



**ANALYSIS OF THE NEW JERSEY BUDGET**

**DEPARTMENT OF LABOR  
AND  
WORKFORCE DEVELOPMENT**

**FISCAL YEAR**

**2011 - 2012**

# NEW JERSEY STATE LEGISLATURE

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# DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT

Budget Pages..... C-6,C-9, C-13, C-21, C-26, C-28, D-209, D-215 to D-232, D-360

## **Fiscal Summary (\$000)**

	Expended FY 2010	Adjusted Appropriation FY 2011	Recommended FY 2012	Percent Change 2011-12
State Budgeted	\$192,713	\$142,934	\$150,730	5.5%
Federal Funds	\$405,903	\$490,961	\$509,975	3.9%
<u>Other</u>	<u>\$179,167</u>	<u>\$240,364</u>	<u>\$239,253</u>	<u>( 0.5%)</u>
Grand Total	\$777,783	\$874,259	\$899,958	2.9%

## **Personnel Summary - Positions By Funding Source**

	Actual FY 2010	Revised FY 2011	Funded FY 2012	Percent Change 2011-12
State	473	438	452	3.2%
Federal	2,558	2,504	2,493	( 0.4%)
<u>Other</u>	<u>378</u>	<u>376</u>	<u>364</u>	<u>( 3.2%)</u>
Total Positions	3,409	3,318	3,309	( 0.3%)

FY 2010 (as of December) and revised FY 2011 (as of January) personnel data reflect actual payroll counts. FY 2012 data reflect the number of positions funded.

Link to Website: <http://www.njleg.state.nj.us/legislativepub/finance.asp>

**Highlights**

- The FY 2012 Budget Recommendation of \$899.96 million is a \$25.7 million (2.9 percent) increase compared to the \$874.3 million appropriation included in the FY 2011 Appropriations Act. Over half of the department’s funding is from the federal government, \$509.975 million (56.7%). The remainder consists of special revenue and proprietary funds, \$239.235 million (26.6%) and State General Funds, \$150.73 million (16.7%).
- The FY 2012 Budget Recommendation includes an \$8.04 million increase in State funds, resulting entirely from shifting funds for Family Leave Insurance Program administrative costs from “Other Funds” to State budgeted funds. The increase in State budgeted funds will be offset with an Inter-fund transfer of revenue from the SDBF to the General Fund (page C-9).
- The FY 2012 Budget Recommendation includes a \$19.01 million increase in expenditures of federal funds. The increase is primarily a result of a \$13.43 million increase in anticipated spending for the Unemployment Insurance program and a \$5.59 million increase in anticipated spending for the Disability Determination program.
- The FY 2012 Budget Recommendation is noteworthy in that it does not include any transfers from the State Disability Benefits Fund (SDBF) to the General Fund as revenue. According to the department, there are no planned transfers from the SDBF to the General Fund in Fiscal Year 2012 and, in fact, it is no longer possible to make such transfers due to the adoption, in November 2010, of a Constitutional Amendment (SCR60 of 2008) effectively eliminating all future diversions from funds dedicated to benefits for workers.

**Civil Service Commission**

- The FY 2012 Budget Recommendation includes a \$212,000 decrease in appropriations for the Civil Service Commission. The Civil Service Commission asserts that “reductions taken in FY 2012 will be offset by the service enhancements and improvements from the Title Consolidation Project, Online Application System and new Call Center.” Although the decrease in appropriations is reflected in the Commission’s salaries and wages and materials and supplies accounts, it is noted that evaluation data in the budget indicates an increase in Commission staff, from 24 filled positions in the current year to 30 positions in FY 2012.

**Background Papers:**

- History of Diversions from the Unemployment Insurance, Temporary Disability Insurance, and Second Injury Funds ..... p. 12

**Fiscal and Personnel Summary**

AGENCY FUNDING BY SOURCE OF FUNDS (\$000)

	<u>Expended</u> <u>FY 2010</u>	<u>Adj.</u> <u>Approp.</u> <u>FY 2011</u>	<u>Recom.</u> <u>FY 2012</u>	<u>Percent Change</u>	
				<u>20010-12</u>	<u>2011-12</u>
<b><u>General Fund</u></b>					
Direct State Services	\$131,850	\$81,982	\$89,778	( 31.9%)	9.5%
Grants-In-Aid	58,667	58,756	58,756	0.2%	0.0%
State Aid	0	0	0	0.0%	0.0%
Capital Construction	0	0	0	0.0%	0.0%
Debt Service	0	0	0	0.0%	0.0%
<b>Sub-Total</b>	<b>\$190,517</b>	<b>\$140,738</b>	<b>\$148,534</b>	<b>( 22.0%)</b>	<b>5.5%</b>
<b><u>Property Tax Relief Fund</u></b>					
Direct State Services	\$0	\$0	\$0	0.0%	0.0%
Grants-In-Aid	0	0	0	0.0%	0.0%
State Aid	0	0	0	0.0%	0.0%
<b>Sub-Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Casino Revenue Fund</b>	<b>\$2,196</b>	<b>\$2,196</b>	<b>\$2,196</b>	<b>0.0%</b>	<b>0.0%</b>
<b>Casino Control Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>0.0%</b>	<b>0.0%</b>
<b>State Total</b>	<b>\$192,713</b>	<b>\$142,934</b>	<b>\$150,730</b>	<b>( 21.8%)</b>	<b>5.5%</b>
<b>Federal Funds</b>	<b>\$405,903</b>	<b>\$490,961</b>	<b>\$509,975</b>	<b>25.6%</b>	<b>3.9%</b>
<b>Other Funds</b>	<b>\$179,167</b>	<b>\$240,364</b>	<b>\$239,253</b>	<b>33.5%</b>	<b>( 0.5%)</b>
<b>Grand Total</b>	<b>\$777,783</b>	<b>\$874,259</b>	<b>\$899,958</b>	<b>15.7%</b>	<b>2.9%</b>

**PERSONNEL SUMMARY - POSITIONS BY FUNDING SOURCE**

	<u>Actual</u> <u>FY 2010</u>	<u>Revised</u> <u>FY 2011</u>	<u>Funded</u> <u>FY 2012</u>	<u>Percent Change</u>	
				<u>2010-12</u>	<u>2011-12</u>
State	473	438	452	( 4.4%)	3.2%
Federal	2,558	2,504	2,493	( 2.5%)	( 0.4%)
All Other	378	376	364	( 3.7%)	( 3.2%)
<b>Total Positions</b>	<b>3,409</b>	<b>3,318</b>	<b>3,309</b>	<b>( 2.9%)</b>	<b>( 0.3%)</b>

FY 2010 (as of December) and revised FY 2011 (as of January) personnel data reflect actual payroll counts. FY 2012 data reflect the number of positions funded.

**AFFIRMATIVE ACTION DATA**

Total Minority Percent	43.1%	43.1%	43.1%	---	---
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**Significant Changes/New Programs (\$000)**

<u>Budget Item</u>	<u>Adj. Approp.</u> <u>FY 2011</u>	<u>Recomm.</u> <u>FY 2012</u>	<u>Dollar</u> <u>Change</u>	<u>Percent</u> <u>Change</u>	<u>Budget</u> <u>Page</u>
<b><u>ECONOMIC ASSISTANCE AND SECURITY</u></b>					
<b>DIRECT STATE SERVICES</b>					
Salaries and Wages	\$28,808	\$31,108	\$ 2,300	8.0%	D-222
Services other than Personal	\$5,340	\$5,895	\$ 555	10.4%	D-222
Materials and Supplies	\$257	\$269	\$ 12	4.7%	D-222
Maintenance and Fixed Charges	\$3,007	\$3,137	\$ 130	4.3%	D-222
Special Purpose: Family Leave Insurance	\$0	\$5,040	\$ 5,040	100%	D-222
State Budgeted State Disability Insurance Plan	\$23,801	\$31,838	\$8,037	33.8%	D-221
All Other Funds State Disability Insurance Plan	<u>\$17,842</u>	<u>\$16,842</u>	<u>(\$1,000)</u>	( 5.6%)	D-222
<b>Grand Total State Disability Insurance Plan</b>	<b><u>\$41,643</u></b>	<b><u>\$48,680</u></b>	<b><u>\$7,037</u></b>	<b><u>16.9%</u></b>	

The FY2012 Budget Recommendation increases the total State appropriation for Direct State Services by \$8.037 million. This increase is entirely for expenditures from the State Disability Benefits Fund (SDBF) to administer the Family Leave Insurance program.

The total FY 2011 adjusted appropriation for the State Disability Insurance Plan is \$41.643 million, including all "on budget" and "off budget" accounts, an amount which includes about \$8 million for Family Leave administrative costs. The total amount appropriated in FY 2012, including the \$8.037 million increase shown above, will be \$48.68 million including all "on" and "off budget" sources, resulting in a total \$7.037 million increase in total authorized appropriations.

According to the department, the FY 2012 appropriations for: salaries and wages; services other than personal; materials and supplies; maintenance and fixed charges; and services other than

**Significant Changes/New Programs (\$000) (Cont'd)**

<u>Budget Item</u>	<u>Adj. Approp. FY 2011</u>	<u>Recomm. FY 2012</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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personal are increased to reflect a shift in funding for the Family Leave Insurance program from “off budget” to “on budget” for the next fiscal year, and according to the department, do not reflect an actual increase in the number of positions or the amount expended for these functions. However, as illustrated above, there is a net increase of \$7.037 million for total authorized appropriations from the SDBF, so what results is a higher level of funding for other disability program administrative functions.

With respect to the \$5.04 million recommendation for the special purpose line item for Family Leave Insurance, the funds in this line item are intended to reimburse the Unemployment Insurance program and the department for certain shared costs for the administration of the FLI program. Several funds under the department’s purview, including: the SDBF; the Unemployment Insurance Trust Fund; the Unemployment Compensation Auxiliary Fund; the Workforce Development Partnership Fund; and the Supplemental Workforce Fund for Basic Skills, are charged for administrative costs, referred to as “reimbursement to joint Unemployment Insurance (UI) tax functions.” When the FLI program began operation in FY2009, the account within the SDBF began to share these administrative costs with the other five funds. These costs have historically been charged both “on-budget” and “off budget.”

The SDBF is used by the State’s Temporary Disability Insurance (TDI) program and the Family Leave Insurance (FLI) program to provide partial wage replacement for workers who become disabled or who leave employment to care for a new child or a seriously ill family member and to pay for administration of the benefits from the SDBF. The SDBF is the repository of the TDI tax (employer and employee) and the FLI assessment (employer only).

The State appropriation for administration of the FLI (and TDI) program is entirely offset with an Inter-fund transfer of revenue from the SDBF to the General Fund (page C-9) and a \$1 million decrease in the authorized appropriation reported “off-budget” (page D-222 and discussed below).

The FY 2012 Budget Recommendation for All Other Funds anticipates a decrease of \$1 million in funding from the State Disability Benefits Fund for the Family Leave Insurance program.

According to budget data provided to the OLS, this decrease reflects the discontinuation of funding for a “reengineering study” that has been included in current and prior year budget language, but which has not been expended. The FY 2012 Budget Recommendation retains the language authorizing \$1 million to be appropriated from the SDBF for a “reengineering study” should the department need to appropriate these funds (page D-222).

**FEDERAL FUNDS**

<b>Unemployment Insurance</b>	<b>\$169,240</b>	<b>\$182,665</b>	<b>\$13,425</b>	<b>7.9%</b>	<b>D-222</b>
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The FY 2012 Budget Recommendation anticipates an increase of \$13.4 million in federal funds for Unemployment Insurance (UI) program administration. The increase is reflective of the

**Significant Changes/New Programs (\$000) (Cont'd)**

<u>Budget Item</u>	<u>Adj. Approp. FY 2011</u>	<u>Recomm. FY 2012</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
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increasing costs incurred by the State for UI administration since FY 2009. The majority of this increase is attributed to personal services, which includes salaries and wages.

From December 2007 to December 2009, New Jersey experienced steadily increasing unemployment levels which reached a high of 10 percent in December, 2009. Currently, unemployment levels remain high at 9.0 percent but appear to have stabilized. The increased need for unemployment benefits had necessitated the hiring of "intermittent workers" by the department to meet its increased administrative needs. The intermittent workers are paid through the use of these federal funds. As the workload continues to decrease, the costs for these workers will likewise decrease.

In FY 2010, a year in which initial unemployment claims were approximately 650,000, the State expended approximately \$143 million for program administration. According to budget data on page D-220, the department estimates a decrease in initial claims filed to an estimated 595,400 in FY 2012. The decrease in claims should also result in a reduction in the costs necessary to administer the claims over time.

<b>Disability Determination</b>	<b>\$61,182</b>	<b>\$66,771</b>	<b>\$ 5,589</b>	<b>9.1%</b>	<b>D-222</b>
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The FY 2012 Budget Recommendation anticipates an increase of \$5.6 million in federal funds for Social Security Disability Determination. The majority of this increase is attributed to personal services (or salaries and wages).

The Division of Disability Determination is charged with evaluating claims for Social Security disability. Due to personnel cuts implemented by the State over the past few years, the division has been understaffed and not able to perform the number of evaluations expected by the federal government. In March 2010, the department was given authority to hire 23 new staff members dedicated to Disability Determination. Notably, even with the additional personnel in FY 2012, funding for program administration will still be \$3.796 million less than the \$70.567 million available in FY 2010.

According to budget data in the FY 2012 Budget Recommendation (page D-220), the department is anticipated to adjudicate 95,000 Social Security Disability claims in FY 2012, as compared to 91,361 in FY 2011, 82,343 in FY 2010 and 77,724 in FY 2009.

**MANPOWER AND EMPLOYMENT SERVICES**

**DIRECT STATE SERVICES**

<b>Salaries and Wages</b>	<b>\$15,691</b>	<b>\$15,402</b>	<b>(\$ 289)</b>	<b>( 1.8%)</b>	<b>D-227</b>
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**Significant Changes/New Programs (\$000) (Cont'd)**

<u>Budget Item</u>	<u>Adj. Approp. FY 2011</u>	<u>Recomm. FY 2012</u>	<u>Dollar Change</u>	<u>Percent Change</u>	<u>Budget Page</u>
<b>Workforce Development Partnership Counselors</b>	<b>\$81</b>	<b>\$373</b>	<b>\$ 292</b>	<b>360.5%</b>	<b>D-227</b>

The FY 2012 Budget Recommendation proposes a \$289,000 decrease in Salaries and Wages for Manpower and Employment Services, which is offset by a \$292,000 increase in the Special Purpose line for the program, Workforce Development Partnership Program – Counselors. According to the department, this will not have an effect on the operations of the program.

**GENERAL GOVERNMENT SERVICES**

**DIRECT STATE SERVICES**

**General**

**Administration and**

**State and Local**

**Government**

**Operations**

<b>\$14,666</b>	<b>\$14,454</b>	<b>(\$ 212)</b>	<b>( 1.4%)</b>	<b>D-232</b>
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The FY 2012 Budget Recommendation proposes a \$212,000 decrease in appropriations for the Civil Service Commission.

In its response to OLS questions posed during this budget process, the Civil Service Commission asserted that “reductions taken in FY 2012 will be offset by the service enhancements and improvements from the Title Consolidation Project, Online Application System and new Call Center.”

Although the decrease in appropriations is reflected in the Commission’s salaries and wages and materials and supplies accounts, it is noted that evaluation data in the budget indicates an increase in Commission staff, from 24 filled positions in the current year to 30 positions in FY 2012

## Significant Language Changes

### Unemployment Insurance Trust Fund – Interest Repayment

Addition

2011 Handbook: p.  
2012 Budget: p. D-223

The amount necessary to pay interest due on any advances made from the federal unemployment account under Title XII of the Social Security Act (42 U.S.C. 1321 et seq.) is hereby appropriated from the Unemployment Compensation Interest Repayment Fund established in the Department of Labor and Workforce Development subject to the approval of the Director of the Division of Budget and Accounting.

### Explanation

The FY2012 Budget Recommendation includes this language provision to permit the department to expend funds from the “Unemployment Compensation Interest Repayment Fund” to pay interest due on the approximately \$1.9 billion advanced to the State by the federal government to pay unemployment insurance benefits since March, 2009. The department estimates that approximately \$60 million in interest will be due the federal government on September 30, 2011.

Section 16 of P.L.1984, c.24 (C.43:21-14.3) established the “Unemployment Compensation Interest Repayment Fund” to “be used solely for the purpose of paying interest due on any advances made from the federal unemployment account under Title XII of the Social Security Act (42 U.S.C. s1321 et seq.)” should the commissioner determine that there are not enough funds in the Unemployment Compensation Auxiliary Fund (UCAF).

The UCAF, established in subsection (g) of N.J.S.A.43:21-14, is a repository for all interest and penalties imposed upon employers for violation of unemployment insurance (UI) regulations. Moneys from the UCAF are to be used for the cost of the administration of the UI Trust fund, for the repayment of any interest bearing advances made for the federal unemployment account and for essential and necessary expenditures in connection with programs, as determined by the commissioner.

N.J.S.A.43:21-14.3 provides that the Commissioner of Labor and Workforce Development must, on or before June 30 of each year, review the amount of interest owed to the United States Treasury for advances made from the federal unemployment account to pay State UI benefits and determine if the UCAF has the needed funds to repay the interest to the federal government by September of that calendar year. If it is determined by the commissioner that the UCAF has insufficient funds to repay the accrued interest, then the statute provides for a special assessment on employers, except governmental entities and nonprofit organizations. The assessment is determined by the department as a ratio of the amount of interest owed to 95 percent of the total employer contributions payable for UI on taxable wages during the preceding calendar year. This ratio is then applied to the individual employer’s amount of unemployment contributions payable in the previous year to determine the amount of assessment.

EXPLANATION: FY 2011 language not recommended for FY 2012 denoted by strikethrough.  
Recommended FY 2012 language that did not appear in FY 2011 denoted by underlining.

**Significant Language Changes (Cont'd)**

According to the department, it has determined that, barring any unforeseen revenue receipt, the UCAF will not have the funds needed to repay the federal government. Unless there is federal action forestalling the repayment of interest, the assessment will be mailed to employers on or before July 31, pursuant to N.J.S.A.43:21-14.3.

The monies borrowed from the federal government were interest free until January 1, 2011 and the proposed federal budget includes language delaying repayment of interest by states for two more years. At this time, it is not clear if this language will be included in the approved federal budget. The department may need to send out the assessment before the federal budget is resolved in order to meet the September 30 deadline for payment of interest. It is not certain at this time what procedures or process the department will implement should the assessment be imposed upon employers and then the federal budget subsequently permits states to forestall payments for two more years.

**Worker and Community Right to Know Fund**

Revision

2011 Handbook: p. B-128  
2012 Budget: p. D-229

Notwithstanding the provisions of the "Worker and Community Right To Know Act," P.L.1983, c.315 (C.34:5A-1 et seq.), the amount hereinabove appropriated for the Worker and Community Right To Know Act account is payable from the Worker and Community Right To Know Fund. If receipts to that fund are less than anticipated, the appropriation shall be reduced proportionately. ~~In addition to the amounts hereinabove appropriated, there are appropriated out of the Worker and Community Right To Know Fund such additional sums, not to exceed \$8,400, to administer the Worker and Community Right To Know Program, subject to the approval of the Director of the Division of Budget and Accounting~~

**Explanation**

The FY2012 Budget Recommendation continues language authorizing the Office of Management and Budget (OMB) to appropriate \$38,000 from the Worker and Community Right to Know Fund for the department to implement certain administrative procedures related to the implementation of the Worker and Community Right to Know Act, P.L.1983 c.315 (C.34:5A-1 et seq), and requires that if receipts to the fund are less than anticipated, the appropriation be reduced accordingly.

The FY2012 Budget Recommendation amends this language to eliminate the OMB’s authority to expend additional sums from the Workers and Community Right to Know Act accounts, not to exceed \$8,400, for these activities. The language is not necessary because the department has not previously expended the full amount appropriated for the Worker and Community Right to Know Act in recent years, having expended \$5,000 in FY 2010 out of the \$38,000 available and \$3,000 in FY 2011, year to date.

EXPLANATION: FY 2011 language not recommended for FY 2012 denoted by strikethrough.  
Recommended FY 2012 language that did not appear in FY 2011 denoted by underlining.

**Significant Language Changes (Cont'd)**

The Worker and Community Right to Know Act requires public and private employers to provide information about hazardous substances at their workplaces.

**State Disability Benefits Fund – Transfers to General Fund**

Deletion

2011 Handbook: p. E-5  
2012 Budget:

~~49. Notwithstanding the provisions of any law or regulation to the contrary, funds may be transferred from the State Disability Benefits Fund to the General Fund during the current fiscal year, which transfer amount shall be based upon the actual receipt of revenue in the State Disability Benefits Fund as shall be determined by the State Treasurer in consultation with the Commissioner of Labor and Workforce Development, subject to the approval of the Director of the Division of Budget and Accounting.~~

**Explanation**

The FY2012 Budget Recommendation proposes deleting this FY2011 General Funds provision granting the Administration the discretion to transfer funds from the State Disability Benefits Fund (SDBF) to the General Fund as State revenue, as determined necessary by the State Treasurer in consultation with the Commissioner of Labor and Workforce Development during the current fiscal year. Identical language in the FY 2009 Appropriations Act and the FY 2010 Appropriations Act was used to transfer a total of \$75 million from the SDBF to the General Fund. According to the department, there are no planned transfers from the SDBF to the General Fund in Fiscal Year 2012 and, in fact, it is no longer possible to make such transfers due to the adoption, in November 2010, of a Constitutional Amendment (SCR60 of 2008) effectively eliminating all future diversions from funds dedicated to benefits for workers.

Specifically, the Constitutional Amendment added paragraph 8 of Article VIII, Section II of the State Constitution, requiring that contributions collected from assessments on wages be used solely for employee benefits, and to prohibit the use of contributions from those assessments for any other purpose. According to the statement to the public question posing this amendment, the paragraph’s intent is to dedicate all contributions made to State funds, such as the SDBF, to the purpose of that fund.

For a historical overview of transfers made before the adoption of the Constitutional Amendment, please see the Office of Legislative Services’ background paper *History of Diversions from the Unemployment Insurance, the Temporary Disability Insurance and Second Injury Funds*.

The SDBF is used by the State’s Temporary Disability Insurance program to provide partial wage replacement for workers who become disabled due to injury or illness unrelated to work and to pay for administration of the benefits from the SDBF

EXPLANATION: FY 2011 language not recommended for FY 2012 denoted by strikethrough.  
Recommended FY 2012 language that did not appear in FY 2011 denoted by underlining.

**Significant Language Changes (Cont'd)**

State Disability Benefits Fund – Transfers to General Fund	
Deletion	2011 Handbook: p. E-7 2012 Budget:

~~74. There is appropriated \$25,000,000 from the State Disability Benefits Fund for transfer to the General Fund as State revenue~~

**Explanation**

The FY2012 Budget Recommendation deletes a FY2011 General Fund language provision authorizing the transfer of \$25 million from the SDBF to the General Fund as State revenue. For more information on the SDBF, please see the above entry.

EXPLANATION: FY 2011 language not recommended for FY 2012 denoted by strikethrough.  
Recommended FY 2012 language that did not appear in FY 2011 denoted by underlining.

## Background Paper: History of Diversions from the Unemployment Insurance, Temporary Disability Insurance, and Second Injury Funds

### INTRODUCTION

From 1992 to 2011, 23 laws were enacted which diverted a total of \$5.534 billion in resources from various funds dedicated to benefits for workers.

The largest portion of the diverted funds was \$4.691 billion in employer and employee payroll taxes redirected from payments into the Unemployment Insurance (UI) trust fund for payments into the Health Care Subsidy Fund (HCSF or "charity care" fund). In addition, \$773 million from the State Disability Benefits Fund, more commonly known as the Temporary Disability Insurance (TDI) fund, and \$70 million from the Second Injury Fund (SIF) were transferred to the General Fund.

To prevent future diversions of moneys from funds collected for workers benefits, on November 2, 2010, the voters of New Jersey approved SCR60 of 2008, amending the Constitution to effectively eliminate all future diversions. This Constitutional Amendment added paragraph 8 to Article VIII, Section II of the State Constitution (Taxation and Finance), to require that contributions collected from assessments on wages be used solely for employee benefits, and to prohibit the use of contributions from those assessments for any other purpose. According to the statement to the public question proposing this amendment, the paragraph's intent is to dedicate all contributions made to State funds, such as the SDBF, to the purpose of those funds.

All 23 laws redirecting the resources of the UI fund, TDI fund and SIF fund enacted prior to the recent Constitutional amendment are listed below.

### Unemployment Insurance

**P.L. 1992, c.160** (A2100/S10): 3-year original diversion of UI taxes to the Health Care Subsidy Fund (HCSF or "charity care" fund) - **\$1.6 billion** over calendar years, 1993-1995.

**P.L. 1996, c.29** (A1590/S1138) and **P.L. 1996, c.30** (A1786/S1139): 2-year extension of the diversion of UI taxes to the HCSF - **\$679 million** over calendar years 1996-1997.

**P.L. 1997, c.263** (A3309/S2358): 5-year extension of the diversion of UI taxes to the HCSF - **\$862 million** over calendar years 1998 – 2002.

**P.L. 2002, c.13** (A2127/S20): 18 month diversion of UI taxes to the HCSF - **\$650 million** over calendar years 2002 – 2003.

**P.L. 2002, c.29** (A2503/S1628): 6 month diversion of UI taxes to the HCSF - **\$125 million** during the first 6 months of CY 2002.

**P.L. 2003, c.107** (A3702/S2587): 1 year diversion of UI taxes to the HCSF - **\$325 million** during FY 2004.

**P.L. 2004, c.45** (A3104/S1656): 1 year diversion of UI taxes to the HCSF - **\$100 million** during FY 2005.

**P.L. 2005, c.123** (A4406/S2607): 1 year diversion of UI taxes to the HCSF - **\$350 million** during FY 2006.

*Total diverted from UI taxes to the HCSF: **\$4.691 billion.***

## Background Paper: History of Diversions from the Unemployment Insurance, Temporary Disability Insurance and Second Injury Funds (Cont'd)

### Temporary Disability Insurance (TDI)

**P.L. 1994, c.112** (S1348/A2136): Borrowed **\$100 million** from the TDI fund for the General Fund, but eventually not repaid, as noted below.

**P.L. 1996, c.47** (A32/S1390): Repaid \$100 million to the TDI fund, then diverted \$250 million from the TDI fund for the General Fund with no payback provision, in other words, transferred an additional net amount of **\$150 million**.

**P.L. 2001, c.130** (S2500/A2000) (FY 2002 Appropriations Act): Transferred **\$33 million** from the TDI fund to the General Fund.

**P.L. 2002, c.7** (A2006/S17): Transferred **\$50 million** from the TDI fund to the General Fund before the end of FY 2002.

**P.L. 2003, c.109** (A3704/S2583): Transferred **\$30 million** from the TDI fund to the General Fund in FY 2004.

**P.L. 2004, c.44** (A3103/S1655): Transferred **\$110 million** from the TDI fund to the General Fund in FY 2005.

**P.L. 2006, c.45** (S2007/A4900) (FY 2007 Appropriations Act): Transferred **\$50 million** from the TDI Fund to the General Fund.

**P.L. 2007, c.111** (S3000/A5000) (FY 2008 Appropriations Act): Transferred **\$75 million** from the TDI Fund to the General Fund.

**P.L. 2008, c.35** (S2009/A2800): Section 50 of the General Provisions of the FY2009 Appropriations Act authorized an unspecified amount of funds to be transferred from the TDI Fund to the General Fund, at the discretion of the State Treasurer in consultation with the Commissioner of Labor and Workforce Development. An interfund transfer of **\$50 million** from the TDI Fund to the General Fund was made pursuant to this language in FY2009.

**P.L.2009, c.68** (S2010/A4100) (FY 2010 Appropriations Act): Transferred **\$75 million** from the TDI Fund to the General Fund in FY2010.

**P.L. 2009, c.68** (S2010/A4100): Section 49 of the General Provisions of the FY2010 Appropriations Act authorized an unspecified amount of funds to be transferred from the TDI Fund to the General Fund, at the discretion of the State Treasurer in consultation with the Commissioner of Labor and Workforce Development. An interfund transfer of **\$25 million** from the TDI Fund to the General Fund was made pursuant to this language in FY2010.

**P.L. 2010, c.35** (S3000/A3000) (FY2011 Appropriations Act): Transferred **\$25 million** from the TDI Fund to the General Fund in FY2011.

Total transferred from the TDI Fund to the General Fund to date: **\$773 million**

**Background Paper: History of Diversions from the Unemployment Insurance, Temporary Disability Insurance and Second Injury Funds (Cont'd)****Second Injury Fund (SIF)**

**P.L. 1999, c.138** (S3000/A3300) (FY 2000 Appropriations Act): Transferred **\$30 million** from the Second Injury Fund (SIF) to the General Fund.

**P.L. 2002, c.12** (A2010/S18): Transferred **\$20 million** from the SIF to the General Fund.

**P.L. 2002, c.38** (A2500/S2003) (FY 2003 Appropriations Act): Transferred **\$20 million** from the SIF to the General Fund.

*Total transferred from Second Injury Fund to the General Fund: **\$70 million.***

**Total diverted or transferred from all three funds: \$5.534 billion**



# OFFICE OF LEGISLATIVE SERVICES

The Office of Legislative Services provides nonpartisan assistance to the State Legislature in the areas of legal, fiscal, research, bill drafting, committee staffing and administrative services. It operates under the jurisdiction of the Legislative Services Commission, a bipartisan body consisting of eight members of each House. The Executive Director supervises and directs the Office of Legislative Services.

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Individuals wishing information and committee schedules on the FY 2012 budget are encouraged to contact:

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