

ASSEMBLY, No. 2047

STATE OF NEW JERSEY

INTRODUCED MAY 30, 1996

By Assemblymen COLLINS and DORIA

1 AN ACT concerning extended unemployment insurance benefits and
2 amending P.L.1970, c.324.

3

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

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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
15 later:

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

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

24 b. (Deleted by amendment.)

25 c. (Deleted by amendment.)

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

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

34 **[(1)] (a)** Equaled or exceeded 120% of the average of these rates

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 for the corresponding 13-week period during each of the preceding 2
2 calendar years, and [equaled or exceeded 4%; provided that], for
3 weeks beginning after September 25, 1982, [the rate] equaled or
4 exceeded 5%; or

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

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

14 (a) Equals or exceeds 6.5%; and

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

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

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

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

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

33 g. "Regular benefits" means benefits payable to an individual under
34 the [Unemployment Compensation Law] "unemployment
35 compensation law" (R.S. 43:21-1 et seq.) or under any other State law
36 (including benefits payable to federal civilian employees and to
37 ex-servicemen pursuant to 5 U.S.C. [chapter 85] 8501 et seq.) other
38 than extended benefits.

39 h. "Extended benefits" means benefits (including benefits payable
40 to federal civilian employees and to ex-servicemen pursuant to 5
41 U.S.C. [chapter 85] 8501 et seq.) payable to an individual under the
42 provisions of this act for weeks of unemployment in his eligibility
43 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] 8501 et
9 seq.) in his current benefit year that includes such week, provided,
10 that for the purposes of this [subparagraph] paragraph, an individual
11 shall be deemed to have received all of the regular benefits that were
12 available to him although as a result of a pending appeal with respect
13 to wages and/or employment that were not considered in the original
14 monetary determination in his benefit year, he may subsequently be
15 determined 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 issued
23 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 state
30 approved by the United States Secretary of Labor under section 3304
31 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 with
46 respect to his applicable benefit year shall be the lesser of the

1 following amounts:

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

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

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

14 (1) 80% of the total of regular benefits which were payable to the
15 individual under the "unemployment compensation law" (R.S.43:21-1
16 et seq.) during the applicable benefit year; or

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

21 c. Notwithstanding any other provisions of the [Unemployment
22 Compensation Law] "unemployment compensation law" (R.S.43:21-1
23 et seq.), if the benefit year of an adversely affected worker covered by
24 a certification under subchapter A, chapter 2, Title II of the Trade Act
25 of 1974, P.L.93-618, [5 U.S.C.5312 et seq.] 19 U.S.C. §2271 et seq.
26 as amended, ends within an extended benefit period, the remaining
27 balance of extended benefits that the individual would, but for this
28 section, be entitled to receive in that extended benefit period, with
29 respect to weeks of unemployment beginning after the end of the
30 benefit year, shall be reduced (but not below zero) by the product of
31 the number of weeks for which the individual received any amounts as
32 trade readjustment allowances within that benefit year, multiplied by
33 the individual's weekly benefit amount for extended benefits.

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

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36 3. This act shall take effect immediately.

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STATEMENT

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41 This bill modifies the conditions under which extended
42 unemployment insurance (UI) benefits are made available to laid off
43 workers who exhaust their regular UI benefits but are not able to
44 obtain employment.

45 The provisions of the bill regarding extended UI benefits are based
46 on the federal Unemployment Compensation Amendments of 1992,

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

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

12 Under current State law, the trigger for 50-50 State/federal
13 extended employment benefits is that New Jersey must have an insured
14 unemployment rate of at least 6% or at least 5% and also at least 20%
15 higher than the average rate for the corresponding 13-week period
16 during both of the preceding two calendar years. This trigger was
17 unattainable for New Jersey and most other states during the recent
18 recession, because most unemployed workers do not receive regular
19 unemployment benefits and therefore are not counted when the insured
20 unemployment rate is calculated. Throughout the period from 1990
21 to 1995, New Jersey's insured unemployment rate remained well below
22 5% even when the State's total unemployment rate rose above 9%.
23 Before 1984, extended benefits were available in most states, including
24 New Jersey, only due to the more attainable trigger for the 100%
25 federally-funded emergency unemployment program.

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

30 For the last three years, New Jersey has had the highest rate of any
31 state in the percentage of laid-off workers exhausting their UI benefits
32 without being able to find new work. During the last four years more
33 than 500,000 New Jersey workers ran out of all federal and State UI
34 benefits. The State has also had the highest home mortgage
35 foreclosure rate in the United States. During that time, New Jersey's
36 home foreclosure rate was more than twice as high as any time in the
37 recessions of the 1970's and the 1980's. More New Jersey citizens
38 filed for personal bankruptcy in 1995 than in any previous year and
39 their average debt was the highest in the nation.

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44 Concerns extended UI benefits.