

43:21-24.11

LEGISLATIVE HISTORY CHECKLIST
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(Unemployment--extended
compensation)

NJSA: 43:21-24.11

LAWS OF: 1994

CHAPTER: 59

BILL NO: A1019

SPONSOR(S): Haines

DATE INTRODUCED: January 19, 1994

COMMITTEE: **ASSEMBLY:** Appropriations; Labor

SENATE: Commerce

AMENDED DURING PASSAGE: Yes Amendments during passage
denoted by superscript numbers

DATE OF PASSAGE: **ASSEMBLY:** May 16, 1994

SENATE: June 13, 1994

DATE OF APPROVAL: June 29, 1994

FOLLOWING STATEMENTS ARE ATTACHED IF AVAILABLE:

SPONSOR STATEMENT: Yes

COMMITTEE STATEMENT: **ASSEMBLY:** Yes 5-11-94 & 1-20-94

SENATE: Yes

FISCAL NOTE: Yes

VETO MESSAGE: No

MESSAGE ON SIGNING: No

FOLLOWING WERE PRINTED:

REPORTS: No

HEARINGS: No

KBG:pp

[FIRST REPRINT]
ASSEMBLY, No. 1019

STATE OF NEW JERSEY

INTRODUCED JANUARY 18, 1994

By Assemblywoman HAINES and Assemblyman ROMA

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

3

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

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

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

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

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

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

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

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

24 b. (Deleted by amendment.)

25 c. (Deleted by amendment.)

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

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

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

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

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

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:
¹ Assembly AAP committee amendments adopted May 12, 1994.

1 (2) With respect to any week of unemployment beginning after
2 the effective date of this 1994 amendatory and supplementary
3 act, the average seasonally adjusted rate of total unemployment
4 in the State, as determined by the United States Secretary of
5 Labor for the most recent three-month period for which data for
6 all states are published before the close of that week:

7 (a) Equals or exceeds 6.5%; and

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

12 e. There is a "state 'off' indicator" for this State for a week
13 if the division determines, in accordance with the regulations of
14 the United States Secretary of Labor, that for the period
15 consisting of the respective week and the immediately preceding
16 12 weeks, neither [subparagraph] paragraph (1) or (2) of
17 [paragraph] subsection d. was satisfied.

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

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

25 (2) The average monthly covered employment for the specified
26 period.

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

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

38 i. "Eligibility period" of an individual means the period
39 consisting of the weeks in his benefit year which begin in an
40 extended benefit period and, if his benefit year ends within the
41 extended benefit period, any weeks thereafter which begin in the
42 period.

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

45 (1) Has received prior to the week, all of the regular benefits
46 that were available to him under the [Unemployment
47 Compensation Law] "unemployment compensation law" or any
48 other State law (including dependents' allowances and benefits
49 payable to Federal civilian employees and ex-servicemen under
50 5 U.S.C. chapter 85) in his current benefit year that includes such
51 week, provided, that for the purposes of this [subparagraph]
52 paragraph, an individual shall be deemed to have received all of
53 the regular benefits that were available to him although as a
54 result of a pending appeal with respect to wages and/or

1 employment that were not considered in the original monetary
2 determination in his benefit year, he may subsequently be
3 determined to be entitled to added regular benefits; or

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

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

13 (b) has not received and is not seeking unemployment benefits
14 under the Unemployment Compensation Law of Canada; but if he
15 is seeking these benefits and the appropriate agency finally
16 determines that he is not entitled to benefits under that law he is
17 considered an exhaustee if the other provisions of this definition
18 are met.

19 k. "State law" means the unemployment insurance law of any
20 state approved by the United States Secretary of Labor under
21 section 3304 of the Internal Revenue Code of [1954] 1986 26
22 U.S.C. §3304).

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

28 (1) Equals or exceeds 8%; and

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

33 (cf: P.L.1982, c.144, s.1)]¹

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

36 9. [The] a. Except as provided in subsection b. of this section,
37 the total extended benefit amount payable to any eligible
38 individual with respect to his applicable benefit year shall be the
39 lesser of the following amounts:

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

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

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

52 (1) 80% of the total of regular benefits which were payable to
53 the individual under the "unemployment compensation law"
54 (R.S.43:21-1 et seq.) during the applicable benefit year; or

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

5 c. Notwithstanding any other provisions of the [Unemployment
6 Compensation Law] "unemployment compensation law"
7 (R.S.43:21-1 et seq.), if the benefit year of an adversely affected
8 worker covered by a certification under subchapter A, chapter 2,
9 Title II of the Trade Act of 1974, P.L.93-618, 5 U.S.C. 5312
10 et seq. as amended, ends within an extended benefit period, the
11 remaining balance of extended benefits that the individual would,
12 but for this section, be entitled to receive in that extended
13 benefit period, with respect to weeks of unemployment beginning
14 after the end of the benefit year, shall be reduced (but not below
15 zero) by the product of the number of weeks for which the
16 individual received any amounts as trade readjustment allowances
17 within that benefit year, multiplied by the individual's weekly
18 benefit amount for extended benefits.

19 (cf: P.L.1982, c.144, s.3)]¹

20 ¹[3.] 1.¹ Section 6 of P.L.1970, c. 324 (C.43:21-24.12) is
21 amended to read as follows:

22 6. Except when the result would be inconsistent with other
23 provisions of the [Extended Benefits Law,] "Extended Benefits
24 Law," as provided in the regulations of the division, the
25 provisions of the [Unemployment Compensation Law]
26 "unemployment compensation law" (R.S.43:21-1 et seq.) which
27 apply to claims for, and the payment and charging of, regular
28 benefits shall apply to claims for, and the payment and charging
29 of, extended benefits, provided, however, that no employer's
30 account shall be charged for the payment of any extended
31 benefits with respect to any weeks commencing prior to July 1,
32 1971; and provided further, that 50% of any extended benefits
33 paid with respect to weeks commencing on or after July 1, 1971
34 shall be charged to the appropriate [employer's account; and
35 provided further, that when a claimant receives regular and
36 extended benefits, the State's share of the extended benefits
37 shall be charged first against unused base-year base week
38 earnings of employers within the base year of the claimant in the
39 inverse chronological order, and any amount not so charged shall
40 then be charged against the most recent employers in the same
41 manner and under the same conditions provided in the
42 Unemployment Compensation Law (R.S.43:21-1 et seq.),
43 notwithstanding the charges made for regular benefits, and where
44 the account of any employer is charged in excess of 62 1/2 % of
45 the total base-year base week wages paid to the claimant by any
46 employer, such employer may apply to the Division of
47 Employment Security to have such excess charges canceled from
48 his account if the application is made within 6 months of the
49 benefit check creating such charges. Any cancellation of such
50 charges shall not affect a contribution rate already assigned with
51 respect to any fiscal year commencing prior to the date the
52 application for cancellation is received by the division]
53 employers' accounts.

54 (cf: P.L.1970, c.324, s.6)

1 ¹[4.] 2.¹ (New section) The provisions of section 2 of P.L.1981,
2 c.90 (C.43:21-24.19) shall not apply to weeks of unemployment
3 beginning after March 6, 1993 and before January 1, 1995.

4 ¹[5. (New section) a. To the extent permitted by federal law,
5 the Governor is authorized and may elect to trigger off an
6 extended benefit period if doing so will result in the providing of
7 emergency unemployment compensation which is entirely
8 federally financed to individuals who have exhausted their rights
9 to benefits under the "unemployment compensation law"
10 (R.S.43:21-1 et seq.).

11 b. To the extent permitted by federal law, the provisions of
12 subparagraph (b) of paragraph (2) of subsection a. of section 5 of
13 P.L.1970, c.324 (C.43:21-24.11) which preclude an extended
14 benefit period from beginning before the fourteenth week after
15 the end of a previous extended benefit period shall not apply if
16 the Governor elects to trigger off the previous extended benefit
17 period pursuant to subsection a. of this section.]¹

18 ¹[6.] 3.¹ This act shall take effect immediately.

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24 Conforms State UI extended benefit standards to federal
standards.

1 4. (New section) The provisions of section 2 of P.L.1981, c.90
2 (C.43:21-24.19) shall not apply to weeks of unemployment
3 beginning after March 6, 1993 and before January 1, 1995.

4 5. (New section) a. To the extent permitted by federal law,
5 the Governor is authorized and may elect to trigger off an
6 extended benefit period if doing so will result in the providing of
7 emergency unemployment compensation which is entirely
8 federally financed to individuals who have exhausted their rights
9 to benefits under the "unemployment compensation law"
10 (R.S.43:21-1 et seq.).

11 b. To the extent permitted by federal law, the provisions of
12 subparagraph (b) of paragraph (2) of subsection a. of section 5 of
13 P.L.1970, c.324 (C.43:21-24.11) which preclude an extended
14 benefit period from beginning before the fourteenth week after
15 the end of a previous extended benefit period shall not apply if
16 the Governor elects to trigger off the previous extended benefit
17 period pursuant to subsection a. of this section.

18 6. This act shall take effect immediately.

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STATEMENT

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23 This bill modifies the conditions under which extended
24 unemployment insurance (UI) benefits are made available to laid
25 off workers who exhaust their regular UI benefits but are not able
26 to obtain employment.

27 This bill is based on the federal Unemployment Compensation
28 Amendments of 1992, P.L.102-318, which was signed into law on
29 July 3, 1992. That law provides for 100% federally-funded
30 extended UI benefits, which will expire February 5, 1994. The
31 law also permits each state to enact legislation to provide an
32 alternative unemployment threshold or "trigger" to start a
33 program under which the State and the federal government share
34 the costs of the benefits on a 50-50 basis.

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

43 Under current State law, the trigger for 50-50 State/federal
44 extended employment benefits is that New Jersey must have an
45 insured unemployment rate of at least 6% or at least 5% and also
46 at least 20% higher than the rate for the corresponding 13-week
47 period during both of the preceding two calendar years. This
48 trigger has been unattainable for New Jersey and most other
49 states during the recession of the last three years, because most
50 unemployed workers do not receive regular employment benefits
51 and therefore are not counted when the insured unemployment
52 rate is calculated. Throughout the period from 1990 to 1993,
53 New Jersey's insured unemployment rate remained well below
54 5% even when the State's total unemployment rate rose above

1 9%. Extended benefits were available in most states, including
2 New Jersey, only due to the more attainable trigger for the 100%
3 federally-funded emergency unemployment program.

4 The bill gives the Governor the option of withholding the
5 extended benefits provided by the bill whenever federal
6 emergency unemployment benefits are available.

7 The bill also brings New Jersey's unemployment compensation
8 law into compliance with the federal requirement which has been
9 in effect since 1992 to make each state's job search
10 requirements for recipients of extended unemployment benefits
11 the same as that State's job search requirements for recipients
12 of regular unemployment benefits. New Jersey is the only state
13 which has not yet complied with that federal requirement. A
14 continued lack of compliance will result in more than \$1 billion in
15 added federal unemployment taxes for New Jersey employers and
16 the loss by the State of more than \$85 million of federal
17 unemployment administration funds.

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22 Changes "trigger" for federal-State extended UI benefits.

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ASSEMBLY LABOR COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1019

STATE OF NEW JERSEY

DATED: JANUARY 20, 1994

The Assembly Labor Committee reports favorably Assembly Bill No. 1019.

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

This bill is based on the federal Unemployment Compensation Amendments of 1992, P.L.102-318, a bill which was signed into law on July 3, 1992. That law provides for 100% federally-funded extended UI benefits, which will expire February 5, 1994. The law also permits each state to enact legislation to provide an alternative unemployment threshold or "trigger" to start a program under which the State and the federal government share the costs of the benefits on a 50-50 basis.

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

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

The bill gives the Governor the option of withholding the extended benefits provided by the bill whenever federal emergency unemployment benefits are available.

The bill also brings New Jersey's unemployment compensation law into compliance with the federal requirement which has been in effect since 1992 to make each state's job search requirements for recipients of extended unemployment benefits the same as that State's job search requirements for recipients of regular unemployment benefits. New Jersey is the only state which has not yet complied with that federal requirement. A continued lack of compliance will result in more than \$1 billion in added federal unemployment taxes for New Jersey employers and the loss by the State of more than \$85 million of federal unemployment administration funds.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

ASSEMBLY, No. 1019

with Assembly committee amendments

STATE OF NEW JERSEY

DATED: MAY 11, 1994

The Assembly Appropriations Committee reports favorably Assembly Bill No. 1019, with committee amendments.

Assembly Bill No. 1019, as amended, brings New Jersey's unemployment compensation law into compliance with the federal requirement, which has been in effect since 1992, to make each state's job search requirements for recipients of extended unemployment benefits the same as that State's job search requirements for recipients of regular unemployment benefits. New Jersey is the only state which has not yet complied with that federal requirement.

FISCAL IMPACT:

A continued lack of compliance with federal unemployment compensation standards will result in more than \$1 billion in added federal unemployment taxes for New Jersey employers and the loss by the State of more than \$85 million of federal unemployment administration funds.

COMMITTEE AMENDMENTS:

The committee amendments remove certain revisions to the State's extended unemployment compensation benefits law that would have affected conditions by which extended unemployment benefits become available.

SENATE COMMERCE COMMITTEE

STATEMENT TO

[FIRST REPRINT]

ASSEMBLY, No. 1019

STATE OF NEW JERSEY

DATED: JUNE 2, 1994

The Senate Commerce Committee reports favorably Assembly Bill No. 1019 (1R).

The bill suspends the provisions of section 2 of P.L.1981, c.90 (C.43:21-24.19) for the weeks beginning after March 6, 1993 and before January 1, 1995. The suspended provisions impose more stringent job search requirements for continued eligibility for extended benefits than the requirements imposed by the State's "unemployment compensation law" (R.S.43:21-1 et seq.), which will, during that period, apply to recipients of both regular and extended benefits. Federal law has made this suspension necessary.

This bill also changes the system for charging employers for extended unemployment insurance benefits from a sequential charging system to a wage record system. This change would make the system of charging the extended unemployment insurance benefits the same as the system for charging regular unemployment insurance benefits that was adopted in 1984 in New Jersey and reduces reporting requirements and paperwork for employers.

This bill is identical to Senate Bill No. 1131, also reported by the committee today.

LEGISLATIVE FISCAL ESTIMATE TO

[FIRST REPRINT]

ASSEMBLY, No. 1019

STATE OF NEW JERSEY

DATED: May 20, 1994

Assembly Bill No. 1019 (1R) of 1994 amends the State's extended unemployment compensation law, P.L.1970, c.324 (C.43:21-24.11 et seq.) in order to bring New Jersey into compliance with the federal requirement to make each state's job search requirements for recipients of extended unemployment benefits the same as that state's job search requirements for recipients of regular unemployment benefits. New Jersey is the only state which has not yet complied with this federal requirement, which has been in effect since 1992.

The Office of Legislative Services estimates that since the bill, as currently amended, makes only technical changes in the State's extended unemployment compensation law, its enactment will have no fiscal impact on the State Budget or on the State's unemployment compensation fund and its contributors. It should be noted that if this or similar legislation is not eventually enacted, the result could be more than \$1 billion in added federal unemployment taxes for New Jersey employers, plus the loss of approximately \$85 million in federal unemployment administration funds the State receives annually to operate its unemployment insurance program.

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67.