TRUST FUND****1ST QUARTERLY SUMMARY**

July 1, 1990 - September 30, 1990

ORGANIZATIONAL OVERVIEW

The Pre-Apprenticeship Division of the Department of Labor strives to be an innovative force in developing and implementing programs to meet the needs of our state's workforce. The division creates a positive training environment in business, places special emphasis on those who face barriers to employment, and is creating pilot and demonstration programs for use in the state.

The Pre-Apprenticeship Division currently concentrates efforts on providing classroom training and experience on-the-job for economically disadvantaged persons. This training helps to secure and maintain viable employment and, hence, economic self-sufficiency for our state's poorer citizens. The division targets apprenticeable trades within specific industries in order to give participants the best possible opportunity to continue their training towards high-skilled, high-paying careers.

To support the work of this division, the General Assembly in 1990 appropriated \$500,000 from the Worker Training Trust Fund.

CUSTOMIZED TRAINING OVERVIEW under WORKER TRAINING TRUST FUND

Pre-Apprenticeship has sought and received funding under the Worker Training Trust Fund to develop and enhance the concept of customized training. Customized training provides opportunities for persons to be trained to meet specific job training needs identified by an employer. The employer, or a representation of a group of employers, the pre-apprenticeship representative, and the instructor design a training program utilizing a combination of classroom training and on-the-job training to meet the employer's immediate hiring needs. Pre-Apprenticeship representatives then recruit, assess, counsel, and oversee the training process. During or upon completion of the classroom training, the employer provides an opportunity for on-the-job training (OJT) to the program participants and interviews and hires them for permanent positions.

Customized training is seen as a benefit to employers, as it delivers the employer-specific job training. Each training program meets specific labor market shortages and provides employers access to a training network through the Department of Labor's Apprenticeship and Pre-Apprenticeship Divisions.

Customized training benefits participants as it provides an assessment of their current skills and abilities; trains them for jobs with immediate openings; offers on-going support and counseling to assist in overcoming employment barriers; and provides a chance to learn relevant entry level job skills through classroom training followed by on-the-job training.

THE PROCESS OF CUSTOMIZED TRAINING

Utilizing Worker Training Trust Fund monies, the Pre-Apprenticeship Division will:

1. Identify areas for customized training;
2. Identify companies or associations who wish to provide training opportunities;
3. Recruit businesses for an advisory committee, which will assist in curriculum design, interview for training, and hire participants following training;
4. Determine training that needs to take place (Perform task analysis);
5. Coordinate the instructional format with the instructor;
6. Assist in the selection of facilities and equipment for training;
7. Recruit the participants;
8. Enroll participants in training and oversee the training process;
9. Confirm on-the-job training positions;
10. Coordinate on-the-job training and placement in full-time jobs; and
11. Evaluate and monitor program operations.

1ST QUARTER PROGRESS

The division has identified five geographic areas in which to concentrate our training. These are Greensboro, Sanford, Charlotte, Salisbury, and Raleigh-Durham. The Pre-Apprenticeship Division has begun work in each area.

GREENSBORO

In the Greensboro area, the division has established a program for pre-machinist training. Working closely with the Apprenticeship Division of the Department of Labor, Guilford Technical Community College, the Job Training Partnership Act Service Delivery Area staff, and employer members of the National Tooling and Machining Association (NTMA), the division started the program in September. The advisory committee has adopted the NTMA's training curriculum based upon employers' identified training needs, coordinated the training with the community college, and set dates for two training programs in the pre-machinist field.

Through careful coordination, participants in this program will be able to continue at the college for a machinist certificate and enroll in an apprenticeship program upon completion of this program.

The participating employers are committed to employer-paid, continued education and training.

The first training class has 20 economically disadvantaged participants, including ten minorities and two females. They were selected using national assessment instruments and employer interviews.

The participants scored in the upper 1/3 of all participants enrolled in similar programs developed by NTMA nationwide. Our staff will work closely with this program and develop on-the-job training slots as the participants complete competencies in the classroom.

Linda Anderson, pre-apprenticeship representative, has been employed to staff this program. Among the employers participating are Demp Saw and Tool, K and S Tool Company, Burckhardt America, Inc., Thomas Built Buses, and Newman Machine Company.

SANFORD

After an initial assessment of the labor market and meeting with the community college and businesses, the division selected the building trades for a special emphasis for training.

Building trade groups in Moore, Lee, and Harnett counties have participated in discussions with Central Carolina Community College and the Pre-Apprenticeship Division concerning the program.

A carpentry curriculum has been developed and approved, and the first class will begin in January. The Pre-Apprenticeship Division will begin recruiting participants in November, assessing their skills, and referring individuals whose skills need upgrading to the basic skills improvement programs provided by the college before the pre-apprenticeship carpentry training begins. The program will train between 25 and 35 persons in basic carpentry skills for the home builders and contractors in the surrounding communities.

The Sanford program is being developed by administrative staff of the Pre-Apprenticeship Division. Interviewing is underway for a full-time representative to staff the program.

CHARLOTTE

In the past month, the Pre-Apprenticeship Division has met with the Chamber of Commerce education and training committee, the Employment Service, the Job Training Partnership Act Service Delivery Area, and area businesses. Interest has been expressed in developing projects in the electrical trades, health care industry, and mechanic/machinist areas.

An advisory committee has been established through the Chamber of Commerce for the machining/manufacturing area. The Carolina Electrical Contractors Association and health care providers are discussing the formation of employer advisory committees for additional programs.

Keith Ratliff has been employed as a pre-apprenticeship representative to develop these programs.

Page 5

SALISBURY

Initial talks with the employment service, community college personnel, and area employers have identified a need for welders, medical technology workers, and basic machinists.

A group of four companies interested in welding training has organized to explore a location for the training, to develop community college participation, and to arrange transportation for the students.

In the medical field, area hospital personnel are looking into curricula in two occupations. Training lasting six to nine months is anticipated in the health care fields.

Interest in machinist training has been expressed by a major manufacturing group which is expecting to develop a new line of products in the near future.

Sarah Jones has been employed as a pre-apprenticeship representative to develop these programs.

RALEIGH/DURHAM

Pre-Apprenticeship Division staff have met with the Durham Chamber of Commerce and identified several areas for training. Follow-up is being pursued with employers to determine the extent of the need for such training.

Interviewing is underway to select a pre-apprenticeship representative to develop programs in the Raleigh-Durham area.

APPENDIX E

Page 6

WORKER TRAINING TRUST FUND ACCOUNT

PRE-APPRENTICESHIP DIVISION
NORTH CAROLINA DEPARTMENT OF LABOR

	EXPENDITURES JULY - SEPTEMBER, 1990	AUTHORIZED BUDGET
Salaries and Wages (5 representatives, 1.6 clerical staff, 1 supervisor)	\$ 33,545.97	\$191,692
Salaries and Wages - Longevity	184.40	0
Social Security	2,490.63	14,665
Retirement Contribution	3,959.93	22,313
Hospitalization Insurance	1,489.02	9,031
Instructor's Wages	0	1,360
Office Supplies and Materials	148.96	3,400
Trainee Materials and Incentives	0	165,556
In-State Transportation	2,616.93	41,486
In-State Subsistence	1,741.06	5,970
Telephone Service	1,828.08	17,400
Postage	164.63	3,200
Employee Educational Expense	0	1,520
Printing and Binding	45.11	0
Rent, Repairs to Equipment	270.87	107
Advertising	399.61	2,500
Rent of Offices	2,061.30	9,580
Service and Maintenance Contract	845.15	600
Dues and Subscriptions	0	760
Office Furniture and Equipment	367.81	7,500
Capital Outlay Books	5.00	1,360
TOTAL	\$ 52,164.46	\$500,000

APPENDIX E

Page 6

WORKER TRAINING TRUST FUND ACCOUNT

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Office Furniture and Equipment	367.81	7,500
Capital Outlay Books	5.00	1,360
TOTAL	\$ 52,164.46	\$500,000

APPENDIX E

FOCUSED INDUSTRIAL TRAINING
An Interim Report to the Worker Training
Trust Fund Commission
November 2, 1990

The allocation of \$1,000,000 from the Worker Training Trust Fund, added to the \$1,500,000 annual appropriation from the General Fund, has allowed the Department of Community Colleges to furnish continuation grants of \$75,000 each to 24 community colleges and to increase from \$56,250 to \$75,000 grants for 5 additional colleges for the operation of Focused Industrial Training (FIT) Centers.

Additionally, the balance-of-state fund from which community colleges without a FIT grant may request funds for individual projects, has been increased from \$193,750 in FY 1989-90 to \$250,000 in FY 1990-91. So far this year, the department has made 20 grants ranging from \$1,200 to \$12,960 to 15 community colleges.

As of October 15, 1990, \$109,299 remained in the balance-of-state fund.

This year, as in years past, \$75,000 has been set aside to help the community colleges deliver related instruction to indentured apprentices.

Summary:

29 centers @ \$75,000	\$2,175,000
Balance-of-state fund	250,000
Apprenticeship training	<u>75,000</u>
	\$2,500,000

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**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 1991**

D

91-RR-005

Short Title: Worker Training Trust Fund.

(Public)

Sponsors:

Referred to:

December 5, 1990

1 A BILL TO BE ENTITLED
2 AN ACT TO APPROPRIATE FUNDS FROM THE WORKER TRAINING
3 TRUST FUND AND FROM THE SPECIAL EMPLOYMENT SECURITY
4 ADMINISTRATION FUND.

5 The General Assembly of North Carolina enacts:

6 Section 1. Notwithstanding the provisions of G.S. 96-5(f), there is
7 appropriated from the Worker Training Trust Fund to the following agencies
8 the following sums for the 1991-92 fiscal year and, unless otherwise stated, an
9 equal amount for the 1992-93 fiscal year for the following purposes:

- 10 (a) The sum of \$5,000,000 to the Employment Security
11 Commission for the operation of local offices at the 1986-87
12 level of service.
- 13 (b) The sum of \$1,960,000 for the 1991-92 fiscal year and the
14 sum of \$2,000,000 for the 1992-93 fiscal year to the North
15 Carolina Department of Economic and Community
16 Development for a State job training program to be
17 administered through the Job Training Partnership Act system
18 aimed at the unemployed and the working poor.
- 19 (c) The sum of \$250,000 to the North Carolina Department of
20 Public Instruction to establish five new Tech Prep programs
21 in the public schools.
- 22 (d) The sum of \$500,000 to the North Carolina Department of
23 Labor for customized training of the hard-core unemployed

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