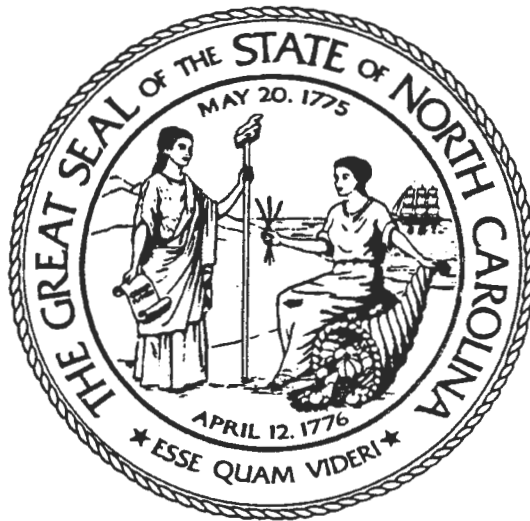


**LEGISLATIVE  
RESEARCH COMMISSION**

---

**WORKER TRAINING TRUST FUND**



**REPORT TO THE  
1991 GENERAL ASSEMBLY  
OF NORTH CAROLINA  
1992 SESSION**

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



May 26, 1992

TO THE MEMBERS OF THE 1991 GENERAL ASSEMBLY (SECOND SESSION):

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 the Worker Training Trust Fund pursuant to Section 2.1(6) of Chapter 754 of the 1991 Session Laws.

Respectfully submitted,

A handwritten signature in cursive script, reading "Daniel T. Blue, Jr.".

Daniel T. Blue, Jr.  
Speaker of the House

A handwritten signature in cursive script, reading "Henson P. Barnes".

Henson P. Barnes  
President Pro Tempore

Cochairmen  
Legislative Research Commission

1991-1992

LEGISLATIVE RESEARCH COMMISSION

MEMBERSHIP

President Pro Tempore of  
the Senate  
Henson P. Barnes, Cochair

Senator Frank W. Ballance, Jr.  
Senator Howard F. Bryan  
Senator J. K. Sherron, Jr.  
Senator Lura Tally  
Senator Russell G. Walker

Speaker of the House of  
Representatives  
Daniel T. Blue, Jr., Cochair

Rep. Marie W. Colton  
Rep. W. Pete Cunningham  
Rep. E. David Redwine  
Rep. Frank E. Rhodes  
Rep. Peggy M. Stamey

## 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 cochaired 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 1991 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 Cochairs 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. Cochairs, 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(6) of Chapter 754 of the 1991 Session Laws (1991 Regular Session). That act states that the Commission may consider House Bill 170 and Senate Bill 203 in determining the nature, scope and aspects of the study. The relevant portions of Chapter 754, House Bill 170 and Senate Bill 203 are included in Appendix A. The Legislative Research Commission grouped this study in its Employment area under the direction of Representative W. Pete Cunningham. The Committee was chaired by Senator Russell G. Walker and Representative A.S. Lineberry, Sr. 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 LRC Study Committee on the Worker Training Trust Fund was appointed in the fall of 1991. Its charge was to study the WTTF and to recommend funding choices to the 1991 General Assembly in its 1992 Short Session or to the 1993 General Assembly or to both. The Study Committee should be guided by G.S. 96-5(f), the statute setting up the WTTF. G.S. 96-5(f) is included as Appendix C.

The General Assembly made appropriations from the WTTF for both years of the budget biennium, Fiscal 1992 and Fiscal 1993, in its 1991 Budget Act, Chapter 689 of the Session Laws. Relevant portions of that Act are included as Appendix D. A longer fiscal history of WTTF appropriations is included as Appendix E.

The Study Committee has met five times: December 2, 1991, January 6, 1992, March 9, 1992, April 13, 1992, and April 23, 1992.

The December 2 meeting was chiefly organizational. It consisted of background reports on the Worker Training Trust Fund and preliminary discussion about the study.

At the January 6 meeting, agencies whose programs received grants from the WTTF during the 1991-92 fiscal year made progress reports.

During January the General Assembly met in Extra Session to revise its redistricting plans. While doing so, the General Assembly enacted Senate Bill 4, Chapter 6 of the Extra Session Laws, revising the formula for the unemployment-insurance surtax. The revised formula removed the surtax as of 1991 and will keep it off indefinitely unless Employment Security Commission reserves dip below a certain level. The surtax was the original, indirect source of funding for the WTTF, but it was determined that the WTTF could continue without it under the new formula. A copy of Chapter 6 (SB 4) is included, along with background and analysis, as Appendix F.

At the March 9 meeting, the WTTF's five current grantees addressed the question of whether they wanted action in the Short Session to give them expanded funding in Fiscal 1993, beyond what was appropriated for them in the 1991 Budget Act. All but the Employment Security Commission requested expanded funding. In addition, two new grants were sought for programs operated by N.C. REAL Enterprises and the State Occupational Information Coordinating Committee (SOICC). A memo and chart summarizing the available funding for Fiscal 1993 and the proposals made to the Committee for expanded funding are included as Appendix I. It shows that \$1,790,327 would be available for expanded funding in Fiscal 1993, but that requests for expansions totaled \$5,260,000. Copies of the statements made by grantees and applicants on March 9 are included as Appendices J through P.

Also at the March 9 meeting, the Committee voted to send a letter to the Office of State Budget expressing its opinion concerning reversions from the WTTF. That letter is included as Appendix G, and the reply as Appendix H.

At the April 13 meeting, Cochairs Lineberry and Walker brought forward a proposal for expanded funding within the \$1,790,327 available funds. After debating each item, the Committee voted to endorse the Cochair's proposal. Staff was directed to draft the action into a report to the Short Session. The Committee approved the final draft at its April 23 meeting.

## FINDINGS AND RECOMMENDATIONS

### FINDINGS:

The Committee finds that \$14,000,000 is projected to be available for distribution from the WTTF in Fiscal 1993, including \$1,790,327 beyond the \$12,209,673 already appropriated for Fiscal 1993 in the 1991 Budget Act. This additional amount was generated by interest accruing on money deposited in the ESC Reserve Fund. One of the chief purposes of the Reserve Fund is to earn interest to be spent on worker-training programs. Spending the extra money will not incur any tax obligation. The Committee considered a motion to leave the \$1,790,327 unspent. The motion was defeated. The Committee decided to recommend investing the additional money in the improvement of North Carolina's workforce.

**RECOMMENDATIONS:** The Committee recommends that the \$14 million available from the WTTF in Fiscal 1993 be appropriated as follows:

- \* \$5,839,964 -- to Employment Security Commission to maintain local offices at the 1986-87 level of service. Although this amount represents a reduction from the \$6,059,673 appropriated to ESC in the 1991 Budget Act, it is an increase of \$380,291 from the amount appropriated to ESC in Fiscal 1992. With unemployment up in North Carolina, the ESC has received more favorable federal funding than in the past for the employment services the local offices provide.
- \* \$1,746,000 -- to Department of Community Colleges for the Focused Industrial Training (FIT) program to increase annual funding from \$74,000 to \$90,000 in each of the 31 existing FIT Centers. This amount is an increase of \$496,000 from what was appropriated for Fiscal 1993 in the 1991 Budget Act. The Committee felt that FIT works to preserve jobs in North Carolina's existing industries.
- \* \$2,400,000 -- to Department of Economic and Community Development for the Employment and Training Grant Program. This is the same amount appropriated for Fiscal 1993 in the 1991 Budget Act. The Committee noted that, although this amount does not include an expansion, it is \$400,000 more than the program received in Fiscal 1991.

- \* \$2,489,036 -- to Department of Human Resources for the Job Opportunities and Basic Skills (JOBS) program. This amount is \$489,036 more than was appropriated for the JOBS program for Fiscal 1993 in the 1991 Budget Act. The extra \$489,036 would be earmarked for computer equipment for social services offices in the counties that participate in the JOBS program. The Department felt that the computers were a critical need in this program, which focuses on training welfare recipients for the job market.
- \* \$1,000,000 -- to the Department of Labor for customized job training. This amount is double the amount appropriated for Fiscal 1993 in the 1991 Budget Act. The Committee wished to encourage this this program, which brings together employers and promising members of the hard-core unemployed.
- \* \$300,000 -- jointly to Department of Public Instruction and Department of Community Colleges to provide training in entrepreneurship to high-school and community-college students in certain rural counties. The program would be operated by North Carolina REAL Enterprises. The WTTF grant would help replace seed money N.C. REAL has received from foundations and other sources. It is hoped that the program will result in jobs two ways: directly for the entrepreneurs and indirectly for the people they employ in their businesses.
- \* \$225,000 -- to the State Occupational Information Coordinating Committee (SOICC) for a program to provide follow-up information on participants in State training programs. It is hoped that the tracking system will help individuals whom the programs serve, program managers who design the programs, and legislative policymakers who must decide on budgeting priorities.

APPENDIX A

CHAPTER 754  
SENATE BILL 917

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

PART I.-----TITLE

Section 1. This act shall be known as "The Studies Act of 1991."

. . . . .

PART II.-----LEGISLATIVE RESEARCH COMMISSION

Sec. 2.1. The Legislative Research Commission may study the topics listed below. Listed with each topic is the 1991 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:

. . .

- (6) Worker Training Trust Fund--study continued (H.B. 170 - James, S.B. 203 - Raynor),

. . .

Sec. 2.7. Committee Membership. For each Legislative Research Commission Committee created during the 1991-93 biennium, the cochair of the Commission shall appoint the Committee membership.

Sec. 2.8. 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 1992 Regular Session of the 1991 General Assembly or the 1993 General Assembly, or both.

Sec. 2.9. 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.

Sec. 2.10. 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 XXI.-----EFFECTIVE DATE

Sec. 21.1. This act is effective upon ratification.

In the General Assembly read three times and ratified this the 16th day of July, 1991.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

H

1

HOUSE BILL 170

Short Title: Worker Training Study.

(Public)

---

Sponsors: Representatives James; and Bowman.

---

Referred to: Rules, Appointments and Calendar.

---

February 26, 1991

- 1                                   A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE THE LEGISLATIVE RESEARCH COMMISSION TO  
3     STUDY THE WORKER TRAINING TRUST FUND.  
4 The General Assembly of North Carolina enacts:  
5             Section 1. The Legislative Research Commission may study the Worker  
6 Training Trust Fund.  
7             Sec. 2. The Commission may:  
8             (1) Study the needs of displaced and dislocated workers for education  
9               and training;  
10            (2) Recommend viable training programs directed toward enhancing  
11               the employability of workers;  
12            (3) Study and document the needs for school-to-work transition  
13               activities and programs;  
14            (4) Study the coordination of industry's needs and the job training  
15               curriculum available in the State;  
16            (5) Design a plan for the distribution of any refunds to employers that  
17               it finds warranted;  
18            (6) Study the need of the Employment Security Commission for  
19               continued and stable funding to maintain the operation of its local  
20               offices; and  
21            (7) Recommend to the 1992 Session of the 1991 General Assembly  
22               and to the 1993 General Assembly the ways in which the money in  
23               the Worker Training Trust Fund should be used.

1           Sec. 3. The Legislative Research Commission may submit a written  
2 report to the 1992 Session of the General Assembly and to the 1993 General  
3 Assembly.

4           Sec. 4. This act becomes effective July 1, 1991.

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

S

1

SENATE BILL 203

Short Title: Worker Training Study.

(Public)

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Sponsors: Senators Raynor; Bryan, Kincaid, Parnell, Soles, and Walker.

---

Referred to: Appropriations.

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March 4, 1991

- 1                                   A BILL TO BE ENTITLED  
2 AN ACT TO AUTHORIZE THE LEGISLATIVE RESEARCH COMMISSION TO  
3     STUDY THE WORKER TRAINING TRUST FUND.  
4 The General Assembly of North Carolina enacts:  
5             Section 1. The Legislative Research Commission may study the Worker  
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13               activities and programs;  
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19               continued and stable funding to maintain the operation of its local  
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22               and to the 1993 General Assembly the ways in which the money in  
23               the Worker Training Trust Fund should be used.

1                   Sec. 3. The Legislative Research Commission may submit a written  
2 report to the 1992 Session of the General Assembly and to the 1993 General  
3 Assembly.

4                   Sec. 4. This act becomes effective July 1, 1991.



## APPENDIX B

### MEMBERSHIP OF LRC COMMITTEE ON WORKER TRAINING TRUST FUND

**LRC Member:** Rep. W. Pete Cunningham  
3121 Valleywood Place  
Charlotte, NC 28216  
(704) 394-0919

#### **Members:**

##### **President Pro Tempore's Appointments**

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

Sen. Howard F. Bryan  
P.O. Box 1654  
Statesville, NC 28677  
(704) 873-0501

Sen. Ralph A. Hunt  
1005 Crete Street  
Durham, NC 27707  
(919) 682-5259

Mr. Ralph A. Kimel  
307 Frye Bridge Road  
Clemmons, NC 27012

Mr. Bobby Porter  
Route 2  
Roseboro, NC 28382

Sen. Mary Seymour  
1105 Pender Lane  
Greensboro, NC 27408  
(919) 288-5631

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

##### **Staff:**

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

##### **Speaker's Appointments**

Rep. Albert S. Lineberry, Sr., Cochair  
P.O. Box 630  
Greensboro, NC 27402  
(919) 272-5157

Rep. Ruth M. Easterling  
901 Queens Road, Apt. 2  
Charlotte, NC 28207  
(704) 375-5934

Rep. Joe H. Hege, Jr.  
P.O. Box 833  
Lexington, NC 27292  
(704) 249-9141

Rep. Vernon G. James  
Route 4, Box 251  
Elizabeth City, NC 27909  
(919) 330-4394

Rep. Edward L. McGee  
3708 Hawthorne Road  
Rocky Mount, NC 27804  
(919) 937-4282

Rep. Harry E. Payne, Jr.  
P.O. Box 1147  
Wilmington, NC 28402  
(919) 458-9409

Ms. Deborah Warren  
P.O. Box 27343  
Raleigh, NC 27611

##### **Clerk:**

Ms. Molly Freeman

plies 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. 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. Funds appropriated from the Worker Training Trust Fund that are unexpended and unencumbered at the end of the fiscal year for which they are appropriated shall revert to the State treasury to the credit of the Worker Training Trust Fund in accordance with G.S. 143-18. (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; 1991, c. 689, s. 142.)

(b) Notwithstanding G.S. 143B-472.35(b), the Department of Economic and Community Development may transfer not more than \$40,000 of interest earnings credited to the Main Street Financial Incentive Fund pursuant to G.S. 143B-472.35(a), from the Fund to the North Carolina Main Street Center Program operating budget for fiscal year 1991-92.

(c) Notwithstanding G.S. 143B-472.35, the Department of Economic and Community Development shall transfer \$100,000 of interest earnings in the Main Street Financial Incentive Fund from the Fund to the General Fund for fiscal year 1991-92. The Department shall transfer funds pursuant to this subsection on July 1, 1991.

Requested by: Representatives Ethridge, H. Hunter, DeVane, Senator Martin of Pitt  
WORKER TRAINING TRUST FUND

Sec. 141. (a) There is appropriated from the Worker Training Trust Fund to the Employment Security Commission of North Carolina the sum of \$5,459,673 for the 1991-92 fiscal year and the sum of \$6,059,673 for the 1992-93 fiscal year for the operation of local offices at the 1986-87 level of service.

(b) Notwithstanding G.S. 96-5(c), there is appropriated from the Special Employment Security Administration Fund to the Employment Security Commission of North Carolina, the sum of \$2,000,000 for the 1991-92 fiscal year and the sum of \$2,000,000 for the 1992-93 fiscal year for administration of the Veterans Employment Program, Employment Services Program, and Unemployment Insurance Program.

(c) Supplemental federal funds or other additional funds received by the Employment Security Commission for similar purposes shall be expended prior to the expenditure of funds appropriated by this section.

(d) Notwithstanding the provisions of G.S. 96-5(f), there is appropriated from the Worker Training Trust Fund to the following agencies the following sums for the 1991-92 and the 1992-93 fiscal years for the following purposes:

- (1) \$3,000,000 for the 1991-92 fiscal year and \$2,400,000 for the 1992-93 fiscal year to the Department of Economic and Community Development, Division of Employment and Training, for the Employment and Training Grant Program.
- (2) \$500,000 for the 1991-92 fiscal year and \$500,000 for the 1992-93 fiscal year 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.
- (3) \$2,000,000 for the 1991-92 fiscal year and \$2,000,000 for the 1992-93 fiscal year 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.
- (4) \$1,250,000 for the 1991-92 fiscal year and \$1,250,000 for the 1992-93 fiscal year to the North Carolina Department of Community Colleges to continue the Focused Industrial Training Program.

Requested by: Representatives Ethridge, H. Hunter, Senator Martin of Pitt  
WORKER TRAINING TRUST FUND/REVERSION OF FUNDS

Sec. 142. G.S. 96-5(f) reads as rewritten:

"(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. 96-9(b)(3), all proceeds from the tax as defined in G.S. 96-9(b)(3) 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) 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. Funds appropriated from the Worker Training Trust Fund that are unexpended and unencumbered at the end of the fiscal year for which they are appropriated shall revert to the State treasury to the credit of the Worker Training Trust Fund in accordance with G.S. 143-18."

Requested by: Representatives H. Hunter, Ethridge, DeVane, Senator Martin of Pitt  
---UTILITIES REGULATORY FEE

Sec. 143. The percentage rate to be used in calculating the public utility regulatory fee under G.S. 62-302(b)(2) is nine hundredths percent (0.09%) of each public utility's North Carolina jurisdictional revenues earned during each quarter that begins on or after July 1, 1991.

Requested by: Representatives Ethridge, H. Hunter, Senator Martin of Pitt  
---TOURISM PROMOTION FUNDS

Sec. 144. Funds appropriated in this Title to the Department of Economic and Community Development for tourism promotion grants shall be allocated according to per capita income, unemployment, and population growth in

# Appendix E

## BACKGROUND ON THE ESC RESERVE FUND AND THE WORKER TRAINING TRUST FUND (WTF)

### A. HISTORY

The General Assembly created the WTF and the Employment Security Commission Reserve Fund, in 1987. Both were established by the same piece of legislation, Chapter 17 of the 1987 Session Laws.

As shown on the chart on page 4, North Carolina employers pay two kinds of taxes related to employment security:

- o a Federal Employment Tax Act (FUTA) tax, collected by the IRS. Those revenues go to Washington to fund the North Carolina operations account and come back to North Carolina operations, including its 78 local offices. But ESC officials have contended that North Carolina does not receive back its fair share of the FUTA revenues, and before 1987 were warning that budget cuts might force the closing of some local offices.
- o a State Unemployment Insurance (UI) tax, collected quarterly by the ESC. Until 1987, the entire amount of that Unemployment Insurance account was returned to fund benefits to the unemployed. In the recession of the early 1980s, several states used up their UI accounts and were forced to borrow from the federal government at 10% interest so they could continue paying unemployment benefits. In response to that threat, the 1983 General Assembly passed a bill that, among other things, raised the UI tax.

By 1987, the condition of North Carolina's UI Fund had improved. The General Assembly and the ESC took the opportunity that condition provided to do several things in the 1987 bill. They lowered some of the taxes that had been raised in 1983 and increased the ceiling on benefits.

In addition, they sought more State control over UI tax revenues and operations money. First, they found a way to keep in Raleigh 20% of the UI tax that had been going to Washington. This recapturing of federal taxes for use at the State level is said to be the first executed by any state. Then, they created the two new funds:

1. The ESC Reserve Fund. The recaptured 20% of UI tax money goes directly into this Fund. The money in this Fund may be used only to supplement and guarantee the payment of benefits to unemployed workers; federal law prohibits its use for other ESC operations. The 1987 bill provided that, when the money in the Reserve Fund

reaches 1% of the taxable wages in the State, then for the next year the employers do not have to pay the 2% of their tax that goes into the Reserve Fund.

2. The Worker Training Trust Fund. ESC wanted to secure more money for maintenance of local ESC offices. To get around the federal requirement that none of the UI taxes diverted into the ESC Reserve Fund could be used for that purpose, the original 1987 bill proposed using interest earned on the Reserve Fund moneys to maintain local offices. The debate over this proposal in the 1987 General Assembly led to a compromise: the creation of the Worker Training Trust Fund.

In the compromise, the General Assembly directed that the interest from the Reserve Fund money would go into the WTTF and that money would be distributed by the General Assembly through the appropriations process for the following three purposes:

1. Programs to enhance the employability of people who have been laid off or have been told they will be laid off. (In 1988 this purpose was expanded to include programs to benefit workers who still have their jobs but need retraining to avoid future unemployment.)
2. Continued operation of local offices of the Employment Security Commission, or
3. Refunds to employers.

B. ESC Reserve Fund

Under current law, the collection of the tax for the ESC Reserve Fund will be collected until the Fund balance equals or exceeds 1% of the taxable wages of the preceding year. Since taxable wages increase as the economy grows, the 1% trigger has not occurred, and it appears that the 1% trigger will switch on an off as taxable wages increase. ESC has projected that the 1% trigger will be reached for calendar year 1994 and the surtax will be discontinued, but ESC has also projected that the surtax will switch on again in calendar year 1995. (See chart on page 5.)

The current balance of the ESC Reserve Fund was \$193,827,373.90 as of January 3, 1991. After fourth quarter taxes for the ESC Reserve Fund are collected for calendar year 1991, the estimated balance for the Reserve Fund is \$202,000,000. Estimates are that \$50-60 million will be collected from the ESC Reserve Fund surtax during calendar year 1992.

B. Appropriations from the WTTF

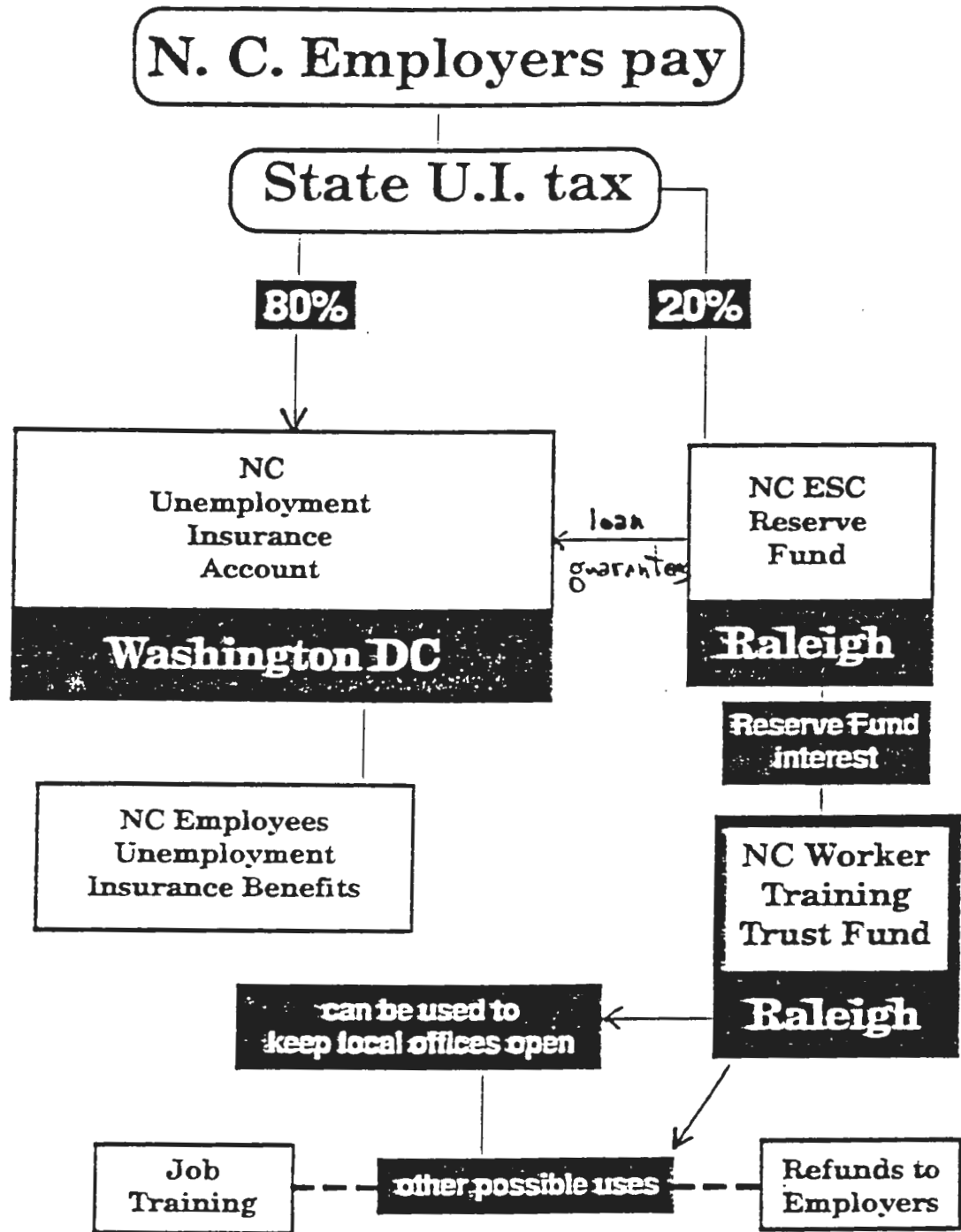
The table on page 6 summarizes the appropriations from the WTTF for FY 1989 through FY 1993. Until FY 1990-91, the General

Assembly only appropriated WTTTF funding that was expected to be available at the beginning of each fiscal year. The 1990 General Assembly appropriated WTTTF reversions from FY 1989-90 and also appropriated WTTTF funding that would be collected during the first quarter of FY 1990-91.

Until the 1991 Session, the General Assembly made appropriations from the WTTTF on annual basis after determining how much money was actually in the WTTTF. During the last Session, the General Assembly appropriated funding from the WTTTF for both years of the 1991-93 Biennium so that programs receiving funding from the WTTTF could do long term budget planning for their operations.

aco!

# How does the North Carolina Worker Training Trust Fund Work?





ACTUAL ('87-'89) AND PROJECTED ('90-'95) CURRENT SURTAX RESULTS  
 (ALL DOLLAR AMOUNTS IN MILLIONS)

CY	TRUST FUND BALANCE	TOTAL TAX PAID	TAX TO TRUST FUND	TAX TO STATE	INT. TO WTTF	BEN. PAID	INT. ON TRUST FUND	RESERVE BALANCE
1987	\$1,221.9	\$243.6	\$212.2	\$31.4	\$1.1	\$203.2	\$114.5	\$31.4
1988	\$1,332.7	\$226.9	\$190.4	\$36.5	\$4.4	\$194.4	\$111.8	\$67.9
1989	\$1,439.2	\$244.4	\$205.6	\$38.8	\$7.1	\$224.1	\$125.0	\$106.7
1990	\$1,545.7	\$266.7	\$224.4	\$42.3	\$10.9	\$244.6	\$136.4	\$149.0
1991	\$1,661.9	\$291.4	\$244.9	\$46.5	\$14.6	\$266.9	\$148.9	\$195.6
1992	\$1,788.8	\$318.1	\$267.3	\$50.8	\$18.8	\$291.3	\$162.5	\$246.4
1993	\$1,927.2	\$347.1	\$291.7	\$55.4	\$23.3	\$318.0	\$177.4	\$301.8
1994	\$2,078.3	\$318.4	\$318.4	\$0.0	\$25.6	\$347.0	\$193.6	\$301.8
1995	\$2,243.3	\$413.5	\$347.5	\$66.0	\$28.4	\$378.7	\$211.3	\$367.8

MEMORANDUM

NOVEMBER 25, 1991

TO: All Members, Worker Training Trust Fund Study Committee  
FROM: Ruth Sappie, Fiscal Research Division  
RE: Year-end fund balance

As of July 1, 1992, the estimated balance in the Worker Training Trust Fund is estimated to be \$14.5 million. This estimate was prepared by revenue analysts within the Employment Security Commission, and Fiscal Research concurs with the estimate.

The estimate is based on actual collections through the first quarter of FY92 (July-September), and upon an analysis of historical quarterly collection patterns for estimation of WTTF balances for each of the remaining three quarters in FY92.

The interest rate assumed in the estimate is 7.5%. This assumption agrees with the State Treasurer's projection of a 7.7% rate of return to investable balances for the 1991-92 fiscal year, and with the 7.8% rate of return on short-term investments achieved by the State Treasurer's Office for the first quarter of FY92 (July-September).

Since enactment of the Worker Training Trust Fund in 1987, interest payments from the State Reserve Fund to the Trust Fund on a fiscal year basis have been as follows:

1987	\$ 77,718
1988	2,773,001
1989	6,052,498
1990	9,640,293
1991	13,019,504

Interest payments to the Fund in FY92 through the month of November amount to \$6,138,391.

APPROPRIATIONS FROM THE WORKER TRAINING TRUST FUND  
 FY 1989 - FY 1993

<u>Agency/Program</u>	<u>FY 1989</u>	<u>FY 1990</u>	<u>FY 1991</u>	<u>FY 1992</u>	<u>FY 1993</u>
Employment Security Commission -					
1. Maintain Services at 1986-87 levels	\$1,642,685	\$4,537,708	\$ 6,459,673 <sup>1</sup>	\$ 5,459,673	\$ 6,059,673
2. Worker Readjustment Program	-	493,025 <sup>2</sup>	-	-	-
Department of Community Colleges - Focused Industrial Training Program	500,000	850,000	1,000,000	1,250,000	1,250,000
Department of Economic and Community Development - Job Training Program through JTPA	-	-	2,000,000	3,000,000	2,400,000
Department of Human Resources - JOBS Program	-	-	2,000,000	2,000,000	2,000,000
Department of Labor - Customized Job Training	-	-	500,000	500,000	500,000
Department of Public Instruction - Tech. Prep. Program	-	-	250,000	-	-
<b>TOTALS</b>	<b>\$2,142,685</b>	<b>\$5,880,733</b>	<b>\$12,209,673</b>	<b>\$12,209,673</b>	<b>\$12,209,673</b>

2-7  
E-7

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

2 The original 1989-90 appropriatiосn 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 F

GENERAL ASSEMBLY OF NORTH CAROLINA  
EXTRA SESSION 1991  
RATIFIED BILL

CHAPTER 6  
SENATE BILL 4

AN ACT TO LOWER THE EMPLOYMENT SECURITY COMMISSION RESERVE FUND THRESHOLD, THEREBY ELIMINATING UNNECESSARY ACCUMULATIONS IN THE RESERVE FUND AND PROVIDING RELIEF TO EMPLOYERS.

The General Assembly of North Carolina enacts:

Section 1. G.S. 96-5(f) reads as rewritten:

"(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. 96-9(b)(3);~~ ~~Part of the proceeds from the tax as defined on contributions imposed in G.S. 96-9(b)(3)j and collected pursuant to G.S. 96-10 shall be paid into credited to the Reserve Fund.~~ Fund, as specified in that statute. 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), Act,~~ 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 Security 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.~~ Funds appropriated from the Worker Training Trust Fund that are unexpended and unencumbered at the end of the fiscal year for which they are appropriated shall revert to the State treasury to the credit of the Worker Training Trust Fund in accordance with G.S. 143-18."

Sec. 2. G.S. 96-9(b)(3)j, reads as rewritten:

"j. ~~Effective January 1, 1987, a~~ A tax shall be and is hereby imposed upon the contributions and shall be at the rate of twenty percent (20%) of the amount of contributions due. The tax is due and payable at the time and in the same manner as the contributions. For each quarter during calendar year 1987 and each calendar year thereafter, if The tax does not apply in a calendar year if, as of August 1 of the preceding year, the amount in the Reserve Fund is less than one percent (1%) of the taxable wages as determined on the computation date (August 1) of the preceding calendar year, the standard beginning tax rate and the tax rate assigned to any employer subject to either the experience rating formula table in G.S. 96-9(b)(3)d or the rate schedule for Overdrawn Accounts in G.S. 96-9(b)(3)e shall be twenty percent (20%) of the contributions due and payable. equals or exceeds one hundred sixty-three million three hundred forty-nine thousand dollars (\$163,349,000), which is one percent (1%) of taxable wages for calendar year 1984. The collection of this tax, the assessment of interest and penalty penalties on unpaid taxes, the filing of judgment liens, and the enforcement of said the liens for unpaid taxes shall be is governed by the provisions of G.S. 96-10 where applicable. Taxes collected under this subpart shall be credited to the Employment Security Commission Reserve Fund, and refunds of the taxes shall be paid from the same Fund. Any interest and or penalties collected pursuant to this subsection on unpaid taxes shall be paid into credited to the Special Employment Security Administration Fund, and any interest or penalties refunded under this subsection on taxes imposed by this subpart shall be paid from the same Fund. out of the Special Employment Security Administration Fund. Except as to taxes unpaid on the date on which they are due and payable, this tax shall not be collectible for any calendar year, if, as of the computation date (August 1) of the preceding year, the balance of the Employment Security Commission Reserve Fund equals to or exceeds one percent (1%) of the taxable wages."

Sec. 3. This act is effective for taxes imposed for calendar years beginning on or after January 1, 1992. This act does not affect the date set in G.S. 96-9(c)(3) by which an employer must file an application for review or redetermination of the employer's rate of contributions for the 1992 calendar year.

In the General Assembly read three times and ratified this the 24th day of January, 1992.

JAMES C. GARDNER

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James C. Gardner  
President of the Senate

DANIEL BLUE, JR.

---

Daniel Blue, Jr.  
Speaker of the House of Representatives

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: Senate Bill 4 (Extra Session 1991)

SHORT TITLE: Lower ESC Reserve Fund Cap

SPONSOR(S): Senators Royall and Bryan

FISCAL IMPACT: Expenditures: Increase ( ) Decrease ( )  
 Revenues: Increase ( ) Decrease (X)  
 No Impact ( )  
 No Estimate Available ( )

FUND AFFECTED: General Fund ( ) Highway Fund ( ) Local Fund ( )  
 Other Fund (X ): ESC Reserve Fund  
 Worker Training Trust Fund (WTF)

BILL SUMMARY: SB 4 (Extra Session 1991) amends G.S. 96-5 and G.S. 96-9 to lower the Employment Security Commission Reserve Fund threshold that determines whether taxes should be assessed and paid into the Reserve Fund. Under SB 4 (Extra Session 1991), the tax will not apply in a calendar year if the amount in the Reserve Fund as of August 1, of the preceding year, equals or exceeds \$163,349,000.

EFFECTIVE DATE: For taxes imposed for calendar year on or after January 1, 1992

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:

Employment Security Commission

FISCAL IMPACT

	FY 91-92	FY 92-93	FY 93-94	FY 94-95	FY 95-96
REVENUES:					
ESC RESERVE FUND	\$202.0 M	\$202.0 M	\$202.0 M	\$202.0 M	\$202.2 M
WTF FUND	\$14.14 M	\$14.14 M	\$14.14 M	\$14.14 M	\$14.14 M
EXPENDITURES:					
ESC RESERVE FUND	-0-	-0-	-0-	-0-	-0-
WTF FUND	\$12.2 M	\$12.2 M	\$12.2 M	\$12.2 M	\$12.2 M

ASSUMPTIONS AND METHODOLOGY:

- A. ESC Reserve Fund: Under current law, the tax for the ESC Reserve Fund is collected until the Reserve Fund balance equals or exceeds 1% of the taxable wages of the preceding year. Since taxable wages increase each year as the economy grows, the 1% "trigger" has not been reached.

SB 4 (Extra Session 1991) establishes a more specific trigger for the ESC Reserve Fund by setting the cap at \$163,349,000 which is 1% of the taxable wages for calendar year 1984. As of July 31, 1991, the ESC Reserve Fund had a balance of \$177,046,320 which means that the \$163,349,000 trigger will occur for calendar year 1992 and that the tax will not be collected.

After all taxes for the Reserve Fund are collected for calendar year 1991, the estimated balance of the Reserve Fund for 1991-92 and future years is \$202,000,000. The tax imposed upon employers by G.S. 96-9 will not be imposed again until the Reserve Fund balance falls below \$163,349,000. For the purposes of this fiscal note, it is assumed the balance of the Reserve Fund will remain constant through FY 1995-96. (The balance will decrease only if the Unemployment Insurance Fund in Washington is depleted. This Fund has a current estimated balance of \$1.3 Billion.)

- B. WTF Fund: Limiting the ESC Reserve Fund to a balance of \$202,000,000 will also place a cap on the interest earned on the Reserve Fund which is deposited in the Worker Training Trust Fund (WTF). Assuming an annual interest rate of 7%, the ESC Reserve Fund will have annual earnings of \$14,140,000 in interest which will be deposited in the WTF. Appropriations from the WTF for FY 1991-92 and FY 1992-93 are \$12,209,673. For the purposes of this fiscal note, it is assumed that appropriations from the WTF will be continued at the \$12,209,673 level. Since the assumed appropriations from the WTF are less than the estimated earnings, the actual cash balance of the WTF will grow by \$1.9 million each fiscal year. The actual level of growth in the WTF's cash balance will be determined by the General Assembly when it makes appropriations from the WTF for FY 1992-93 and future fiscal years.

**SOURCES OF DATA:**

Employment Security Commission  
Department of the State Treasurer

**TECHNICAL CONSIDERATIONS:**

FISCAL RESEARCH DIVISION  
733-4910

PREPARED BY: L. Carol Shaw

APPROVED BY: Thomas L. Covington

DATE: 1-13-92

[FRD#001]



Appendix G

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



March 9, 1992

Mr. Marvin Dorman, Executive Assistant  
Office of State Budget  
116 West Jones Street  
Raleigh, North Carolina 27603-8005

Dear Mr. Dorman:

As you know, the General Assembly in 1991 added language to G.S. 96-5(f) to make clear its intent that "Funds appropriated from the Worker Training Trust Fund that are unexpended and unencumbered at the end of the fiscal year for which they are appropriated shall revert to the State treasury to the credit of the Worker Training Trust Fund in accordance with G.S. 143-18."

The addition to the statute was made on the recommendation of a Study Committee on the Worker Training Trust Fund, a predecessor to the Committee which we now jointly chair.

Although this language was not added to G.S. 96-5(f) until 1991, it is the opinion of the Study Committee, based on legal advice, that the law always provided for reversions to be credited to the Worker Training Trust Fund under the general rule of G.S. 143-18 in the Executive Budget Act. It was only because your office had called that premise into question that we felt it was necessary to clarify that the rule applied specifically to the Worker Training Trust Fund.

Accordingly, it is our position that any unexpended funds appropriated from the Worker Training Trust Fund, going back to its establishment in 1987, should be credited to the Worker Training Trust Fund now, if they were not so credited when they reverted.

Sincerely,

Rep. A.S. Lineberry    Sen. Russell G. Walker  
Co-Chairs, Committee on Worker Training Trust Fund.

CC: Rep. William Cunningham, LRC Member in Charge.  
All members, Committee on Worker Training Trust Fund.  
President Robert W. Scott, Community Colleges.  
Commissioner Bob Etheridge, Public Instruction.  
Secretary Estell C. Lee, Economic & Community Development.  
Secretary David T. Flaherty, Human Resources.  
Mr. William R. Gilkeson, Committee Counsel.  
Ms. Carol Shaw, Fiscal Analyst.

Fiscal Research Division

REVERSION OF APPROPRIATIONS  
FROM THE  
WORKER TRAINING TRUST FUND  
FY 1991

<u>Agency/Program</u>	<u>FY 1991 Appropriations</u>	<u>FY 1991 Reversions</u>
Employment Security Commission Maintain services at 1986-87 levels	\$6,459,673	-0-
Department of Community Colleges Focused Industrial Training Program	1,000,000	-0-
Department of Economic and Community Development Job Training Program through JTPA	2,000,000	\$126,870
Department of Human Resources JOBS Program	2,000,000	-0-
Department of Labor Customized Job Training	500,000	112,900
Department of Public Instruction Tech. Prep. Program	250,000	-0-
<b>TOTALS</b>	<b>\$12,209,673</b>	<b>\$239,770</b>

NOTE: These reversions were deposited into the General Fund on 6-30-91 because clarifying legislation specifying that reversions of WTTF appropriations go back to the WTTF was effective 7-1-91.



State of North Carolina  
Office of State Budget and Management

James G. Martin  
Governor and Director  
of the Budget

April 13, 1992

Marvin K. Dorman, Jr.  
State Budget Officer

Representative A. S. Lineberry  
Senator Russell G. Walker  
Co-Chairs, Committee on Worker Training Trust Fund  
Legislative Research Commission  
State Legislative Building  
Raleigh, North Carolina 27611

Dear Gentlemen:

This is in response to your March 9, 1992 letter, received in this office April 13, regarding funds appropriated from the Worker Training Trust Fund. The statutes pertaining to the Worker Training Trust Fund monies transferred to General Fund operating budgets and their reverting to the Worker Training Trust Fund at the end of the fiscal year have not been clear in the past. At the suggestion of this office to Fiscal Research staff, I believe G.S. 96-5(f) as enacted by the 1991 General Assembly clarifies this issue.

As to funds transferred to and appropriated for activities in General Fund operating budgets prior to July 1, 1991, let me point out the circumstances surrounding these funds reverting on June 30, 1991, to the General Fund. First, G.S. 143-27 requires that receipts in General Fund operating budgets be spent first and that General Fund appropriations be spent to the extent that they supplement those receipts. Therefore, it is the general practice that excess receipts are replacing state appropriations and thereby reverting General Fund appropriations.

April 13, 1992

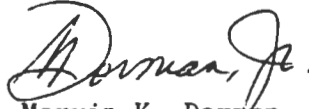
Page 2

During the 1989-90 and 1990-91 fiscal years, the General Fund budgets had revenue shortfalls of \$550 million and \$729 million respectively. Governor Martin issued Executive Order 114 to manage the General Fund budget during 1990-91 in order to complete the year with a balanced budget. That Executive Order directed the State Budget Office to identify and revert to the General Fund all eligible sources. This included receipts collected in the General Fund operating budgets of agencies which were not prohibited by other Constitutional provisions from being used to balance the budget. During 1990-91 fiscal year, the Department of Public Instruction reverted \$2,695 and the Department of Labor \$112,900 of Worker Training Trust Fund.

This office does not have the statutory authority to now use 1991-92 General Fund appropriations to restore these Worker Training Trust Fund nor any other non-General Fund dollars used to balance the 1990-91 budget.

If I can be of any further assistance in this matter, please do not hesitate to contact me.

Sincerely,



Marvin K. Dorman, Jr.



# North Carolina General Assembly

Legislative Services Office  
Legislative Office Building  
300 N. Salisbury Street, Raleigh, N. C. 27603-5925

# Appendix I

GEORGE R. HALL, JR. Legislative Administrative Officer  
(919) 733-7044

M. GLENN NEWKIRK, Director Automated Systems Division Suite 400, (919) 733-6834	GERRY F. COHEN, Director Bill Drafting Division Suite 100, (919) 733-6660	THOMAS L. COVINGTON, Director Fiscal Research Division Suite 619, (919) 733-4910	TERRENCE D. SULLIVAN, Director Research Division Suite 545, (919) 733-2578
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March 20, 1992

## MEMORANDUM

**TO:** Senator Russell Walker  
Representative Albert S. Lineberry, Sr.

**FROM:** L. Carol Shaw *LS*  
Fiscal Research Division

**SUBJECT:** WTTF Availability for 1992-93

After the last WTTF LRC meeting, I said that I would provide you with a summary of the expansion requests from the WTTF for 1992-93. In addition, I want to give a final estimate of WTTF availability for 1992-93.

The attached chart summarizes the expansion requests from the WTTF for 1992-93. The total expansion request is \$5,260,000. Four of the five existing WTTF programs have requested expansion of their current appropriation for 1992-93. In addition, two new programs have requested funding: NC REAL Enterprise and the State Automated Information Center.

Ruth Sappie and I estimate that the total WTTF availability for 1992-93 is \$14,000,000 which leaves \$1,790,327 for expansion if the current WTTF appropriations remain the same. This estimate is \$140,000 less than the estimate in the fiscal note for SB 4 which was presented at the last meeting of the LRC. The estimate is lower because the actual final balance for the ESC Reserve Fund is \$199,809,914. The fiscal note for SB 4 used \$202,000,000 as the final balance for the ESC Reserve Fund. The \$2.2 million difference between the actual balance of the Reserve Fund and the projected balance results in \$140,000 less interest for the WTTF.

Please let me know if you have any questions or need additional information.



**EXPANSION PROPOSALS FOR THE WORKER TRAINING TRUST FUND  
FY 1992-93**

<u>Agency/Program</u>	<u>Current Appropriation FY 1992-93</u>	<u>Proposed Expansion FY 1992-93</u>	<u>Total Current &amp; Exp. FY 1992-93</u>
Employment Security Commission - Maintain Services at 1986-87 Levels	\$6,059,673	-0-	\$6,059,673
Department of Community College - Focused Industrial Training Program	1,250,000	1,235,000	2,485,000
Department of Economic and Community Develop- ment - N.C. Employment & Training Grant Program	2,400,000	1,000,000	3,400,000
Department of Human Resources - JOBS Program	2,000,000	2,000,000	4,000,000
Department of Labor - Customized Job Training	500,000	500,000	1,000,000
NC REAL Enterprises	-0-	300,000	300,000
State Occupational Information Center (SOIC)	<u>-0-</u>	<u>225,000</u>	<u>225,000</u>
<b>TOTALS</b>	<b>\$12,209,673</b>	<b>\$5,260,000</b>	<b>\$17,469,673</b>

**NOTE:** The estimated availability from the WTTF for FY 1992-93 is \$14,000,000. If current appropriations from the WTTF for 1992-93 remain the same, the availability for expansion is \$1,790,327.

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**Worker Training Trust Fund Study Commission****March 9, 1992****Remarks by Ann Q. Duncan, Chairman  
Employment Security Commission of North Carolina**

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Thank you, Mr. Chairman and members of the Worker Training Trust Fund Study Committee for the opportunity to be here with you today and talk about the Employment Security Commission.

In the handout in front of you, you will find a detailed report about the activities of the Employment Security Commission over the past year. If you have questions about any of the information, I have Mr. Manfred Emmrich, the Employment Service division director, and Mr. Preston Johnson, the Unemployment Insurance division director with me.

Briefly, let me say that 1991 was a very busy year for ESC. In 1991:

- ✓ More than 650,000 people came to one of 78 local Job Service offices for some type of service
- ✓ Received more than 200,000 job orders from employers
- ✓ Placed 125,000 applicants in jobs
- ✓ Processed more than 1.1 million initial unemployment insurance benefit claims
- ✓ Mailed more than 2.6 million unemployment insurance benefit checks and paid in excess of half-billion dollars in unemployment insurance benefits
- ✓ Maintained one of the highest weekly benefit payment amounts in the country at \$157.37 per week with a maximum payment of \$258 per week
- ✓ Maintained one of the most solvent UI Trust funds in the nation at \$1.3 billion
- ✓ Collected more than \$250 million in unemployment insurance taxes

I know the magnitude of these numbers is overwhelming when you look at them statewide, but what does it mean on the local level? Well, last year, Senator Walker, Randolph County claimants, for example, collected almost \$7.9 million in unemployment benefits. And in Rep. Lineberry's home county of Guilford, \$25.4 million in benefits were collected. And what about the state's largest county, Mecklenburg? Claimants in Rep. Easterling's county collected nearly \$33.9 million in unemployment benefits.

Over and above the statistics I have just given you, let me remind you that in 1991, ESC also implemented the Emergency Unemployment Compensation Act of 1991 passed by Congress last November. Many of you had questions about this legislation at a previous meeting of the WTTF. Just to bring you up to date, since December 1991, ESC has:

- ✓ Written nearly 150,000 checks for emergency unemployment compensation totalling \$40.3 million
- ✓ Taken emergency unemployment claims from 20,827 individuals

ESC is very proud of the accomplishments I have just highlighted.

As I appear before you today, I must share with you that the Employment Security Commission has not yet received its final notification on its federal Employment Service budget allocation. All we have received are preliminary estimates that are subject to change.

In preparation for this meeting, however, I asked my fiscal staff to review both the state budget appropriations for the upcoming state fiscal year and the federal Employment Service grant preliminary estimates. If the preliminary estimates hold, it appears that for the first time in several years, the Employment Security Commission will not have to ask the General Assembly for an increase in its funding.

For this reason, the Commission has no new budget request. We support the current authorized budget for the 1992-93 state fiscal year.

At this time, I understand the State Occupational Information Coordinating Committee chaired by Mr. Joel New may have a request for WTTF funds in order to develop a computer tracking system to track workers who have received job training in North Carolina. As a member of this committee, I can tell you that ESC endorses this idea. Perhaps Mr. New or Committee staff could provide details.

Thank you once again for the opportunity to appear before you, and I'll be happy to answer your questions.



# Appendix K

## PROPOSAL FOR EXPANDING FOCUSED INDUSTRIAL TRAINING IN THE NORTH CAROLINA COMMUNITY COLLEGE SYSTEM

Crucial to the continued survival and success of North Carolina's traditional manufacturing industries is the ability to attain and then maintain global competitiveness. A most important component of this competitiveness is maintaining a trained workforce that is capable of adapting to technological changes.

The North Carolina Community Colleges' New and Expanding Industry Training program provides training assistance for industries new to the state and those that are in an expansion mode. The New and Expanding Industry program trains workers for newly created jobs. However, there is a continuing need to provide training support to traditional industries in North Carolina. Those, that in many areas of the state, are the backbone of a community.

The North Carolina Community Colleges' Focused Industrial Training program was created in 1981 to strengthen the partnership for training between the private industrial community and the local community college in an effort to maintain a trained workforce on an on-going basis. Eight colleges were originally designated as FIT Centers. Today there are 31 FIT Centers.

The Focused Industrial Training program serves the training needs of an existing industry's skilled and semi-skilled workers through a cooperative effort in the planning and delivery of needed skills training programs associated with occupations in the traditional trades areas. Many new procedures and techniques have been taught due to changing manufacturing processes. As of June 30, 1991, 5,961 industries were served, with instruction provided to 55,658 workers through 5,798 classes. Workers in the textile, apparel, furniture and metalworking industries have received the

greatest portion of retraining efforts through the FIT program, followed by those in miscellaneous manufacturing industries such as wood, paper, plastics, tobacco, fiberglass, etc.

Training through the FIT program has been of tremendous benefit to many industries. Training has been provided to as few as one individual that would not have been feasible without FIT funding. Often times, an industry employs a small number of workers in a particular occupation, but the need for training is as great as in an organization with more employees. Focused Industrial Training has filled a training need that is continuing to grow as industry strives to maintain competitiveness.

In order for our community colleges to assist industries in efforts to maintain a trained workforce, a substantial expansion of the Focused Industrial Training program must take place.

Expansion of the Focused Industrial Training program will allow for expanded efforts in training and retraining of workers in existing industries and primary manufacturing.

This expansion can be accomplished through:

- . Enhancing capabilities of current FIT centers by increasing level of funding at the existing centers;
- . Increasing availability of concentrated industrial training services throughout the state by funding 4 additional FIT centers;
- . Increasing availability of funds to areas of the state where a designated center is not feasible;
- . Enhancing capabilities of current Quality Center by increasing level of funding at the existing center; and
- . Increasing availability of services to industries as the focus on quality and productivity expands through the establishment of 3 Quality centers.

In order to accomplish an expansion of the Focused Industrial Training program, additional funding is necessary. The Department of Community Colleges received \$1,000,000 from the Worker Training Trust Fund for Focused Industrial Training activities in 1990-91 and \$1,250,000 in 1991-92. Focused Industrial Training receives \$1,455,000 annually from the community colleges' continuation budget. Increasing the funding level to \$2.485 million from the Worker Training Trust Fund will allow for the following:

. Increasing funding of 31 existing centers from \$74,000 to an average of \$90,000 each (31 x \$16,000)	\$ 496,000
. Fund 4 new centers @ an average of \$90,000 each	\$ 360,000
. Increasing funding of 1 existing quality center from \$75,000 to \$90,000	\$ 15,000
. Establish 3 quality centers @ \$90,000 each	\$ 270,000
. Increase Balance-of-State fund by \$94,000	<u>\$ 94,000</u>
TOTAL EXPANSION BUDGET	\$1,235,000

With increased funding for FIT, the total budget will be \$3,940,000. It is projected that approximately 14,500 workers will receive training during the coming year.

PROPOSED FOCUSED INDUSTRIAL TRAINING BUDGET

REVENUE SOURCES:

General Fund	\$1,455,000
Worker Training Trust Fund	<u>2,485,000</u>
TOTAL	\$3,940,000

ALLOCATIONS:

35 FIT Centers (35 @ \$90,000 average each)	\$3,150,000
3 Quality and Productivity Centers	270,000
Balance-of-State Fund	<u>520,000</u>
TOTAL	\$3,940,000

# Appendix L

## REPORT TO WORKER TRAINING TRUST FUND STUDY COMMISSION

MARCH 9, 1992

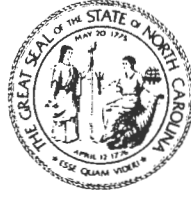
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On January 6, 1992, Joel New, Director of the Division of Employment and Training reported to you on funds from the Worker Training Trust Fund that were awarded to the Department of Economic and Community Development, Division of Employment and Training for the job training program in North Carolina.

We are requesting an appropriation from the Worker Training Trust Fund of \$3.4 million for Fiscal Year 1992-93. This is an increase of \$1 million over the \$2.4 million currently appropriated. Further, we ask your support toward appropriations in this Session, depending upon availability of funds.

In our program no administrative costs are retained at the state level and all funds are allocated through 27 local Private Industry Councils overseeing the Service Delivery Areas in North Carolina. The Private Industry Councils design and direct the use of this money in each of their respective areas.

Last session, for the first time in the state's history, the Legislature appropriated \$3,000,000 from the Worker Training Trust Fund to fund the North Carolina Employment and Training Grant Program, a State Employment and Training Program designed to raise the skills of the state's adults. All of these funds have been allocated to local areas to emphasize increased employment and earnings and reductions in welfare dependency. This program is operated at the local level by the 27 Private Industry Councils who design programs to promote economic growth of North Carolina by preparing for the future high-skill needs of the workforce.



Appendix M

North Carolina Department of Human Resources  
101 Blair Drive • Raleigh, North Carolina 27603 • Courier 56-20-11

James G. Martin, Governor

David T. Flaherty, Secretary

April 16, 1992

MEMORANDUM

TO : Bill Gilkeson, Legislative Staff  
Worker Training Trust Fund Committee

FROM: James B. Edgerton, Director *JBE*  
Division of Budget and Analysis

Mary Deyampert, Director *Donna A. Cline for M. Deyampert*  
Division of Social Services

RE Request for Additional Worker Training Trust Funds for SFY 1992-93

In accordance with your request, we are confirming the request presented by the DHR, Division of Social Services to the LRC Worker Training Trust Fund Committee.

The Department and the Division of Social Services were asked to identify the amount of JOBS expenditures by county department of Social Services which might be eligible for reimbursement from the Worker Training Trust Fund. At the March 9, meeting, Jim Dean, DSS Assistant Director of Budget and Planning, reported that for SFY 1992-93, the estimated amount was \$4,000,000, an increase of \$2,000,000 over the current WTTF amount already in the Division's budget. In response to further discussion, we identified that a critical need facing the county JOBS program at this time is computer equipment for the JOBS units in the 75 JOBS counties. We were asked to present a written cost estimate for the computer equipment.

The Department's first written request for additional Worker Training Trust Funds was presented at the April 13, 1992 meeting of the Worker Training Trust Fund Committee. The request, for \$489,036, was approved by the Committee as presented.

Please express to members of the Committee our deep appreciation for the provision of the \$2,000,000 of Worker Training Trust Fund for county JOBS services, and for their strong support for the expansion amount of \$489,036 for county JOBS units to have computer equipment. County staff will be able to provide better services to clients and to document activities more efficiently. This is critical to client success and to our continued receipt of an enhanced federal financial participation rate for many of the JOBS service activities.

If additional information is needed, please contact Ms. Dreps or Mr. Harris.

cc: Manny Marbet  
Janet Pittard  
Bonnie Allred  
Frances Dreps  
Jim Dean  
Lucy Burgess  
Chuck Harris

# Appendix N

North Carolina Department of Labor  
Pre-Apprenticeship Division  
Proposed Program Plan Summary  
1992-93

**Funding Request:**

Request for an additional \$500,000 through WTTF

Current grant amount \$500,000 plus additional \$500,000  
Total Grant Amount \$1,000,000.00

**Purpose:**

To serve 400 economically disadvantaged people through  
Pre-Apprenticeship Customized Training

**Goals:**

To develop projects that have a wage at placement of at least  
\$7.00 per hour plus benefits  
To generate projects that are employer-driven  
To design competency-based training (Apprenticeship Model)  
To provide the pre-apprenticeship bridge to apprenticeship

**Services:**

Identification of labor shortages  
Development of project advisory committees  
Design of core training  
Coordination of facilities, instructors, and equipment  
Recruitment of participants  
Development of long term participant training plans  
Employer interviews/selection of trainees  
Assignment to core training  
Infuse into training - quality work skills  
On-the-job training - worked based learning (as needed)  
Placement in full time jobs  
Follow up - Two years beyond program completion  
Coordination with apprenticeship programs across the state

**Proposed areas of the State for project development:**

Charlotte  
Hickory  
Salisbury  
Greensboro  
Henderson  
Fayetteville  
Raleigh (Research Triangle Area)  
\* Wilmington  
\* Greenville  
\* Goldsboro  
\* Lumberton

\* Indicates New Areas to Target

**North Carolina Department of Labor  
Worker Training Trust Fund  
Pre-Apprenticeship Division**

**History:** 1990-91    WTTF

**Served:** 252

Through: Eighteen Customized Training Projects  
Project Locations: Clinton, Fayetteville, Hickory, Charlotte,  
Raleigh, Salisbury, Greensboro, Sanford

**Areas of Training:**

Pre-machinists, Truck Drivers, Sheet Metal Fabrication,  
Pharmacy Technicians, Seamers and Knitters, (Hosiery),  
Welding, Production Technicians, Electrician Helpers, Women  
in Construction, Carpentry, Health Care,

**Average Wage:**

7.13 per hour

**Current Projects: 1991-92**

Twelve Training Projects  
168 people enrolled as of March 9, 1992

**Areas of Training:**

Computer Repair Technicians  
Allied Health Preparation  
Hemostasis  
Women in Construction  
Water Treatment Operators  
Facilities Maintenance  
Electrician Helpers  
Pre-Machinist  
Knitter, Seamers, Fixers (Hosiery Industries)  
Quality Cable Assembly  
Pharmacy Technicians  
Telecommunications  
Professional Sales Training

**Targeted Wage:**

\$7.00 per hour minimum



# Appendix 0

NORTH CAROLINA DEPARTMENT OF COMMUNITY COLLEGES  
NORTH CAROLINA DEPARTMENT OF PUBLIC INSTRUCTION  
PROPOSAL TO  
THE WORKER TRAINING TRUST FUND STUDY COMMITTEE  
MARCH 9, 1992

## PROPOSAL

The North Carolina Department of Community Colleges and Department of Public Instruction request \$300,000 for implementation of the rural school-incubated enterprise program at nine rural schools and expansion to up to three new schools. This program trains high school and community college students to be entrepreneurs, and teaches important workplace skills that students will need regardless of their ultimate career choices. The program contributes to the well-being of our state's rural areas by helping young people find worthwhile employment and a reason to stay in their local communities through the creation of small businesses.

## BACKGROUND

While rural students have traditionally been trained to be job applicants for opportunities located in urban areas, training rural students to be job creators can be a powerful force for rural revitalization. Rural schools can do more to provide opportunities for entrepreneurially minded students (10 - 15% of the population). Traditional textbook-based, lecture-oriented courses do not provide these "do-ers" with an education relevant to their interests or to the needs of their communities.

North Carolina REAL Enterprises, a not-for-profit organization based in Chapel Hill, was founded in 1986 to test whether a program to foster student entrepreneurship could be successful, even in underfunded rural schools. The pilot phase of the program was funded by the NC Rural Economic Development Center, North Carolina foundations (including Z. Smith Reynolds, Mary Reynolds Babcock and Bryan Family Foundations), the U.S. Department of Education, and national foundations (including the Ford Foundation). The results were encouraging:

- Students at six pilot schools began eight businesses that generated more than \$650,000 in revenues.
- Students in the program learned valuable workplace skills, and were inspired to stay in school and continue their education.

Based on the success of these pilot schools, the program has now expanded to nine schools (four high schools, four community colleges, and one juvenile training school for adjudicated youth). The Department of Public Instruction and the Department of Community Colleges are providing partial support for the program during the 1991-92 fiscal year. An articulated joint high school/community college version is being designed, as well as separate secondary and post-secondary programs.

## HOW THE PROGRAM WORKS

Through courses offered for academic credit, students analyze their local community, determine feasible business ideas, and plan, open and operate sustainable businesses. Along the way, students learn to work together in groups, solve problems, make decisions, and function effectively in the real world. Student-generated businesses "graduate" with the students who created them to become part of local economy.

The local school acts as an "incubator" for the businesses by providing the courses and other in-kind assistance. Local businesspeople and professionals serve as mentors and advisors for student entrepreneurs through a Community Support Team established in each community.

NC REAL Enterprises works in partnership with local schools to offer the program, and provides the following services to participating schools:

1. Course and resource materials.
2. Teacher training, through seminars and on-site assistance.
3. Intensive business development assistance to students.
4. Evaluation.
5. Administration of a Revolving Loan Fund for students participating in the program.
6. Coordination of existing business technical assistance providers in the classroom, e.g., Small Business & Technology Development Center counselors, and Small Business Center Directors.

Over 110 students will be trained through the program during 1992-93.

## BENEFITS

- A. The program fosters small business creation and retention of youth in North Carolina's rural communities.
- B. The experiential, relevant nature of the program inspires students to stay in school and continue with their education, while teaching important workplace skills that business and education leaders are demanding of today's workforce.
- C. Teachers gain valuable expertise in the use of experiential teaching and reach additional students through the use of this teaching methodology in other classes.

**RURAL SCHOOL-INCUBATED ENTERPRISE PROGRAM**

**Proposed Budget**

**JULY 1, 1992 - JUNE 30, 1993**

<b>Salaries and Wages</b>		<b>\$ 158,000</b>
Executive Director (12 months)	\$ 42,000	
Assoc. Director -- Education (12 months)	35,000	
Assoc. Director -- Bus. Development (12 months)	35,000	
Office Manager (12 months)	26,500	
Assistant Office Manager (12 months)	19,500	
Social Security 7.65%		12,087
Retirement 10.00%		15,800
Health Insurance 8.00%		12,640
SUTA 2.00%		3,160
Workers Comp. Insurance		583
<b>Total Salaries and Wages</b>		<b>202,270</b>
<b>Direct Program</b>		
Teacher training tuition and materials	\$ 37,750	
Telephone	5,400	
Copy/Printing	1,320	
In-state travel and subsistence (staff)	15,000	
Postage	3,000	
Subscriptions, Books, Dues	1,000	
Staff Training	2,000	
Meetings & Conferences	2,250	
Mini-grants to local schools	3,300	
Publications	5,000	
<b>Total Direct Program</b>		<b>76,020</b>
<b>Indirect Program</b>		
Fire/theft insurance	\$ 280	
Office supplies	2,400	
Office expense	1,320	
Office rent	7,800	
Office utilities	1,560	
Accounting/legal	6,825	
Computer Expense	1,080	
Bank charges	145	
Equipment/Furniture Repair	300	
<b>Total Indirect Program</b>		<b>21,710</b>
<b>Total Expenses</b>		<b>\$ 300,000</b>

# Appendix P

N.C. Occupational Information Coordinating Committee  
Worker Training Trust Fund Budget Request, 3/9/92  
Remarks by Joel New, Chairman

The N.C. Occupational Information Coordinating Committee is an interagency council composed of representatives of six state agencies, and responsible for developing occupational and career information products for career planning and program development. To this end, the N.C. OICC maintains a data base of program completers from education and employment and training agencies, as well as employment and occupational information from the Employment Security Commission.

The proposed interagency follow-up system will use existing education and employment data and track former participants in job preparatory programs over time. This system will not only support development of department and legislative policy, but strengthen program accountability in a cost effective manner.

The NC OICC respectfully requests, therefore, \$225,000 from the Worker Training Trust Fund for PY 1992, in order to develop an interagency tracking system and begin its operation.

N.C. OCCUPATIONAL INFORMATION COORDINATING COMMITTEE  
RESOLUTION, 3/5/92

At their meeting on March 5, 1992, the North Carolina Occupational Information Coordinating Committee (NC OICC) unanimously approved the development and maintenance of a common interagency follow-up system that would track the education and training histories, the placement, employment and wages of former participants in the state's education and training programs. This standard source of data, created by crossmatching existing data in state agency files and records and with employers, will provide for the first time consistent, comparable information for planning and evaluation over time of job preparatory programs. It is estimated that the common follow-up system, modeled after the Florida Education and Training Placement Information Program, will cost \$225,000 in PY 1992 for system development and program start-up, and not more than \$300,000 annually for its ongoing operation.

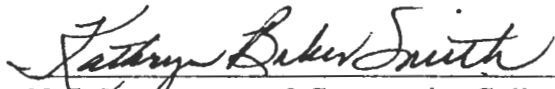
The NC OICC has studied the potential for a common follow-up system for several years. This past fall (1991), the Director of the Florida program presented his state's current follow-up system to a forum of representatives from a number of N.C. departments/agencies. The NC OICC subsequently directed its Technical Subcommittee to work with its respective agencies to outline the requirements and costs of a system for North Carolina.

The members of the NC OICC have endorsed the proposed program and agreed to provide program support and oversight. They respectfully request of the Worker Training Trust Fund \$225,000 for PY 1992 in order to develop and begin operating this common follow-up system. They consider the Worker Training Trust Fund to be the most appropriate funding source for an interagency employment and training program which they believe will significantly strengthen policy decisions and program accountability in a most cost effective manner.

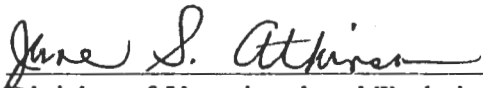
The NC OICC currently coordinates occupational supply and demand data from state agencies and institutions, and develops occupational information resources for state and local education and employment and training programs.

Attachments

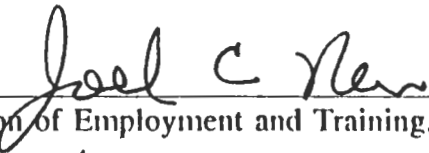
RESOLUTION  
PAGE TWO



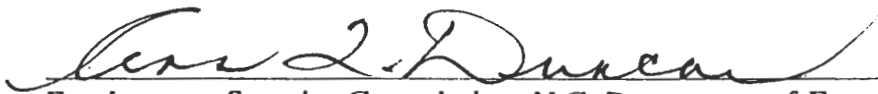
N.C. Department of Community Colleges



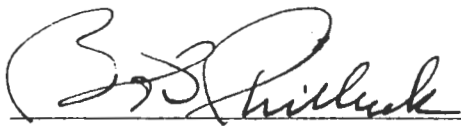
Division of Vocational and Technical Education Services, N.C. Department of Public Instruction



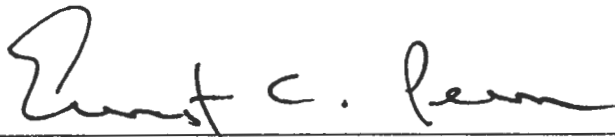
Division of Employment and Training, N.C. Department of Economic and Community Development



Employment Security Commission, N.C. Department of Economic and Community Development



Division of Vocational Rehabilitation Services, N.C. Department of Human Resources



N.C. Department of Economic and Community Development

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1991

SH

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91-RRZ-008

THIS IS A DRAFT 28-APR-92 15:48:15

Short Title: Worker Training Trust Fund

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT TO APPROPRIATE MONEY FROM THE WORKER TRAINING  
3 TRUST FUND FOR THE 1992-93 FISCAL YEAR.

4 The General Assembly of North Carolina enacts:

5 Section 1. Section 141 of Chapter 689 of the 1991 Session Laws  
6 reads as rewritten:

7 "Sec. 141. (a) There is appropriated from the Worker Training  
8 Trust Fund to the Employment Security Commission of North Carolina the  
9 sum of \$5,459,673 for the 1991-92 fiscal year and the sum of ~~\$6,059,673~~  
10 \$5,839,964 for the 1992-93 fiscal year for the operation of local offices at the  
11 1986-87 level of service.

12 (b) Notwithstanding G.S. 96-5(c), there is appropriated from the  
13 Special Employment Security Administration Fund to the Employment Security  
14 Commission of North Carolina, the sum of \$2,000,000 for the 1991-92 fiscal  
15 year and the sum of \$2,000,000 for the 1992-93 fiscal year for administration  
16 of the Veterans Employment Program, Employment Services Program, and  
17 Unemployment Insurance Program.

18 (c) Supplemental federal funds or other additional funds received  
19 by the Employment Security Commission for similar purposes shall be  
20 expended prior to the expenditure of funds appropriated by this section.

21 (d) Notwithstanding the provisions of G.S. 96-5(f), there is  
22 appropriated from the Worker Training Trust Fund to the following agencies  
23 the following sums for the 1991-92 and the 1992-93 fiscal years for the  
24 following purposes:

- 1 (1) \$3,000,000 for the 1991-92 fiscal year and \$2,400,000 for  
2 the 1992-93 fiscal year to the Department of Economic and  
3 Community Development, Division of Employment and  
4 Training, for the Employment and Training Grant Program.
- 5 (2) \$500,000 for the 1991-92 fiscal year and ~~\$500,000~~  
6 \$1,000,000 for the 1992-93 fiscal year to the North Carolina  
7 Department of Labor for customized training of the  
8 unemployed and the working poor for specific jobs needed by  
9 employers through the Department's Pre-Apprenticeship  
10 Division.
- 11 (3) \$2,000,000 for the 1991-92 fiscal year and ~~\$2,000,000~~  
12 \$2,489,036 for the 1992-93 fiscal year to the North Carolina  
13 Department of Human Resources to assist welfare recipients  
14 in gaining employment through the federally funded Job  
15 Opportunities and Basic Skills Program in such a way as to  
16 gain the maximum match of federal funds for the State dollars  
17 ~~appropriated.~~ appropriated, provided that the \$489,036 in  
18 expansion funds for the 1992-93 fiscal year shall be used for  
19 computer equipment for every county participating in the Job  
20 Opportunities and Basic Skills Program.
- 21 (4) \$1,250,000 for the 1991-92 fiscal year and ~~\$1,250,000~~  
22 \$1,746,000 for the 1992-93 fiscal year to the North Carolina  
23 Department of Community Colleges to continue the Focused  
24 Industrial Training ~~Program.~~ Program, provided that the  
25 \$496,000 in expansion funds for the 1992-93 fiscal year shall  
26 be used to increase the annual funding for the 31 existing FIT  
27 centers from an average of \$74,000 to an average of \$90,000.
- 28 (5) \$300,000 for the 1992-93 fiscal year jointly to the  
29 Department of Public Instruction and the Department of  
30 Community Colleges for a program of training in  
31 entrepreneurial skills to be operated by North Carolina REAL  
32 Enterprises.
- 33 (6) \$225,000 for the 1992-93 fiscal year to the North Carolina  
34 Occupational Information Coordinating Committee to develop  
35 and operate an interagency system to track former participants  
36 in State education and training programs."

37 Sec. 2. This act becomes effective on July 1, 1992.



**SUMMARY OF EXPANSION PROPOSALS IN DRAFT BILL**

**FY 1992-93**

<u>Agency/Program</u>	<u>Current Appropriation FY 1992-93</u>	<u>Proposed Expansion FY 1992-93</u>	<u>Total Current &amp; Exp. FY 1992-93</u>
Employment Security Commission - Maintain Services at 1986-87 Levels	\$6,059,673	\$(219,709)	\$5,839,964
Dept. of Community Colleges - Focused Industrial Training (FIT) Program	1,250,000	496,000 <sup>1</sup>	1,746,000
Dept. of Economic & Community Development - N.C. Employment & Training Grant Program	2,400,000	-0-	2,400,000
Dept. of Human Resources - JOBS Program	2,000,000	489,036 <sup>2</sup>	2,489,036
Dept. of Labor - Customized Job Training	500,000	500,000	1,000,000
NC REAL Enterprises	-0-	300,000	300,000
State Occupational Information Coordinating Committee (SOICC)	<u>-0-</u>	<u>225,000</u>	<u>225,000</u>
<b>TOTALS</b>	<b>\$12,209,673</b>	<b>\$1,790,327</b>	<b>\$14,000,000</b>

1. Increases annual funding from \$74,000 to an average of \$90,000 to the 31 existing FIT Centers.

2. Provides funding for computer equipment for every county participating in the JOBS Program.