

SENATE, No. 986

STATE OF NEW JERSEY

INTRODUCED MARCH 18, 1996

By Senators LaROSSA, INVERSO, Littell, Sinagra, Bennett,
Bubba, Bassano, Palaia, Cafiero, Kosco, Gormley, Scott, Ciesla,
Kyrillos and Matheussen

1 AN ACT concerning employment 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
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

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 law" (R.S.43:21-1 et seq.):

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

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

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

16 (a) Equals or exceeds 6.5%; and

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

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

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

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

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

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

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

45 i. "Eligibility period" of an individual means the period consisting
46 of the weeks in his benefit year which begin in an extended benefit

1 period and, if his benefit year ends within the extended benefit period,
2 any weeks thereafter which begin in the period.

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

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

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

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

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

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

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

37 (1) Equals or exceeds 8%; and

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

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

42

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

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

1 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 year;
6 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 an
27 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)

36

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

46 b. Ends upon the conclusion of the second week after the first

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

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

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

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

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

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

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

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

39

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

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

13

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

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

29

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

41

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

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

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

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16 9. This act shall take effect immediately.

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19 STATEMENT

20
21 This bill establishes an Emergency Unemployment Benefits Program
22 and provides that the program would permit up to 6 1/2 weeks of
23 additional unemployment benefits to claimants who have exhausted
24 their entitlement to regular unemployment benefits. The bill is
25 intended to assist a growing number of unemployed workers who have
26 exhausted their claims for regular unemployment and have remained
27 unemployed, in light of the more restrictive trigger mechanism under
28 the amended "Federal-State Extended Unemployment Compensation
29 Act of 1970," (26 U.S.C. §3304 fn.). The program extends through
30 September 1, 1996, except that it would automatically terminate if the
31 Federal-State Extended Benefits Program or any federally funded
32 supplemental benefits program were to be triggered, or if the total
33 unemployment rate were to fall below 6%. Total benefits expenditure
34 is capped at \$250 million.

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

42 The bill also modifies the conditions under which extended UI
43 benefits are made available to laid off workers who exhaust their
44 regular UI benefits but are not able to 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 rate for the corresponding 13-week period during both
16 of the preceding two calendar years. This trigger was unattainable for
17 New Jersey and most other states during the recent recession, because
18 most unemployed workers do not receive regular unemployment
19 benefits and therefore are not counted when the insured unemployment
20 rate is calculated. Throughout the period from 1990 to 1993, New
21 Jersey's insured unemployment rate remained well below 5% even
22 when the State's total unemployment rate rose above 9%. Before
23 1984, extended benefits were available in most states, including New
24 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 of laid-off workers exhausting their UI benefits without being
32 able to find new work. During the last four years more than 430,000
33 New Jersey workers ran out of all federal and State UI benefits. The
34 State has also had the highest home mortgage foreclosure rate in the
35 nation. During that time, New Jersey's home foreclosure rate was
36 more than twice as high as any time in the recessions of the 1970's and
37 the 1980's.

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42 Concerns extended UI benefits.