

ASSEMBLY, No. 1786

STATE OF NEW JERSEY

INTRODUCED MARCH 18, 1996

By Assemblyman ZECKER, Assemblywomen WRIGHT,
Vandervalk, Assemblymen DiGaetano, Bucco and Kelly

1 AN ACT concerning unemployment insurance benefits and revising
2 various parts of the statutory law.

3

4 **BE IT ENACTED** *by the Senate and General Assembly of the State*
5 *of New Jersey:*

6

7 1. Section 5 of P.L.1970, c.324 (C.43:21-24.11) is amended to
8 read as follows:

9 5. For the purposes of the extended benefit program and as used
10 in this act, unless the context clearly requires otherwise:

11 a. "Extended benefit period" means a period which

12 (1) Begins with the third week after a week for which there is a
13 state "on" indicator; and

14 (2) Ends with either of the following weeks, whichever occurs later:

15 (a) The third week after the first week for which there is a state
16 "off" indicator; or

17 (b) The thirteenth consecutive week of such period; provided, that
18 no extended benefit period may begin by reason of a state "on"
19 indicator before the fourteenth week after the close of a prior extended
20 benefit period which was in effect with respect to this State; and
21 provided further, that no extended benefit period may become
22 effective in this State prior to the effective date of this act.

23 b. (Deleted by amendment.)

24 c. (Deleted by amendment.)

25 d. There is a "state 'on' indicator" for this State for a week if
26 **[the]:**

27 (1) The division determines, in accordance with the regulations of
28 the United States Secretary of Labor, that for the period consisting of
29 the respective week and the immediately preceding 12 weeks, the rate
30 of insured unemployment (not seasonally adjusted) under the
31 **[Unemployment Compensation Law]** "unemployment compensation
32 law" (R.S. 43:21-1 et seq.):

EXPLANATION - Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and intended to be omitted in the law.

Matter underlined thus is new matter.

1 [(1)] (a) Equaled or exceeded 120% of the average of these rates
2 for the corresponding 13-week period during each of the preceding 2
3 calendar years, and [equaled or exceeded 4%; provided that], for
4 weeks beginning after September 25, 1982, [the rate] equaled or
5 exceeded 5%; or

6 [(2)] (b) With respect to benefits for weeks of unemployment
7 beginning after [March 30, 1977, equaled or exceeded 5%; provided
8 that for weeks beginning after] September 25, 1982, [the rate] equaled
9 or exceeded 6%; or

10 (2) With respect to any week of unemployment beginning after
11 June 30, 1996, the average seasonally adjusted rate of total
12 unemployment in the State, as determined by the United States
13 Secretary of Labor for the most recent three-month period for which
14 data for all states are published before the close of that week:

15 (a) Equals or exceeds 6.5%; and

16 (b) Equals or exceeds 110% of the average seasonally adjusted rate
17 of total unemployment in the State during either of the corresponding
18 three-month periods ending in the two preceding calendar years.

19 e. There is a "state "off" indicator" for this State for a week if the
20 division determines, in accordance with the regulations of the United
21 States Secretary of Labor, that for the period consisting of the
22 respective week and the immediately preceding 12 weeks, neither
23 [subparagraph] paragraph (1) or (2) of [paragraph] subsection d. was
24 satisfied.

25 f. "Rate of insured unemployment," for purposes of subsections
26 d. and e. means the percentage derived by dividing

27 (1) The average weekly number of individuals filing claims for
28 regular benefits in this State for weeks of unemployment with respect
29 to the most recent 13-consecutive-week period, as determined by the
30 division on the basis of its reports to the United States Secretary of
31 Labor, by

32 (2) The average monthly covered employment for the specified
33 period.

34 g. "Regular benefits" means benefits payable to an individual
35 under the [Unemployment Compensation Law] "unemployment
36 compensation law" (R.S. 43:21-1 et seq.) or under any other State law
37 (including benefits payable to Federal civilian employees and to
38 ex-servicemen pursuant to 5 U.S.C. chapter 85) other than extended
39 benefits.

40 h. "Extended benefits" means benefits (including benefits payable
41 to Federal civilian employees and to ex-servicemen pursuant to 5
42 U.S.C. chapter 85) payable to an individual under the provisions of
43 this act for weeks of unemployment in his eligibility period.

44 i. "Eligibility period" of an individual means the period consisting
45 of the weeks in his benefit year which begin in an extended benefit
46 period and, if his benefit year ends within the extended benefit period,

1 any weeks thereafter which begin in the period.

2 j. "Exhaustee" means an individual who, with respect to any week
3 of unemployment in his eligibility period:

4 (1) Has received prior to the week, all of the regular benefits that
5 were available to him under the [Unemployment Compensation Law]
6 "unemployment compensation law" or any other State law (including
7 dependents' allowances and benefits payable to Federal civilian
8 employees and ex-servicemen under 5 U.S.C. chapter 85) in his
9 current benefit year that includes such week, provided, that for the
10 purposes of this [subparagraph] paragraph, an individual shall be
11 deemed to have received all of the regular benefits that were available
12 to him although as a result of a pending appeal with respect to wages
13 and/or employment that were not considered in the original monetary
14 determination in his benefit year, he may subsequently be determined
15 to be entitled to added regular benefits; or

16 (2) His benefit year having expired prior to such week, has no, or
17 insufficient, wages and/or employment on the basis of which he could
18 establish a new benefit year that would include such week; and

19 (3)(a) has no right to unemployment benefits or allowances, as the
20 case may be, under the Railroad Unemployment Insurance Act, the
21 Trade Expansion Act of 1962, the Automotive Products Trade Act of
22 1965 and such other Federal laws as are specified in regulations
23 issued by the United States Secretary of Labor; and

24 (b) has not received and is not seeking unemployment benefits
25 under the Unemployment Compensation Law of Canada; but if he is
26 seeking these benefits and the appropriate agency finally determines
27 that he is not entitled to benefits under that law he is considered an
28 exhaustee if the other provisions of this definition are met.

29 k. "State law" means the unemployment insurance law of any
30 state approved by the United States Secretary of Labor under section
31 3304 of the Internal Revenue Code of [1954] 1986, 26 U.S.C. §3304.

32 l. "High unemployment period" means any period during which the
33 average seasonally adjusted rate of total unemployment in the State,
34 as determined by the United States Secretary of Labor for the most
35 recent three-month period for which data for all states are published:

36 (1) Equals or exceeds 8%; and

37 (2) Equals or exceeds 110% of the average seasonally adjusted rate
38 of total unemployment in the State during either of the corresponding
39 three-month periods ending in the two preceding calendar years.

40 (cf: P.L.1982, c. 144, s. 1)

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42 2. Section 9 of P.L.1970, c.324 (C.43:21-24.15) is amended to
43 read as follows:

44 9. [The] a. Except as provided in subsection b. of this section, the
45 total extended benefit amount payable to any eligible individual

1 with respect to his applicable benefit year shall be the lesser of the
2 following amounts:

3 [a.] (1) 50% of the total of regular benefits which were payable to
4 him under the [Unemployment Compensation Law] "unemployment
5 compensation law" (R.S. 43:21-1 et seq.) in his applicable benefit
6 year; or

7 [b.] (2) thirteen times his weekly benefit amount which was
8 payable to him under the [Unemployment Compensation Law]
9 "unemployment compensation law" (R.S. 43:21-1 et seq.) for a week
10 of total unemployment in the applicable benefit year.

11 b. With respect to weeks beginning during a high unemployment
12 period, the total extended benefit amount payable to an eligible
13 individual with respect to his applicable benefit year shall be the lesser
14 of the following amounts:

15 (1) 80% of the total of regular benefits which were payable to the
16 individual under the "unemployment compensation law" (R.S.43:21-1
17 et seq.) during the applicable benefit year; or

18 (2) Twenty times the weekly benefit amount which was payable to
19 the individual under the "unemployment compensation law"
20 (R.S.43:21-1 et seq.) for a week of total unemployment during the
21 applicable benefit year.

22 c. Notwithstanding any other provisions of the [Unemployment
23 Compensation Law] "unemployment compensation law" (R.S. 43:21-1
24 et seq.), if the benefit year of an adversely affected worker covered by
25 a certification under subchapter A, chapter 2, Title II of the Trade Act
26 of 1974, P.L. 93-618, 5 U.S.C. 5312 et seq. as amended, ends within
27 an extended benefit period, the remaining balance of extended benefits
28 that the individual would, but for this section, be entitled to receive
29 in that extended benefit period, with respect to weeks of
30 unemployment beginning after the end of the benefit year, shall be
31 reduced (but not below zero) by the product of the number of weeks
32 for which the individual received any amounts as trade readjustment
33 allowances within that benefit year, multiplied by the individual's
34 weekly benefit amount for extended benefits.

35 (cf: P.L.1982, c. 144, s. 3)

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37 3. (New Section) For the purposes of the Emergency
38 Unemployment Benefits Program and as used in sections 3 through 8
39 of this 1996 amendatory and supplementary act:

40 "Emergency unemployment benefits" means benefits financed
41 entirely by the State and paid to exhaustees pursuant to sections 3
42 through 8 of this 1996 amendatory and supplementary act.

43 "Emergency unemployment benefit period" means a period not
44 within an extended benefit period, which:

45 a. Begins on March 3, 1996, and

1 b. Ends upon the conclusion of the second week after the first week
2 for which there is a State "on" indicator as defined in section 5 of
3 P.L.1970, c.324 (C.43:21-24.11) or other federally-financed
4 supplemental benefits program, or

5 c. If there is no such "on" indicator, ends with the occurrence of
6 either of the following:

7 (1) The third week after the first week for which there is a State
8 emergency unemployment benefits "off" indicator; or

9 (2) The calendar week after the calendar week in which total
10 expenditures of emergency unemployment compensation fund
11 Statewide first exceed \$250 million.

12 There is a State emergency unemployment benefits "off" indicator
13 for any week in which it is determined by the division based on data
14 reported by the U.S. Bureau of Labor Statistics that, for the prior four
15 calendar months, the average total unemployment rate (seasonally
16 adjusted) in this State is less than 6.0 percent.

17 Notwithstanding any other provision of this subsection c., no
18 emergency unemployment benefits shall be paid after September 1,
19 1996, except that emergency benefits shall be paid to individuals who
20 established emergency unemployment claims prior to that date. No
21 emergency unemployment benefits shall be paid to any individual after
22 December 8, 1996.

23 "Eligibility period" of an exhaustee means the period consisting of
24 the weeks in the exhaustee's benefit year which begin in an emergency
25 unemployment benefit period and, if that benefit year ends in the
26 emergency unemployment benefit period, any weeks thereafter which
27 begin in the period.

28 "Exhaustee" means an individual who exhausted all of the regular
29 benefits that were available to the individual pursuant to the
30 "unemployment compensation law," R.S.43:21-1 et seq., (including
31 benefits payable to federal civilian employees and ex-service persons
32 or payable under the combined wage program), after September 2,
33 1995 and before March 3, 1996, or during any calendar week of the
34 emergency unemployment benefit period. No individual who
35 exhausted all of the available regular benefits prior to September 3,
36 1995 shall be eligible for emergency unemployment benefits. An
37 individual whose benefit year has expired prior to the beginning of the
38 emergency unemployment benefit period shall not be eligible for such
39 benefits.

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41 4. (New section) During an emergency unemployment benefit
42 period exhaustees, who otherwise continue to meet the eligibility
43 requirements for regular benefits pursuant to the provisions of the
44 "unemployment compensation law," R.S.43:21-1 et seq., and who are
45 not eligible for any other unemployment benefits, including benefits
46 provided for by any federal law extending benefits beyond those

1 provided for as regular benefits or extended benefits, may receive
2 weekly emergency unemployment benefits for weeks subsequent to
3 March 3, 1996 in an amount equal to the weekly benefit amount of the
4 individual's most recent regular unemployment benefit claim subject to
5 the provisions of the "unemployment compensation law," R.S.43:21-1
6 et seq. The maximum emergency unemployment benefits an individual
7 may receive pursuant to sections 3 through 8 of this 1996 amendatory
8 and supplementary act is 25 percent of the regular unemployment
9 benefits which were payable to the individual pursuant to the
10 "unemployment compensation law," R.S.43:21-1 et seq., (including
11 benefits payable to federal civilian employees and ex-service persons
12 or payable under the combined wage program) in the individual's
13 applicable benefit year.

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15 5. (New section) No employer's account shall be charged for
16 emergency unemployment benefits paid to an unemployed individual
17 pursuant to sections 3 through 8 of this 1996 amendatory and
18 supplementary act, except for the account of an out-of-State employer
19 who is liable for charges under the Combined Wage Program.
20 However, nothing in this section shall be construed to relieve
21 employers electing to make payments in lieu of contributions pursuant
22 to section 3 or 4 of P.L.1971, c.346 (C.43:21-7.2 or C.43:21-7.3)
23 from reimbursing the unemployment benefits paid to an unemployed
24 individual pursuant to sections 3 through 8 of this 1996 amendatory
25 and supplementary act.

26 Emergency unemployment benefits paid to federal civilian
27 employees shall be charged to the appropriate federal account.
28 Emergency unemployment benefits paid to ex-service persons shall be
29 charged to the General Fund.

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31 6. (New section) Emergency unemployment benefits may be paid
32 pursuant to the provisions of sections 3 through 8 of this 1996
33 amendatory and supplementary act only with respect to weeks not
34 within an extended benefit period, and not within a period covered by
35 any federal law allowing the filing of new claims extending benefits
36 beyond those provided for as regular or extended benefits. If a federal
37 extended benefits period triggers "on", maximum benefits payable to
38 an individual under the federal extended benefits program or any
39 federal supplemental benefits program shall be reduced by an amount
40 equal to that received by the individual under the emergency
41 unemployment benefits program.

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43 7. (New section) Notwithstanding the provisions of any other law,
44 the division shall use appropriate administrative means to insure that
45 emergency unemployment benefits are paid only to individuals who
46 meet the requirements of sections 3 through 8 of this 1996 amendatory

1 and supplementary act. These administrative actions may include, but
2 shall not be limited to, the following procedure. The division shall
3 match the claimant's social security number against available wage
4 records to insure that no earnings were reported for that claimant by
5 employers under R.S.43:21-14 for periods in which emergency
6 unemployment benefits were paid.

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8 8. (New section) No exhaustee shall receive benefits pursuant to
9 sections 3 through 8 of this 1996 amendatory and supplementary act
10 during the portion of the emergency unemployment benefit period
11 which occurs prior to the effective date of this 1996 amendatory and
12 supplementary act unless the exhaustee submits to the division a
13 signed written statement, on a form approved by the division, that the
14 exhaustee was actively seeking work during that portion of the benefit
15 period and was otherwise eligible for the benefits.

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17 9. This act shall take effect immediately.

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20 STATEMENT

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22 This bill establishes an Emergency Unemployment Benefits Program
23 and provides that the program would permit up to 6 1/2 weeks of
24 additional unemployment benefits to claimants who have exhausted
25 their entitlement to regular unemployment benefits. The bill is
26 intended to assist a growing number of unemployed workers who have
27 exhausted their claims for regular unemployment and have remained
28 unemployed, in light of the more restrictive trigger mechanism under
29 the amended "Federal-State Extended Unemployment Compensation
30 Act of 1970," (26 U.S.C. §3304 fn.). The program extends through
31 September 1, 1996, except that it would automatically terminate if the
32 Federal-State Extended Benefits Program or any federally funded
33 supplemental benefits program were to be triggered, or if the total
34 unemployment rate were to fall below 6%. Total benefits expenditure
35 is capped at \$250 million.

36 The program is limited to those unemployment claimants who have
37 filed intrastate claims, and includes claims filed by federal civilian
38 employees, ex-service persons and those filed under the Combined
39 Wage Program. Benefits paid under the Emergency Unemployment
40 Benefits Program would be funded by the unemployment
41 compensation fund; employers' Experience Rating Accounts would not
42 be charged.

43 The bill also modifies the conditions under which extended UI
44 benefits are made available to laid off workers who exhaust their
45 regular UI benefits but are not able to obtain employment.

46 The provisions of the bill regarding extended UI benefits are based

1 on the federal Unemployment Compensation Amendments of 1992,
2 Pub.L.102-318. That law permits each state to enact legislation to
3 provide an alternative unemployment threshold or "trigger" to start a
4 program under which the State and the federal government share the
5 costs of the benefits on a 50-50 basis.

6 This bill contains that alternative trigger, which provides 13 weeks
7 of extended benefits for each worker if the State's total unemployment
8 rate is 6.5% or more and is also at least 10% higher than the rate for
9 the corresponding 13-week period during either of the preceding two
10 calendar years. Twenty weeks of extended benefits are provided if the
11 State's total unemployment rate reaches 8%. The cost of the extended
12 benefits is shared equally by the State and the federal government.

13 Under current State law, the trigger for 50-50 State/federal
14 extended employment benefits is that New Jersey must have an insured
15 unemployment rate of at least 6% or at least 5% and also at least 20%
16 higher than the rate for the corresponding 13-week period during both
17 of the preceding two calendar years. This trigger was unattainable for
18 New Jersey and most other states during the recent recession, because
19 most unemployed workers do not receive regular unemployment
20 benefits and therefore are not counted when the insured unemployment
21 rate is calculated. Throughout the period from 1990 to 1993, New
22 Jersey's insured unemployment rate remained well below 5% even
23 when the State's total unemployment rate rose above 9%. Before
24 1984, extended benefits were available in most states, including New
25 Jersey, only due to the more attainable trigger for the 100%
26 federally-funded emergency unemployment program.

27 This bill is designed to help alleviate the pain inflicted by long-term
28 unemployment on many New Jersey households, including home
29 mortgage foreclosures, severe depression, increased substance abuse,
30 marital breakups and even suicides.

31 For the last three years, New Jersey has had the highest rate of any
32 state of laid-off workers exhausting their UI benefits without being
33 able to find new work. During the last four years more than 430,000
34 New Jersey workers ran out of all federal and State UI benefits. The
35 State has also had the highest home mortgage foreclosure rate in the
36 nation. During that time, New Jersey's home foreclosure rate was
37 more than twice as high as any time in the recessions of the 1970's and
38 the 1980's.

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43 Concerns extended UI benefits.