

43:21-7; 43:21-27; 43:21-46

LEGISLATIVE HISTORY CHECKLIST

WASA 43:21-7; 43:21-27; 43:21-46 (Temporary disability benefits--extend coverage to public employees)

LAIS OF 1980 CHAPTER 18

Bill No. S875

Sponsor(s) Bedell and Merlino

Date Introduced January 17, 1980

Committee: Assembly

Senate State Govt., Federal & Interstate Relations & Veterans Affairs

Amended during passage Yes ~~xx~~ Amendments during passage denoted by asterisks

Date of Passage: Assembly Feb. 25, 1980

Senate Feb. 21, 1980

Date of approval March 26, 1980

Following statements are attached if available:

Sponsor statement	Yes	xx (Below)
Committee Statement: Assembly	xx	No
Senate	Yes	xx
Fiscal Note	xx	No
Veto message	xx	No
Message on signing	Yes	xx

Following were printed:

Reports	Yes	xx
Hearings	xx	No

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Sponsor's statement:

This bill would extend coverage of the Temporary Disability Benefits Law to employees of the State of New Jersey, including employees of Rutgers, the State University, the College of Medicine and Dentistry of New Jersey and the New Jersey Institute of Technology, and would permit any of the State's political subdivisions and instrumentalities to elect such coverage for its employees if it so desires.

9/1/73

(over)

For background see:

974.90 New Jersey. Commission on Income Maintenance.
S678 Proposed reforms of income maintenance in
1979 the State of New Jersey...Jan. 1, 1979. Trenton,
1979.

974.90 New Jersey. Commission on Income Maintenance.
S678 Final report...June 13, 1980. Trenton, 1980.
1980a

New Jersey. Department of Labor.
Policy alternatives for extending temporary
disability insurance coverage to NJ State employees.
May, 1978.
(confidential; not transcribed)

STATE OF NEW JERSEY

INTRODUCED JANUARY 17, 1980

By Senators BEDELL and MERLINO

Referred to Committee on State Government, Federal and
Interstate Relations and Veterans Affairs

AN ACT concerning the Unemployment Compensation Law and the
Temporary Disability Benefits Law, and amending R. S. 43:21-7
[and] **, section 3 of P. L. 1948, c. 110 *(C. 43:21-27) and
section 22 of P. L. 1948, c. 110 (C. 43:21-46)*.

1 BE IT ENACTED by the Senate and General Assembly of the State
2 of New Jersey:

1 1. R. S. 43:21-7 is amended to read as follows:

2 43:21-7. Contributions. Employers other than those liable for
3 payment in lieu of contributions on the basis set forth in subsec-
4 tion 3 of this act (C. 43:21-7.2), shall pay to the division for the
5 Unemployment Compensation Fund, contributions as set forth in
6 subsections (a), (b) and (c) hereof, and the provisions of sub-
7 sections (d) and (e) shall be applicable to all employers consistent
8 with the provisions of the Unemployment Compensation Law and
9 the Temporary Disability Benefits Law. (a) Payment.

10 (1) Contributions shall accrue and become payable by each em-
11 ployer for each calendar year in which he is subject to this chapter
12 (R. S. 43:21-1 et seq.), with respect to having individuals in his
13 employ during such calendar year at the rates and on the basis
14 hereinafter set forth. Such contributions shall become due and be
15 paid by each employer to the division for the fund in accordance
16 with such regulations as may be prescribed, and shall not be
17 deducted, in whole or in part, from the remuneration of individuals
18 in his employ.

19 (2) In the payment of any contributions, a fractional part of a
20 cent shall be disregarded unless it amounts to \$0.005 or more, in
21 which case it shall be increased to \$0.01.

22 (b) Rate of contributions. Each employer shall pay the follow-
23 ing contributions:

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

24 (1) For the calendar year 1947, and each calendar year there-
25 after, 2 $\frac{1}{10}$ of wages paid by him during each such calendar year,
26 except as otherwise prescribed by subsection (c) of this section.

27 (2) The "wages" of any individual, with respect to any one em-
28 ployer as the term is used in this subsection (b) and in subsections
29 (c), (d) and (e) of this section 7, shall include the first \$3,000.00
30 paid during each calendar year prior to January 1, 1968, the
31 first \$3,600.00 paid during each calendar year commencing on
32 or after January 1, 1968 and prior to January 1, 1972, the first
33 \$4,200.00 paid during each calendar year commencing on or after
34 January 1, 1972 and prior to January 1, 1975, and the first
35 \$4,800.00 paid during each calendar year commencing on or after
36 January 1, 1975, for services performed either within or without
37 this State; provided, that no contribution shall be required by this
38 State with respect to services performed in another state if such
39 other state imposes contribution liability with respect thereto. If
40 an employer (hereinafter referred to as a successor employer)
41 during any calendar year acquires substantially all the property
42 used in a trade or business of another employer (hereinafter re-
43 ferred to as a predecessor), or used in a separate unit of a trade
44 or business of a predecessor, and immediately after the acquisition
45 employs in his trade or business an individual who immediately
46 prior to the acquisition was employed in the trade or business of
47 such predecessor, then, for the purpose of determining whether
48 the successor employer has paid wages with respect to employment
49 equal to \$3,000.00 to such individual during any calendar year
50 prior to January 1, 1968, or equal to \$3,600.00 during any calendar
51 year commencing on or after January 1, 1968 and prior to Janu-
52 ary 1, 1972, the first \$4,200.00 paid during each calendar year
53 commencing on or after January 1, 1972 and prior to January 1,
54 1975, and the first \$4,800.00 paid during each calendar year com-
55 mencing on or after January 1, 1975, any wages paid to such
56 individual by such predecessor during such calendar year and
57 prior to such acquisition shall be considered as having been paid
58 by such successor employer.

59 (3) For calendar years beginning on and after January 1, 1976,
60 the "wages" of any individual as defined in the preceding para-
61 graph (2) of this subsection (b) shall be established and promul-
62 gated by the Commissioner of Labor and Industry on or before
63 September 1 of the preceding year and shall be twenty-eight times
64 the Statewide average weekly remuneration paid to workers by
65 employers, as determined under R. S. 43:21-3 (c) (2), raised to
66 the next higher multiple of \$100.00 if not already a multiple thereof,

67 provided that if the amount of wages so determined for a calendar
68 year is less than the amount similarly determined for the preceding
69 year, the greater amount will be used; provided, further, that if
70 the amount of such wages so determined [due] does not equal or
71 exceed the amount of wages as defined in subsection (b) of Section
72 3306 of the Federal Unemployment Tax Act, Chapter 23 of the
73 Internal Revenue Code of 1954, the wages as determined in this
74 paragraph in any calendar year shall be raised to equal the amount
75 established under the Federal Unemployment Tax Act for that
76 calendar year.

77 (c) Future rates based on benefit experience.

78 (1) A separate account for each employer shall be maintained
79 and this shall be credited with all the contributions which he has
80 paid on his own behalf on or before January 31 of any calendar year
81 with respect to employment occurring in preceding calendar years;
82 provided, however, that if January 31 of any calendar year falls
83 on a Saturday or Sunday, an employer's account shall be credited
84 as of January 31 of such calendar year with all the contributions
85 which he has paid on or before the next succeeding day which is not
86 a Saturday or Sunday. But nothing in this chapter (R. S. 43:21-1
87 et seq.) shall be construed to grant any employer or individuals in
88 his service prior claims or rights to the amounts paid by him into
89 the fund either on his own behalf or on behalf of such individuals.
90 Benefits paid with respect to benefit years commencing on and after
91 January 1, 1953, to any individual on or before December 31 of any
92 calendar year with respect to unemployment in such calendar year
93 and in preceding calendar years shall be charged against the ac-
94 count or accounts of the employer or employers in whose employ-
95 ment such individual established base weeks constituting the basis
96 of such benefits. Benefits paid under a given benefit determination
97 shall be charged against the account of the employer to whom such
98 determination relates. When each benefit payment is made the di-
99 vision shall promptly send either a copy of the benefit check or other
100 form of notification to the employer against whose account the
101 benefits are to be charged. Such copy or notification shall identify
102 the employer against whose account the amount of such payment
103 is being charged, shall show at least the name and social security
104 account number of the claimant and shall specify the period of un-
105 employment to which said check applies. If the total amount of
106 benefits paid to a claimant and charged to the account of the ap-
107 propriate employer exceeds 50% of the total base-year base week
108 wages paid to the claimant by that employer, then such employer
109 may apply to the division to have canceled from his account such

110 excess benefit charges as specified above. Any such application
111 for the cancellation of excess charges shall be submitted by the
112 employer within 6 months from the date of the benefit check, pay-
113 ment of which creates such charges. In no event will the erasure
114 of such charges affect a contribution rate already assigned to the
115 employer with respect to any fiscal year commencing prior to the
116 date the application is received by the division.

117 The division shall furnish to each employer an annual summary
118 statement of benefits charged to his account.

119 (2) The division may prescribe regulations for the establishment,
120 maintenance, and dissolution of joint accounts by two or more
121 employers, and shall, in accordance with such regulations and upon
122 application by two or more employers to establish such an account,
123 or to merge their several individual accounts in a joint account,
124 maintain such joint account as if it constituted a single employer's
125 account.

126 (3) No employer's rate shall be lower than $2\frac{7}{10}\%$ unless assign-
127 ment of such lower rate is consistent with the conditions applicable
128 to additional credit allowance for such year under section 3303
129 (a) (1) of the Internal Revenue Code (U. S. Code Title 26, section
130 3303 (a) (1)), any other provision of this section to the contrary
131 notwithstanding.

132 (4) (A) Each employer's rate shall be $2\frac{8}{10}\%$ except as otherwise
133 provided in the following provisions. No employer's rate for the
134 12 months commencing July 1 of any calendar year shall be other
135 than $2\frac{8}{10}\%$ unless as of the preceding January 31 such employer
136 shall have paid contributions with respect to wages paid in each
137 of the 3 calendar years immediately preceding such year; in
138 which case such employer's rate for the 12 months commencing
139 July 1 of any calendar year shall be determined on the basis of his
140 record up to the beginning of such calendar year. If, at the begin-
141 ning of such calendar year, the total of all his contributions, paid
142 on his own behalf, for all past years exceed the total benefits
143 charged to his account for all such years, his contribution rate
144 shall be:

145 (1) $2\frac{5}{10}\%$, if such excess equals or exceeds 4%, but less
146 than 5% of his average annual payroll (as defined in para-
147 graph (2), subsection (a) of section 43:21-19 of this Title);

148 (2) $2\frac{4}{10}\%$, if such excess equals or exceeds 5%, but is less
149 than 6% of his average annual payroll;

150 (3) $1\frac{4}{10}\%$, if such excess equals or exceeds 6%, but is less
151 than 7%, of his average annual payroll;

152 (4) $1\frac{3}{10}\%$, if such excess equals or exceeds 7%, but is less
153 than 8%, of his average annual payroll;

154 (5) $1\frac{3}{10}\%$, if such excess equals or exceeds 8%, but is less
155 than 9%, of his average annual payroll;

156 (6) 1%, if such excess equals or exceeds 9%, but is less
157 than 10%, of his average annual payroll;

158 (7) $\frac{7}{10}$ of 1%, if such excess equals or exceeds 10%, but is
159 less than 11%, of his average annual payroll;

160 (8) $\frac{4}{10}$ of 1%, if such excess equals or exceeds 11%, of his
161 average annual payroll.

162 (B) If the total of an employer's contributions, paid on his own
163 behalf, for all past periods for the purposes of this paragraph (4),
164 is less than the total benefits charged against his account during
165 the same period, his rate shall be:

166 (1) 4%, if such excess is less than 10% of his average
167 annual payroll;

168 (2) $4\frac{3}{10}\%$, if such excess equals or exceeds 10%, but is
169 less than 20% of his average annual payroll;

170 (3) $4\frac{6}{10}\%$, if such excess equals or exceeds 20% of his
171 average annual payroll.

172 (C) Specially assigned rates. If no contributions were paid on
173 wages for employment in any calendar year used in determining the
174 average annual payroll of an employer eligible for an assigned rate
175 under this paragraph (4), the employer's rate shall be specially
176 assigned as follows: (i) if the reserve balance in its account is
177 positive, its assigned rate shall be the highest rate in effect for
178 positive balance accounts for that period, or $2\frac{8}{10}\%$, whichever is
179 higher, and (ii) if the reserve balance in its account is negative, its
180 assigned rate shall be the highest rate in effect for deficit accounts
181 for that period.

182 (D) The contribution rates prescribed by subparagraphs (A)
183 and (B) of this paragraph (4) shall be increased or decreased
184 in accordance with the provisions of paragraph (5) of this sub-
185 section (c).

186 (5) (A) If on March 31 of any calendar year the balance in the
187 unemployment trust fund equals or exceeds 4% but is less than
188 7% of the total taxable wages reported to the division as of that
189 date in respect to employment during the preceding calendar year,
190 the contribution rate, effective July 1 following, of each employer
191 eligible for a contribution rate calculation based upon benefit ex-
192 perience, shall be increased by $\frac{3}{10}$ of 1% over the contribution rate
193 otherwise established under the provisions of paragraphs (3) or
194 (4) of this subsection. If on March 31 of any calendar year the
195 balance of the unemployment trust fund exceeds $2\frac{1}{2}\%$ but is less
196 than 4% of the total taxable wages reported to the division of

197 employment security as of that date in respect to employment
198 during the preceding calendar year, the contribution rate, effective
199 July 1 following, of each employer eligible for a contribution rate
200 calculation based upon benefit experience, shall be increased by
201 $\frac{1}{10}$ of 1% over the contribution rate otherwise established under
202 the provisions of paragraphs (3) or (4) of this subsection.

203 If on March 31 of any calendar year the balance of the un-
204 employment trust fund is less than $2\frac{1}{2}\%$ of the total taxable
205 wages reported to the Division as of that date in respect to
206 employment during the preceding calendar year, the contribution
207 rate, effective July 1 following, of each employer (1) eligible for
208 a contribution rate calculation based upon benefit experience, shall
209 be increased by (i) $\frac{1}{10}$ of 1% over the contribution rate otherwise
210 established under the provisions of paragraphs (3), (4) (A) or
211 (4) (B) of this subsection, and (ii) an additional amount equal to
212 20% of the total rate established herein, provided, however, that
213 the final contribution rate for each employer shall be computed to
214 the nearest multiple of $\frac{1}{10}\%$ if not already a multiple thereof;
215 (2) not eligible for a contribution rate calculation based upon
216 benefit experience shall be increased by $\frac{1}{10}$ of 1% over the contri-
217 bution rate otherwise established under the provisions of para-
218 graph (3) of this subsection.

219 (B) If on March 31 of any calendar year the balance in the
220 unemployment trust fund equals or exceeds 10% but is less than
221 $12\frac{1}{2}\%$ of the total taxable wages reported to the division as of
222 that date in respect to employment during the preceding calendar
223 year, the contribution rate, effective July 1 following, of each
224 employer eligible for a contribution rate calculation based upon
225 benefit experience, shall be reduced by $\frac{3}{10}$ of 1% under the con-
226 tribution rate otherwise established under the provisions of
227 paragraphs (3) and (4) of this subsection; provided, that in
228 no event shall the contribution rate of any employer be reduced
229 to less than $\frac{1}{10}$ of 1%. If on March 31 of any calendar year the
230 balance in the unemployment trust fund equals or exceeds $12\frac{1}{2}\%$
231 of the total taxable wages reported to the division as of that date
232 in respect to employment during the preceding calendar year, the
233 contribution rate, effective July 1 following, of each employer
234 eligible for a contribution rate calculation based upon benefit ex-
235 perience, shall be reduced by $\frac{1}{10}$ of 1 % if his account for all past
236 periods reflects an excess of contributions paid over total benefits
237 charged of 3% or more of his average annual payroll, otherwise by
238 $\frac{1}{10}$ of 1% under the contribution rate otherwise established under
239 the provisions of paragraphs (3) and (4) of this subsection; pro-

240 vided, that in no event shall the contribution rate of any employer
241 be reduced to less than $\frac{1}{10}$ of 1%.

242 (C) The "balance" in the unemployment trust fund as the term
243 is used in subparagraphs (A) and (B) above shall not include
244 moneys credited to the State's account under section 903 of the
245 Social Security Act, as amended (Title 42, U. S. Code, section 1103),
246 during any period in which such moneys are appropriated for the
247 payment of expenses incurred in the administration of Unemploy-
248 ment Compensation Law.

249 (6) Additional contributions.

250 Notwithstanding any other provision of law, any employer who
251 has been assigned a contribution rate pursuant to subsection (c) of
252 this section for the year commencing July 1, 1948, and for any year
253 commencing July 1 thereafter, may voluntarily make payment of
254 additional contributions, and upon such payment shall receive a
255 recomputation of the experience rate applicable to such employer
256 including in the calculation the additional contribution so made.
257 Any such additional contribution shall be made during the 30-day
258 period following the date of the mailing to the employer of the
259 notice of his contribution rate as prescribed in this section, unless,
260 for good cause, the time for payment has been extended by the
261 director for not to exceed an additional 60 days; provided, that in
262 no event may such payments which are made later than 120 days
263 after the beginning of the year for which such rates are effective be
264 considered in determining the experience rate for the year in which
265 the payment is made. Any employer receiving any extended period
266 of time within which to make such additional payment and failing
267 to make such payment timely shall pay, in addition to the required
268 amount of additional payment, a penalty of 5% thereof or \$5.00,
269 whichever is greater, not to exceed \$50.00. Any adjustment under
270 this subsection shall be made only in the form of credits against
271 accrued or future contributions.

272 (7) Transfers.

273 (A) Upon the transfer of the organization, trade or business, or
274 substantially all the assets of an employer to a successor in interest,
275 whether by merger, consolidation, sale, transfer, descent or other-
276 wise, the division shall transfer the employment experience of
277 the predecessor employer to the successor in interest, including
278 credit for past years, contributions paid, annual payrolls,
279 benefit charges, et cetera, applicable to such predecessor employer,
280 pursuant to regulations adopted by the division, if the division
281 finds that the employment experience of the predecessor employer
282 with respect to the organization, trade, assets or business, which

283 has been transferred, may be considered indicative of the
284 future employment experience of the successor in interest. Unless
285 the predecessor employer was owned or controlled (by legally en-
286 forcible means or otherwise), directly or indirectly, by the succes-
287 sor in interest, or the predecessor employer and the successor in
288 interest were owned or controlled (by legally enforceable means or
289 otherwise), directly or indirectly, by the same interest or interests,
290 the transfer of the employment experience of the predecessor shall
291 not be effective if such successor in interest, within 4 months of the
292 date of such transfer of the organization, trade, assets or business,
293 or thereafter upon good cause shown, files a written notice with the
294 division protesting the transfer of the employment experience of
295 the predecessor employer.

296 (B) An employer, who transfers part of his or its organization,
297 trade, assets or business to a successor in interest, whether by
298 merger, consolidation, sale, transfer, descent or otherwise, may
299 jointly make application with such successor in interest for transfer
300 of that portion of the employment experience of the predecessor
301 employer relating to the portion of the organization, trade, assets,
302 or business transferred to the successor in interest, including credit
303 for past years, contributions paid, annual payrolls, benefits charges,
304 et cetera, applicable to such predecessor employer. The Division
305 may allow such transfer of employment experience pursuant to
306 regulations adopted by the division, only if it finds that the
307 employment experience of the predecessor employer with respect
308 to the portion of the organization, trade, assets or business
309 which has been transferred may be considered indicative of the
310 future employment experience of the successor in interest.
311 Credit shall be given to the successor in interest only for the years
312 during which contributions were paid by the predecessor employer
313 with respect to that part of the organization, trade, assets or busi-
314 ness transferred.

315 (C) A transfer of the employment experience in whole or in part
316 having become final, the predecessor employer thereafter shall not
317 be entitled to consideration for an adjusted rate based upon his or
318 its experience or the part thereof, as the case may be, which has
319 thus been transferred. A successor in interest to whom employment
320 experience or a part thereof is transferred pursuant to this sub-
321 section shall, as of the date of the transfer of the organization,
322 trade, assets or business, or part thereof, immediately become an
323 employer if not theretofore an employer subject to this chapter
324 (R. S. 43:21-1 et seq.).

325 (d) (1) Contribution of workers, transfers to temporary dis-
326 ability benefit fund.

327 Each worker shall contribute to the fund 1% of his wages with
328 respect to his employment with an employer which occurs on and
329 after January 1, 1971 and prior to January 1, 1975, after such
330 employer has satisfied the conditions set forth in subsection (h)
331 of section 43:21-19 of this Title with respect to becoming an
332 employer; provided, however, that such contribution shall be
333 at the rate of $\frac{1}{4}$ of 1% of wages paid with respect to employment
334 while the worker is in the employ of the State of New Jersey, or is
335 covered by an approved private plan under the Temporary Dis-
336 ability Benefits Law or while the worker is exempt from the
337 provisions of the Temporary Disability Benefits Law under section
338 7 of that law (C. 43:21-31); and provided further that there shall
339 be no contributions by workers in the employ of any employer
340 electing or required to make payments in lieu of contributions
341 unless the employer is covered by the State plan under the Tempo-
342 rary Disability Benefits Law (C. 43:21-37 et seq.), and in that case
343 contributions shall be at the rate of $\frac{3}{4}$ of 1%, and for periods after
344 January 1, 1975, each worker shall contribute to the fund 1% of
345 his wages with respect to his employment with an employer
346 which occurs on and after January 1, 1975, after such employer
347 has satisfied the condition set forth in subsection (h) of section
348 43:21-19 of this Title with respect to becoming an employer;
349 provided, however, that such contribution shall be at the rate of
350 $\frac{1}{2}$ of 1% of wages paid with respect to employment while the
351 worker is in the employ of the State of New Jersey, or any
352 governmental entity or instrumentality which is an employer as
353 defined under R. S. 43:21-19(h)(5), or is covered by an approved
354 private plan under the Temporary Disability Benefits Law or while
355 the worker is exempt from the provisions of the Temporary Dis-
356 ability Benefits Law under section 7 of that law (C. 43:21-31); and
357 provided further that effective January 1, 1978 there shall be no
358 contributions by workers in the employ of any governmental or
359 nongovernmental employer electing or required to make payments
360 in lieu of contributions unless the employer is covered by the State
361 plan under the Temporary Disability Benefits Law (C. 43:21-37
362 et seq.), and in that case contributions shall be at the rate of $\frac{1}{2}$ of
363 1%. Each employer shall, notwithstanding any provision of law in
364 this State to the contrary, withhold in trust the amount of his
365 workers' contributions from their wages at the time such wages are
366 paid, shall show such deduction on his payroll records, shall furnish
367 such evidence thereof to his workers as the division may prescribe,

368 and shall transmit all such contributions, in addition to his own
369 contributions, to the office of the division in such manner and at
370 such times as may be prescribed. If any employer fails to deduct
371 the contributions of any of his workers at the time their wages
372 are paid, or fails to make a deduction therefor at the time wages
373 are paid for the next succeeding payroll period, he alone shall
374 thereafter be liable for such contributions, and for the purpose
375 of section 43:21-14 of this Title, such contributions shall be
376 treated as employer's contributions required from him. As used
377 in this chapter (R. S. 43:21-1 et seq.), except when the context
378 clearly requires otherwise, the term "contributions" shall include
379 the contributions of workers pursuant to this section.

380 (2) (A) There shall be deposited in and credited to the State
381 Disability Benefits Fund, as established by law, three-fourths of
382 all worker contributions, received by the division with respect to
383 wages paid prior to January 1, 1953, and upon which the rate of
384 contributions is 1%.

385 (B) There shall be deposited in and credited to the State Dis-
386 ability Benefits Fund, as established by law, two-thirds of all
387 worker contributions received by the division with respect to wages
388 paid on and after January 1, 1953, and prior to January 1, 1971,
389 and upon which the rate of contributions is $\frac{3}{4}$ of 1%.

390 (C) There shall be deposited in and credited to the State Dis-
391 ability Benefits Fund, as established by law, three quarters of all
392 worker contributions, received by the division with respect to wages
393 paid on or after January 1, 1971 and prior to January 1, 1975, and
394 upon which the rate of contributions is 1%, and with respect to
395 wages paid on and after January 1, 1975, there shall be deposited
396 in and credited to the State Disability Benefits Fund, as established
397 by law, one-half of all worker contributions received by the division
398 upon which the rate of contribution is 1%.

399 (D) There shall be deposited in and credited to the State Dis-
400 ability Benefits Fund, as established by law, all worker contribu-
401 tions received by the Division with respect to wages paid on or
402 after January 1, 1972 and prior to January 1, 1975, upon which the
403 rate of contributions is $\frac{3}{4}$ of 1% and with respect to wages paid
404 on or after January 1, 1975, there shall be deposited to the State
405 Disability Benefits Fund, as established by law, all worker contri-
406 butions received by the division from all employers, upon which the
407 rate of contributions is $\frac{1}{2}$ of 1%, except the State of New Jersey
408 or any other governmental entity or instrumentality defined as an
409 employer under R. S. 43:21-19(h)(5), *unless the State of New*
410 *Jersey or such other governmental entity or instrumentality is a*
411 *"covered employer" as defined in R. S. 43:21-27.*

412 (3) If an employee receives wages from more than one employer
413 during any calendar year, and either the sum of his contributions
414 deposited in and credited to the State Disability Benefits Fund (in
415 accordance with paragraph (2) of this subsection) plus the amount
416 of his contributions, if any, required towards the costs of benefits
417 under one or more approved private plans under the provisions
418 of section 9 of the Temporary Disability Benefits Law (C. 43:21-33)
419 and deducted from his wages, or the sum of such latter contribu-
420 tions if the employee is covered during such calendar year, only
421 by two or more private plans, exceeds \$18.00 in any calendar year
422 prior to January 1, 1971, \$27.00 during the calendar year 1971,
423 \$31.50 during calendar years 1972, 1973 and 1974; \$24.00 during
424 the calendar year 1975 or an amount equal to $\frac{1}{2}$ of 1% of the
425 "wages" determined in accordance with the provisions of R. S.
426 43:21-7(b) (3) during the calendar years beginning on or after
427 January 1, 1976, the employee shall be entitled to a refund of
428 the excess if he makes a claim to the division within 2 years after
429 the end of the calendar year in which the wages are received with
430 respect to which the refund is claimed and establishes his right to
431 such refund. Such refund shall be made by the division from
432 the State Disability Benefits Fund. No interest shall be allowed or
433 paid with respect to any such refund. The division shall in
434 accordance with prescribed regulations, determine the portion of
435 the aggregate amount of such refunds made during any calendar
436 year which is applicable to private plans for which deductions
437 were made under section 9 of the "Temporary Disability Benefits
438 Law," such determination to be based upon the ratio of the
439 amount of such wages exempt from contributions to such fund as
440 provided in subparagraph (B) of paragraph (1) of this subsection
441 with respect to coverage under private plans to the total wages so
442 exempt plus the amount of such wages subject to contributions to
443 the disability benefits fund as provided in subparagraph (B) of
444 paragraph (2) of this subsection. The division shall, in accordance
445 with prescribed regulations, prorate the amount so determined
446 among the applicable private plans in the proportion that the wages
447 covered by each plan bears to the total private plan wages involved
448 in such refunds, and shall assess against and recover from the em-
449 ployer, or the insurer if the insurer has indemnified the employer
450 with respect thereto, the amount so prorated. The provisions of
451 R. S. 43:21-14, with respect to collection of employer contributions
452 shall apply to such assessments. The amount so recovered by the
453 division shall be paid into the State Disability Benefits Fund.

454 (4) If an individual does not receive any wages from the employ-
 455 ing unit which for the purposes of this chapter (R. S. 43:21-1 et
 456 seq.) is treated as his employer, or receives his wages from some
 457 other employing unit, such employer shall nevertheless be liable for
 458 such individual's contributions in the first instance; and after pay-
 459 ment thereof such employer may deduct the amount of such contri-
 460 butions from any sums payable by him to such employing unit, or
 461 may recover the amount of such contributions from such employing
 462 unit, or, in the absence of such an employing unit, from such indi-
 463 vidual, in a civil action; provided, proceedings therefor are insti-
 464 tuted within 3 months after the date on which such contributions
 465 are payable. General rules shall be prescribed whereby such an em-
 466 ploying unit may recover the amount of such contributions from
 467 such individuals in the same manner as if it were the employer.

468 (5) Every employer who has elected to become an employer sub-
 469 ject to this chapter (R. S. 43:21-1 et seq.), or to cease to be an
 470 employer subject to this chapter (R. S. 43:21-1 et seq.), pursuant
 471 to the provisions of section 43:21-8 of this Title, shall post and
 472 maintain printed notices of such election on his premises, of such
 473 design in such numbers, and at such places as the director may
 474 determine to be necessary to give notice thereof to persons in his
 475 service.

476 (6) Contributions by workers, payable to the division as herein
 477 provided, shall be exempt from garnishment, attachment, execu-
 478 tion, or any other remedy for the collection of debts.

479 (e) Contributions by employers to State Disability Benefits
 480 Fund.

481 (1) Except as hereinafter provided, each employer shall, in addi-
 482 tion to the contributions required by subsections (a), (b), and (c)
 483 of this section, contribute $\frac{1}{2}$ of 1% of the wages paid by such em-
 484 ployer to workers with respect to employment unless he is not a
 485 covered employer as defined in section 3 of the Temporary Dis-
 486 ability Benefits Law (C. 43:21-27 (a)), *except that the rate for*
 487 *the State of New Jersey shall be 1/10 of 1% for the calendar year*
 488 *1980 and for the first 6 months of 1981. Prior to July 1, 1981 and*
 489 *each year thereafter, the division shall review the experience*
 490 *accumulated in the account of the State of New Jersey and establish*
 491 *a rate for the next following fiscal year which, in combination with*
 492 *worker contributions, will produce sufficient revenue to keep the*
 493 *account in balance; except that the rate so established shall not be*
 494 *less than 1/10 of 1%.* Such contributions shall become due and be
 495 paid by the employer to the division for the State Disability
 496 Benefits Fund as established by law, in accordance with such

497 regulations as may be prescribed, and shall not be deducted, in
498 whole or in part, from the remuneration of individuals in his
499 employ. In the payment of any contributions, a fractional part of
500 a cent shall be disregarded unless it amounts to \$0.005 or more, in
501 which case it shall be increased to \$0.01.

502 (2) During the continuance of coverage of a worker by an
503 approved private plan of disability benefits under the Temporary
504 Disability Benefits Law, the employer shall be exempt from the
505 contribution required by subparagraph (1) above with respect to
506 wages paid to such worker.

507 (3) (A) The rates of contribution as specified in subparagraph
508 (1) above shall be subject to modification as provided herein with
509 respect to employer contributions due on and after July 1, 1951.

510 (B) A separate disability benefits account shall be maintained
511 for each employer required to contribute to the State Disability
512 Benefits Fund and such account shall be credited with contributions
513 deposited in and credited to such fund with respect to employment
514 occurring on and after January 1, 1949. Each employer's account
515 shall be credited with all contributions paid on or before January
516 31 of any calendar year on his own behalf and on behalf of in-
517 dividuals in his service with respect to employment occurring in
518 preceding calendar years; provided, however, that if January 31
519 of any calendar year falls on a Saturday or Sunday an employer's
520 account shall be credited as of January 31 of such calendar year
521 with all the contributions which he has paid on or before the next
522 succeeding day which is not a Saturday or Sunday. But nothing in
523 this act shall be construed to grant any employer or individuals in
524 his service prior claims or rights to the amounts paid by him to the
525 fund either on his own behalf or on behalf of such individuals.
526 Benefits paid to any covered individual in accordance with Article
527 III of the Temporary Disability Benefits Law on or before De-
528 cember 31 of any calendar year with respect to disability in such
529 calendar year and in preceding calendar years shall be charged
530 against the account of the employer by whom such individual was
531 employed at the commencement of such disability or by whom he
532 was last employed if out of employment.

533 (C) The division may prescribe regulations for the establish-
534 ment, maintenance, and dissolution of joint accounts by two or more
535 employers, and shall, in accordance with such regulations and upon
536 application by two or more employers to establish such an account,
537 or to merge their several individual accounts in a joint account,
538 maintain such joint account as if it constituted a single employer's
539 account.

540 (D) Prior to July 1 of each calendar year, the division shall
 541 make a preliminary determination of the rate of contribution for
 542 the 12 months commencing on such July 1 for each employer
 543 subject to the contribution requirements of this subsection (e).

544 (1) Such preliminary rate shall be $\frac{1}{2}$ of 1% unless on the pre-
 545 ceding January 31 of such year such employer shall have been a
 546 covered employer who has paid contributions to the State Disability
 547 Benefits Fund with respect to employment in the 3 calendar years
 548 immediately preceding such year.

549 (2) If the minimum requirements in (1) above have been fulfilled
 550 and the credited contributions exceed the benefits charged by more
 551 than \$500.00, such preliminary rate shall be as follows:

552 (i) $\frac{3}{10}$ of 1% if such excess over \$500.00 exceeds 1% but is
 553 less than $1\frac{1}{4}$ % of his average annual payroll (as defined in
 554 this chapter (R. S. 43:21-1 et seq.));

555 (ii) $\frac{15}{100}$ of 1% if such excess over \$500.00 equals or exceeds
 556 $1\frac{1}{4}$ % but is less than $1\frac{1}{2}$ % of his average annual payroll;

557 (iii) $\frac{1}{10}$ of 1% if such excess over \$500.00 equals or exceeds
 558 $1\frac{1}{2}$ % of his average annual payroll.

559 (3) If the minimum requirements in (1) above have been fulfilled
 560 and the contributions credited exceed the benefits charged but by
 561 not more than \$500.00 plus 1% of his average annual payroll, or if
 562 the benefits charged exceed the contributions credited but by not
 563 more than \$500.00, the preliminary rate shall be $\frac{1}{4}$ of 1%.

564 (4) If the minimum requirements in (1) above have been fulfilled
 565 and the benefits charged exceed the contributions credited by more
 566 than \$500.00, such preliminary rate shall be as follows:

567 (i) $\frac{35}{100}$ of 1% if such excess over \$500.00 is less than $\frac{1}{4}$
 568 of 1% of his average annual payroll;

569 (ii) $\frac{45}{100}$ of 1% if such excess over \$500.00 equals or exceeds
 570 $\frac{1}{4}$ of 1% but is less than $\frac{1}{2}$ of 1% of his average annual
 571 payroll;

572 (iii) $\frac{55}{100}$ of 1% if such excess over \$500.00 equals or ex-
 573 ceeds $\frac{1}{2}$ of 1% but is less than $\frac{3}{4}$ of 1% of his average annual
 574 payroll;

575 (iv) $\frac{65}{100}$ of 1% if such excess over \$500.00 equals or ex-
 576 ceeds $\frac{3}{4}$ of 1% but is less than 1% of his average annual
 577 payroll;

578 (v) $\frac{75}{100}$ of 1% if such excess over \$500.00 equals or exceeds
 579 1% of his average annual payroll.

580 (5) Determination of the preliminary rate as specified in (2),
 581 (3) and (4) above shall be subject, however, to the condition that it
 582 shall in no event be decreased by more than $\frac{1}{10}$ of 1% of wages or

583 increased by more than $\frac{2}{10}$ of 1% of wages from the preliminary
584 rate determined for the preceding year in accordance with (1), (2),
585 (3) or (4), whichever shall have been applicable.

586 (E) (1) Prior to July 1 of each calendar year the division
587 shall determine the amount of the State Disability Benefits
588 Fund as of December 31 of the preceding calendar year in-
589 creased by the contributions paid thereto during January of the
590 the current calendar year with respect to employment occurring in
591 preceding calendar years. If such amount exceeds the total of the
592 amounts withdrawn from the unemployment trust fund pursuant
593 to section 23 of the Temporary Disability Benefits Law plus the
594 amount at the end of such preceding calendar year of the un-
595 employment disability account (as defined in section 22 of said
596 law), such excess shall be expressed as a percentage of the wages
597 on which contributions were paid to the State Disability Benefits
598 Fund on or before January 31 with respect to employment in the
599 preceding calendar year.

600 (2) The division shall then make a final determination of the
601 rates of contribution for the 12 months commencing July 1 of
602 such year for employers whose preliminary rates are determined
603 as provided in (D) hereof, as follows:

604 (i) If the percentage determined in accordance with para-
605 graph (E) (1) of this subsection equals or exceeds $1\frac{1}{4}\%$ the
606 final employer rates shall be the preliminary rates determined
607 as provided in (D) hereof, except that if the employer's pre-
608 liminary rate is determined as provided in (D) (2) or (D) (3)
609 hereof, the final employer rate shall be the preliminary em-
610 ployer rate decreased by such percentage of excess taken to
611 the nearest $\frac{5}{100}$ of 1%, but in no case shall such final rate be
612 less than $\frac{1}{10}$ of 1%.

613 (ii) If the percentage determined in accordance with para-
614 graph (E) (1) of this subsection equals or exceeds $\frac{3}{4}$ of 1%
615 and is less than $1\frac{1}{4}$ of 1%, the final employer rates shall be
616 the preliminary employer rates.

617 (iii) If the percentage determined in accordance with para-
618 graph (E) (1) of this subsection is less than $\frac{3}{4}$ of 1%, but in
619 excess of $\frac{1}{4}$ of 1%, the final employer rates shall be the pre-
620 liminary employer rates determined as provided in (D) hereof
621 increased by the difference between $\frac{3}{4}$ of 1% and such per-
622 centage taken to the nearest $\frac{5}{100}$ of 1%; provided, however,
623 that no such final rate shall be more than $\frac{1}{4}$ of 1% in the case
624 of an employer whose preliminary rate is determined as pro-
625 vided in (D) (2) hereof, more than $\frac{1}{2}$ of 1% in the case of an

626 employer whose preliminary rate is determined as provided in
 627 (D) (1) and (D) (3) hereof, nor more than $\frac{3}{4}$ of 1% in the
 628 case of an employer whose preliminary rate is determined as
 629 provided in (D) (4) hereof.

630 (iv) If the amount of the State Disability Benefits Fund
 631 determined as provided in paragraph (E) (1) of this sub-
 632 section is equal to or less than $\frac{1}{4}$ of 1%, then the final rate
 633 shall be $\frac{2}{5}$ of 1% in the case of an employer whose preliminary
 634 rate is determined as provided in (D) (2) hereof $\frac{7}{10}$ of 1% in
 635 the case of an employer whose preliminary rate is determined
 636 as provided in (D) (1) and (D) (3) hereof, and 1.1% in the
 637 case of an employer whose preliminary rate is determined as
 638 provided in (D) (4) hereof. Notwithstanding any other provi-
 639 sion of law or any determination made by the **【Division】**
 640 *division* with respect to any 12-month period commencing on
 641 July 1, 1970, the final rates for all employers for the period
 642 beginning January 1, 1971, shall be as set forth herein.

1 2. Section 3 of P. L. 1948, c. 110 (C. 43:21-27) is amended to read
 2 as follows:

3 3. As used in this act, unless the context clearly requires
 4 otherwise:

5 (a) (1) "Covered employer" means any individual or type of
 6 organization, including any partnership, association, trust, estate,
 7 joint-stock company, insurance company or corporation, whether
 8 domestic or foreign, or the receiver, trustee in bankruptcy, trustee
 9 or successor thereof, or the legal representative of a deceased per-
 10 son, who is an employer subject to the chapter to which this act is
 11 a supplement, designated as the Unemployment Compensation Law
 12 (R. S. 43:21-1 et seq.), except the State, its political subdivisions,
 13 and any instrumentality of the State **【(including hospitals and**
 14 **institutions of higher education),】** unless (i) such **【employer, sub-**
 15 **ject to the Unemployment Compensation Law,】** *governmental*
 16 *entity* elects to become **【subject to】** *a covered employer under the*
 17 *Temporary Disability Benefits Law【, or (ii) such employing unit*
 18 *became an employer subject to the Unemployment Compensation*
 19 *Law prior to January 1, 1972】* *provided, however, that commencing*
 20 **【January 1, 1980】* *with the effective date of this act* the State*
 21 *of New Jersey, including Rutgers, The State University, the*
 22 *College of Medicine and Dentistry of New Jersey and the New*
 23 *Jersey Institute of Technology, shall be deemed a covered em-*
 23A *ployer, as defined herein.*

24 (2) *Any governmental entity or instrumentality which is an*
 25 *employer under R. S. 43:21-19(h)(5) may elect to become a*

26 “covered employer” under this subsection beginning with the date
 27 on which its coverage under subsection 19(h)(5) begins or as of
 28 January 1 of any year thereafter by filing written notice of such
 29 election with the division **within** at least 30 days **[prior to]** **of**
 30 the effective date. Such election shall remain in effect for at least
 31 2 full calendar years and may be terminated as of January 1 of any
 32 year thereafter by filing with the division a written notice of termi-
 33 nation at least 30 days prior to the termination date.

34 (b) “Covered individual” means any person who is in employ-
 35 ment, as defined in the chapter to which this act is a supplement,
 36 for which he is entitled to **[renumeration]** remuneration from a
 37 covered employer, or who has been out of such employment for less
 38 than 2 weeks. However, a “covered individual” who is employed
 39 by the State of New Jersey, including Rutgers, The State Uni-
 40 versity, the College of Medicine and Dentistry of New Jersey and
 41 the New Jersey Institute of Technology*, or by any governmental
 41A entity or instrumentality which elects to becoming a “covered
 41B employer” pursuant to this amendatory act*, shall not be eligible
 42 to receive any benefits under the Temporary Disability Benefits
 43 Law until such individual has exhausted all sick leave accumulated
 44 as an employee in the classified service of the State or accumulated
 45 under terms and conditions similar to classified employees **or*
 45A accumulated under terms and conditions pursuant to the laws of
 45B this State or as the result of a negotiated contract with any govern-
 45C mental entity or instrumentality which elects to become a “covered
 45D employer”*.

46 (c) “Division” or “commission” means the Division of ***[Em-**
 47 **ployment Security]*** **Unemployment and Temporary Disability*
 47A *Insurance** of the Department of Labor and Industry, and any
 48 transaction or exercise of authority by the director of the division
 49 shall be deemed to be performed by the division.

50 (d) “Day” shall mean a full calendar day beginning and ending
 51 at midnight.

52 (e) “Disability” shall mean such disability as is compensable
 53 under section 5 of this act.

54 (f) “Disability benefits” shall mean any cash payments which are
 55 payable to a covered individual pursuant to this act.

56 (g) “Period of disability” with respect to any individual shall
 57 mean the entire period of time, during which he is continuously and
 58 totally unable to perform the duties of his employment, except that
 59 two periods of disability due to the same or related cause or condi-
 60 tion and separated by a period of not more than 14 days shall be
 61 considered as one continuous period of disability; provided, the

62 individual has earned wages during such 14-day period with the
63 employer who was his last employer immediately preceding the first
64 period of disability.

65 (h) "Wages" shall mean all compensation payable by covered
66 employers to covered individuals for personal services, including
67 commissions and bonuses and the cash value of all compensation
68 payable in any medium other than cash.

69 (i) "Base week" means any calendar week during which an in-
70 dividual earned not less than \$15.00 from a covered employer, in
71 employment as defined in the chapter to which this act is a supple-
72 ment.

73 (j) "Average weekly wage" means the amount derived by divid-
74 ing a covered individual's total wages earned from his most recent
75 covered employer during the base weeks in the 8 calendar weeks
76 immediately preceding the calendar week in which disability com-
77 menced, by the number of such base weeks. If this computation
78 yields a result which is less than the individual's average weekly
79 earnings in employment, as defined in the chapter to which this act
80 is a supplement, with all covered employers during the basic weeks
81 in such 8 calendar weeks, then the average weekly wage shall be
82 computed on the basis of earnings from all covered employers
83 during the 8 base weeks immediately preceding the week in which
84 the disability commenced.

1 *3. Section 22 of P. L. 1948, c. 110 (C. 43:21-46) is amended to
2 read as follows:

3 22. State disability benefits fund. (a) The State disability bene-
4 fits fund, hereinafter referred to as the fund, is hereby established.
5 The fund shall remain in the custody of the State Treasurer, and
6 to the extent of its cash requirements shall be deposited in autho-
7 rized public depositories in the State of New Jersey. There shall be
8 deposited in and credited to the fund the amount of worker and
9 employer contributions provided under subsections (d) and (e)
10 of R. S. 43:21-7, less refunds authorized by the chapter (R. S.
11 43:21-1 et seq.) to which this act is a supplement, and the entire
12 amount of interest and earnings from investments of the fund,
13 and all assessments, fines and penalties collected under this act.
14 The fund shall be held in trust for the payment of disability benefits
15 pursuant to this act, for the payment of benefits pursuant to sub-
16 section (f) of R. S. 43:21-4, and for the payment of any authorized
17 refunds of contributions. All warrants for the payment of benefits
18 shall be issued by and bear only the signature of the Director of
19 the Division of **[Employment Security]** *Unemployment and*
20 *Temporary Disability Insurance* or his duly authorized agent for

21 that purpose. All other moneys withdrawn from the fund shall
22 be upon warrant signed by the State Treasurer and countersigned
23 by the Director of the Division of **【Employment Security】** *Unem-*
24 *ployment and Temporary Disability Insurance* of the Department
25 of Labor and Industry of the State of New Jersey. The Treasurer
26 shall maintain books, records and accounts for the fund, appoint
27 personnel and fix their compensation within the limits of available
28 appropriations. The expenses of the treasurer in administering
29 the fund and its accounts shall be charged against the administra-
30 tion account, as hereinafter established. A separate account, to
31 be known as the administration account, shall be maintained in
32 the fund, and there shall be credited to such account an amount
33 determined to be sufficient for proper administration, not to
34 exceed, however, $\frac{8}{100}$ of 1% of the wages with respect to which
35 current contributions are payable into the fund, and the entire
36 amount of any assessments against covered employers, as herein-
37 after provided, for costs of administration prorated among ap-
38 proved private plans. The costs of administration of this act
39 including R. S. 43:21-4 (f) shall be charged to the administration
40 account.

41 (b) A further separate account, to be known as the unemploy-
42 ment disability account, shall be maintained in the fund. Such
43 account shall be charged with all benefit payments under R. S.
44 43:21-4 (f).

45 Prior to July 1 of each calendar year, the Division of **【Employ-**
46 **ment Security】** *Unemployment and Temporary Disability Insur-*
47 *ance* of the Department of Labor and Industry of the State of
48 New Jersey shall determine the average rate of interest and other
49 earnings on all investments of the State disability benefits fund
50 for the preceding calendar year. An amount equal to the sum of
51 the amounts withdrawn from the unemployment trust fund pur-
52 suant to section 23 hereof multiplied by such average rate shall
53 be determined by the division and credited to the unemployment
54 disability account as of the end of the preceding calendar year.

55 If the unemployment disability account shall show an accumu-
56 lated deficit in excess of \$200,000.00 at the end of any calendar year
57 after interest and other earnings have been credited as provided
58 hereinabove, the division shall determine the ratio of such deficit to
59 the total of all taxable wages paid during the preceding calendar
60 year, and shall make an assessment against all employers in an
61 amount equal to the taxable wages paid by them during such pre-
62 ceding calendar year to employees, multiplied by such ratio, but
63 in no event shall any such assessment exceed $\frac{1}{10}$ of 1% of such

64 wages; *provided, however, that the assessment made against the*
65 *State (including Rutgers, The State University of New Jersey, the*
66 *College of Medicine and Dentistry of New Jersey and the New*
67 *Jersey Institute of Technology) shall not exceed the sum of all*
68 *benefits paid under the provisions of R. S. 43:21-4 (f) as the*
69 *result of employment with the State. Such amounts shall be collec-*
70 *tible by the division in the same manner as provided for the*
71 *collection of employee contributions under this chapter (R. S.*
72 *43:21-1 et seq.). In making this assessment, the division shall*
73 *furnish to each affected employer a brief summary of the deter-*
74 *mination thereof. The amount of such assessments collected by the*
75 *division shall be credited to the unemployment disability account.*

76 As used in this section, "taxable wages" shall mean wages with
77 respect to which employer contributions have been paid or are pay-
78 able pursuant to subsections (a), (b) and (c) of R. S. 43:21-7.

79 (c) A board of trustees, consisting of the State Treasurer, the
80 Secretary of State, the Commissioner of Labor and Industry, the
81 director of the division, and the State Comptroller, is hereby
82 created. The board shall invest and reinvest all moneys in the fund
83 in excess of its cash requirements, and such investments shall be
84 made in obligations legal for savings banks; provided, however,
85 that the provisions of this subsection shall in all respects be subject
86 to the provisions of chapter 270 of the laws of 1950.

87 (d) There is hereby appropriated, to be paid out of the fund,
88 such amounts as may from time to time be required for the payment
89 of disability benefits, and such amounts as may be required each
90 year, as contained in the annual appropriation act, for the admin-
91 istration of this act including R. S. 43:21-4 (f).*

1 ***[3.]*** *4.* This act shall take effect immediately.

SENATE STATE GOVERNMENT, FEDERAL AND
INTERSTATE RELATIONS AND VETERANS AFFAIRS
COMMITTEE

STATEMENT TO
SENATE, No. 875
with Senate committee amendments

STATE OF NEW JERSEY

DATED: FEBRUARY 11, 1980

The purpose of this bill is to extend Temporary Disability Insurance coverage to employees of the State of New Jersey including the employees of Rutgers, The State University, the College of Medicine and Dentistry and the New Jersey Institute of Technology. Under the provisions of this bill political subdivisions of the State may elect to extend this coverage to their employees if they wish to do so. Under present law, public employees are not covered by the State Temporary Disability Insurance plan.

This extension of temporary disability coverage was included in the contract signed by the State of New Jersey with the various State employee unions. The agreement is contingent upon legislative action. As the relevant contract section states:

The State agrees to include employees in this unit in the State of New Jersey Temporary Disability Plan. This is a shared cost plan which provides payments to employees who are unable to work as a result of nonwork connected illness or injury and who have exhausted their accumulated sick leave. *The plan will become effective upon completion of the necessary legislative action and administrative planning.* (emphasis added.)

The plan would mean that disabled employees would receive \$123.00 a week for a maximum of 26 weeks. This benefit would become payable, however, only after the exhaustion of the employee's sick leave.

The extension of the plan to State employees would require a deduction from each employee's salary of \$34.50 per year.

Since there will be a cost to the State, a formal fiscal note has been requested.

COMMITTEE AMENDMENTS, FISCAL IMPACT AND FUNDING

An amendment was adopted by the committee which is designed to reduce the State's cost by limiting the assessment made against the State for disability benefit payments.

This limit on the State's assessment is created by the language of the amendment which provides that the amount the State must pay to the disability benefits fund shall not exceed the actual amount of the benefit payments to covered employees of the State in the previous fiscal year. Pursuant to the amendment the State's cost will be tied in directly with its experience in disability payments.

The Division of Unemployment and Disability Insurance estimates that, with the addition of this amendment, the first year cost to the State for the assessment will be approximately \$300,000.00.

The State Treasurer's office has informed committee staff that no appropriation will be made for the State's share of the cost. Funding will be out of the State's salary account. The State's salary account is the lump sum appropriation for allotment to the various agencies for the costs of salaries and other benefits, including normal merit increments, resulting from negotiated contractual agreements.

In addition, the committee has amended the bill to require that employees of those political subdivisions which opt for State coverage exhaust sick leave prior to becoming eligible for temporary disability benefits. As originally drafted, only State employees were required, by the bill, to use up their accumulated sick leave.

FROM THE OFFICE OF THE GOVERNOR

FOR IMMEDIATE RELEASE

MARCH 26, 1980

FOR FURTHER INFORMATION

PATRICK SWEENEY

Governor Brendan Byrne today signed two bills, which were agreed upon with State employee unions last summer, in a public ceremony in the Governor's Office.

S-875, sponsored by Senator Eugene J. Badell (D-Monmouth), which will extend Temporary Disability Insurance coverage to State employees, including the employees at Rutgers, the College of Medicine and Dentistry and the New Jersey Institute of Technology. The bill also provides that local governments can elect to extend this coverage to their employees.

This extension of temporary disability coverage was included in the contract signed with the various State employee unions last summer.

The plan means that disabled employees can receive \$123 a week for a maximum of 26 weeks. This benefit will become payable after the exhaustion of the employee's sick leave.

This extension of the plan to State employees will require a deduction from each employee's salary of \$34.50 per year. Deductions will start April 1, 1980.

The first year cost to the State will be approximately \$400,000. Funding will be out of the State's salary account.

S-967, sponsored by Senator Joseph P. Merlino (D-Mercer), which will increase the mileage reimbursement allowance to State employees from 16 to 18 cents per mile. It also provides for the semi-annual adjustment of the allowance based on changes in the cost of gasoline.

The additional cost to the State will be absorbed by the executive departments from their current budgets.

The bill takes effect immediately.

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