

GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2023

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HOUSE BILL 792

Short Title: UI/Establish Short-Time Compensation in NC. (Public)

Sponsors: Representative Longest.

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

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

April 19, 2023

1 A BILL TO BE ENTITLED  
2 AN ACT AMENDING THE EMPLOYMENT SECURITY LAWS TO ESTABLISH A  
3 SHORT-TIME COMPENSATION PROGRAM IN NORTH CAROLINA.

4 The General Assembly of North Carolina enacts:

5 **SECTION 1.** Chapter 96 of the General Statutes is amended by adding a new Article  
6 to read:

7 "Article 6.

8 "Short-Time Compensation.

9 "**§ 96-45. Short-time compensation.**

10 (a) Definitions. – The following definitions apply in this section:

11 (1) Affected unit. – A specified plant, department, shift, or other definable unit of  
12 two or more employees designated by the employer to participate in a  
13 short-time compensation plan.

14 (2) Employer-sponsored training. – A training component sponsored by an  
15 employer to improve the skills of the employer's workers.

16 (3) Normal weekly hours of work. – The number of hours in a week that an  
17 individual would regularly work for the short-time compensation employer,  
18 not to exceed 40 hours, excluding overtime.

19 (4) Short-time compensation benefits. – Benefits payable to individuals in an  
20 affected unit under an approved short-time compensation plan.

21 (5) Short-time compensation employer. – An employer with a short-time  
22 compensation plan in effect.

23 (6) Short-time compensation plan or plan. – An employer's written plan for  
24 reducing unemployment under which an affected unit shares the work  
25 remaining after its normal weekly hours of work are reduced.

26 (b) Approval of Plans. – An employer wishing to participate in the short-time  
27 compensation program must submit a signed, written, short-time plan to the Division. The  
28 Division shall approve the plan if all of the following criteria are met:

29 (1) The plan applies to and identifies each specific affected unit.

30 (2) The individuals in the affected unit are identified by name and social security  
31 number.

32 (3) The normal weekly hours of work for individuals in the affected unit are  
33 reduced by at least ten percent (10%) and by not more than sixty percent  
34 (60%).



- 1           (4)    The plan includes a certified statement by the employer that the aggregate  
2           reduction in work hours is in lieu of layoffs that would affect at least ten  
3           percent (10%) of the employees in the affected unit and that would have  
4           resulted in an equivalent reduction in work hours.
- 5           (5)    The plan applies to at least ten percent (10%) of the employees in the affected  
6           unit.
- 7           (6)    The plan is approved in writing by the collective bargaining agent for each  
8           collective bargaining agreement covering any individual in the affected unit.
- 9           (7)    The plan does not serve as a subsidy to seasonal employers during the  
10          off-season or as a subsidy to employers who traditionally use part-time  
11          employees.
- 12          (8)    The plan certifies that, if the employer provides fringe benefits to any  
13          employee whose workweek is reduced under the program, the fringe benefits  
14          will continue to be provided to the employee participating in the short-time  
15          compensation program under the same terms and conditions as though the  
16          workweek of such employee had not been reduced or to the same extent as  
17          other employees not participating in the short-time compensation program. As  
18          used in this subdivision, the term "fringe benefits" includes, but is not limited  
19          to, health insurance, retirement benefits under defined benefit pension plans  
20          as defined in the Employee Retirement Income Security Act of 1974, 29  
21          U.S.C. § 1002(35), contributions under a defined contribution plan as defined  
22          in section 414(i) of the Internal Revenue Code, paid vacation and holidays,  
23          and sick leave.
- 24          (9)    The plan describes the manner in which the requirements of this subsection  
25          will be implemented, including a plan for giving notice, if feasible, to an  
26          employee whose workweek is to be reduced, together with an estimate of the  
27          number of layoffs that would have occurred absent the ability to participate in  
28          short-time compensation.
- 29          (10)   The terms of the employer's written plan and implementation are consistent  
30          with employer obligations under applicable federal laws and laws of this State.
- 31          (11)   The employer has filed all quarterly reports and other reports required under  
32          this Chapter and has paid all obligation assessments, contributions,  
33          reimbursements in lieu of contributions, interest, and penalties due through  
34          the date of the employer's application.

35           The Division shall approve or disapprove a short-time compensation plan in writing within  
36           15 days after its receipt. If the plan is denied, the Division shall notify the employer of the reasons  
37           for disapproval. A plan takes effect on the date of its approval by the Division and expires at the  
38           end of the twelfth full calendar month after its effective date.

39           (c)    Revocation of Approval. – The Division shall periodically monitor the employer's  
40           plan compliance and operations. Plan approval may be revoked based on good cause, including  
41           the failure to comply with assurances provided in the plan such as that the aggregate reduction  
42           in hours is in lieu of layoffs.

43           (d)    Eligibility Requirements for Short-Time Compensation Benefits. – Except as  
44           provided in this subsection, an individual is eligible to receive short-time compensation benefits  
45           for any week only if the individual complies with this Chapter and the Division finds that (i) the  
46           individual is employed as a member of an affected unit in an approved plan that was approved  
47           before the week and is in effect for the week, (ii) the individual is able to work and is available  
48           for additional hours of work or for full-time work with the short-time employer, and (iii) the  
49           normal weekly hours of work of the individual are reduced by at least ten percent (10%) but not  
50           by more than sixty percent (60%), with a corresponding reduction in wages.

1        The Division may not deny short-time compensation benefits to an individual who is  
2 otherwise eligible for these benefits for any week by reason of the application of any provision  
3 of this Chapter relating to availability for work, active search for work, or refusal to apply for or  
4 accept work from other than the short-time compensation employer of that individual. The  
5 Division may not deny short-time compensation benefits to an individual who is otherwise  
6 eligible for these benefits for any week because such individual is participating in an  
7 employer-sponsored training or a training under the Workforce Innovation and Opportunity Act  
8 to improve job skills when the training is approved by the department.

9        Notwithstanding any other provision of law, an individual is deemed unemployed in any  
10 week for which compensation is payable to the individual, as an employee in an affected unit,  
11 for less than the individual's normal weekly hours of work in accordance with an approved  
12 short-time compensation plan in effect for the week.

13        (e) Weekly Benefit Amount. – The weekly short-time compensation benefit amount  
14 payable to an individual is equal to the product of the individual's weekly benefit amount and the  
15 ratio of the number of normal weekly hours of work for which the employer would not  
16 compensate the individual to the individual's normal weekly hours of work. The benefit amount,  
17 if not a multiple of one dollar (\$1.00), is rounded downward to the next lower multiple of one  
18 dollar (\$1.00).

19        (f) Total Benefit Amount. – An individual may not be paid benefits under this section in  
20 an amount that is more than the individual's maximum entitlement and an individual may not be  
21 paid short-time compensation benefits in excess of that maximum.

22        (g) Effect of Benefit. – The short-time compensation benefits paid to an individual shall  
23 be deducted from the total benefit amount established for that individual. An individual who  
24 receives all of the short-time compensation or combined reemployment assistance or  
25 unemployment compensation and short-time compensation available in a benefit year is  
26 considered an exhaustee for purposes of the extended benefits program and, if otherwise eligible  
27 under those provisions, is eligible to receive extended benefits. An otherwise eligible individual  
28 may not be disqualified from benefits for leaving employment instead of accepting a reduction  
29 in hours under an approved plan.

30        (h) Allocation of Charges. – Except when the result is inconsistent with the other  
31 provisions of this Chapter, short-time compensation benefits shall be charged to the employment  
32 record of employers.

33        (i) Seasonal, temporary, or intermittent employees are not eligible for participation in the  
34 program. The following definitions apply in this subsection:

35            (1) Seasonal employment. – Employment with an employer who experiences at  
36 least a twenty percent (20%) difference between its highest level of  
37 employment during a particular season and its lowest level of employment  
38 during the off-season in each of the previous three years as reported to the  
39 State agency, and/or employees are hired to work on a temporary basis by  
40 employers that need extra help during a particular season.

41            (2) Temporary employment. – Employment where an employee is expected to  
42 remain in a position for only a limited period of time and/or is hired by a  
43 temporary agency to fill a gap in an employer's workforce.

44            (3) Intermittent employment. – Employment that is not continuous but may  
45 consist of periodic intervals of weekly work and intervals of no weekly work."

46        **SECTION 2.** This act is effective when it becomes law.